

REVIEW OF OPERATIONS

BIG BIG CHANNEL BUSINESS

Big Big Channel business segment comprises social media and e-shop; events management, music production, distribution and publishing. This segment serves to monetise, both online and offline, TVB's extensive content creation capability and marketing power of the long-established terrestrial TV channels.

For the year, Big Big Channel business generated revenue from external customers which totalled HK\$87 million (2017: HK\$44 million). Owing to upfront investment in capital and operations required for the new social media platform and e-shop platform, a segment loss of HK\$19 million (2017: HK\$11 million deficit) was incurred.

BIG BIG CHANNEL

Big Big Channel was launched in July 2017 under the Group's strategy to develop a social media platform to complement the two existing platforms – terrestrial TV and OTT. Characterised by TVB's programme related

content, this new platform has secured a premier position in the social media space. It targets the young demographics and cultivate viewerships and monetises through content marketing and e-commerce opportunities.

With the growing demand for short-form video content, we leverage the strong affinity between audience and artistes/KOLs, to deliver content marketing using TVB's strong branding on a social media platform. Big Big Channel's self-produced video content covers a wide range of chic topics like spin-off content from TVB programmes and entertainment news, travelogue, home-cooking, dining-out, beauty and health, child-caring, music, lifestyles and online games.

Apart from dissemination of self-produced short video content on our own Big Big Channel app, we also made them widely available on TVB, See See TVB, Big Big Channel accounts with major international social media platforms to maximise viewerships, and hence, revenue opportunities. As of 31 December 2018, Big



Big Big Channel 1st Anniversary All-Star Gala

Big Channel app itself, together with TVB's social media footprints on Facebook, YouTube, Instagram, Twitter, Tencent Weibo, Sina Weibo and Youku, attracted followers aggregating over 12.2 million (2017: 10.6 million) on a worldwide basis.

The expanding user base is helping Big Big Channel to monetise through content marketing for advertisers, spun-off content from TVB programmes and interactive online games. This content marketing strategy enriches online solution offering to advertisers by offering them a highly effective one-stop service.

¹² Including Big Big Channel app, Facebook, Instagram, Twitter, YouTube, Sina Weibo, etc. as at 31 December 2018

¹³ Data as of 31 December 2018

All platforms carrying Big Big Channel's content

Total number of followers¹²



Big Big Channel platform only

Number of registered users¹³



Think Big In Summer

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BIG BIG SHOP

TVB inaugurated a new e-shop business on the first anniversary celebration of Big Big Channel in July 2018. Synergising with TVB's effective promotional power, this new e-commerce arm adopts a "showing on TV, selling in Big Big Shop" model to capture consumers' impulsive desire to buy online by marketing heavily advertiser-sponsored products on TVB's prime time shows. TVB earns a commission for advertiser products sold through Big Big Shop, and also has direct merchandising for selected TVB programme and artiste related premium products. We pioneered this direct sales format by impressing the audience with veteran host Maria Cordero's brilliant culinary skills on her signature programme *Good Cheap Eats* during a late prime time slot on Jade channel. Detailed recipes and short tutorials were streamed on Big Big Channel to interact with the fans on a more personalised level to arouse purchase interest and cultivate customer loyalty. The promising sales record attained from this in-programme promotions of kitchen appliances provided us confidence to strengthen sales execution capacity and increase the return from content investment.

With this initial success, we then developed more celebrity-anchored shows, such as *The Ahistoric Grandpa Cooking Show*, *Homegrown Flavours* and *Big Big Beauty* to broaden our advertiser-sponsored

product offerings to food consumables and beauty products. We also worked with many reputable vendors during major festivals to promote seasonal premium curated products. In 2019, Big Big Shop will continue to expand its customer base and work closely with new and existing business partners to further exploit e-commerce potentials for the Hong Kong market as well as neighbouring cities. We believe our recently announced cooperation with Circle K Convenient Stores (HK) ("Circle K"), which owns more than 330 convenient stores in Hong Kong will deliver a better O2O shopping experience to our customers.

