HONG KONG TV BROADCASTING

The broadcasting business in Hong Kong continues to be our core business, accounting for approximately 69% of the Group's revenue.

TV ADVERTISING

Hong Kong's overall advertising market was seriously affected by dwindling retail sales. In 2015, aggregate sales of retail outlets reported a 3.7% decline from 2014. High-value luxury goods, including jewellery, watches, clocks and valuable gifts, a sector which is an important contributor to the advertising market experienced a significant year-on-year decline in sales of 15.6%. Other important revenue-generating categories, such as medicines and cosmetics, electrical goods and photographic equipment also faced a downturn in sales. Slower growth in Mainland China, a stronger US dollar, the stock market fluctuations and slackening Mainland tourist arrivals contributed to a weakening local consumer sentiment.

TVB's advertising revenue from its terrestrial channels dropped 9% year-on-year, as a result of sluggish retail sales and the absence of non-recurring revenue from the 2014 FIFA World Cup Brasil™ ("2014 World Cup"). Two key growth engines in the past – baby milk powder and skincare – recorded a significant drop in spending in 2015. While the baby milk powder category remained the top revenue generator in the year, the actual spending was down by 13%. Skincare ad-spending witnessed a 38% plunge. Supermarkets, one of our top performing categories, also dropped by 31% amid poor retail environment. The increased risk of a global economic slowdown has prompted major advertisers to act more cautiously with their submissions of advertising slot bidding and annual spending commitments, which in turn adversely impacted our sales.

There are, however, a few bright spots including the online travel agents category, mobile apps and online property agents, which spent at least two to three times more than last year. Shampoo and shower gel manufacturers also increased their spending by 25% and 43%, respectively.

In addition, we were able to position our digital terrestrial TV channels, J2, iNews and HD Jade (rebranded to J5 in February 2016), as effective TV spending vehicles for smaller budgets, helping us to draw new dollars from the TV advertising pie to our company's platforms, and resulting in increased share.

TERRESTRIAL TV CHANNELS

TVB continued to maintain leadership in the free TV market with an overall average audience share¹ of TVB's terrestrial TV channels² against the total TV channels in Hong Kong, which include free and pay TV channels, during weekday prime time³ of 82% (2014: 81%).

The five terrestrial TV channels provide round-theclock programmes, including entertainment, news and information to viewers in Hong Kong. Jade has been positioned to target the mass audience and continues to serve as the station's flagship with its recent upgrade to super HD picture resolution. J2, with its upbeat image, targets the adultescent group. iNews continues to position itself as the only 24-hour free-to-air news channel in Hong Kong. Pearl, our English channel, is uniquely positioned to carry major blockbuster movies, dramas and documentaries, as well as news and news related information. In February 2016, we revamped HD Jade into J5, with a new channel position to target a new audience group seeking up-to-date information on the markets, with particular focuses on the financial and the property markets, which is an important audience segment. As a result, the simulcast arrangement of prime time drama between Jade and HD Jade has ceased. These distinctive channel strategies help us to market our airtime to advertisers.

2015 marked a critical year for TVB, as we witnessed an increasing trend in media fragmentation. OTT service provider (LeEco) and online operator (Netflix) have commenced services in Hong Kong, offering more programme choices for viewers, along with the many portals and apps carrying video and news content. Radio Television Hong Kong's (RTHK) channels have begun service on the free-to-air spectrum, delivering documentaries and entertainment programmes to viewers.

During 2016, the media landscape in Hong Kong will see the entrance of PCCW (using ViuTV as the name of its platform) as a new service operator. Looking further on the list of possible free TV operators, i-Cable (as Fantastic TV) has been given approval-in-principle by the Government, but has, to date, not been formally granted a licence to operate. With these many upcoming changes, TVB is making no less efforts to upgrade its programme offerings, adopting the latest broadcasting technology, for continuous service enhancement.

Linear TV viewing has, to date, been the key mode of TV consumption in Hong Kong. This mode of TV viewing is going through a major revolution, as we have announced on 1 March 2016, the launch of a brand new Internet-connected TV or OTT service for Hong Kong. This service, named myTV SUPER, will be officially launched on 18 April 2016. myTV SUPER box and app offer a bundle of 31 linear channels, including playback of contents broadcast within three hours. The VOD service provides vast volume of over 11,000 hours and extensive choices of programmes ranging from premieres to classic titles, featuring TVB self-produced shows, Asian dramas and variety shows, American dramas, the latest cartoons and animations, and other popular, high quality contents. This service is our latest response to address the changing viewing habits of viewers. With two major ISPs, namely Hutchison Telecommunications and Hong Kong Broadband, supporting this service upon launch, TVB aims to provide a radical change in TV viewing experience leveraging the strong broadband connectivity. This service may over time change the way we consume TV programmes at home.

