

MEDIA AND ENTERTAINMENT

“ Hong Kong is an important Asian commercial and media hub that gives us better access to potential partners and investors. The city has always got a vibrant media entertainment industry including film, TV, music and digital media, we see many global and regional companies setting up their APAC hub here. ”

Fred Chong
CEO
WebTVAsia

Hong Kong has developed a broad cluster of media and entertainment industries that use the city as their regional hub. The pandemic leads to an increased consumption of digital content from mobile apps to free TV streaming platforms across the globe, in particular China. APAC is expected to overtake North America as the largest OTT region by 2021. Total OTT video revenue in the Hong Kong market will increase at a 12.2 percent CAGR, from US\$209 million in 2019 to US\$373 million in 2024, with the market experiencing an uptick in 2020 as a result of COVID-19 (*E&M Outlook 2020-2024*).

Asia also experienced double-digit growth of 11.5 percent (excluding Japan) in the music industry, boosted by strong uptake of paid subscription streaming. 2019 was the first time physical's share fell below 50 percent of all revenues. Asia's next three largest markets – South Korea, China and India – all experienced strong growth (8.2 percent 16.0 percent and 18.7 percent respectively) (*Global Music Report 2019 by IFPI*).

Ranked as the world's freest economy in the Fraser Institute's Economic Freedom of the World 2020 Annual Report, Hong Kong tops the list in “freedom to trade internationally” and “regulation”, and enjoys a liberal environment in Asia, with an open investment regime and unrestricted foreign ownership rules. The availability of the latest telecommunications technology and global talents have attracted many international media and entertainment companies to establish regional headquarters or offices in Hong Kong to develop their markets in APAC.

Why Hong Kong?

- One of the world's largest suppliers of imported books and newspapers
- Major centre for Chinese-language publications and broadcasting
- One of the world's largest exporters of TV and film content
- Home to one of the largest producers of Chinese language content, with dubbed programming distributed in over 30 countries
- Highly experienced, multi-lingual local talent with regional networks and expertise in content creation and production
- Excellent communication networks allow companies to reliably transmit and receive information at very low cost. The rapid development of 5G and AI enhance immersive experience of live entertainment
- Freedom of expression and the press; a liberal media environment that enables local and overseas publications circulate freely
- Stringent enforcement of intellectual property rights

Opportunities and Recent Developments

- Hong Kong will enter into an era of full digitalisation in free TV broadcasting starting from 1 December 2020. The four free TV broadcasters are providing a total of 12 digital channels
- Hong Kong is among the world's largest film exporters. The box office on the Mainland China has become a vital market for Hong Kong movies. Box office revenue rose 5.4 percent to a new record of \$9.2 billion (RMB64.3 billion) in 2019
- FILMART is now the largest film and TV market event in Asia. The four-day virtual content marketplace in 2020, where 2,100 film and television productions were released and promoted, attracted nearly 7,000 international buyers from 73 countries and regions. More than 2,000 online business matching meetings were arranged, illustrating strong demand for entertainment content globally and confidence in the prospects for the industry
- Under the latest amendment on Trade in Services of Closer Economic Partnership Agreement (CEPA) (implemented on 1 June 2020), measures applicable to television and film include:
 - **Television:** No restriction on the quantity of Hong Kong-produced television dramas and animation television programmes imported by television stations, audiovisual websites and cable television networks in the Mainland
 - **Motion pictures:** For motion pictures co-produced by Hong Kong and the Mainland, there will be no restriction on the percentage of Hong Kong principal creative personnel and artistes as well as the Mainland-related content. The fees for establishing the Mainland and Hong Kong co-production motion picture projects will also be waived
- An array of measures will be implemented through the Film Development Fund (FDF) in support of the Hong Kong film industry's development, which include:
 - Launching a new subsidy scheme under which the FDF will proactively invite veteran directors to partner with young directors to co-produce 10 to 12 films with an earmarked funding of around \$100 million. Each film will be granted a subsidy of around \$9 million
 - Implementing an enhancement for the Film Production Financing Scheme by raising the maximum government financing amount to \$9 million



InvestHK 投資推廣署

The Government of the Hong Kong
Special Administrative Region

Freshly Brewed Story Every Morning

SCMP Morning Studio draws upon the publisher's resources to forge new paths in storytelling.



