

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") takes no responsibility for the contents of the announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



OCEAN SHORES GROUP LIMITED

海岸集團有限公司*

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

Reference is made to the announcement of the Company dated 20th November, 2001 in respect of a business engagement of the Company in relation to the distribution of movie titles in the PRC.

The Group entered into a co-operation agreement with China Film Group Corporation (中國電影集團公司) in relation to the distribution of movie titles in the PRC and overseas on 6th December, 2001.

Reference is made to the announcement of Ocean Shores Group Limited (the "Company" together with its subsidiaries, the "Group") dated 20th November, 2001. The board of directors (the "Board") of the Company wishes to state that the discussion with China Film Group Corporation (中國電影集團公司), an independent third party not connected to the directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them, in respect of a business engagement in relation to the distribution of movie titles in the PRC has been finalised. Ocean Shores Distribution Limited ("OSD"), a wholly-owned subsidiary of the Company, and China Film Group Corporation (中國電影集團公司) entered into a co-operation agreement on 6th December, 2001, pursuant to which OSD is responsible for providing a minimum of 10 movie titles annually to China Film Group Corporation (中國電影集團公司) for distribution in the PRC. Pursuant to the co-operation agreement, OSD is also responsible for distributing a minimum of 5 PRC movie titles provided by China Film Group Corporation (中國電影集團公司) overseas. No consideration has been paid by any parties in relation to the co-operation agreement. The co-operation agreement commenced on the date of execution and will expire after three years. The Directors have advised that the Group does not require any licence or approvals for the provision of movie titles to China Film Group Corporation (中國電影集團公司) by the Group and vice versa.

The principal business of China Film Group Corporation (中國電影集團公司) is principally engaged in the production and distribution of movie and television drama series in the PRC. The Group is principally engaged in Hong Kong and other overseas regions in (a) the distribution of video programmes in video cassette, laser vision disc, video compact disc and digital versatile disc formats for home entertainments; (b) the sub-licensing of video programme rights; (c) the provision of duplication, editing, and sub-titling services for motion pictures and (d) film exhibition. The Directors consider that the entering of the co-operation agreement is in line with the business of the Group. The co-operation agreement will expand the Group's distribution channels in the PRC and the number of movie titles for distribution by the Group in Hong Kong and overseas market which would enhance the Group's financial and operational performance.

By Order of the Board
Lei Hong Wai
Executive Director

Hong Kong, 7th December, 2001

* for identification only