2016 will be remembered as the year of the Rio 2016 Olympic Games, which will no doubt be the most watched sports event around the world. We shall progressively, during 2016, introduce a series of world-class sports events, commencing with FINA Diving World Cup to our audience. More sports related lead-in programmes will be broadcast, as we begin to pave our way to an exciting summer of 2016.





JADE CHANNEL

Drama

A seven-day second line drama schedule on Jade was successfully implemented with the aim to maximise viewers' attention and rating potentials of our top quality drama series.

This new schedule splendidly kicked-off with the popular acquired drama serial *The Empress of China*. *Ghost Of Relativity*, a popular supernatural themed romantic comedy which was headlined by the fun duo Kristal Tin Yui Lee and Nancy Wu Ting Yan delivering a ghost story of two office ladies and their encounters in a "Frenemy" relationship, won the highest honour among the prime time drama. With immense success in popularity and marvelous acclaims on the social media for its laugh-out-loud moments, this popular serial became the top-rated drama title, achieving an average consolidated rating⁴ of 29.2 TVRs (TV rating⁵ of 26.6 TVRs, online live rating⁶ of 0.2 TVR and online catch-up rating⁷ of 2.4 TVRs). The two female leads Tin and Wu with their extraordinary and supernatural acting skills were applauded which consequently brought them the titles of TVB's Most Popular Female Character and the Best Actress of the year.

Another remarkable serial of the year was anniversary drama *Lord Of Shanghai*, which was headlined by three heavy-weighted actors, Anthony Wong Chau Sang, Kent Tong Chun Yip and Wayne Lai Yiu Cheung, featuring an epic story inspired by the three renown tycoons of Shanghai set in the late 1920s. Greatly applauded for the persuasive acting and the dazzling outport sceneries filmed in Shanghai, the serial successfully claimed the title of TVB Best Drama and further brought Wong the title of TVB Best Actor of the year.

- ¹ Audience share (%) is the percentage of ratings of particular channel(s) over the total ratings of the base channels for a specific period. The base channels comprise all of the TV channels (Total TV channels) in Hong Kong. Total TV channels include all free TV channels, all pay TV channels and other TV channels capable of being received in Hong Kong, such as the satellite channels.
- ² TVB's terrestrial TV channels comprise Jade, J2, iNews, Pearl and HD Jade (recently renamed as J5).
- Weekday prime time for TVB's terrestrial TV channels runs from 7 p.m. to 12 a.m., Mondays to Fridays.
- Consolidated rating is defined as the summation of TV rating, online live rating and online catch-up rating.
- TV rating ("TVR") represents the size of the audience expressed as a percentage of the total TV population. For 2015, the total TV population comprises 6,466,000 viewers, and therefore, 1 TVR represents 64,660 viewers (1% of the

Drama continues to play an important platform for nurturing new talents for TVB. In legal-themed drama *Raising The Bar*, the performance of young talents – Grace Chan Hoi Lam, Jeannie Chan, Stephanie Ho and Moon Lau

Total Jade weekday prime time (69% of Total TV)

Pui Yuet, were well received by our audience. While in a pre-modern serial, *Momentary Lapse Of Reason*, the acting talents of Louis Cheung Kai Chung and Rosina Lam Ha Mei impressed many audience.

Regular sitcom fans will no doubt recall members of the Ma family in *Come Home Love*. This sitcom has been running since 2012, draws a regular viewership at the 20:00 slot of an average consolidated rating of 23.1 TVRs in 2015 (TV rating of 22.1 TVRs, online live rating of 0.1 TVR and online catch-up rating of 0.9 TVR). The success of this drama lies in the curation of everyday stories of the Ma family and their friends. Not only *Come Home Love* is well received in Hong Kong, the sitcom is well-received in Malaysia and Singapore.

