

## **Funding Guideline (“Guideline”) to the “4<sup>th</sup> Animation Support Program” (“4<sup>th</sup> ASP”)**

### Background

- To support young start-ups and small enterprises in animation production to perform professional portfolio works that will help them build up businesses to sustain their operation. The Hong Kong Digital Entertainment Association Limited (HKDEA) had successfully organised the “1<sup>st</sup> Animation Start-ups Support Program” (1<sup>st</sup> ASSP) in 2013, the “2<sup>nd</sup> Animation Support Program” (2<sup>nd</sup> ASP) and the “3<sup>rd</sup> Animation Support Program” (3<sup>rd</sup> ASP) with the sponsorship from Create Hong Kong (CreateHK) office of the Hong Kong Special Administrative Region Government.
- Riding on the success, the HKDEA hereby introduces the “4<sup>th</sup> Animation Support Program” (“4<sup>th</sup> ASP”), with sponsorship from CreateHK again, to further support more local potential animation start-ups and small businesses in the animation sector.
- The 4<sup>th</sup> ASP will provide the participating animation enterprises with resources, training program, professional mentorship and talent matching to produce their original creative animation works that could demonstrate their creativity and technical capacity, and to upgrade quality of local animations. The 4<sup>th</sup> ASP will also tailor-make promotional activities to be implemented via various channels to help the participating enterprises in finding business partners and getting business opportunities from potential clients.

### Objectives

The objectives of the 4<sup>th</sup> ASP are:

- To identify and select 10 young animation start-ups with a history of not more than 6 years and 8 full time staff members or below to produce an animation work of at least 3 minutes.

- To identify and select 5 small animation enterprises with a history of not more than 9 years and 15 full time staff members or below to produce an animation work of at least 5 minutes.
- To provide funding, training and mentoring support for the participating animation start-ups and small animation enterprises to produce original animation works that could demonstrate 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 in events and channels such as premiere, TV program, project website, and various local and regional exhibitions and award activities.

#### Funding amount, coverage and procurement procedures

- Each of the 10 selected animation start-ups will be subsidized to produce an animation work of at least 3 minutes, with an amount of not exceeding HK\$88,000, while each of the 5 selected small animation enterprises will be subsidised to produce an animation work of at least 5 minutes, with an amount of not exceeding HK\$165,000 (the selected animation start-ups and small animation enterprises under the 4<sup>th</sup> ASP are hereafter referred to as “Fund Recipients”). A maximum of 70% of the said funding could be used by the Fund Recipients to cover the cost for manpower (such as animation specialist), and the remaining balance could be allocated for other expenses (including script writing, voice talent, audio recording studio, music and other post-production services costs, etc.) which are incurred solely for the production of the animation under the 4<sup>th</sup> ASP (hereafter referred to as “other expenses”). Fund Recipients shall ensure that under no circumstances is the subsidy used to cover the purchase of any

hardware/equipment, or any other non-allowable cost items (please refer to Chapter XI of CreateSmart Initiative Guide at [http://www.createhk.gov.hk/en/services/files/CSI\\_Guide\\_e.pdf](http://www.createhk.gov.hk/en/services/files/CSI_Guide_e.pdf) for the unallowable costs).

- For calculating manpower cost on the animation work under the 4<sup>th</sup> ASP, signed timesheet must be documented and submitted as a proof by the Fund Recipients at project completion for auditing.
- The Fund Recipients should follow the procurement procedures when incurring other expenses as stated below:

For expenses **more than \$5,000 and less than \$10,000**, at least **two** quotations in writing should be obtained for the purpose of selecting the vendor. For expenses **more than \$10,000 and less than \$80,000**, at least **three** quotations in writing are needed. All quotations and invoices for all expenses must be submitted at project completion for auditing and kept by the Fund Recipients for two years for auditing by the representative(s) of the 4<sup>th</sup> ASP and/or Create Hong Kong (“CreateHK”). The Hong Kong Digital Entertainment Association Limited (“HKDEA”) reserves the right to refuse the claim for reimbursement of other expenses without proper record of quotations and invoices.

