

Discussion on Current Development of China Animation, Comic and Game (ACG) Industries



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Experience of Animation, Comic and Game (ACG)

Experience of ACG
Pleasant Goat and Gray Wolf



Government Promotion

Public Policy-China ACG Industries

Year 2004, Suggestions on Further reinforcement and improvement of the Ideological and Ethical Construction of the Minors

Year 2005, <<Guiding Catalogue of Industrial Structure Adjustment>> issued and implemented by National Development and Reform Commission

Year 2006 Article 32 <<Suggestions on the Promotion of the Development of China Animation, Comic and Game Industries >>

Year 2006, the Eleventh Five-Year Plan for National Culture Development

Year 2007, Joint Conference of Supporting Animation, Comic and Game Industries Development Organised by 10 Ministries and Commissions

Year 2008, Article 10 Suggestions on Supporting National ACG Industries Development

Year 2008 Notification on Reinforcement of the Management for TV Animation Broadcasting

Year 2009 Preferential Tax Policy for Animation Comic and Game Industries

Year 2009 Innovation Plan for China Cultural Industries

In 2008, Premier Wen Jiabao initiates the active development of Web Animation and Game in the Report on the Work of the Government on the *Eleventh* National People's Congress.

Public Policy---Central Government Funding Support

- Annual Excellent Animation Films Appraisal held by The State Administration of Radio Film and Television. The reward is up to **20 million**.
- September 2008, Ministry of Culture: Original Animation Supporting Plan. **7 million RMB** has been allocated as the Special Fund to support the Comic, Animation and Cosplay and Web Animation original work and talents.

Public Policy---Central Government Funding Support

Programme	Number	Sum
Comic Work	10	100,000 each
Comic Creator Team	10	50,000 each
Cosplay works	10	200,000 each
Drama Creator Team	5	50,000 each
Cosplay Creator Team	5	40,000 each
Web Animation and Cartoon Works	15	50,000 each
Web Animation and Game Creator Team	15	50,000 each
Mobile Phone Animation and Game Works	15	50,000 each
Mobile Phone Animation and Game Creator Team	15	50,000 each

Year 2008, Ministry of Culture: 7 million rewarding Original Animation Work. This is the first time that China launches the support work for original animation works and talents under the central finance.

Public Policy—Local Government Fund Support

Since 2005	Hangzhou has set a special fund of 50 million RMB annually as the reward, support and subsidy for the development of Animation, Comic and Game Industries.
Since 2007	Changsha city has set 30 million as cultural industries development initiation fund
Since 2007 In 5 years	Guangzhou City Zhuhai has allocated a special fund of 8 million every year to promote Zhuhai Software and Animation Industries development. This investment will be increased according to the industrial development and the local financial resources.
Year 2009	Zhengzhou city has set special funds of 50 million to support animation industries, and the highest prize is 6 million.
Year 2009	Wuhan city has set a special fund of 50 million to support the animation and Cartoon industries
Year 2009	Suzhou Industrial Cluster set the Angel Investment Fund of 100 million to encourage the animation and Cartoon industries development, specially used for the animation industries of proprietary intellectual property rights in probation period.
Year 2009	The cultural industries programmes of Culture and Art Service, Radio, Film and Television, Publication and Distribution Service, Animation and Internet Culture are to receive a total sum of 200 million support from 'Jiangsu Province Cultural Industries Initiation Fund Project Application'
Year 2009	Zhuhai local cultural industries development special fund has been increased from 1 million to 10 million each year
Year 2009	Beijing has invested 500 million to support the cultural and creative industries according to their different features to formulate the correspondent policies namely ONE INDUSTRY ONE POLICY. The highest individual supporting fund is 2 million.
NOTE	The above fund is RMB.

