

Funding Guideline to “1st Animation Start-ups Support Program”

1. General Information

Background

- As shown by the track records that Hong Kong animation talents have won a number of awards in international awards (such as the Annecy in France, and Digicon6 in Japan), Hong Kong has the talents to compete in international animation arena. Further with the granting of new TV licences, it can be seen that there are strong market demand for animation talents and animation production.
- However, there are a number of hurdles for the talents in capturing the emerging market. For example, an animation start-up needs a portfolio of professional works to pitch to the clients before getting contracts or finding potential partners for business development. But the investment in creating a professional portfolio is costly and thus the start-up would have only an idea rather than an animation work to demonstrate. As another example, a start-up may get lost on the direction on theme, content, technology, etc. It is difficult for it to obtain appropriate training and mentorship for supporting it on-going development.
- If these hurdles can be overcome, young people would be encouraged to enter the industry and establish their own businesses in the field. In this connection, Hong Kong Digital Entertainment Association (HKDEA) has successfully applied for funding support under the CreateSmart Initiative (CSI) of Create Hong Kong for running the “1st Animation Start-ups Support Program” (Support Program) to nurture young animation start-ups to further grow in the industry.

Objectives

The Objectives of the Support Program are:

- To nurture a group of up to 20 young animation start-ups in animation technology and production who have the potential to upgrade themselves to develop better business in the industry;
- To provide funding, training and mentoring support for them to produce original animation works (of at least 3 minutes) that will show their creativity and technical capability and help them to pitch to potential clients and partners for business development; and
- To promote the completed animation works on TV program, project website, and various local and regional exhibitions and award activities

Funding amount, coverage and procurement procedures

- It is fixed that a maximum of HK\$80,000 subsidy would be offered to the successful applicant company (the fund recipient company). A maximum of 70% (amounting to \$56,000) could be used for manpower (animation specialist) and the remaining balance could be allocated for other expenses, including script writing, hardware or equipment, voice talent, audio recording studio, and music.
- Signed timesheet must be documented and presented as a proof of manpower expenses on the animation work of the fund recipient company.
- Other expenses cover only those costs incurred from the production of the animation work, as listed above. The fund recipient company needs to seek for endorsement from the Secretariat Office of the Support Program before purchase.

- For other expenses, any expenses more than \$5,000 and less than \$10,000, at least two quotations in writing are needed; for expenses more than \$10,000 and less than \$500,000, at least three quotations in writing are needed. All quotations and invoices must be kept by the fund recipient company for auditing; otherwise the expenses would not be counted.
- In any event that the actual disbursement of producing the animation work by the fund recipient company is less than the received subsidy amount, the fund recipient company should return the unused amount to HKDEA.

Who are eligible to apply?

A company will be eligible to apply if:

- It is incorporated in Hong Kong under Companies Ordinance (Cap. 32).
- It is a company with primary business focus on animation production.
- It must be established of less than four years (as reference to the application deadline) with 8 full time staff or below.

Implementation agent

- The Support Program is managed by HKDEA with funding from CSI. Hong Kong Productivity Council (HKPC) is appointed as the implementation agent of the Support Program; and a project team (Secretariat Office) under HKPC is responsible for the overall administration of the Support Program.
- In detail, the Secretariat Office will process all applications submitted by local animation start-ups; monitor the progress of each approved application; and arrange funding release to fund recipient company in four

batches upon the satisfactory progress of the animation works and the appropriate documentary proof of the expenses.

Application form and deadline

- The application form can be obtained from the Secretariat Office directly or downloaded from the project website www.animation-ssp.com from 14th May, 2012. All sections of the application form have to be completed with supporting documents wherever required. Before filling in an application form, please read this Guideline carefully.
- The application form should reach the Secretariat Office on or before 9 July, 2012 at 2/F, HKPC Building, 78 Tat Chee Avenue, Kowloon (tel: 2788-5779, fax 2190-9768 and email norellelai@hkpc.org).

2. Vetting Mechanism

Materials to be submitted

- The applicant company should fill in the application form with company details, a creative proposal (with preliminary storyboard, script, and character design) on the proposed animation works, a production plan with other supporting documents and any past animation works produced for evaluation.

Vetting procedures

- Upon receipt of an application, the Secretariat Office will conduct a

preliminary screening on the eligibility and may seek clarification or supplementary information from the applicant company. The eligible applications will be submitted to the Vetting Committee (the Committee) for vetting.

- The Committee comprising industry experts, academia and association representatives in the animation field will provide the necessary creative, commercial and technical input in the vetting and monitoring processes. The member list of the Committee can be obtained from the Secretariat Office.
- Project in-charge from the applicant company may be required to attend vetting meeting to introduce the company, present the creative proposal and answer queries from the Committee.

