



CHAIRMAN'S STATEMENT

主席報告書

To Our Shareholders

I am pleased to report that Ocean Shores Group Limited (the "Company") and its subsidiaries (collectively the "Group") managed to achieve satisfactory results for 2000 despite the unfavourable market environment.

Amid intense competition from pirated copies of video products and from other competitors, the Group still realised a total turnover of HK\$144.6 million for the year, representing a mild drop of 10.7% from last year. Meanwhile, profit attributable to shareholders also fell 28.5% from last year to HK\$24.0 million. Having considered the financial needs for the Group's further development, the directors do not recommend the payment of a final dividend for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Operating Review

(a) Operating Results for the Year

The Group is principally engaged in two core businesses, namely, distribution of video programmes and sub-licensing of video programme rights. They account for 67.9% and 31.5% of the Group's total turnover for the year respectively.

致各股東

本人謹此呈報，儘管市場環境欠佳，海岸集團有限公司（「本公司」）及各附屬公司（合稱「本集團」）於二零零零年仍錄得令人滿意之業績。

雖然面對影視產品盜版及其他競爭對手之激烈競爭，本集團於本年度仍獲得144,600,000港元之營業額，較去年僅輕微下降10.7%。股東應佔溢利亦因而較去年下降28.5%至24,000,000港元。顧及本集團日後發展之財務需要，董事不建議派發末期股息。

管理層論述及分析

經營回顧

(a) 本年度經營業績

本集團主要從事兩項核心業務，包括發行影視節目及轉授影視節目發行權，分別佔本集團本年度總營業額67.9%及31.5%。

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With the experience and insights of the management and the continued support from various producers and distributors, the Group has maintained its leading position in the home entertainment market. As at 31st December 2000, the Group had over 100 customers, including video rental outlets, video products distributors and operators of television stations, pay TV, cable TV and video on demand in Asia, North America and Australia. Of the various markets, Hong Kong and Macau remained the largest to the Group for the year, accounting for 68.7% of its total turnover.

Distribution of Video Programmes

Turnover from distribution of video programmes amounted to HK\$98.1 million for the year, representing a decrease of 8.7% from the previous year. The decline is attributable to a fall in sales of VCDs by 4.5% to HK\$95.5 million due to rampant piracy in the Hong Kong market and vigorous competition from rival players but the effect is partly compensated by the increase in sales of DVDs by 53.5% to approximately HK\$2.6 million. Fierce price wars cut down both the sales and profit margin of video programme distribution.

由於管理層經驗豐富、高瞻遠矚，加上多家製作公司及發行商的長期支持，本集團繼續保持在家庭娛樂市場的領導地位。二零零零年十二月三十一日，本集團有100多名客戶，包括影視節目租賃店、影視產品發行商，以及電視台、收費電視台、有線電視台及自選影院等經營商，而該等客戶之業務遍及亞洲、北美及澳洲等地。在各市場中，香港及澳門仍為本集團之最大市場，佔總營業額68.7%。

發行影視節目

本年度發行影視節目之營業額達98,100,000港元，較去年減少8.7%。此乃由於面對香港市場中盜版猖獗之情況及對手之劇烈競爭，VCD銷售額下降4.5%至95,500,000港元，惟DVD銷售額增加53.5%至大約2,600,000港元，抵銷部份上述影響。激烈削價戰使發行影視節目之銷售額及邊際毛利減少。





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Fortunately, the Group was able to minimise the extent of its sales decline with the management's efforts in acquiring the distribution rights to quality video programmes of a wide variety of genres. 101 titles were released during the year, including blockbusters like Nang Nak, The Iron Ladies and The Million Dollar Hotel. The Group's strategy of strengthening its competitive edge by obtaining more quality video programmes and diversifying its portfolio of screenplays proved effective in such a competitive market.

Sub-licensing of Video Programme Rights

The turnover from sub-licensing of video programme rights also decreased by 13.4% to HK\$45.5 million in 2000. The decrease is attributable to the drop in demand for TV and video programmes due to the downturn of economy in North America and Australia.

(b) Employees

As at 31 December 2000, the Group employed 60 full time marketing, management, administrative and production staff. The Group remunerates its employees based on their performance, experience and the general market situation in the respective region and businesses in which the Group operates. The remuneration policies of the Group are reviewed on an annual basis and the remuneration package includes the pension funds, bonuses and share options. Staff costs were HK\$7.3 million in 2000 (1999: HK\$3.1 million).

