



OUR HONG KONG
FOUNDATION
團結香港基金

Re-emergence of Glittering Stars

An Advocacy Report on the Hong Kong Film Industry





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Introduction

Hong Kong's film industry has a glorious page in our city's history, as it made significant contributions, both directly and indirectly, to Hong Kong's economy. Nowadays, despite the decline in production volume, Hong Kong professionals continue to work tirelessly in film production. In line with the rapid development of the Mainland's film industry, leading foreign film companies have been targeting the Mainland and Hong Kong markets, presenting unique opportunities to the Hong Kong film industry. Chance favours only the prepared mind. Therefore, we have put forward policy recommendations in the three areas of film financing, film production, as well as film distribution and promotion, with the goal of realising the full potential of the Hong Kong film industry. Hong Kong's becoming an "International Film Hub" will not just be a pipe dream, if appropriate policy measures are put in place.



Summary of recommendations

Film Financing

Recommendation 1.

Making significant injection into and optimising the Film Development Fund

- (a) Making a significant injection into the Film Development Fund to help revitalise the Hong Kong film industry
- (b) Simplifying application procedures for film production-related schemes and considering supporting the production of Internet films
- (c) Increasing the subsidy amount and improving the cohesion of film production-related schemes and establishing a more targeted and phased funding system

Recommendation 2.

Diversifying film financing channels to create a more entrepreneurial and institutionalised film industry

Optimising policies and enriching film financial products, so as to attract more leading enterprises from around the world to settle and develop their film businesses in Hong Kong, thereby providing employment opportunities for Hong Kong filmmakers



Recommendation 3.

Optimising local studios and utilising film production elements in the Greater Bay Area

- (a) Exploring the possibility of developing the new Shaw Studios into a post-production base for Hong Kong and assisting in the optimisation of other local studio facilities
- (b) Capitalising on the advantages brought by the “One Country Two Systems” policy and taking full advantage of the development opportunities presented by the "Guangdong-Hong Kong-Macao Greater Bay Area Initiative", by utilising film production elements in the Greater Bay Area to jointly establish a large-scale "South China Film Production Centre"

Recommendation 4.

Providing post-production equipment subsidies

Subsidising film post-production equipment or providing low-cost rental equipment to relevant studios

Recommendation 5.

Strengthening education and nurturing talents in the film industry

- (a) Cultivating students' interest in film art from an early age and holding a series of inter-secondary schools micro-movie competitions
- (b) Providing more film internships, such as the film-related internships in the existing "Funding Scheme for Youth Internship in the Mainland" under the management of the Commission on Youth
- (c) Encouraging holding action choreography training courses regularly and increasing related tuition subsidies

Film Distribution and Promotion

Recommendation 6.

Establishing the "Hong Kong Brand"

- (a) Extending the exhibition duration of FILMART, simultaneously holding a series of large-scale film-related events (such as the Hong Kong Film Awards presentation ceremony), and including more professional film financing services
- (b) Exploring the technical feasibility of building a film museum to attract overseas visitors and enhance Hong Kong's cultural soft power
- (c) Further supporting the establishment of Hong Kong film promotion areas and booths at overseas film festivals and trade fairs with funding and human resources
- (d) Studying the feasibility of setting up an incentive scheme for location filming in Hong Kong to subsidise and attract overseas production companies to film in Hong Kong

Recommendation 7.

Striving to relax the requirements for Mainland-Hong Kong co-productions

Striving for the same preferential policies that Taiwan currently enjoys and for relaxing the requirements for Mainland-Hong Kong co-production films

Recommendation 8.

Serving as a consultant for foreign films entering the Mainland market

Hong Kong film professionals should provide consultancy and facilitation services for foreign films entering the Mainland market

