Film Entertainment Industry in Hong Kong

Overview

- Hong Kong has one of the largest and most dynamic film entertainment industries in the world. As one of the world’s largest film and television content exporters, Hong Kong has captured a fair share of the regional market, in particular the market in mainland China.

- Film co-productions between Mainland China and Hong Kong have been going on for years. In 2017, Hong Kong-Mainland co-produced films boasted RMB7.3 billion in box office receipts, accounting for 13% of the mainland’s total.

- As a regional hub of buying and selling Asian films and TV dramas, Hong Kong is increasingly seen as a remarkable platform to explore co-production in Asia. In 2018, the Hong Kong International Film & TV Market (FILMART) attracted more than 580 Asian exhibitors and 4,800 Asian visitors, with majority of them coming from mainland China, Japan, Taiwan and South Korea.

- Hong Kong’s audio-visual services industry has gained preferential access under CEPA to the huge media entertainment market in mainland China. The latest CEPA agreement concerning the Mainland’s Specific Commitments on Liberalisation of Trade in Services for Hong Kong was signed in December 2015 for implementation in mid-2016, providing further enhancement in market access for Hong Kong service suppliers to the mainland market.

Industry Data

**Motion Pictures and Other Entertainment Services**

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<th>Sep 2018</th>
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<tbody>
<tr>
<td>Number of establishment</td>
<td>2,865</td>
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<td>Employment (excluding those in civil service)</td>
<td>16,459</td>
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<thead>
<tr>
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<th>2017</th>
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<tr>
<td>Number of local films released</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Number of foreign films released</td>
<td>278</td>
<td>300</td>
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<tr>
<td>Total box office receipts (including foreign film) (HK$ million)</td>
<td>1,854</td>
<td>1,957</td>
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Source: Hong Kong Box Office Ltd

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**Service Providers**

Most local film companies deal directly with cinema chains for local screening on a revenue-sharing basis. Rights will then be sold to distribution companies for other forms of release, including video rental and sales, and television broadcasting. There are also companies which specialise in distributing foreign films in Hong Kong.

The film industry is represented by several industry associations, including the *Movie Producers and Distributors Association of Hong Kong Ltd (MPDA)*, the *Motion Picture Industry Association (MPIA)*, the *Hong Kong Film Directors’ Guild (HKFDG)*, and the *Hong Kong Screenwriters’ Guild (HKSWG)*.

### Exports

<table>
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<th>Audio-visual production and related services (HK$ million)</th>
<th>620</th>
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Source: Report on Hong Kong Trade in Services Statistics in 2017, Census and Statistics Department

**Industry Development and Market Outlook**

**Film distribution**

As of October 2018, there were 55 cinemas in Hong Kong. Films are mainly released through channels such as United Artists, Broadway Circuit, Emperor Cinemas, Golden Harvest Cinemas, Newport Circuit, MCL Circuit, AMC Circuit and Cinema City Circuit. Other movie distribution channels include selling of film Blu-ray discs, DVDs and VCDs, broadcasting by local free televisions, pay televisions, subscription satellite services and online platforms such as Amazon, iTunes and Google Play.

Hong Kong is among the world’s largest film exporters. In 2018, 53 locally produced films were released. In 2017, Hong Kong’s audio-visual production-related services exports amounted to HK$620 million. Hong Kong’s film industry as a whole is reliant on overseas revenues, given the limited size of the domestic market. Asia accounts for the majority of the foreign sales income. The box office on mainland China has become a vital market for Hong Kong movies. According to China Film Administration, the mainland box office income grew by 9% to top RMB61 billion in 2018.

Nowadays, an increasing number of movies have been co-produced by Hong Kong and mainland film production companies. In 2017, the total box office revenue from Hong Kong-Mainland co-productions reached RMB7.3 billion or 13% of the mainland’s total.

Thanks to such co-operation, many good-quality films with critical acclams have been produced. For example, *The Grandmaster* (一代宗師) won the Best Costume Design in the 8th *Asian Film Awards (AFA)* and the Best Cinematography of the 56th *Asian Pacific Film Festival (APFF)*. In terms of box office, action war movie *Operation Red Sea* (红海行动), directed by Dante Lam (林超賢) achieved a box-office feat of RMB3.7 billion in 2018, surpassing the previous highest-grossing of Stephen Chow (周星馳)’s *The Mermaid* (美人魚).

Hong Kong’s films have gained increasing recognition from the international film industry.
over the years. In 2018, No. 1 Chung Ying Street (中英街1號), directed by Derek Chiu (趙崇基), won The Grand Prix at the 13th Osaka Asian Film Festival, while Paradox (殺破狼・貪狼) by Wilson Yip (葉偉信) was awarded the Best Action Film at the 12th AFA.