Anniversary drama *Captain Of Destiny*, a time-travelled story which featured extensive computer graphics created by our in-house team represented a daring attempt. The serial successfully earned good reputations and rocked the stages at the StarHub TVB Awards 2015 and the 2015 TVB Star Awards Malaysia. Not only was the popular serial honoured as My Favourite TVB Drama at both awards, it also gave the leading cast Ruco Chan Chin Pang to the title of My Favourite TVB Actor. Back in Hong Kong, Chan was also awarded TVB's Most Popular Male Character of the year for his leading role.

- total TV population). Ratings data source: Nielsen TAM. Since 1 January 2013, Nielsen has been appointed as the accredited ratings measurement service company for the industry.
- Online live rating is defined as an aggregate live rating generated from live channel broadcasts via web and mobile apps platforms. Data are sourced from Nielsen SiteCensus and conversion is based on a TV rating formula supported by a certified document issued by Nielsen dated 24 July 2013. One online live rating also represents 64,660 viewers, same as TV rating.
- Online catch-up rating is defined as an aggregate catch-up rating of web and mobile apps platforms. Data are sourced from Nielsen SiteCensus and conversion is based on a TV rating formula supported by a certified document issued by Nielsen dated 24 July 2013. One online catch-up rating also represents 64,660 viewers, same as TV rating.

Non-drama

Much efforts were devoted to enrich TVB's variety programmes. While food and health topics have remained a key theme on Jade, we endeavoured to produce infotainment programmes in fresh formats, notably a number of travelogues adventuring into some of the world's least-visited destinations, and new interactive game shows with the aim to strengthen our audiences' engagement.

In Not Far But Away, iconic travelogue host Tony Hung Wing Sing explored the Democratic People's Republic of Korea unveiling the little-known daily livelihood of her residents and attractions. This programme attracted some controversy but achieved an average consolidated rating of 26.0 TVRs (TV rating of 24.2 TVRs, online live rating of 0.2 TVR and online catch-up rating of 1.6 TVRs), making it the top-rated late evening thematic programme of the year.

Another travelogue aired at the same evening timeslot was *Big Big World II*, which unlike most other travelogues was produced by our News Department as a new attempt to showcase the world from the eyes of reporters. Characterised by the lively narration from the experienced news reporter, Anthony Fong Tung Shing, this programme brought audience to some of the world's least-visited corners, covering the Falkland Islands, Guyane, Liechtenstein, the Cayman Islands and Venezuela.

Jade also offered travelogues featuring some of the most popular travel destinations across the globe. *DoDo Goes Shopping* which was presented by veteran TV host Carol Cheng Yue Ling and her guests visiting Paris, London, Tasmania and Melbourne. This programme was awarded the TVB Best Variety Show of the year. The programme which was characterised by the fun-filled interactions between the host Ms. Cheng and her travel companions, generated active discussions on social media platforms. Another well-liked travelogue sequel *Four Amigos Bon Voyage* returned, with a fun-filled trip to the scenic beauty of Russia.

We endeavoured to expand our programmes genres beyond the traditional to the younger and new media centric audience. In an attempt to capture this new group, we launched *The Internet Of Things On TV* in late weekday evenings as the first reality show serial featuring trendy YouTubers and showcasing their creative productions on Jade. This programme allowed us to test the audience market with a new genre and gladly generated constructive feedback for programme development.

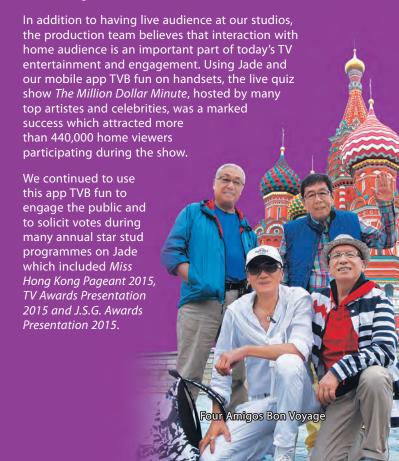
Health-themed programmes continue to attract and educate many audiences of all ages. The series, *Am I Healthy?*, *Hungry for Health* and *Health Is A Lifestyle* which provided informative and practical tips on a

health-related diet and fitness exercises, scored very satisfactory viewership.

Food related programmes starring top celebrities as cooking programme have always remained one of our audiences' favourites. Some notable mentions included *Good Cheap Eats (Sr. 3)* with the iconic host pair Maria Cordero and Luk Ho Ming and the weekend prime time programme *Eating Well With Madam Wong (Sr. 2)* led by renowned chef Gigi Wong Shuk Yi gained increasing popularity.