For more than 116 years, the South China Morning Post (SCMP), a leading global media company headquartered in Hong Kong, has been the authoritative and trusted source for information for news consumers around the world. In 2018, a dedicated creative unit, Morning Studio, was incorporated to reach out to an even wider audience providing a full toolbox of offerings, including custom publishing, event curation and content solutions.

“Morning Studio was created to tell your brand’s stories,” explained Karrie Lam, Vice President, Sales and Marketing Solutions at SCMP. “It lives in the pulse of SCMP — we were born to be a content creator. Our vision is to translate Asia to the rest of the world. The brand stories we create will reach millions of global readers through SCMP.com by the same delivery, insight and artificial intelligence (AI) powered distribution that you would expect from SCMP.”

In less than a year since its inception, Morning Studio has garnered top talent from international news organisations and publishers, including world class journalists, storytelling experts, brand strategists, multimedia designers, and audio and visual specialists. As a vibrant city that embraces different cultures and creativity, Hong Kong is a magnet for talent from every corner of the globe. “With Hong Kong as the

headquarters of SCMP, we are proud to have incorporated this award-winning group to pioneer the next frontier,” said Lam.

Audience Engagement is the Key

She sees a seismic shift in how content is created and consumed as audiences increasingly gravitate towards digital platforms that allow them to easily manage their information consumption. “Engagement becomes a very important key performance indicator,” noted Lam. “Media companies now invest in developing engaging videos, infographics and animation, as well as AI and search engine optimisation for better distribution. We can see how many people are reading a story at a given time, how long they stay on a page and where they navigate to next. Digital publishing also allows the media company to respond in real time.”

Lam believes that as Morning Studio evolves, it will expand by building stronger communities through thought leadership programmes. “Morning Studio MasterClass is one of the best examples showcasing our commitment to offer insights, trends and best practices across different topics,” she explained. “These include engaging online videos, effective content distributions as well as a cautious commitment to captivate Gen Z audiences.”

She looks to InvestHK to help global and regional marketers understand that SCMP has progressed beyond a traditional publishing house through its publicity support, networking events and resource of potential suppliers. “We are a media tech company that combines quality content, audience data and insights to deliver the best marketing performance for brands,” Lam stated.

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Karrie Lam
Vice President,
Sales and Marketing Solutions
SCMP

South China Morning Post (SCMP)

- Established in 1903 and headquartered in Hong Kong with a total of 1,000 staff members
- Morning Studio is a dedicated creative team of 20 staff to implement branded content, custom publishing, event concepts, and creative solutions

morningstudio.scmp.com



Towards a Decentralised Entertainment Ecosystem

Breaker's blockchain-powered content platform found a home in the progressive business environment in Hong Kong.

While most common and widely-known applications of blockchain are in the financial arena, the technology is revolutionising different industries and entertainment is one example. Founded in Switzerland, Breaker (formerly SingularDTV) works towards a vision of evolving the entertainment industry with a decentralised ecosystem, empowering creators around the globe with new technology.

"We foresee that the entertainment industry will be more open to blockchain as a technology as mass adoption gradually takes place and becomes more complementary to more industry verticals," said Jack Cheng, VP, Business Strategy and Marketing, Asia.

Breaker enhances ownership and payment transparency of the entertainment industry and content distribution process in various ways. With Breaker's artist portal, not only can content creators upload and distribute their original works globally, they can also manage the intellectual property (IP) of their works with smart contract, made possible by blockchain technology. This would result in real-time share of revenue that goes directly into artists' digital wallet with minimised intermediaries and middleman cost and breakthrough the legacy intransparent mechanism.