Young talents are also on the rise. Examples include Wong Chun (黃進)’s winning of the Best New Director Award at the 53rd Golden Horse Awards with his debut feature Mad World (一念無明), when crime thriller Trivisa (樹大招風), directed by new talents Frank Hui (許學文), Jevons Au (歐文傑) and Vicky Wong (黃偉傑) and produced by Johnnie To (杜琪峯) bagging the Best Original Screenplay Award (by Loong Man Hong (龍文康), Thomas Ng (伍奇偉), Mak Tin-shu (麥天樞) and Best Film Editing Award (by Allen Leung Chin-lun (梁展綸) and David Richardson).

Apart from buying rights for theatrical distribution, overseas film production companies are also interested in acquiring rights to remake Hong Kong movies. The most recent examples include the South Korean re-toolings in Believer (毒戰) of Johnnie To’s 2013 crime thriller and in Mujegga (英雄本色；無敵者) of the classic Hong Kong gangster film A Better Tomorrow (英雄本色), both released in 2018. Others include The Eye (異度見鬼), a remake released by Hollywood in 2008 based on a 2002 Hong Kong movie Gin Gwai (見鬼) directed by Pang Brothers and the Oscar-winning movie The Departed (無間道風雲) remade by Martin Scorsese (馬田史高西斯) from Infernal Affairs (無間道) in 2006.

Hong Kong has a unique advantage in bridging the mainland Chinese with the Western audiences and opening a window on the world for Chinese audience. In 2015, Warner Bros. Entertainment (華納兄弟娛樂公司) and China Media Capital (華人文化產業投資基金) (CMC) formed a joint venture of US$1 billion, headquartered in Hong Kong, to develop and produce films for global distribution.

Hong Kong film talents and professionals have managed to make their names known in both Eastern and Western movie market. For example, Louis Koo (古天樂) was awarded his very first Best Actor Award after 25 years of making movies at the 12th AFA, when Kara Hui (惠英紅) was presented the Excellence in Asian Cinema Award. Further afield in Hollywood, Yuen Woo Ping (袁和平) is one of the best known Chinese martial arts movie choreographers, thanks to his involvement in Matrix (廿二世紀殺人網絡), while Chow Yun-fat (周潤發), Cory Yuen (元奎), Donnie Yen (甄子丹), Jackie Chan (成龍), John Woo (吳宇森), Johnnie To (杜琪峯), Michelle Yeoh (楊紫瓊), Ronny Yu (于仁泰), Sammo Hung (洪金寶), Tsui Hark (徐克), Wong Kar-Wai (王家衛), Wilson Yip (葉偉信), are also familiar Hong Kong names that have successfully straddled both Eastern and Western markets. For instance, Ip Man 3 (葉問3) fetched a box office of US$1.6 million during the first ten days of its premiere in the North America market.

While major film companies have their own distribution departments, smaller independent filmmakers usually rely on distribution companies to sell their films in overseas markets. Key channels for international distribution are the three main film markets in Los Angeles, Cannes and Berlin, where producers, distributors and buyers meet to initiate deals for the distribution of films. In 2018, the HKTDC organised the Hong Kong Pavilion showcasing the latest Hong Kong film productions at the Marché du Film in Cannes (康城電影交易市場).

Hong Kong has hosted an annual film market since 1997 to promote Hong Kong as a film distribution centre in the region. In 2018, FILMART attracted more than 8,700 global visitors and 850 exhibitors from 37 countries and regions, in which more than 360 exhibitors were from 15 Belt and Road countries.
As Asia’s biggest film and entertainment event well known for its series of events, including new film launches, networking activities and professional seminars, FILMART, now in its 23rd years, is increasingly seen as a remarkable platform to explore co-production in Asia. Last year, the four-day event welcomed more than 580 Asian exhibitors and 4,800 Asian visitors, with majority of them coming from mainland China, Japan, Taiwan and South Korea.

Hong Kong as Asia’s world city is also a popular place for overseas crews shooting commercial films, TV programmes and advertisements. Recent examples include two 2017 Hollywood science fiction films *Ghost in the Shell* (攻殻機動隊), which used Hong Kong as the blueprint for its futuristic metropolitan setting and *Geostorm* (人造天劫), which shut five blocks in Mong Kok down for filming and featured Daniel Wu (吳彥祖) as a Hong Kong-based weather scientist, and various TV programmes such as *Cesar to the Rescue* (金牌馴狗師大駕到) (US) and *Asia’s Got Talent* (亞洲達人秀) (Singapore).