- In the event that the actual amount for disbursement of funding is less than the amount of funding already received by Fund Recipients concerned, the Fund Recipients are obliged to return the unused amount to HKDEA.

#### Who are eligible to apply?

An enterprise will be eligible to apply for funding to produce an animation work of at

least 3 minutes (i.e. Tier 1 of the 4<sup>th</sup> ASP) if:

- It is a local business holding valid business registration certificate, and
- It is a business with primary focus on animation production, and
- It has a history of not more than six years (as at the date of the application deadline) with 8 full time staff members or below, and

*(Remark: Application under this category is NOT open to any enterprise which had been funded in the “1<sup>st</sup> ASSP” or the “2<sup>nd</sup> ASP” or the “3<sup>rd</sup> ASP”)*

An enterprise will be eligible to apply for funding to produce an animation work of at least 5 minutes (i.e. Tier 2 of the 4<sup>th</sup> ASP) if:

- It is a local business holding valid business registration certificate, and
- It is a business with primary focus on animation production, and
- It has a history of not more than nine years (as at the date of the application deadline) with 15 full time staff members or below.

*(Remark: Application under this category is NOT open to any enterprise which had been funded under Tier 2 category in the “2<sup>nd</sup> ASP” or the “3<sup>rd</sup> ASP”)*

#### Implementation agent

- The 4<sup>th</sup> ASP is organized by HKDEA with funding from CreateHK’s CreateSmart Initiative (CSI). The Hong Kong Productivity Council (“HKPC”) is appointed as the implementation agent of the 4<sup>th</sup> ASP, and a project team (“Secretariat Office”) under the HKPC is responsible for the overall administration of the 4<sup>th</sup> ASP.
- The Secretariat Office will process all applications submitted by local animation start-ups and small animation enterprises; monitor the progress of each approved

application; and arrange funding release to Fund Recipients in four instalments upon the satisfactory completion of each milestone as stated below and acceptance of the appropriate documentary proof of the expenses.

#### Application form and deadline

- The application form and the template of proposal can be obtained from the Secretariat Office directly or downloaded from the project website at [www.animation-ssp.com](http://www.animation-ssp.com) as from 20<sup>th</sup> May, 2016. 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 hard copy of completed application form and proposal, together with their electronic files should reach the Secretariat Office at the following address on or before 14<sup>th</sup> July, 2016.

The Secretariat Office  
4<sup>th</sup> Animation Support Program  
HKPC Building,  
78 Tat Chee Avenue,  
Kowloon  
(Attn: Miss Norelle Lai)

- Applications could be submitted in person or by registered mail and should reach the above designated address by 5:30pm on the closing date for application which is 14<sup>th</sup> July, 2016. Submission by post will only be accepted if it is postmarked no later than the said closing date for application. Late application will not be accepted. Enquiries: Tel: 2788-5779, fax 2190-9768 and email

[norellelai@hkpc.org](mailto:norellelai@hkpc.org).

## **Vetting Mechanism**

### Materials to be submitted

- The applicant should fill in the application form with details of its enterprise, a creative proposal (with preliminary storyboard, script, and character design) on the proposed animation works under the 4<sup>th</sup> ASP, a production plan, with any other supporting documents and past animation works produced by the applicant for evaluation.
- For applicants submitting more than one application, they should submit separate applications with respective creative proposal, character design, storyline, script, storyboard and production plan etc.

### Vetting procedures

- Upon receipt of an application, the Secretariat Office will conduct a preliminary screening on the eligibility of the applicant and may seek clarification or supplementary information from the applicant. The eligible applications will be submitted to a vetting committee (the “Committee”) to be responsible for vetting applications and monitoring the progress of the selected applications.
- 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 membership list of the Committee can be obtained from the Secretariat Office.
- Officer(s) in-charge of the project from the applicant may be required to attend

vetting meeting(s) to introduce their enterprise, present the creative proposal and answer queries from the Committee.