The Blockchain Smart Contract Technology

Breaker is a decentralised peer-to-peer entertainment platform which is powered by smart contracting to enhance credibility and reliability.

"Smart contract technology can be used to manage audience activities on Breaker, such as payment, click and viewing authentication. Our platform is open for all artists and content

creators, in particularly those who are willing to learn and embrace this clean, detailed and trackable monetisation model," Cheng added.

While blockchain application in the industry is still relatively new, Breaker's work in Hong Kong currently focuses on building awareness of the technology application among artists and content creators in the region by outreach events, such as mini concerts and screening programmes. Breaker also partnered with the award-winning American documentary filmmaker Alex Winter to produce the blockchain-focused documentary Trust Machine: The Story of Blockchain, which was released in theaters in New York, Los Angeles and Hong Kong before premiering on Breaker's own blockchain-powered VOD platform. A film festival hit, the film has been traveling all over the world and has become a very effective educational tool.

With its Hong Kong office opened in February 2018, Breaker has grown into a team consists of roles including business development, relationship building, marketing and customer service. "The city offers a vibrant industry landscape with a progressive business environment which is greatly beneficial for our development in the region. Hong Kong is the ideal place for foreign company to set up regional business," Cheng said.

"We will continue to promote and educate mass audience with this new decentralised entertainment ecosystem as we launch more applications and solutions for artists around the world in the future," he added.

Cheng would highly recommend InvestHK for companies planning to expand their business to Hong Kong. "The InvestHK team let you know the most straight forward way to start with and hence companies can avoid unnecessary complications," he concluded.

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Jack Cheng

**VP, Business Strategy and Marketing, Asia
Breaker**

Breaker

- Founded in 2016 and headquartered in Switzerland
- Breaker's mission is to evolve the entertainment industry with a decentralised ecosystem that empowers creators and delivers fans a diverse collection of classic and original content
- Hong Kong is the first office of Breaker in Asia

 breaker.io

Major Media Organisations with Regional Operations in Hong Kong

- Agence France-Presse
- Associated Press
- Bloomberg
- Dow Jones
- Hubert Burda Media
- Monocle
- Nikkei
- Tatler Asia
- The Financial Times
- The New York Times
- Thomson Reuters
- Time Inc
- Warner Media
- TV5 Monde

Key Statistics

- Home to over 80 international media organisations including broadcasters, TV channels, news agencies, newspapers and magazines
- Around 88 newspapers and 514 periodicals published in Hong Kong (as of July 2020)
- Over 800 local and overseas television channels in various languages through free-to-air terrestrial and satellite reception, or pay television services, including CNN International, BBC World, HBO, CNBC, and the Discovery Channel
- 12 non-domestic television programme service licensees providing over 200 satellite television channels for the Asia Pacific region (as of June 2020)
- Around 92 percent households (over 2.3 million households) receive DTT services via set-top boxes, integrated digital television sets and computers (as of Nov 2019)
- In residential market, over 94 percent of the households are using broadband service (as at Mar 2020)
- Around 2.13 million subscribers of licensed domestic pay television services as at Dec 2019
- Around 18,500 people are employed in around 1,500 publishing and related services companies (as of Mar 2020)
- Around 3,000 establishments employing over 13,000 people in the motion pictures and entertainment services industry (as of Mar 2020)

Useful Links

Asia Video Industry Association

avia.org

Communications Authority

www.coms-auth.hk

CreateHK

www.createhk.gov.hk

Digital TV

www.digitaltv.gov.hk

Hong Kong Cyberport

www.cyberport.hk

Hong Kong Digital Entertainment Association

www.hkdea.org

Hong Kong Film Development Council

www.fdc.gov.hk

Hong Kong Journalist Association

www.hkja.org.hk

Office of the Communications Authority

www.ofca.gov.hk

Office for Film, Newspaper and Article Administration

www.ofnaa.gov.hk

The Society of Publishers in Asia

www.sopasia.com

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