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**Panel on Information Technology and Broadcasting**

**Meeting on 9 July 2018**

**Updated background brief on the work of Create Hong Kong  
and Hong Kong Design Centre**

**Purpose**

This paper provides updated background information on the work of Create Hong Kong ("CreateHK") and Hong Kong Design Centre ("HKDC"), and summarizes views and concerns expressed by the Panel on Information Technology and Broadcasting ("the Panel") on promoting the development of creative industries and design in Hong Kong.

**Background**

2. CreateHK is set up under the Commerce and Economic Development Bureau to lead, champion and drive the development of the creative economy in Hong Kong. It administers and manages the CreateSmart Initiative ("CSI") and the Film Development Fund ("FDF"), and oversees the infrastructure for promoting design, i.e. HKDC.

3. CreateHK supports the non-film creative sectors mainly through CSI. Areas supported through CSI include advertising, architecture, design, digital entertainment, music, television and printing and publishing. In the 2017 Policy Address, the Chief Executive announced the Government's proposal to inject \$1 billion into CSI and that more resources would be provided to HKDC for implementing a series of measures to reinforce Hong Kong's status as a city of design excellence in Asia.

4. On supporting for the film sector, CreateHK provides one-stop service for location filming in Hong Kong both for local and overseas films. It regulates special effects materials for film shooting and theatrical performances. CreateHK also provides funding for the Hong Kong International Film Festival Society ("HKIFFS") for promoting film appreciation. CreateHK's current focus are talent and start-up nurturing, market development and promotion of cross-sectoral and cross-territorial collaboration.

#### Support for the non-film creative sectors

##### *Nurturing talents*

5. CreateHK provides funding support for internship programmes for graduates of selected creative disciplines, and to trade bodies of the digital entertainment and digital advertising sectors for subsidizing companies to provide one-year full-time employment and on-the-job training for graduate trainees. It also support the interior design industry in organizing a two-year mentorship programme for fresh graduates and young interior design practitioners. CreateHK's funding support has also allowed winners of local award programmes to gain international exposure through work attachment, further studies and study tours in overseas countries. Creative talents have been sponsored by CreateHK to participate in international competitions. CreateHK also funds local award programmes and competitions to honour the achievements of creative talents.

##### *Facilitating start-ups*

6. CreateHK supports start-ups in the design, animation, mobile game, advertising and music sectors through the following programmes:

- (a) Design Incubation Programme ("DIP") aims to nurture design start-ups and help them meet the challenges at the early and critical stages of development. Successful applicants of DIP will enjoy a variety of support services including ready-to-use office, financial subsidies, business development and networking opportunities with industrial organizations, academic institutes, investment angels, professional bodies and potential business partners within a period of up to two years;
- (b) Animation Support Programme helps start-ups/small companies to produce original creative animation works, to be showcased at the Hong Kong International Film & TV Market ("FILMART") and on television;

- (c) Mobile Game Start-ups Support Programme subsidizes start-up companies to produce original mobile game contents;
- (d) Support Programme for Advertising and Music Talents (Microfilm Production) offers funding support and mentorship to advertising production companies; and
- (e) Ear Up Record Label Creation and Incubation Programme provides funding support for a talent nurturing scheme in the music sector to provide training on the development of an independent/small and medium enterprise label.

### *Exploring market*

7. CreateHK assists local creative industries in exploring markets outside Hong Kong. With the support from CreateHK, Hong Kong Trade Development Council ("HKTDC") stages promotional campaigns in the Mainland to promote Hong Kong's total business solution and Hong Kong's advertising, design, branding and marketing services to potential clients in the Mainland. The publishing and printing sector has participated in several major international book fairs. CreateHK set up a Hong Kong Exhibition at the Venice Biennale International Architecture Exhibition to showcase a wide range of architectural projects and urban designs from Hong Kong in 2016 and supported comics artists to participate the Angouleme International Comics Festival in France.

### *Fostering a creative atmosphere*

8. CreateHK supports the staging of creative events in Hong Kong such as Hong Kong Asian Pop Music Festival, deTour, the Second Hong Kong-Shenzhen Design Biennale to foster a creative atmosphere in Hong Kong and raise awareness of the achievements of the local creative industries among the general public.

### Support for the film sector

9. CreateHK works with the Film Development Council to promote the development of the film industry in Hong Kong.

### *Encouraging more local film production*

10. CreateHK encourages more local commercial film productions through both the Film Production Financing Scheme ("FPFS") and the Film Production Grant Scheme ("FPGS"), schemes supported by FDF for commercial film productions.