#### Vetting criteria

In evaluating an application, due consideration will be given to, inter alia, the following wherever applicable:

- The applicant should have track records in animation production or could demonstrate its capability of completing the required animation production. Award(s) won by the applicant in local and/or regional competitions is not a pre-requisite, but will be considered.
- The creative proposal, character design, storyline, script, portfolio work, and production plan etc., submitted by the applicant will be considered and judged by the Committee with judging criteria below:

Part A (50%) - *Based on submitted creative proposal (story board, character design, script etc).*

- Creativity
- Originality
- Design and artistic quality
- Expressiveness

Part B (50%) - *Based on company profile, portfolio and production plan submitted, and interviews to be conducted.*

- Company's track record
- Capability of producing the proposed work
- Commitment to the program

- The proposed animation work needs to cater to the interest of the general public of Hong Kong and comply with the local broadcast standard, as the finished work may be aired on local TV channel(s) or other public venue(s). The contents

must comply with the overall general standards of television broadcasting in Hong Kong, including but not limited to such contents not being: hindering society benevolent customs; disturbing public order; political arguments; defamation; of indecent, obscene or disgusting taste; any material which may result in any person or group to be subjected to hatred, fear, denigration or insult due to ethnicity, nationality, race, gender, sexual orientation, religion, age, social status, physically or mentally unsoundness or any other reasons; harmful language or metaphor; sex and nudity; visual shots causing severe mental unease; creepy sound effects presaging or simulating death or heavy injury; supernatural or superstitious matters causing high anxiety or fear; abuse or brutalization of children or animals; any matter which may cause hysterical reaction, nightmares or emotional distress from children; use of foul language; etc.

- Applicants may submit more than one application. However, with the aim to maximize the number of beneficiaries under the project, HKDEA will not provide more than one offer to each successful applicant. Applicants with common shareholders will be regarded as the same applicant.

#### Avoidance of conflict of interest

- To avoid conflict of interest, members of the Committee who are directly or closely related to an applicant will not have access to the application information on the applicant concerned and will be required to refrain from discussions of that application. This will apply to members who are management, advisory team member, shareholder, paid staff or consultant of the applicant; or close family member or close friend of any key personnel of the applicant.



### Notification of result

- The Secretariat Office will notify successful applicants of the vetting result within two months from the deadline of application.

### Formal agreement

- Applicants selected by the Committee to be Fund Recipients will be required to sign a formal agreement with the HKDEA to comply with all the terms and conditions laid down in the formal agreement, this Guideline and all instructions and correspondences issued by the Secretariat Office from time to time in respect of the 4<sup>th</sup> ASP.

## **Funding Release Procedures**

### Schedule and condition of funding release:

- To ensure proper use of the funding, the 4<sup>th</sup> ASP will release the funding to Fund Recipients by four instalments after the endorsement of committee on milestones achieved by Fund Recipients as below:

<b>Instalment payment</b>	<b>Funding release %</b>	<b>Milestones (Documents to be submitted)</b>
1st (Aug 2016)	20%	Upon signing of agreement based on approved creative proposal
2nd (Nov 2016)	30%	<ul style="list-style-type: none"> <li>• Finalized production schedule (if applicable)</li> <li>• Pre-production work including: Animatic (final version), Revised full storyboard, Test animation, Concept art, Test model</li> <li>• 5-10 seconds of animation works in final output quality</li> </ul>

		<ul style="list-style-type: none"> <li>Reference final sound track incorporated into animation work</li> </ul>
3rd (Feb 2017)	30%	Rough cut of full animation
Final (Oct 2017)	20%	After completed work is released to general public and approval of HKDEA's audited statement and project completion report by CreateHK

#### Copyright of Produced Animation Work

- The copyright of animation works produced under the 4<sup>th</sup> ASP shall belong to the respective Fund Recipients.