Vetting criteria

- In considering an application, due consideration will be given to, inter alia, the following wherever applicable:
 - The applicant company should have track records on animation production or demonstrate capability of completing the required animation production. Award(s) won in local or regional competitions is not a must, but this will be considered.
 - The applicant company should have an attractive creative proposal, character design, storyline, etc.
 - The proposed animation work needs to cater the interest of general public and comply with the broadcast standard, as the finished work will be aired on TV channel.

- The applicant company should demonstrate a commitment to this Support Program.
- In principle of maximizing beneficiaries of the project, HKDEA will not provide subsidy to applicant companies which are with common shareholders.

Avoidance of conflict of interest

- To avoid conflict of interest, members of the Committee who are directly or closely related to an applicant company will be required to refrain from the discussion of that application. This will apply to members who are management / advisory team member, shareholder, paid staff or consultant of the applicant company; or close family member or close friend of any key persons of the applicant company.

Notification of result

- The Secretariat Office will notify the applicant company of the vetting result within 2 months from the deadline of application.

Withdrawal

- The applicant company can write to the Secretariat Office to withdraw an application at any time before a formal agreement is signed between HKDEA and the applicant company.

Formal agreement

- If the Committee approves the application, the applicant company will be

informed and required to sign a formal agreement with HKDEA to comply with all the terms and conditions laid down in the agreement, this Guideline and all instructions and correspondences issued by the Secretariat Office from time to time in respect of the Support Program.

3. Funding Release Procedures

Schedule and condition of funding release

To ensure proper use of the funding and encourage active participation of the fund recipient company, the Support Program will release the funding to the fund recipient company in four batches as below:

Batch payment	Finding release	Milestones (Documents to be submitted)
1st (Sept 2012)	20%	Upon signing of agreement
2nd (Oct 2012)	30%	<ul style="list-style-type: none"> ● Finalized production schedule (if this applies) ● Pre-production work including: Animatic (final version), Full storyboard, Test animation, Concept art, Test model ● 3 seconds of animation works in final output quality ● Close to final sound track
3rd (Mid Dec 2012)	35%	Rough cut of full animation
Final (Jan 2013)	15%	Completed animation work

Copyright of Produced Animation Work

- The copyright of animation works produced for this project belong to the

respective fund recipient company.

Deadline of funding release

As this Support Program will expire in 30th April, 2013, submission of funding request from any fund recipient company later than 31st January, 2013 will NOT be processed, unless consensus is obtained from the Committee.

4. Other Administrative Highlights

Suspension or termination of funding support

- The Committee may terminate an approved application or suspend the funding release at any time for reasons which include, inter alia, lack of progress of the proposed animation work by the fund recipient company; change of the company status considered to affect the original proposal; failing of the fund recipient company to remedy some faults or breaching of the agreed terms and conditions, or any cases that the Committee or CSI sees fit to terminate the approved application in view of public interest.
- In such cases, HKDEA reserves the right to require fund recipient company to return the subsidy, in whole or in part, to CSI by way of HKDEA.

Change of animation work or company status

- The endorsed animation work should be carried out in accordance with its original creative proposal. Any modification or amendment must be approved by the Committee before further going on, otherwise it would be treated as a breach to the agreement.
- The fund recipient company must inform the Secretariat Office in writing for any change of company status, project in-charge, management structure, project commencement or completion dates, etc. The Secretariat Office reserves the right to react to these changes.

Participation in promotion of the Support Program

- HKDEA reserves the right to promote the finished animation work from the fund recipient company in TV channel, project website, and exhibitions and enrol the finished animation works in various local and regional award activities. The fund recipient company must agree to publicize its works at the discretion of HKDEA and shall assist HKDEA in the associated publicity activities.

Acknowledgement of Support and Disclaimer

- The fund recipient company should acknowledge the “1st Animation Start-ups Support Program” funded by Create Hong Kong, in the animation work produced under this Support Program, and in all related publicity / media events as well as publications. The fund recipient company is required to seek the approval of the Secretariat Office of the Support Program of the acknowledgement prior to production.

- In addition to acknowledgement, the following disclaimer should be included in all publicity / media events and publications related to the funding support:

“The Government of the Hong Kong Special Administrative Region (HKSAR Government) provides funding support to the “1st Animation Start-ups Support Program” only, and does not otherwise take part in the program. Any opinions, findings, conclusions or recommendations expressed in the materials/events related to the program do not reflect the views of HKSAR Government, any bureaux and departments of the HKSAR Government, Create Hong Kong, the CreateSmart Initiative Secretariat or the CreateSmart Initiative Vetting Committee.”

Project Evaluation

- For evaluation propose, fund recipient companies agree to provide feedback on the effectiveness of the Support Program, including but not limited the figures on business contacts and deals made / negotiated through the Program. Individual company information is collected purely for statistical purpose and will not be divulged in the evaluation exercise.

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