*Nurturing film production talent*

11. The First Feature Film Initiative ("FFFI") is a talent nurturing initiative launched in 2013 under which the Government provides full subsidy to new directors for producing their first feature-length commercial films. The three awarded projects from the first edition of FFFI have achieved satisfactory box office performance, been recognized by the film trade for their quality and won awards at the 2016 Golden Horse Awards.

*Promoting film appreciation among students and young people to build up audience*

12. CreateHK works closely with HKIFFS to cultivate an audience base for films. The Hong Kong International Film Festival ("HKIFF"), mainly funded by the Government, is an annual signature film appreciation programme. Government's funding has been applied in providing Chinese subtitling in international films shown at HKIFF, subsidizing students' admission to film festival screenings and organizing various "Film Plus" programmes which enable young people to watch high quality films and participate in post-screening discussions with film professionals.

13. In December 2016, screening facilities at the North District Town Hall commenced operation after completion of the relevant installation and upgrading works to allow movie screening. The project encourages movie-going and participation in related activities among residents.

*Driving Hong Kong's development as a film financing platform in Asia and promoting the brand of "Hong Kong Films"*

14. CreateHK provides funding support to HKTDC for promoting Entertainment Expo Hong Kong ("the Expo"). As a key part of the Expo, FILMART organized by HKTDC serves as the largest marketplace in Asia offering a cross-media and cross-territorial trade and networking platform covering film financing, post-production, digital entertainment, licensing. With the funding support of CreateHK, the Hong Kong - Asia Film Financing Forum ("HAF"), another key programme of the Expo, serves as a major film financing platform matching filmmakers with financiers, producers, bankers, distributors and buyers.

15. CreateHK enhances support for Hong Kong-produced Cantonese movies distributed in the Mainland by increasing the maximum amount of subsidy covering expenses incurred for distribution and publicity in the Mainland to \$500,000. CreateHK has also organized a film show in Guangzhou to promote Hong Kong movies, and assisted the Hong Kong Economic and Trade Offices to organize Hong Kong film festivals in Changsha and Wuhan.

## *Film Development Fund Review*

16. A consultant was commissioned to undertake the review to evaluate the effectiveness of the existing support measures through FDF, particularly in the area of promoting local film production for commercial release and talent nurture, and identify new niches of the local film industry and film-related services in the next five years or so in the light of the latest developments such as those brought about by the Belt and Road Initiative. The consultancy is expected to be completed by mid-2018.

## **Hong Kong Design Centre**

17. HKDC was established in 2001 by five designer associations<sup>1</sup>, encompassing the major design disciplines of Hong Kong, and its work covers the following six key areas:

- (a) publicity and promotion of Hong Kong's design works;
- (b) promotion of design leadership and continuous learning;
- (c) promotion of design excellence;
- (d) nurturing design-entrepreneurs;
- (e) collaboration with PMQ; and
- (f) implementation of Fashion Initiatives.

18. Programmes and activities undertaken by HKDC are targeted at a wide spectrum of audience including business leaders, entrepreneurs, brand owners, executives of corporate and public entities, design practitioners, professionals, design students and the public at large.

19. To support HKDC's initial operation, the Administration provided a one-off funding of \$10 million to HKDC as seed money in 2001. The Finance Committee ("FC") approved in June 2004 a funding commitment of \$250 million for the setting up of the DesignSmart Initiative<sup>2</sup> ("DSI") under which \$45 million was set aside for supporting the operation of HKDC. In May 2007, FC approved the Administration's proposal to earmark \$100 million to support the operation of HKDC for five years. In April 2012, FC gave approval to increase the financial commitment by \$70 million to support the operation of HKDC for three years from 1 July 2012 to 30 June 2015. Further funding

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<sup>1</sup> The founding members of the HKDC are Hong Kong Federation of Design Associations, Hong Kong Designers Association, Hong Kong Interior Design Association, Hong Kong Fashion Designers Association, and Chartered Society of Designers.

<sup>2</sup> CSI was consolidated with DSI by phases commencing June 2011. Since then, new design-related projects, such as conferences, workshops, exhibitions, design competitions and awards, training courses, etc., that were previously funded under DSI have been considered and funded under CSI.

allocation of \$80 million and \$18.6 million to HKDC were approved by the Legislative Council on 28 May 2015 and 13 May 2016 in the context of the passage of the Appropriation Bill.