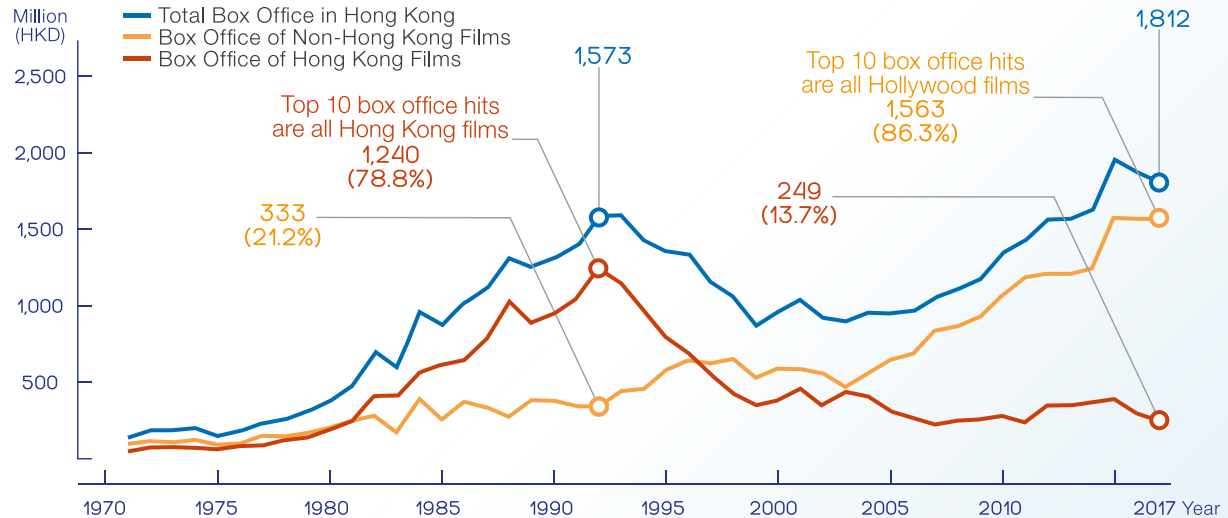


The Rise and Decline of the Hong Kong Film Industry

Hong Kong films¹ were popular across Asia and much of the globe from the '70s to the early '90s, reaching an all-time local box office record of some HKD 1.2 billion in 1992, and accounting for nearly 80% of the local total box office take. However, the local box office has since dropped significantly to about HKD 250 million in 2017 (Figure 1).

In 1992, the top 10 films in the city were all Hong Kong films. However, Hollywood productions have since displaced their local rivals – the top 10 films in the city in 2017 being Hollywood films – with non-Hong Kong films accounting for 86% of the city's total box office take in 2017.

(Figure 1) Hong Kong's Yearly Box Office Revenue*



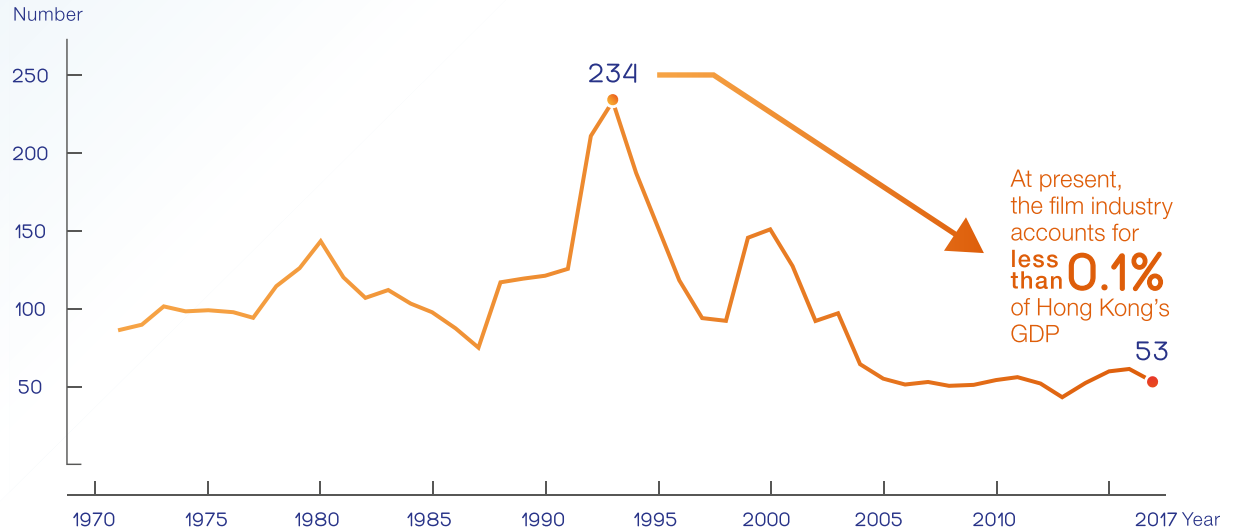
Note: (*) All values used in this figure are expressed at current market prices.

Sources: The Structure and Marketing Analysis of Hong Kong Film Industry by Chan Ching-wai, Today Literary Magazine Winter 2012 Issue No. 99 by Wong Oi-ling, Census and Statistics Department, CreateHK

¹ Unless otherwise specified, "Hong Kong films" include Hong Kong-produced films and Mainland-Hong Kong co-productions in this report.

Film production volumes have likewise also dipped to low numbers. Hong Kong's film industry released upwards of 200 productions per year in the early '90s, but has slipped to some 50 films a year in recent years (Figure 2). Indeed, the film industry currently accounts for under 0.1% of Hong Kong's GDP.

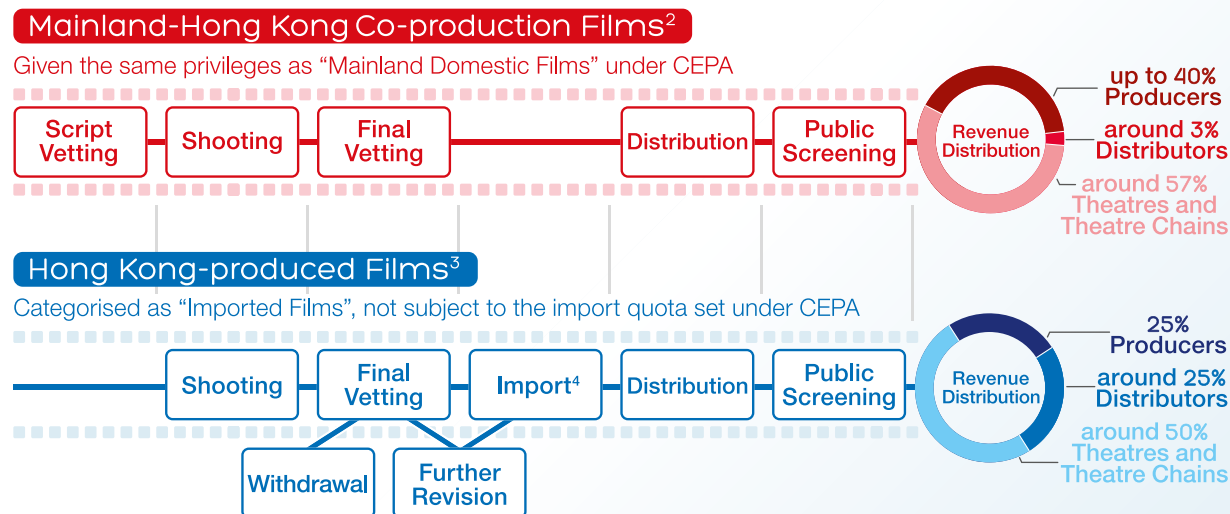
(Figure 2) The Number of Hong Kong Films Released in Hong Kong