Public Policy---Personnel Training and Academic Research

- Year 2008 General Administration of Press and Publication of the People's Republic of China promulgated <Notification of Achieving the Professional Training and Recommendation of Books, Periodicals and Animation Publication >
- Year 2008-2009, Ministry of Culture has offered the Animation and Cartoon Industries Personnel Training Course
- In 2008, the column of Animation and Cartoon Publication and Web Game Publication has been added on <China Publication Yearbook> hosted by The Publisher Association of China, administered under General Administration of Press and Publication of the People's Republic of China
- Year 2008 China Animation and Cartoon Industries Development Report published by Peking University Cultural Industries Research Institute

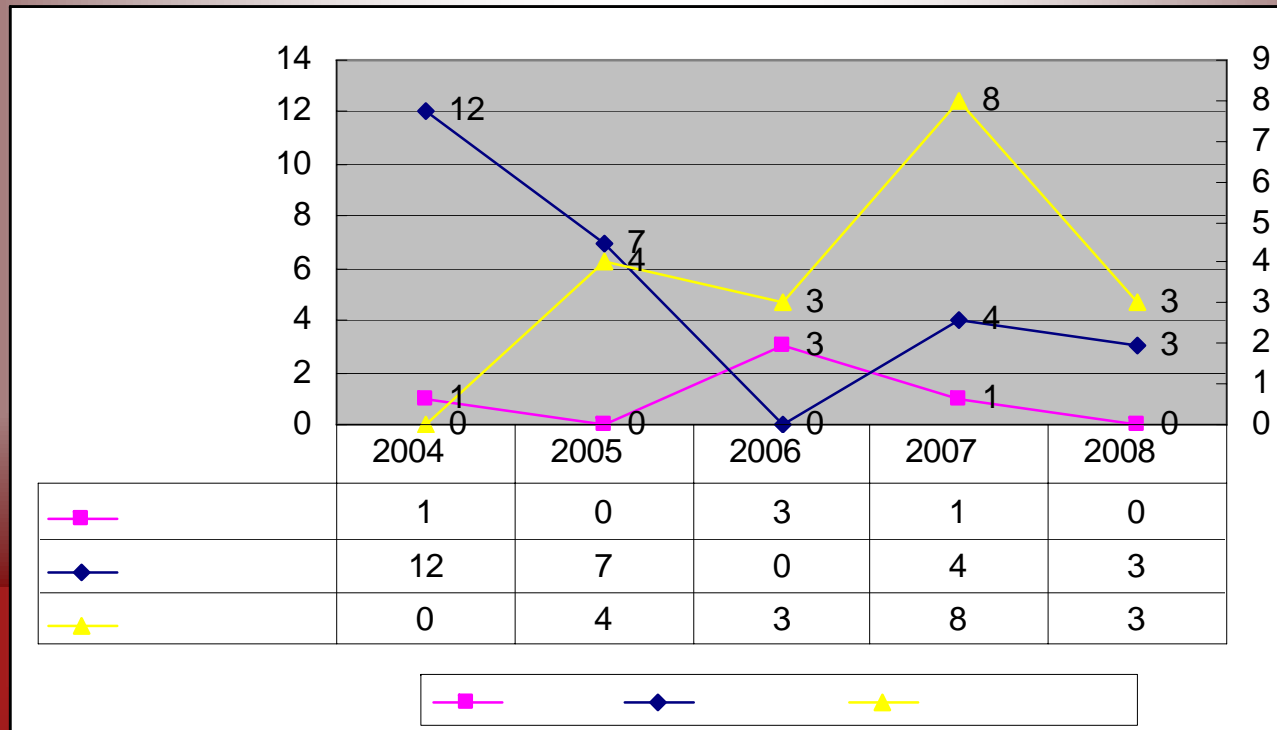
General Survey of China Animation, Comic and Game Industries

Gross Output Value of China ACG Industries

- The gross output value of China ACG Industries is about **40 billion** (among them, web game is about **20.7 billion**) . The cultural industries gross output value is about **600 billion** . The proportion of ACG industries out of the whole cultural industries are about **6.66%**.
- According to 2008 Morgan Stanley Report: China Cartoon film output has been increased **70%** or above in the past 5 years (mainly refer original works volume). Chinese government's goal is in 5 to 10 years to enhance 10 times of the cartoon industries' contribution to GDP. The entire industry market capacity will be as high as **100 billion** RMB.

