

# REVIEW OF OPERATIONS

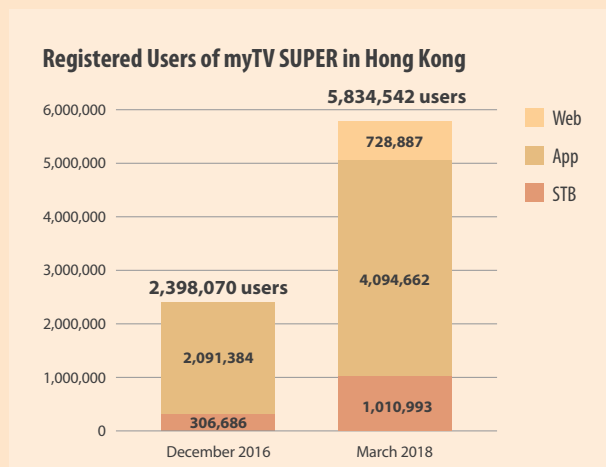
## HONG KONG DIGITAL NEW MEDIA BUSINESS



myTV SUPER OTT service has become our key digital new media asset. During the year, segment revenue increased 33% from HK\$230 million to HK\$306 million. Investment in capital and operating expenditure for this OTT platform had resulted in a net segment loss of HK\$85 million (2016: loss of HK\$29 million). However with promising growth in both subscription and advertising income, myTV SUPER had reached breakeven in the month of December 2017. We expect this business to further yield positive contribution in 2018.

myTV SUPER continues to track a rapid uptake on subscribers. Up to 18 March 2018, this OTT service has accumulated 5,834,542 registered users in Hong Kong, with 1,010,993 users consuming contents through STB, 4,094,662 accounts operating via mobile apps, and 728,887 accounts through the portal. The hard-bundled packages offered by our ISP and telco partners, Hong Kong Broadband Network, HGC Broadband and 3HK, provide strong momentum to further broaden subscriber base.

As TV consumption shifts towards OTT, the consumption hours of myTV SUPER is growing healthily in tandem with its subscriber number. The weekly unique stream viewers for the last week of December 2017 was 1,190,722 (2016: 793,043), an increase of 50%.



The weekly time spent per unique stream viewer in the last week of December 2017 reported a total of 18,443,140 hours (2016: 9,115,345 hours), an increase of 102%. On a per viewer basis, the weekly time spent was 15.5 hours (2016: 11.5 hours), an increase of 35%.

With an all-day-all-time average TV ratings of 1.68 TVRs<sup>5</sup> (2016: 0.84), myTV SUPER is now the second most-watched TV platform after flagship Jade<sup>6</sup>. In addition, programmes broadcast during prime time on myTV SUPER generated an average TV rating of 2.91 (2016: 1.27), further contributing to the viewership of terrestrial channels.

	Last week of 2017	Last week of 2016
<b>Active user</b>		
Weekly Unique Viewers <sup>3</sup>	1,484,423	1,047,015
Weekly Unique Stream Viewers <sup>4</sup> (USV)	1,190,722	793,043
<b>Consumption (Hours)</b>		
Weekly Time Spent	18,443,140	9,115,345
Weekly Time Spent per USV	15.5	11.5
<b>Rating performance of myTV SUPER (TVRs<sup>5</sup>)</b>		
All-day-all-time ratings	1.68	0.84
Prime time ratings	2.91	1.27

myTV SUPER has further enriched its offerings by adding content such as Supreme Pack, Chinese Opera Channel, myTV SUPER Movie Pack, Mezzo Live HD, as well as BBC Entertainment and Information Pack. myTV SUPER service now carries more than 53 live channels (including 21 TVB-branded channels) and over 48,000 hours of video-on-demand (VOD) which comprise mainly of TVB archival content.

Enhancement of users' experience is a key business priority and an important service differentiator. We have introduced two user-friendly features to myTV SUPER, namely "myTV SUPER Remote App" which facilitates remote control of in-home STB functions using personal mobile phones, and "Smart Download" which enables programme download via myTV SUPER app onto mobile phones for viewing over a seven day window. We are noting an increase in usage as a result.

<sup>3</sup> Weekly Unique Viewers refer to the total number of unique viewers visiting myTV SUPER during a week.

<sup>4</sup> Weekly Unique Stream Viewers refer to the total number of unique viewers visiting myTV SUPER and watched at least one video during a week.

<sup>5</sup> Data of myTV SUPER is sourced from Nielsen SiteCensus. The conversion of myTV SUPER online data to individual rating is supported by a certified document and endorsed by Nielsen.

<sup>6</sup> Jade commanded an all-day-all-time average TV ratings of 4.8 TVRs during the week 25-31 December 2017.

The increasing eyeballs on myTV SUPER are helping our advertising sales growth and negotiations with advertisers who are looking for an effective solution. To improve monetisation, we have introduced pop-up banner ads and U-shaped display ads, both new formats on myTV SUPER channels, for advertisers. In addition, new slots for advertisement during commercial breaks have been created for additional revenue.

In order to offer users with seamless viewing experience for current events of their interest, myTV SUPER rolled out dedicated programme pages – “DFB-German Cup Event zone”, “FINA Zone”, “Liza Wang Special Zone”, “TVB 50<sup>th</sup> Anniversary Special Zone”, “Christmas and New Year Greetings Zone”, to attract viewership.

In view of global trend on programmatic advertising, myTV SUPER launched Hong Kong’s first programmatic TV advertising, which encompasses target segments across demographics such as age, gender, geographical locations. This enables advertisers to deliver their messages effectively to the right consumer group on a timely basis. In 2018, myTV SUPER will be engaging with Nielsen to deploy data management platform (DMP), a technology tool for digital precision advertising targeting. This tool helps identify the right targets in a more efficient and effective way across myriad consumer traits like purchase consideration and shopping behaviour, making the reach to these targeted audiences feasible at scale, and adding values to advertisers’ investments.