On Sunday nights, award-winning music show *Sunday Songbird*, brought many fond and memorable performances. Led by host singers Liza Wang Ming Chuen and Adam Cheng Shiu Chau, and joined by numerous guest singers from all ages, the programme impressed and entertained viewers with the decades' top oldies. This music programme continuously ran for a total of 35 episodes in the latest series, and exceeded the station's expectation by sustaining a high TV ratings throughout. *Sunday Songbird* was successfully spinned-off as *J2 Songbirds*, an extended production onto J2 to target the younger music fans.

A local adaptation of an American-inspired late night talk show, *Sze U Tonight* continued during Sunday nights keeping audiences stay tuned with Jade. With the appearances of some of the city's hottest celebrities as Sze's guests, the programme fruitfully earned a place for a distinguished talk show on Jade.









J2 CHANNEL

J2 continued to devote efforts in establishing the channel's image as trendy and innovative by offering a diversified programme mix to adultescent.

Like other TVB channels, local productions remained the core focus of the channel's offering. This year, J2 strategically rearranged its schedule to air self-produced programmes from 21:30 to 23:00 on weekdays to rejuvenate the late nights with our high quality in-house productions with up-to-date themes and good mix of young talents.

J2's signature programmes continued to roar with promising ratings contribution to the channel. Longrunning talk show, *Big Boys Club* celebrated its remarkable 1,500th episode during the year. *All Things Girl* continued to bring updates on latest fashion, celebrity hairstyles and beauty tips to our fans, while *Own Sweet Home* was enriched by launching a series focusing on special interior designs of some Japanese homes and newly launched household supplies in Japan.

Mouth-watering food programmes continued to serve our J2 audience well. *Play With Your Food*, which invited guests to the super-size meal challenge and amused audience with the joy of eating, drew serious attention among audience. *Pop-up Kitchen*, which featured pop-up food making challenge and "Flesh" culture promptly attracted the audience interest since its debut in late November 2015. A station-produced

travelogue Fun Abroad which is aired on Saturday nights has remained audience's all-time favourite.

To strengthen the channel's music offerings, we strategically tailor-made the

2.0 TVRs

J2
prime time
(7% of Total TV)

station's signature music programme, Jade Solid Gold into a hardback version on Jade and a full one-hour version on J2. Closely following the hit Sunday Songbird on Jade, J2 launched a fresh replication of J2 Songbirds to develop young singers and promote their music to our audience. J2 continued to carry on the role of introducing the hottest international music events to local audience, which included 2015 Mnet Asian Music Awards, Music Bank in Mexico and MTV EMA 2015.

J2 also carries popular sport events as part of its offerings. One of the key attractions during the year was the 2018 FIFA World Cup Russia[™] Asia Qualifiers which attracted the highest viewership on the channel's history.

From August 2015, TVB and the Hong Kong Jockey Club started to cooperate in broadcasting live coverage on J2 of the Mark Six draws and the horse race meetings from the next season.





i-News CHANNEL and NEWS PROGRAMMES

To further strengthen our leading position in news service in Hong Kong, TVB News continued to devote enormous efforts in offering the most recent, relevant and accurate news information to our audience.

Our coverage of breaking news locally or internationally included major events such as the live coverage of the state visits of President Xi Jinping's to the United States and the United Kingdom, the Bangkok bombing, the Formosa Fun Coast explosion and the Victory Day Celebration Military Parade. For the latter, a series of news report which told stories of people and events during the war of resistance was scheduled to commemorate the event.

Great efforts were made in provision of a more indepth yet lifestyle-compatible news coverage. *News Roundup* on weekday nights was extended to a one-hour news telecast on Jade and HD Jade (renamed as J5) since January 2015. Various culturally enriched new segments were added to strengthen the coverage of the one-hour newscast.

New segments provided knowledge not only on current affairs but also international issues. *Closer Look* reviewed the breaking news of the day, while *International News Files* showcased world's historical

1.3 TVRS

iNews prime time (4% of Total TV)

news clips. Newly added segment *Global View* also helped inspire people to think out of the box.