猶幸管理層透過購買各式片種優質影視節目之發行權，成功減低本集團銷售額之跌幅。在本年度，本集團發行共101套電影，其中包括鬼妻、人妖打排球及地痞酒店謀殺案等賣座電影。事實證明，本集團透過爭取更多優質節目及拓闊片種以增強競爭力為有效之致勝之道。

轉授影視節目發行權

轉授影視節目發行權於二零零零年之營業額減少13.4%至45,500,000港元。營業額減少主要是由於北美及澳洲經濟衰退使需求下降所致。

(b) 僱員

二零零零年十二月三十一日，本集團僱用全職員工約60名，負責市場推廣、管理、行政及生產工作。本集團員工之酬金乃按表現、經驗及本集團經營地區及業務之一般市場狀況釐定，而本集團之有關政策乃每年度檢討，而酬金包括公積金、花紅及認股權。員工成本在二零零零年為7,300,000港元（一九九九年：3,100,000港元）。

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The Financial Review

(a) Capital Structure and Treasury Policy

The Group maintains a strong and stable financial position. As at 31 December 2000, the Group had total assets of approximately HK\$196.7 million, comprising non-current assets of approximately HK\$125.2 million and current assets of approximately HK\$71.5 million, which were financed by current liabilities, non-current liabilities and shareholders' funds of approximately HK\$37.9 million, HK\$5.0 million and HK\$153.9 million respectively.

(b) Borrowings and Banking Facilities

The Group generally finances its operations with internally generated resources and banking and credit facilities provided by banks in Hong Kong. Borrowing methods used by the Group mainly include term loans and overdrafts facilities. The interest rates of most of these are fixed by reference to the Hong Kong Prime Rate. Both bank deposits and borrowings are mainly in Hong Kong dollars.

財務回顧

(a) 資本結構及財政政策

本集團維持強健及穩定之財政狀況。二零零零年十二月三十一日，本集團資產總值約為196,700,000港元，包括非流動資產125,200,000港元及流動資產71,500,000港元，而資金來源包括流動負債、非流動負債及股東資金，分別約為37,900,000港元、5,000,000港元及153,900,000港元。

(b) 借款及銀行信貸

本集團一般以內部資金及由香港銀行提供之銀行及其他信貸應付業務所需。本集團採用之借款方式主要包括有期貸款及透支信貸，其中大部份借款之息率按香港最優惠利率作為依據。銀行存款及借款均主要以港元為單位。





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As at 31 December 2000, the Group had aggregate banking and credit facilities of approximately HK\$10 million and were secured by certain of the Group's tangible fixed assets with net book value totaling HK\$7.6 million.

As at 31 December 2000, the Group had utilised a total of approximately HK\$2.4 million bank overdrafts of the aforesaid banking and credit facilities. The Group's consolidated net cash as at 31 December 2000, being bank borrowings less cash and bank deposits, amounted to HK\$10.6 million compared to consolidated net debt of HK\$7.6 million as at the last corresponding period end.

The Group services its debts primarily through cash generated by operations. As at 31 December 2000, the Group had bank balances and cash of approximately HK\$13.0 million and taking into consideration the Group's internally generated funds, and available banking and credit facilities, the directors have ascertained that the Group has adequate financial resources to sustain its working capital requirement and future expansion, and meet its foreseeable debt repayment requirements.

二零零零年十二月三十一日，本集團之銀行及其他信貸總額約為10,000,000港元，並以本集團帳面淨值共7,600,000港元之若干有形固定資產作抵押。

二零零零年十二月三十一日，本集團已動用上述銀行信貸中合共約2,400,000港元銀行透支。本集團於二零零零年十二月三十一日之綜合現金淨額（銀行借款減現金及銀行存款）為10,600,000港元，而去年結算日則為綜合負債淨額7,600,000港元。

本集團主要以業務所得資金償還債項。二零零零年十二月三十一日，本集團銀行結餘及現金約為13,000,000港元。經考慮本集團之內部資金及現時可動用之銀行信貸後，董事認為本集團具備充裕資金以應付營運資金及未來擴充所需，以及於可見未來之償債需要。

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(c) Use of Net Proceeds of the New Issue

The net proceeds we received from the new issue amounted to approximately HK\$42.0 million of which approximately HK\$30.0 million has been used for acquisition of additional distribution rights to video programmes and the remaining amount has been applied for general working capital of the Group.

(d) Contingent Liabilities

At 31st December 2000, eleven (1999: Twelve) employees of the Group have completed the required number of years of services under the Employment Ordinance to be eligible for long service payments on termination of their employment. In the event of termination of their employment, the Group's liability in respect of long service payments as at 31st December 2000 would be HK\$1,995,000 (1999: HK\$1,086,000). No provision has been made for this amount in the accounts as it is expected that termination of their employment is remote.