Sources: The Structure and Marketing Analysis of Hong Kong Film Industry by Chan Ching-wai, Today Literary Magazine Winter 2012 Issue No. 99 by Wong Oi-ling, Census and Statistics Department, CreateHK

Despite the current state of Hong Kong's film industry, Hong Kong's film professionals remain active in filmmaking. For example, a good number of Hong Kong filmmakers are focusing on the Mainland market via the Mainland-Hong Kong co-production model. One advantage co-produced films have over Hong Kong-produced films is that co-produced films are more readily approved, as the scripts would be pre-reviewed before production begins, whereas Hong Kong-produced films would only go through final vetting after production is complete, thus opening themselves to further revisions that may compromise the films' content integrity. Another advantage is a better revenue-sharing model, where the producing party in a co-production will be given around 40% of the after-tax income, against the 25% share Hong Kong-produced films would normally receive (Figure 3).

(Figure 3) Steps for Hong Kong Films to Enter the Mainland Market



Sources: Trade and Industry Department, China Film Co-Production Corporation, Huayi Brothers Research, Our Hong Kong Foundation

² At least 1/3 of the leading artists should be from the Mainland. The storyline or the main characters should be related to the Mainland.
³ At least 50% of the copyright of the film concerned should be owned by a Hong Kong production company. Hong Kong residents should comprise more than 50% of the total principal personnel.
⁴ Exclusive right owned by China Film Group and Huaxia Film Distribution.

Although only a small city, Hong Kong punches way above her weight in the Mainland Chinese film market, with Hong Kong films taking about 20% of the total Mainland Chinese box office revenue. Four out of the top 10 all-time highest grossing films in China are also Hong Kong productions, surpassing even those produced by Hollywood (Table 1).

(Table 1) **Top 10 Box Office Hits Released in Mainland China**
(as of 31 July, 2018)

Ranking	Name	Year of Release	Category	Box Office Revenue (RMB)
1	Wolf Warrior 2	2017	Mainland Domestic Production (Main Actress, Action Choreographer, Editor and Cinematographer from Hong Kong)	5.7 billion
2	Operation Red Sea	2018	Mainland-Hong Kong Co-production	3.6 billion
3	Detective Chinatown 2	2018	Mainland Domestic Production (Make-Up Design from Hong Kong)	3.4 billion
4	Mermaid	2016	Mainland-Hong Kong Co-production	3.4 billion
5	Dying To Survive	2018	Mainland Domestic Production	3.0 billion
6	Fast and Furious 8	2017	Hollywood Production	2.7 billion
7	Monster Hunt	2015	Mainland-Hong Kong Co-production	2.4 billion
8	Fast and Furious 7	2015	Hollywood Production	2.4 billion
9	Avengers: Infinity War	2018	Hollywood Production	2.4 billion
10	Monster Hunt 2	2018	Mainland-Hong Kong Co-production	2.2 billion

Sources: EntGroup, Our Hong Kong Foundation

Hong Kong Directors

As of 2016, among the top 300 all-time highest grossing films (including imported films) in the Mainland, 61 were works by 45 different Hong Kong directors. The director with the highest total revenue earned was Stephen Chow. His three films in the top 300 generated a total box office revenue of RMB 4.8 billion.

Hong Kong Action Choreography

Action choreography is Hong Kong's specialty. Yuen Woo-ping and the Yuen stunt team were hired by Hollywood producers to be the action choreographers for films such as *The Matrix* franchise and *Kill Bill*. Recently, Jack Wong from Hong Kong served as the action choreographer for *Wolf Warriors 2*, which topped the Mainland box office earning a RMB 5.7 billion in revenue.

Other talents from Hong Kong include actors, screenwriters, art directors, and special effects make-up artists. Film companies in Hong Kong enjoy high levels of convenience and security, afforded by the "One Country Two Systems" policy as well as Hong Kong's competitive edge in finance and its legal system. Updating our intellectual property laws and other related regulations can help Hong Kong further consolidate its strengths and stay relevant.