Interesting and diversified new in-house produced segments, included *Saturday Fun* which presented inspirational and motivating stories of people from different industries, and *HK Historical Sites* which took audience to explore different areas around Hong Kong, with their history behind some famous streets and monuments.









PEARL CHANNEL

Pearl, our English channel, revamped its prime time schedule with four distinctive blocks offering top quality content to cater to the interests of our targeted premium audience. Not only our infotainment slots on weekdays were strengthened by more local productions, special efforts were given in rebranding the Saturday nights blockbuster movies to boost viewership.

New formats and genres were produced to broaden and diversify the programme varieties. Sean Lee-Davies, our channel's signature icon, was commissioned to produce and host a topical environmental and ecological series *Adventures to the Edge*. Aimed at raising awareness about issues of global environmental crises, the programme dramatically captured some rare scenes of endangering species, like the northern white rhinos and the whale sharks, in the wilderness for the viewers.

The landmark hit show, *Tycoon Talk*, was commissioned for a second season in 2015 under *Tycoon Talk & The Next Generation* which ran for a total of eight episodes. Sean Lee-Davies again took the role as programme host to interview a new generation of successful local business leaders, sharing their dynamic stories and their entrepreneurial spirits.

Co-hosted by Master of Wine, Jeannie Cho Lee and model Anthony Sandstrom *In Vino Veritas 2* returned for a second season. In addition to unrevealing the world of wine-making, the programme took viewers to the scenic beauty of New Zealand, and introduced for the first time a wine-tasting competition among the local sommeliers on Hong Kong TV.

Long standing self-produced lifestyle programme Dolce Vita continued into its 10th year showcasing viewers with upmarket lifestyle and fashion trends. The programme also keeps on bringing in new faces to audience over the past years.

Renowned journalist Michael Chugani hosted a new talk show *Straight Talk* in a cutting edge, in-depth and informative presentational style, bringing upto-date affairs issues.

Pearl fans in large numbers were entertained by a number of blockbuster movies.

Harry Potter and the Deathly Hallows ™ Part 2 was the top rated movie of the year.

Marvel's movies like Marvel's The Avengers and Iron Man 3 continued to please the crowd.

Pearl prime time (4% of Total TV)

Many top-class documentaries successfully attracted the eyeballs of our premium audience. While health-related themes remained our major focus under the well-being brand, environmental issues were presented under Loving Earth to address some growing concerns of our viewers. The School That Turned Chinese, which talked about an experiment to introduce the Chinese educational system to Britain, and The Most Dangerous Ways to School, which documented how children in some remote areas tackled their extreme journeys to schools were amongst some of the critically acclaimed titles telecast.

Drama fans enjoyed a rich collection of western drama on Pearl. Hot TV series such as *The Flash*, made its premiere on Pearl shortly after telecast in the origin country. The midnight drama series at midnight during weekdays offered additional choices to our viewers, and the series successfully reached out to an expanded audience group.

Our team worked diligently to broadcast a number of world-class local sports events. Besides the *Hong Kong Masters 2015* in February and the *Hong Kong Squash Open 2015* in December, Pearl was awarded as the official broadcaster of the *Hong Kong Tennis Open 2015* in October. Extensive live coverage and highlights of this prestigious international tennis tournament featuring some of the world's top female tennis players entertained and delighted our





Hong Kong Masters 2015



HD JADE CHANNEL (renamed as J5 on 22 February 2016)

During the year, HD Jade further enhanced its prime time schedule, with Jade and HD Jade simulcast arrangements commencing at the earlier time of 19:00 on weekdays till late for seven days a week, showcasing self-produced programmes. HD Jade continued to offer during the non-simulcast hours with quality acquired documentaries and some of Asia's hottest productions.

The early Sunday evening HD documentary series was rescheduled to start at 18:30 in order to accommodate a richer programme line-up on Sunday evenings, and still delivered promising ratings performance. The series, *Wildlife (III)* took the position as the top-rated documentary of the year.

Late night drama timeslot continued to showcase a number of big budget productions and well-known serials from Mainland China. Glamourous costume-epic drama *The Stand-In*, which featured the live striving story of some China 1911 revolutionary forerunners delivered good rating performance on weekday nights, while the talk-of-the-town Chinese serial such as *Tiger Mom*, which depicted the different parenting styles

between a tiger Mom and a cat Dad, kept audience entertained during the weekends.