## **Previous discussions**

### Panel on Information Technology and Broadcasting

20. At the Panel meeting held on 9 January 2017, the Administration briefed members on the work of CreateHK in 2016. Members generally supported the work of CreateHK. At the Panel meeting held on 12 February 2017, the Administration briefed members on the work of HKDC in 2016. Members generally supported for the work of HKDC.

#### *Performance assessment*

21. Some members suggested that the Administration should keep track of creative industries' contributions to employment and the economy, and conduct surveys on stakeholders' views in order to assess the resources that should be allocated for assisting the development of creative industries. Some other members held the views that proactive measures should be taken to assist creative industries in planning for future development. The Panel noted that the Administration had started to monitor the tracking of graduates of the DIP, including recording changes in the number of staff members and sales revenue of the start-ups concerned.

#### *Support for the film sector*

22. Some members expressed concerns about the box office receipts and awards received by film projects supported by FDF. The Administration advised that box office receipts was only one of the indicators that reflected the performance of the projects supported by FDF. Members also expressed concerns about the large decrease in the number of film projects but the total number of projects approved under FDF in 2016 remained low, when compared to previous year. The Administration advised that it was because some of these organizations were working on projects approved in 2015. The Panel was informed that the amount of funding support provided under FFFI had increased from the second edition onward and there was historical background that commercial element had to be included in films supported by FDF.

23. In response to members' enquiry, the Administration advised that no political censorship had been applied in vetting applications under FDF and the applications were assessed and approved by panels of professionals drawn largely from the film industry. Some members expressed concerns on the small

number of applications for subsidy on Hong Kong-produced Cantonese movies distributed in the Mainland, the Panel was informed that the enhanced support measure had only been introduced for a short period and some filmmakers had chosen to sell-off the copyright of their movies to Chinese film distributors, and those filmmakers needed not apply for the subsidy as the sales and distribution expenditure would then be incurred solely by those distributors.

*Nurturing talents and facilitating start-ups*

24. To nurture talents for the publishing industry, the Panel was informed that CreateHK had previously suggested to the Education Bureau that bachelor degree programmes in publishing and printing be provided. Some members enquired whether CreateHK would arrange matching schemes and invite experienced business enterprises to hold training sessions on commerce, law, finance and financial planning to facilitate start-ups, and building platforms for potential investors to meet with start-ups. Members also asked for the financial support provided to creative industry start-ups.

25. The Administration advised that structured incubation support covering training on commerce, law, copyright and finance had been provided by the two-year programme under DIP. Resources had also been earmarked for the Fashion Incubation Programme ("FIP") to be launched by the HKDC. As regards capital funding, Fintech companies and venture capitalists were not keen to invest in start-ups of creative industries at the present stage as their Initial Public Offering prospects were not high when compared to research and technology start-ups.

26. For the enhancement of cross-territorial collaboration schemes for the music sector, the Administration informed the Panel that promotion work on the Ear Up Record Label Creation & Incubation Programme as mentioned largely focused on social media on the Internet but CreateHK would remind the programme organizer to enhance promotion through traditional media.

*Promoting the fashion industry*

27. Some members suggested that competitions should be organized for budding fashion designers to compete and showcase their designs in TV. Members opined that HKDC should step up efforts to attract young people to join the fashion industry through online platforms such as social media or mobile phone applications. The Administration advised that CreateHK had supported different organizations to launch online promotion campaigns through CSI.

28. Some members commented that Hong Kong fashion designers should introduce environmental features in their products, for instance, using non-polluting dyes or polylactic acid fibres converted from food waste. The Panel

was informed that through CSI, CreateHK had supported the EcoChic Design Award in the past years in advocating sustainable fashion design. Furthermore the Hong Kong Research Institute of Textile and Apparel ("HKRITA") hosted by the Hong Kong Polytechnic University was the focal point of applied research for textile and apparel in Hong Kong. HKRITA dedicated its efforts to develop innovative technologies, such as "smart textile".

29. Some members pointed out that HKDC could collaborate with the Hong Kong Tourism Board ("HKTB") to promote fashion events to overseas visitors. The Administration replied that HKTB had been engaged to promote PMQ as a creative industry landmark and a tourist spot in Hong Kong.

#### *Collaboration with PMQ*

30. Some members observed that PMQ's attractiveness had waned, and tenants were beginning to leave. They expressed concerns whether the activities organized in collaboration with PMQ were effective. The Panel was informed that the operating right of PMQ was awarded to PMQ Management Company Limited, a non-profit-making organization set up by the Musketeers Education and Culture Charitable Foundation Limited in collaboration with HKDC, The Hong Kong Polytechnic University, and Hong Kong Design Institute of the Vocational Training Council. Through CSI, CreateHK sponsored HKDC and other organizations to hold various activities at PMQ. There was no specific cooperation framework between HKDC and PMQ, nor was there any requirement for HKDC to organize any number of activities in PMQ.