(c) 發行新股所得款項淨額之用途

發行新股所得款項淨額約為42,000,000港元，其中約30,000,000港元已用作增購影視節目發行權，而餘額則作為本集團之一般營運資金。

(d) 或然負債

二零零零年十二月三十一日，本集團共有11名（一九九九年：12名）僱員到達僱傭條例規定於終止僱傭關係時合資格領取長期服務金所需之服務年期。倘終止該等僱員之僱傭關係，則本集團於二零零零年十二月三十一日有關長期服務金之負債將為1,995,000港元（一九九九年：1,086,000港元）。由於預期終止該等僱員之僱傭關係之機會甚微，故此帳目並無就此作出撥備。





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(e) Foreign Exchange Exposure

Substantially all the revenues, expenses, assets and liabilities of the Group are denominated in Hong Kong or US dollars. Foreign exchange exposure of the Group is minimal as long as the Hong Kong government's policy to link the Hong Kong dollar to the US dollar remains in effect.

The Group will continue to adopt its conservative and prudent policy in financial and treasury management.

Prospects

There are several encouraging developments in the home entertainment industry. Firstly, five new subscription television broadcasting licences were approved in July 2000. With this in view, the demand for quality video programmes is expected to increase further. Secondly, China's imminent entry into the World Trade Organization is likely to bring about deregulation of the mainland home entertainment industry. Given the expected strong demand for quality video programmes from the vast number of Chinese consumers especially in the Asian region, tremendous opportunities are therefore soon open to players in the home entertainment industry, including the Group. Thirdly, Hong Kong has recently put in place a new law for the protection of intellectual property. As efforts to contain piracy step up in its largest market, the Group is expected to benefit from higher sales of its VCDs and DVDs. All in all, the home entertainment industry is expected to prosper further in the years to come.

(e) 外匯風險

本集團大部份的收入、開支、資產及負債的幣值均為港元或美元。在香港政府的聯繫匯率政策仍然生效之下，本集團之外匯風險很低。

本集團在財務及財政管理方面將繼續採取小心審慎之政策。

前景

目前，家庭娛樂事業出現多項令人鼓舞之發展。首先，五個收費電視廣播牌照已於二零零零年七月批出。有鑑於此，優質影視節目之需求將進一步增加。另外，中國快將加入世界貿易組織，內地家庭娛樂事業可望放寬管制。基於廣大華人消費者（尤以亞洲區為主）對優質影視節目之龐大需求，為包括本集團等家庭娛樂事業公司創造巨大商機。除此以外，香港最近實施一項保護知識產權之新法例。隨著本集團之最大市場加強打擊盜版活動，本集團預計VCD及DVD銷量將會有上升。總括來說，家庭娛樂事業預料將在來年繼續蓬勃發展。

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In the face of the opportunities ahead, the Group intends to strengthen its management and marketing function as well as its cost control in order to expand its market share and extend its business operation. We will continue to obtain quality video programmes at competitive prices to maintain and enhance our competitive edge. In this respect, we will do our utmost to work even more closely with our business partners, including the leading producers and distributors, to ensure an ample supply of video products. Besides, stronger coordination is expected with China Star Entertainment Limited ("China Star") to take advantage of China Star's rich categories of Chinese films. Moreover, the Group will also pay close attention to new opportunities for the home entertainment industry arising from the further development of information technology. In this respect, we intend to work more closely with CCT Telecom Holdings Limited to strengthen our capability on the technology front.

A Note of Thanks

On behalf of the board of directors, I would like to take this opportunity to express our gratitude to all members of the Company for their invaluable contribution, diligence and loyalty. A final word of thanks goes to our shareholders, business associates and friends for their ongoing trust and support.

Hung Leung Tak, Jackson
Chairman

Hong Kong, 24th April 2001

面對即將來臨之機會，本集團有意加強其管理及市場推廣實力與成本控制，以增加其市場佔有率及擴展業務。本集團將繼續以具競爭力之價格爭取優質影視節目，以鞏固及提高本集團之競爭力。在此方面，本集團將盡力與主要製作公司及發行商等業務夥伴加緊合作，確保影視產品供應充足。此外，本集團預期與中國星集團有限公司（「中國星」）加強合作，借助中國星在華語電影方面之優勢。本集團亦會密切留意資訊技術發展對家庭娛樂事業帶來之商機。就此，本集團計劃加強與中建電訊集團有限公司之合作，增加本集團在技術方面之優勢。

致謝

本人謹代表董會表示深切謝意，感謝各位員工一直鞠躬盡瘁、忠誠盡責為本集團作出重大貢獻，並感謝各位股東、業務夥伴及各界友好對本集團一直以來之信任與支持。

主席
洪良德

香港，二零零一年四月二十四日