Popular acquired variety programmes and reality shows remained viewers'

8.3 TVRs

HD Jade prime time (29% of Total TV)

favourites during weekends. HD Jade continued to carry some of the hottest Asian versions of international formatted programmes, such as *I am a Singer*, *The Voice of China*, *The Brain China*, *Chef Nic (II)* and series of *MasterChef China*.

After the year-end, new programme schedules were introduced in February 2016 to Jade and HD Jade for the purpose of further diversifying the audience groups. HD Jade has been renamed J5 with a new programme line-up, departing from the long standing simulcast arrangement with Jade. Such new programmes on J5 include commentaries on the financial and the local property markets.









CHANNELS FOR PAY TV PLATFORM

To better address the evolving needs of fragmented viewing needs of local viewers, our 13 channels for the pay TV platform underwent a revamp. After progressive rebranding of our channels, the 13 channels now comprise Japanese Drama, Korean Drama, Chinese Drama, Asian Select, TVB Classic, Classic Movies, Asian Variety, Food, Sports, Entertainment News, Jade Catch Up, TVBN and TVBN2.

Striving to expand the programmes' variety, we launched three new channels during the year. Chinese Drama and Asian Select have been added to the competitive foreign drama array, namely Japanese Drama and Korean Drama, which further strengthened our channel offerings with distinctive themes and personalities. In addition, Classic Movies assembling many classic titles from Hong Kong dating far back as the 50-70's was launched.

TVB's foreign drama channels have always maintained its lead in the pay TV market, offering viewers the most popular and highest-rated dramas in Asia. In addition to award-winning idol drama Pinocchio, Korean Drama channel fascinated fans by airing one of the hottest dramas The Producers within just four days of its telecast in South Korea. Japanese Drama endeavoured to lead the trend by exploring cuttingedge and experimental drama formats which included sequels The Solitary Gourmet (IV) and Midnight Diner (III). Boasting big-budget and prominent dramas from Mainland China and the most recent idol hits from Taiwan, Chinese Drama included Red Sorghum starring award-winning actress Zhou Xun and Taste of Love which was screened close to local telecast in Taiwan. Asian Select introduced the "Asian Star Package" to present an assembly of signature works by renowned stars such as Kim Soo Hyun, Lee Min Ho and Kimura Takuya.

In 2015, TVB classic channel showcased many themed packages featuring the early works of veteran actors Sean Lau Ching Wan, Kent Tong Chun Yip, Gallen Lo Ka Leung, and actress Kathy Chau Hoi Mei. Besides, the channel also featured various 70-80's dramas which allowed viewers to take a close look at the society, the people and the culture at the time. Later in the year, a bundle of legendary *Enjoy Yourself Tonight* dramas were also revived, such as *Men of the House*.

For the launch of Classic Movies in 2015, well-known classic movie celebrities Bowie Woo Fung and Nancy Sit Ka Yin were invited to be the channel iconic talents. Powered by a library of Hong Kong's movie legacy of 50-70's, Classic Movies showcases a wide array of genres including Cantonese operas, fantasy and martial arts, featuring the most reputable and legendary artistes in the field, as well as providing an extraordinary entertainment experience by leading audience down the memory lane of old Hong Kong.

Asian Variety continued to deliver compelling varieties from Mainland China, Korea and Japan in various formats, including reality shows, talent shows and annual events. Biggest hits included the father-and-son reality show *The Return of Superman*, the reality cooking show *Three Meals a Day*, the long-running game show *Running Man* from Korea, and the couples interactive reality show *Love Journey* from Mainland China. Meanwhile, Food kept on scouting for delicate culinary programmes, exhibiting many hours of programmes about cuisines from around the world. Featured programmes included Korean cooking competition show *MasterChef Korea* (II), Japanese documentary *Dining Al Fresco* and Chinese documentary *Flavours of Xinjiang*.

Live coverage of major Hong Kong-based international sports events was the focus of Sports in 2015. Hong Kong sports fans were able to enjoy live performances of Hong Kong athletes in international tournaments such as the 2018 FIFA World Cup Russia™ Asia Qualifiers and the Hong Kong Open Badminton Championships 2015.

TVBN strove to provide 24-hour up-to-the-minute breaking news both locally and internationally, while TVBN2 remained to serve live coverages of news events. TVB Entertainment News continues to cover the hottest showbiz buzz and bring audience to many entertainment ceremonies and film festivals around the globe.