#### *Nurturing talents and facilitating start-ups*

31. Some members commented that the Administration should develop local fashion design talents who were market-oriented and pragmatic, and their designs should be marketable. The Administration responded that HKDC attached great importance in nurturing talents and had kick-started FIP. To widen local designers' exposure, HKDC had organized the Hong Kong Young Design Talent Awards where awardees were offered the opportunities to undergo overseas study or work attachment with reputable design houses abroad. Members also suggested that the Administration should convert vacant government premises, such as vacant school buildings, into studio units and offer them to practitioners and students of the fashion industry at affordable rent.

#### *Performance assessment*

32. Some members held the views that the Administration should set performance indicators to evaluate the work of HKDC and enquired how the Administration assessed the design landscape of Hong Kong as compared to Shenzhen. The Administration advised both cities could cooperate with each



other to create synergy and Hong Kong had the competitive edge of having a pool of talented designers with international outlook. Shenzhen had a strong momentum of growth in its creative industries, and in turn, provided ample opportunities to Hong Kong designers.

### **Finance Committee**

33. At the special FC meetings to examine the Estimates of Expenditure 2017-2018 and 2018-2019 held on 6 April 2017 and 18 April 2018 respectively, some members enquired about the work of CreateHK and HKDC, including the details of the applications for CSI and FDF. The Administration's replies are listed out in **Appendix**.

### **Latest position**

34. The Administration will brief the Panel on 9 July 2018 on the work of CreateHK in promoting the development of creative industries and that of the HKDC in promoting design in the past year.

Council Business Division 4  
Legislative Council Secretariat  
5 July 2018

## List of relevant papers

Issued by	Meeting date/ Issue date	Paper
Panel on Information Technology and Broadcasting	9 January 2017	<p>Administration's paper on update on the work of Create Hong Kong (<a href="#">LC Paper No. CB(4)372/16-17(03)</a>)</p> <p>Updated background brief on the work of Create Hong Kong (<a href="#">LC Paper No. CB(4)372/16-17(04)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(4)517/16-17</a>)</p>
	13 February 2017	<p>Administration's paper on progress report on the work of the Hong Kong Design Centre (<a href="#">LC Paper No. CB(4)502/16-17(01)</a>)</p> <p>Updated background brief on Hong Kong Design Centre (<a href="#">LC Paper No. CB(4)502/16-17(04)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(4)660/16-17</a>)</p>
	8 January 2018	<p>Administration's paper on the funding proposal for the CreateSmart Initiative (<a href="#">LC Paper No. CB(4)429/17-18(05)</a>)</p> <p>Updated background brief on the CreateSmart Initiative (<a href="#">LC Paper No. CB(4)429/17-18(06)</a>)</p>

Issued by	Meeting date/ Issue date	Paper
Special Finance Committee	6 April 2017	Administration's replies to Members initial written questions (Reply Serial Nos. CEDB(CCI)003, CEDB(CCI)013, CEDB(CCI)022, CEDB(CCI)024, CEDB(CCI)025, CEDB(CCI)038, and CEDB(CCI)049 CEDB(CCI)050) <a href="https://www.legco.gov.hk/yr16-17/english/fc/fc/w_q/cedb-cci-e.pdf">https://www.legco.gov.hk/yr16-17/english/fc/fc/w_q/cedb-cci-e.pdf</a>
	18 April 2018	Administration's replies to Members initial written questions (Reply Serial Nos. CEDB(CCI)003, CEDB(CCI)005, CEDB(CCI)010, CEDB(CCI)012, CEDB(CCI)015, CEDB(CCI)016, CEDB(CCI)021, CEDB(CCI)022, CEDB(CCI)024, CEDB(CCI)026, CEDB(CCI)028, CEDB(CCI)029, CEDB(CCI)038, CEDB(CCI)042 and CEDB(CCI)046) <a href="https://www.legco.gov.hk/yr17-18/english/fc/fc/w_q/cedb-cci-e.pdf">https://www.legco.gov.hk/yr17-18/english/fc/fc/w_q/cedb-cci-e.pdf</a>
Create Hong Kong	--	Website of <a href="#">Create Hong Kong</a>