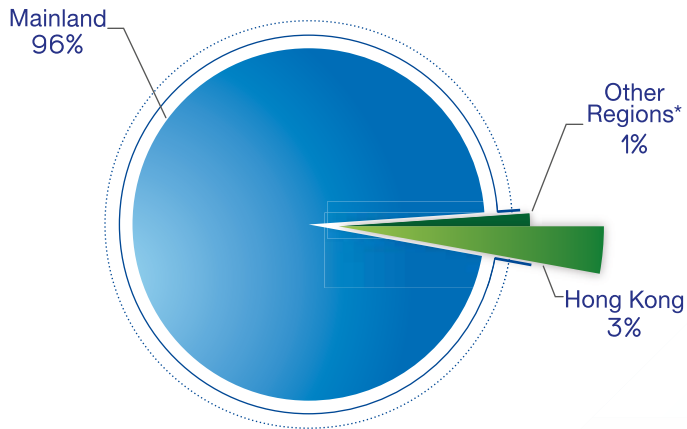




A Turning Point for Hong Kong Films
Marked by Mainland Market Changes

In 2017, the Hong Kong domestic market contributed only about 3% to the global box office revenue of Hong Kong films. In contrast, about 96% of the global box office revenue came from the Mainland market (Figure 4). This highlights the importance of the Mainland market to the Hong Kong film industry.

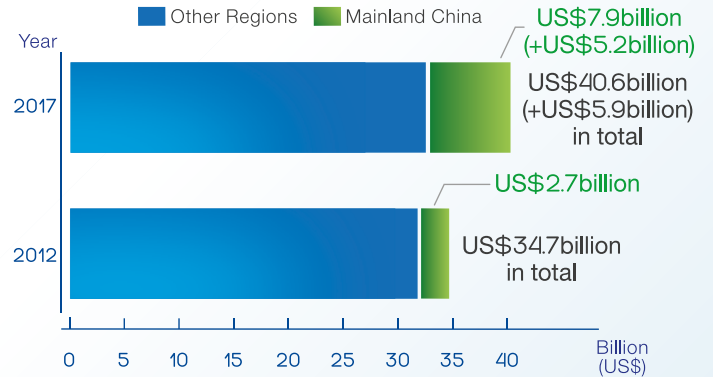
(Figure 4) Global Box Office Revenue Distribution of Hong Kong Films in 2017



Note: (*) includes Taiwan, South Korea, Europe, the United States, etc.
Source: CreateHK

In recent years, rapid growth in the Mainland market has marked a turning point for Hong Kong films. Mainland China's annual box office revenue increased by US\$5.2 billion, equivalent to a two-fold increase, between 2012 and 2017 (Figure 5), and contributed to almost 90% of the revenue growth of the global box office, making it the main engine of growth for the world's box office revenue.

(Figure 5) Box Office Revenue Distribution across the World and in Mainland China



Source: Motion Picture Association of America

Many international film companies such as STX Entertainment, Warner Bros., Universal Pictures, etc., have expanded their business and have filmed in the Mainland and in Hong Kong (Table 2). These leading overseas corporations can bring capital as well as professional production and management experience to Hong Kong. They could also help increase Hong Kong's film production volume.

(Table 2) **Examples of Activities by Hollywood Film Companies in Hong Kong**

Hollywood Film Company	Examples of Their Activities in Hong Kong
STX Entertainment	STX Entertainment has established business partnerships with companies such as Tencent, Alibaba Pictures, Sparkle Roll Group, Huayi Brothers, etc. The company produces works that bridge the U.S. and Chinese markets, and has recently applied for listing on the Hong Kong Main Board.
Warner Bros.	Warner Bros. established Flagship Entertainment in cooperation with China Media Capital and Hong Kong TVB in 2016. The new company is headquartered in Hong Kong and develops Chinese-language and English-language films and distributes these films worldwide.
Legendary Pictures	Legendary Pictures established Legendary East in 2011 in Hong Kong. Many of the films they have produced were shot in Hong Kong, such as <i>Pacific Rim</i> , <i>Blackhat</i> , <i>The Dark Knight</i> , etc.
Universal Pictures	Universal Pictures opened an office in Hong Kong to directly control the distribution of films released in Hong Kong.
Universal Pictures, Lionsgate Films, Metro-Goldwyn-Mayer	These three companies have established a partnership with Fifth Journey, a Hong Kong video game company and have taken a minority stake in it. This is the first time Hollywood companies have invested in an Asian mobile games entertainment company.

Sources: Various media reports, Our Hong Kong Foundation

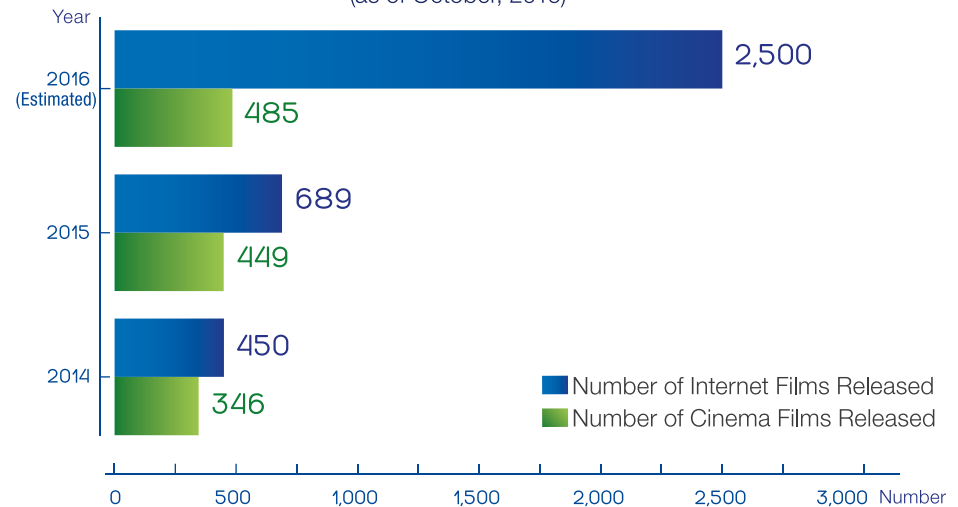
In addition, the Internet film industry in the Mainland has also grown rapidly (Figure 6). A research report by EntGroup in 2015 shows that 60% of Internet films in the Mainland were profitable, which is significantly higher than that of traditional cinema films, which stands at only 10%. It is also expected that the Mainland market for Internet films will reach RMB 40.2 billion, close to the scale of cinema films. Half of all Chinese Internet films cost less than RMB 800,000, and the vetting requirements are looser than those for traditional cinema films, thus providing Hong Kong filmmakers with an alternative.

