



REVIEW OF OPERATIONS

OTHER HONG KONG OPERATIONS

INVESTMENTS IN MOVIE BUSINESSES

SHAW BROTHERS HOLDINGS

TVB has partnered with China Media Capital (“CMC”) to take up a 29.94% equity interest in Shaw Brothers Holdings (stock code: 00953), which is listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and is principally engaged in, inter-alia, movie and entertainment-related businesses. Several new movie titles are being produced under this platform.

FLAGSHIP ENTERTAINMENT GROUP

Together with CMC, TVB has co-invested in Flagship Entertainment Group with an effective 5.1% interest. Launched in March 2016, Flagship Entertainment Group is a Hong Kong-based movie powerhouse with Warner Brothers Entertainment and CMC among its shareholders. The company is preparing several new movie titles.

SHAW BROTHERS PICTURES

Partnered with other film companies, Shaw Brothers Pictures, a wholly-owned subsidiary of the Company, released *Line Walker*, a spin-off from a hit TVB drama serial, in August 2016. In future, TVB will undertake further movie production under the Shaw Brothers Holdings platform.

MUSIC ENTERTAINMENT

In 2016, the Voice Entertainment Group Limited, a wholly-owned subsidiary of the Company, expanded its operation to include royalty collection in Malaysia and digital licensing in Singapore. The Group engages in artistes’ sound recordings, music productions, music copyrights management, music publishing, and artistes’ management.

Although the Group’s catalogue mainly comprises Cantonese sound recordings, it has nonetheless attracted much interest in Mainland China; hence, the Group will commence digital licensing to China’s largest digital music platform by early 2017.

PUBLICATION

Magazines have been the hardest-hit media as a result of prolonged declines in retail sales. Advertising revenue for the sector was estimated to have dropped 30% to 40% in Hong Kong.

The Group was able to maintain the revenue by expanding services to include event production and other activities. Higher direct costs have led to a decline in profit in 2016, but stringent measures were implemented to control costs.

HONG KONG PAY TV PLATFORM

On 10 January 2017, TVB Network Vision informed the Government of the HKSAR and the Communications Authority of its decision to surrender its domestic pay TV programme service licence. The decision reflected the problems of rampant online piracy, a proliferation of illegal OTT services in recent years and Hong Kong’s economic downturn.

TVB Network Vision subscribers are being migrated to myTV SUPER.