#### Deadline of funding release

- The 4<sup>th</sup> ASP will be expired on 31<sup>st</sup> July, 2017. To allow enough time for the HKDEA to process, submission of request from Fund Recipients for release of last instalment of funding should be made on or before 31<sup>st</sup> March, 2017. Late submission will NOT be processed, unless prior written approval is obtained from the Committee.

#### **Other Administrative Highlights**

##### Suspension or termination of funding support

- HKDEA on the recommendation of the Committee may terminate any selected application or suspend the funding release at any time for reasons which include, in the sole opinion of the Committee, inter alia, lack of progress of the proposed animation work by the Fund Recipients concerned; change of the company or business status of the selected applicant concerned and the change is considered to

have impact on the original proposal; failing of the Fund Recipients to remedy some faults or breaching of the agreed terms and conditions; or any other circumstances which the Committee or the CSI sees fit to terminate the selected application in view of public interest.

- In such cases, HKDEA reserves the right to require Fund Recipients to return the subsidy, in whole or in part, to the CSI via HKDEA.

#### Modifications or amendments to animation work or change of company or business status

- The endorsed animation work of the selected applicant should be carried out in accordance with its original creative proposal. Any modification or amendment must be approved by the Committee before implementation, otherwise it could be treated as a breach of the agreement.
- Fund Recipients must inform HKDEA via the Secretariat Office in writing for any change of its company or business status, officer(s) in-charge of the project, management structure, project commencement or completion dates, etc. HKDEA reserves the right to terminate the project agreement with the Fund Recipients and to seek remedies from the Fund Recipients if, in the sole opinion of HKDEA, these changes are considered to have affected the eligibility of the Fund Recipients under the 4<sup>th</sup> ASP.

#### Participation in promotion of the 4<sup>th</sup> ASP

- HKDEA will promote the finished animation works by Fund Recipients under the 4<sup>th</sup> ASP at premiere, on TV channel(s), project website, and at exhibitions, and to

enrol the finished animation works in various local and regional award activities. By signing the project agreement, Fund Recipients agree to publicize its finished animation work under the 4<sup>th</sup> ASP at the discretion of HKDEA and shall assist HKDEA in the publicity activities that are related to the 4<sup>th</sup> ASP.

#### Acknowledgement of support and disclaimer

- Fund Recipients shall acknowledge that the “4<sup>th</sup> Animation Support Program” is funded by CreateHK, in the animation work produced under this 4<sup>th</sup> ASP, and in all related publicity / media events as well as publications of the animation work concerned. Fund Recipients are required to seek the approval of the Secretariat Office of the 4<sup>th</sup> ASP for the contents of the acknowledgement prior to its production.
- In addition to the acknowledgement, the following disclaimer should be included in all publicity / media events and publications of the animation work concerned:  
“The Government of the Hong Kong Special Administrative Region provides funding support to the “4<sup>th</sup> Animation Support Program” only, and does not otherwise take part in the project. Any opinions, findings, conclusions or recommendations expressed in these materials/events (or by members of the project team) are those of the project organizers only and do not reflect the views of the Government of the Hong Kong Special Administrative Region, the Communications and Creative Industries Branch of the Commerce and Economic Development Bureau, Create Hong Kong, the CreateSmart Initiative Secretariat or the CreateSmart Initiative Vetting Committee.”

#### Project Evaluation

- For evaluation propose, Fund Recipients are obliged to provide feedback on the



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effectiveness of the 4<sup>th</sup> ASP, including but not limited to the figures of business contacts and deals made / negotiated through the 4<sup>th</sup> ASP. Individual Fund Recipients's information is collected purely for statistical purpose and will not be divulged in the evaluation exercise.

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