Some Internet films produced by Hong Kong filmmakers have been successful in the Mainland. For example, *Fight in Causeway Bay 3*, produced by Hong Kong directors, has received tens of millions of hits within the first three days of its launch, becoming the most viewed movie on iQiyi at that time.

In view of the importance of the Mainland market to Hong Kong films and Hong Kong's long-standing advantages in film production, the rapid development of the Mainland market will inevitably provide a turning point for the Hong Kong film industry if appropriate changes in policy are implemented.

The following are policy recommendations in three major areas, namely film financing, film production, and film distribution and promotion.

(Figure 6) **Number of Mainland Internet Films and Cinema Films Released**
(as of October, 2016)



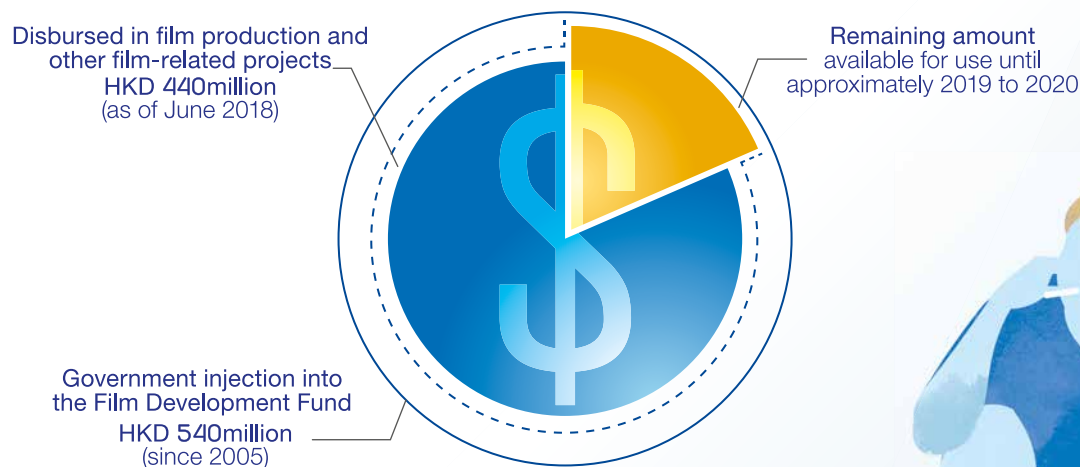
Source: EntGroup

Recommendation 1. Making significant injection into and optimising the Film Development Fund

Since 2005, the government has injected a total of HKD 540 million into the Film Development Fund. As of June 2018, some HKD 440 million has been disbursed in film production and other film-related projects. The remaining amount should be available for use until approximately 2019 to 2020 (Figure 7).

(a) We recommend making a significant injection into the Film Development Fund to help revitalise the Hong Kong film industry.

(Figure 7) Film Development Fund Overview



Sources: Legislative Council, Hong Kong Film Development Council



The Film Development Fund's "First Feature Film Initiative", "Film Production Grant Scheme" and "Scheme for Financing Film Production" face four major problems:

1. The application procedures are complicated. For example, successful applicants are required to establish a new company and a new bank account.
2. There is no funding for Internet films.
3. The production budget cap is rigid and the amount of funding is limited, thus leading to a dearth in diversity of film genres.
4. The lack of cohesiveness between the three schemes has failed to provide sustainable support for young filmmakers.

(b) We recommend simplifying the current application procedures for film production-related schemes. For example, successful applicants should not be required to open a new company and bank account when signing the contract. We also recommend considering supporting the production of Internet films, so that Hong Kong can keep up with the trend of Internet films.

(Figure 8) Current Film Production-Related Schemes under the Film Development Fund

First Feature Film Initiative	Film Production Grant Scheme*	Scheme for Financing Film Production
<ul style="list-style-type: none"> • Provides subsidy to new directors and their film production teams to make their first feature films • The production cost will be totally subsidised. The two winning teams of the Higher Education Institution Group and one winning team of the Professional Group will be awarded a maximum of HKD 3.25 million and HKD 5.5 million, respectively, to make their first feature films. • A total of 88 applications have been received since the launch of the scheme in 2013, of which 10 were approved for subsidy. 	<ul style="list-style-type: none"> • Provides subsidy to low-budget (below HKD 13 million) film productions • Subsidy ratio capped at 20% of the production cost, with a maximum of HKD 2 million • A total of 49 applications have been received since the launch of the scheme in 2015, of which 10 were approved for subsidy. 	<ul style="list-style-type: none"> • Provides financing to low- and mid-budget film productions (below HKD 25 million) • Subsidy ratio capped at 40% of the production cost, with a maximum of HKD 6 million • A total of 87 applications have been received since the launch of the scheme in 2007, of which 32 were approved for financing.