EVENTS MANAGEMENT

Promotion campaigns in this O2O era are evolving between online and offline. With this in mind, we are strategically extending services, beyond traditional TV commercials, to include events management, by utilising TVB's power to set promotional events using resources in talent and stage management, and to further promote these events on our own platforms.

In 2018, our events management team helped a number of clients in banking, property management sectors and retailers to organise events. Together with pre and post event promotions on terrestrial and digital platforms, this combined strategy deliver high-effectiveness and help clients generate more business.



MUSIC ENTERTAINMENT

TVB's music entertainment business is operated by The Voice Entertainment Group Limited, which produces, publishes and licenses musical works, sells and distribute sound recordings, as well as organising live concerts and artistes' management. Music business accounts for a significant income source within the Big Big Channel business segment. New media income derived from various digital music platforms provides us with steady income.

Since joining us in 2017, Chau Pakho has been performing concert tours in Mainland China, Hong Kong and Malaysia, and has completed 8 solo concerts during the year. Chau, as one of Voice Entertainment's leading singers, has become more well-liked with leading roles in TVB dramas.

Another leading singer Hana delivered a number of hit TVB drama theme songs during this year. Hana is one of the top Cantonese song top-hit rate female singers on YouTube viewership in 2018. With her successes in Hong Kong, Hana received the recognition of the most popular female singer at the Jade Solid Gold Annual Music Awards 2018, one of the most sought after awards in the local musical industry.

In December 2018, we announced another major artiste acquisition as part of our strategy to strengthen the singer-artiste base. Shiga Lin joined the Voice Entertainment to further enhance our line-up of vocalists and to contribute to our theme song productions.

STRATEGIC INVESTMENTS

IMAGINE TIGER TELEVISION

TVB formed a joint venture with Imagine Entertainment in the US and holds a 50% equity interest in the joint venture entity, Imagine Tiger Television LLC ("ITT"). During 2018, ITT's project pipeline has gained significant momentum, securing production greenlights and development commitments for 12 projects. Of the production greenlights, two are slated

to begin production in 2019. *WuTang: An American Saga* is centered around the Wu Tang Clan, an iconic American hip-hop group who have released four gold and platinum albums over their 25-year career. Produced by WuTang member RZA and written by Alex Tse, the show received a 10-episode order from streaming platform, Hulu.

ITT has also partnered with Marc Cherry, creator of the successful, 8 season run show *Desperate Housewives*, to produce a new drama *Why Women Kill*, which centered around the lives of three women, living in different decades with the common thread of their desire to take revenge on lovers and husbands who have done them wrong. The show received an order from streaming platform, CBS All Access.

ITT is also in active negotiations for a network show, hoping to be released in the fall of 2019. With the ramp up of production in 2019, as well as the continuous fill of the development pipeline and partnership with top-tier talent, ITT is confident that their projects will see success and will continue to secure production greenlights throughout 2019.

SHAW BROTHERS HOLDINGS

TVB is co-investing with China Media Capital ("CMC") in Hong Kong listed Shaw Brothers Holdings Limited. TVB has an effective interest of 11.98%. Shaw Brothers Holdings is principally engaged in movie and entertainment-related businesses.

During the year, Shaw Brothers Holdings released two drama titles co-produced with leading Mainland China online platforms, namely, *Flying Tiger* with Youku Tudou, and *Guardian Angel* with iQiyi. These drama serials were also shown on TVB platforms and achieved good responses. A lunar new year musical comedy movie *I Love You, You're Perfect, Now Change!* was released in February 2019. Several movies and drama series, including *Line Walker 2* and *Flying Tiger II*, are in production stages and targeted for release in 2019.

FLAGSHIP ENTERTAINMENT GROUP

Together with CMC, TVB is co-investing in Flagship Entertainment Group with an effective 5.1% interest. Flagship Entertainment Group is headquartered in Beijing, and has Warner Brothers Entertainment and CMC among its shareholders. Two major movie titles *Hidden Man* and *The MEG* were released during the year.



Jade Solid Gold
Annual Music Awards 2018

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INTERNATIONAL OPERATIONS





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