**Television programmes**

Hong Kong TV companies derive a substantial portion of their revenue from overseas markets, targeting primarily Chinese-speaking populations. In addition, some programmes are dubbed into other languages to target the non-Chinese-speaking audience. Hong Kong’s television broadcasters sell their products using the following methods: programme licensing, pre-packaged programme content and subscription fees, with satellite distribution and landing rights now becoming an increasingly important source of revenue.

There are currently three domestic free television programme service licensees, namely, *Fantastic Television Limited (Fantastic TV)*, *HK Television Entertainment Company Limited (HKTVE)* and *Television Broadcasts Limited (TVB)*, delivering free TV services by using frequency spectrum and/or fixed network as transmission mode in Hong Kong.

Domestic Pay TV services in Hong Kong are currently provided by *Hong Kong Cable Television Limited (HKCTV)* and *PCCW Media Limited*. The number of pay TV channels increased to 399 as at 31 December 2018 from only eight when pay TV was first launched in 1993.

Recently, mobile viewing platforms have emerged to be an important distribution channel of TV content in Hong Kong. Nowadays, most of the latest TVB programmes are available on the mobile application platform “myTV Super”, which amassed more than 5 million subscribers and became the biggest OTT provider in Hong Kong as it turned two in 2018.

Other players include *ViuTV*, the channel run by *HKTVE* and launched in April 2016, offering both free-to-air broadcast and media-on-demand streaming services on mobile devices, the global streaming giant *Netflix* rolling out its OTT service in Hong Kong in January 2016 and *Hong Kong Asia Television Digital Media Limited (ATV)*, after going off air in April 2016, launching a mobile app to continue broadcasting through OTT services in January 2018.

The HKSAR government opted to use DMB-T/H as the digital television broadcast standard and the official commencement of digital TV broadcasting began on 31 December 2007. Although the overall DTT coverage in Hong Kong already reached 99% of households in September 2013 and some 88% of households already received DTT according to a public survey done in Aug-Oct 2017, the Government, in view of the latest
development of DTT and technical considerations, revised the working target for switching off analogue TV broadcasting from end-2015 to end-2020.

Mainland China, as the world’s largest television market, sees growing demand for quality programme content in tandem with a surge in TV and cable channels. Landing rights have been granted to Hong Kong’s TV broadcasters to provide TV entertainment to millions of homes on the mainland, and much wider access of Hong Kong-Mainland co-produced television programmes are provided under CEPA.

Supports to the film industry

In support of the local film industry, the Hong Kong government has established the Film Development Council (HKFDC) and Create Hong Kong within the Commerce and Economic Bureau. To finance film production and fund other film-related projects, the government has since 2005 injected a total of HK$540 million into the Film Development Fund (FDF), which has so far supported 50 film production projects and 200 other film-related projects, groomed some 50 new directors and producers and scooped more than 110 local and international awards, including Tomorrow Is Another Day（黃金花）which won Teresa Mo (毛舜筠) and Ling Man-lung (凌文龍) the Best Actress and Best New Performer Awards at the 37th Hong Kong Film Awards. In the 2018 Policy Address, the government has announced the plan to inject HK$1 billion into the FDF to support the development of the film industry. One of the initiatives is to groom our talents by equipping them with skills for film productions of different lengths and genres for broadcast on multimedia platforms.

Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

CEPA provisions include significant market liberalisation measures for Hong Kong’s audio-visual services industry, with regards to cinema theatre services, film distribution services, technical service of cable television and the production of television drama programmes and films. As at end-January 2019, the Hong Kong government had granted Hong Kong service suppliers (香港服務提供者證明書) (HKSS) certificates to 84 audio-visual service companies.

CEPA relaxes the scope for Hong Kong companies operating wholly-owned units in respect of business of cinema construction and renovation, allowing them to construct or renovate more than one cinema theatre at more than one location for film-screening business. Many Hong Kong companies have set up cinemas, including flagship multiplex cinemas, in various mainland cities. Besides, Hong Kong companies engaged in film distribution service, on a pilot basis, can establish wholly-owned units to distribute mainland motion pictures and Hong Kong-Mainland co-produced movies. Meanwhile, Chinese language films produced by Hong Kong companies approved by Chinese mainland authorities are not subject to the import quota set for foreign films, while Hong Kong-Mainland co-produced films are treated as mainland productions.

The Agreement on Trade in Services (ATIS) under CEPA, effective from January 2016, allows Hong Kong companies wider access to the Chinese mainland market in providing Chinese language motion pictures, jointly-produced motion pictures and TV dramas, technical services of cable television. When it comes to the broadcasting industry, approved television dramas co-produced by Hong Kong and mainland China can be broadcast and distributed in the same way as mainland television dramas, without restrictions on the quantity and the time of broadcast. Details of the preferential access
concerning the audio-visual sector can be found here.

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