Note: (*) The “Film Production Grant Scheme” is a pilot scheme; the pilot period ended on 28 February 2018.

Source: Hong Kong Film Development Council

(c) We recommend increasing the subsidy amount and improving the cohesion of the above-mentioned programmes and establishing a more targeted and phased funding system.

The goal is to provide a series of funds for young filmmakers, starting from their first production, so that they can be continuously involved in film production. The degree of government participation would be gradually reduced by stages, ultimately allowing them to wean themselves completely from government funding and become financially independent.

(Figure 9) The Film Subsidy Ladder

	The First Feature Film Initiative	The Film Production Grant Scheme (suggested to be relaunched)	Scheme for Financing Film Production
Upper Limit of the Production Budget (HKD)	Higher Education Institution Group 3.25 million → 6.5 million Professional Group 5.5 million → 10 million	13 million → 20 million	25 million → 30 million
Ratio/Upper Limit of the Subsidy (HKD)	100%	20% → 50% or 2 million → 10 million	40% or 6 million → 12 million
Subsidised Places (Each Year)	Higher Education Institution Group 2 → 4 Professional Group 1 → 2	12 (General Applicant) No Limit (Additional Stream* for Winners of the First Feature Film Initiative)	No Limit

Note: (*) Eligible applicants must submit their applications for the additional stream of the Film Production Grant Scheme within 10 years after the release of their first feature films; each applicant can obtain funding through the additional stream only once.
 Sources: Hong Kong Film Development Council, Our Hong Kong Foundation

**Recommendation 2.
Diversifying film financing channels to create a more entrepreneurial and institutionalised film industry**

Sufficient funding, as well as excellent management and operational strategies, is the foundation of film production. The diverse and professional film financing models in the U.S. are a good model for Hong Kong to learn from.

(Table 3) **Cases of Slate Financing⁵ of Films in the U.S. Private Market**

Slate Financing Fund	Film Company	Approximate Amount (US\$ million)	Representative Work (Year of Release)
Melrose Investors LLC	Paramount	300	War of the Worlds, 2005
Gun Hill Road (Relativity Media)	Universal Pictures	515	Fast and the Furious: Tokyo Drift, 2006
Dune Capital	20 th Century Fox	650	Avatar, 2009
RatPac-Dune Entertainment	Warner Brothers	450	Gravity, 2013

Sources: Merrill Lynch, Our Hong Kong Foundation

⁵ A financing arrangement in which an investment group provides capital to invest in a slate of films produced within a defined period of time by a film company.



(Table 4) Examples of Activities by Hong Kong-Listed Film Companies in Hong Kong

Hong Kong-Listed Film Company	Examples of Their Activities in Hong Kong
Alibaba Pictures	In 2014, Alibaba Pictures produced the Mainland-Hong Kong co-production <i>Dearest</i> , which was directed by Peter Chan, a Hong Kong director. In 2016, they produced <i>See You Tomorrow</i> , with Wong Kar-wai as the executive producer.
SMI Culture and Travel	SMI Culture and Travel was involved in the distribution of the Mainland-Hong Kong co-productions <i>Ip Man 3</i> (2015) and <i>Mermaid</i> (2016).
IMAX China	IMAX China opened several IMAX theatres in Hong Kong, such as the Airport UA IMAX theatre, and MY CINEMA YOHO MALL.
Digital Domain	Digital Domain was acquired by Sun Innovation Holdings Limited in 2013 and moved its headquarters from California to Hong Kong. In recent years, they have participated in visual effects productions of a number of Hollywood films, such as <i>Iron Man 3</i> (2013) and <i>X-Men: Days of Future Past</i> (2014).

Sources: Various media reports, Our Hong Kong Foundation

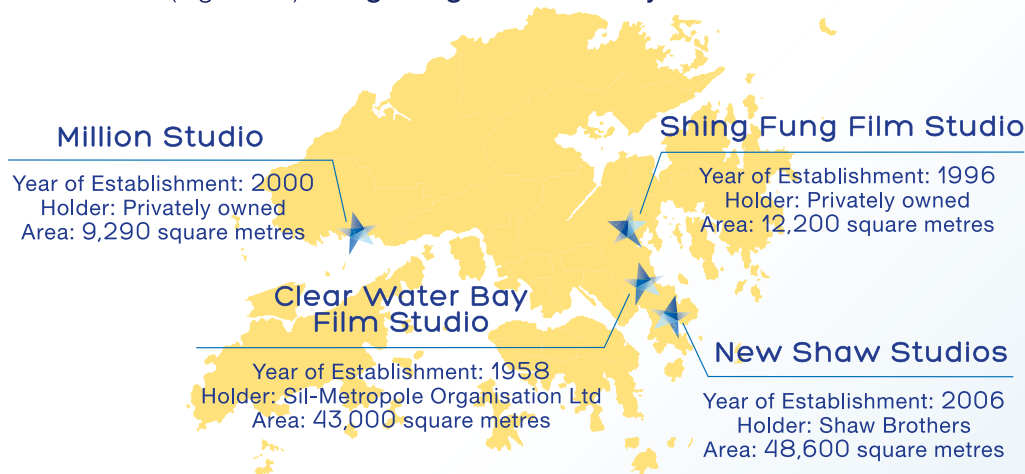
We recommend that the Government optimise its policies and consider the diversity of U.S. film financing channels as a model for enriching film financing products, so as to attract more leading film companies to settle in Hong Kong, and entice them to not only use Hong Kong for listing, but also develop their film businesses in Hong Kong. Their activities in Hong Kong can provide employment opportunities for the local film industry, thus giving cosmopolitan Hong Kong filmmakers the chance to fulfill their potential.



**Recommendation 3.
Optimising local studios and utilising film production elements in the Greater Bay Area**

The new Shaw Studios⁶ is not suitable for large-scale productions due to its proximity to residential areas. On the other hand, other studios are either relatively small or old.

(Figure 10) **Hong Kong's Current Major Film Studios**



Sources: Film Services Office, various media reports, Our Hong Kong Foundation

(a) We recommend utilising the excellent post-production facilities of the new Shaw Studios, actively exploring the possibility of its development as a post-production base for Hong Kong, as well as assisting in the optimisation of other local studio facilities to fully utilise limited production spaces.

⁶ The old Shaw Studios covered an area of approximately 186,000 square metres and was closed in 2003. It is now owned by Fosun International. The historic buildings therein will be conserved, while the remaining area will be rezoned for residential and commercial use and no longer used for film production.

The Greater Bay Area has a number of studios larger than those in Hong Kong.

(Figure 11) Major Film Studios in the Greater Bay Area



Sources: Various media reports, Our Hong Kong Foundation

(b) We recommend capitalising on the advantages brought by the "One Country Two Systems" policy and taking full advantage of the development opportunities presented by the "Guangdong-Hong Kong-Macao Greater Bay Area Initiative", by utilising film production elements in the Greater Bay Area, such as studio facilities, etc., to produce higher calibre Hong Kong films, and ultimately to jointly establish a large-scale "South China Film Production Centre".



Recommendation 4. Providing post-production equipment subsidies

Computer graphics (CG) post-production is an important component of a successful film; its usage is also an increasingly common trend in film production across the world.

Hong Kong also has considerable potential in the field of post-production for films:

1. Hong Kong already has a number of outstanding post-production companies, such as Digital Domain, Centro Digital, and VFXNova Digital.
2. Hong Kong has open and unrestricted access to the Internet, and one of the highest network connection speeds in the world⁷, ensuring that the post-production process will be smooth and timely. Besides, Hong Kong post-production companies are able to keep abreast of global cultural and technological trends.

We recommend subsidising film post-production equipment, or providing low-cost rental equipment to CG studios.



⁷ According to "State of the Internet" published in Q3 of 2016 by Akamai Technologies, one of the world's largest Internet content distribution network service providers, Hong Kong's average Internet connection speed is ranked second highest in the world.

Recommendation 5. Strengthening education and nurturing talents in the film industry

Hong Kong Baptist University organises the Global University Students Film Festival (GUSFF)⁸ annually to encourage and recognise university student filmmakers and facilitate the exchange of culture and creativity on an international level.

(a) We recommend cultivating students' interest in film art from an early age and holding a series of inter-secondary schools micro-movie competitions.

(b) We recommend providing more film internships, such as the film-related internships in the existing "Funding Scheme for Youth Internship in the Mainland" under the management of the Commission on Youth. The provision of more film-related opportunities will enable young people to gain a deeper understanding of the film industry.

Although there are many local universities and post-secondary colleges offering film-related courses, there is an acute shortage of fresh blood in action choreography even though it is considered Hong Kong's forte.

The "Film Professional Training Programme" provides occasional action choreography and stunt training, but after deducting the subsidy from the Film Development Fund, the tuition fee is still as high as HKD 25,000.

(c) We recommend encouraging action choreography training courses to be held regularly, and increasing related tuition subsidies in order to encourage young people to enter the field and reconsolidate Hong Kong's expertise in the field.

⁸ GUSFF is formerly known as the Global Chinese Universities Student Film and Television Festival (GCU), which was initiated by the Academy of Film, School of Communication of Hong Kong Baptist University in 2002.

Recommendation 6. Establishing the "Hong Kong Brand"

(Table 5) **Main Global Film Markets**

Month	Place	Event	Duration	Award Ceremony Held Concurrently
February	Germany	European Film Market	9 Days	Berlin International Film Festival Award Ceremony
March	Hong Kong	FILMART	4 Days	
May	France	Marché du Film	10 Days	Cannes Film Festival Award Ceremony
October	France	Marché International des Programmes de Communication (MIPCOM)	4 Days	
October	Japan	Tokyo International Film Festival Commercial Market (TIFFCOM)	3 Days	
October	South Korea	Asian Film Market	4 Days	Busan International Festival Award Ceremony
November	USA	American Film Market (AFM)	8 Days	
December	Singapore	Asia Television Forum and Market (ATF)	4 Days	

Sources: Hong Kong Trade Development Council, Our Hong Kong Foundation

FILMART is the premier trading platform for Asian films, carrying equal weight with the film market in Marché du Film (Cannes) and the American Film Festival (U.S.) in Santa Monica.

(a) We recommend extending the exhibition duration of FILMART, simultaneously holding a series of large-scale film-related events (such as the Hong Kong Film Awards presentation ceremony), in order to bring together celebrities to enhance the international visibility of the "Hong Kong Brand". We also recommend including more professional film financing services for FILMART, such as completion guarantees, in order to create a one-stop movie trading platform.

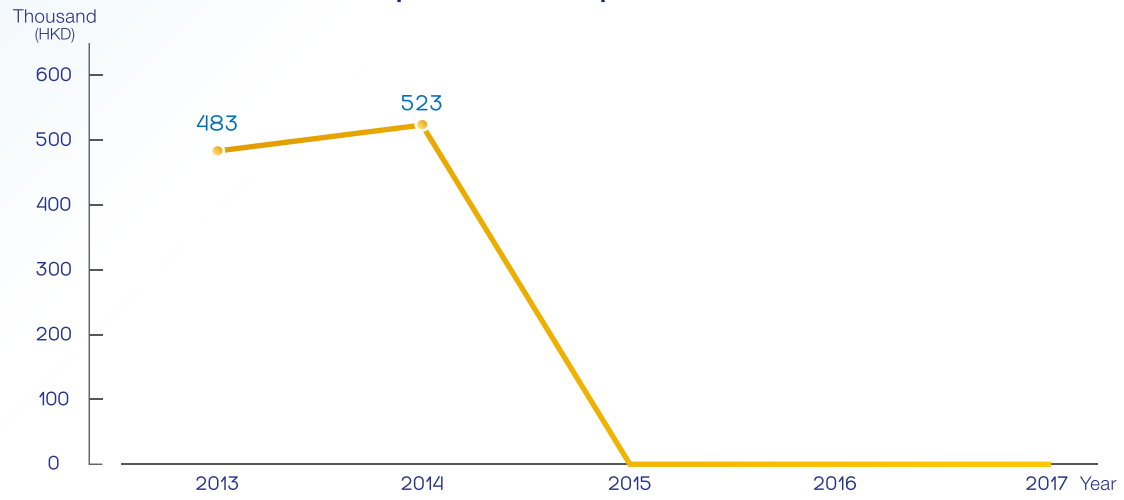
Although the Hong Kong Film Archive currently provides a wealth of film-related information to the public, Hong Kong still lacks a proper film museum. Many precious collections of Hong Kong film-related artefacts are not exhibited in fixed venues. This is not conducive to promoting Hong Kong's film culture.

(b) We recommend exploring the technical feasibility of building a film museum to attract overseas visitors. The proposed film museum can also help promote Hong Kong's film culture and brand, and enhance Hong Kong's cultural soft power.



The Hong Kong Trade Development Council has been supporting the setting up of booths in the Hong Kong Pavilion at overseas film markets. However, the Film Development Fund has ceased providing subsidies for the booths since 2014 for Hong Kong film companies to promote their films overseas.

(Figure 12) **Subsidy Amount by Film Development Fund for Small- and Medium-Sized Film Companies to Set Up Booths at Overseas Film Markets**



Source: Hong Kong Film Development Council

(c) We recommend further supporting the establishment of Hong Kong film promotion areas and booths at overseas film festivals and trade fairs with funding and human resources, as well as proactively engaging industry stakeholders on how to best assist Hong Kong film companies in promoting Hong Kong films on different platforms, especially in the Mainland and other Asian markets.

(Table 6) Incentives for Location Filming in South Korea and Foshan

KOFIC Location Incentive for Foreign Audio-Visual Works

The South Korean government offers 20~25% cash rebate on foreign audio-visual works production expenditures incurred for goods and services in South Korea. The conditions for the cash rebate are as follows:

- 25%: Shoot no less than 10 days, and spend no less than KRW 2 billion in South Korea
- 20%: Shoot no less than 3 days, and spend between KRW 100 million and KRW 2 billion in South Korea

Foshan's Film and Television Production Subsidy

A maximum of RMB 5 million is provided for a film or television series where at least 40% or more of its content is filmed in Foshan.

Sources: Korean Film Council, Our Hong Kong Foundation

(d) We recommend considering the cases of South Korea and Foshan to study the feasibility of setting up an incentive scheme for location filming in Hong Kong. The criteria should be set with consideration of the duration of shooting, job opportunities provided to the local industry, promotion of Hong Kong tourism, etc. In addition to promoting Hong Kong tourism, it can also provide more employment opportunities for Hong Kong filmmakers while exposing the local industry to foreign film production methods and expertise.



Recommendation 7.

Striving to relax the requirements for Mainland-Hong Kong co-productions

On 28 February 2018, the Taiwan Affairs Office of the State Council issued a document composed of 31 measures to promote cross-Straits economic and cultural exchanges and cooperation, and considerably relaxed the regulations regarding the proportion of principal personnel, film elements from the Mainland, and investment ratio in co-produced films.

We recommend that the Hong Kong Government strive for the same preferential policies that Taiwan currently enjoys and for relaxing the requirements for the Mainland-Hong Kong co-production films.

Recommendation 8.

Serving as a consultant for foreign films entering the Mainland market

Due to cultural proximity, geographical advantage and years of accumulated experience, Hong Kong film professionals are more familiar with the filming taboos and vetting standards in the Mainland.

Hong Kong film professionals should provide consultancy and facilitation services to foreign films entering the Mainland market, and promote exchanges between Chinese and Western film culture.

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