The Overall Size of China ACG Industries

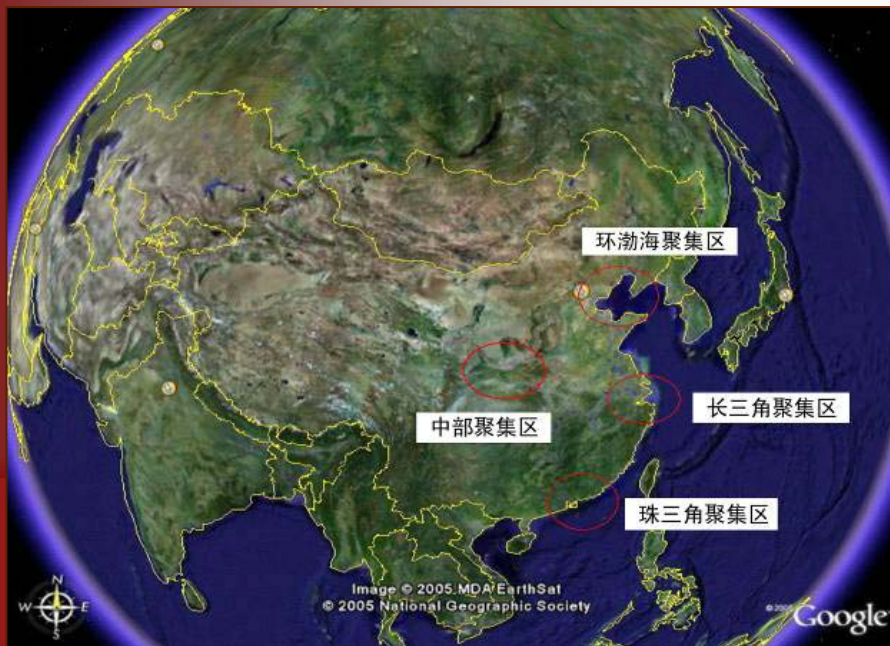
At present, there are 6463 animation institutions in China, 447 universities which have offered the animation programme, and 1234 universities offered faculties and schools involving animation as the major. There are 64,000 graduates majoring in animation and 466,000 students studying animation on campus. 78 animation Industries Bases (Clusters) have been set up in mainland China (excluding Hong Kong, Macau and Taiwan).



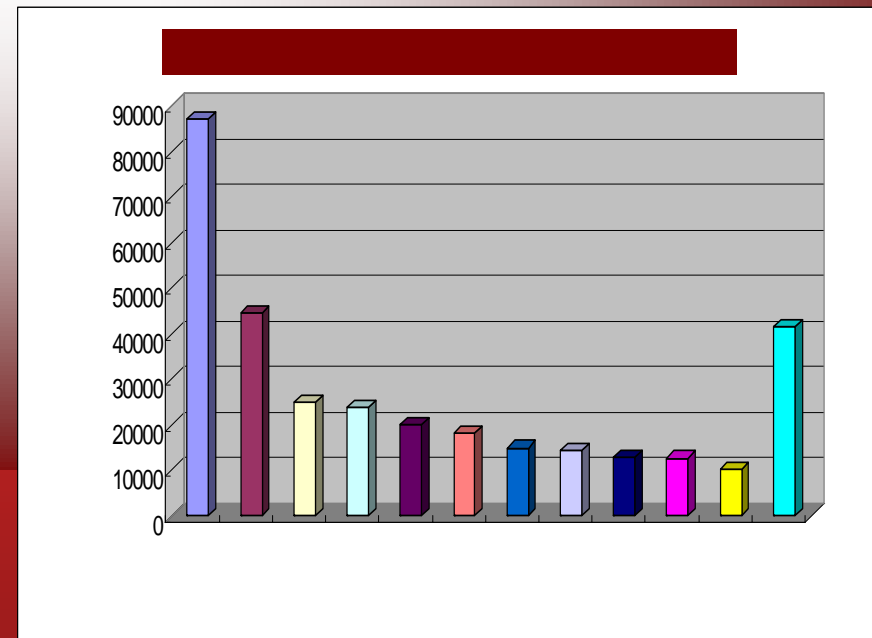
Amount of Animation Clusters awarded by ministries of China from Year 2004 to 2008

Regional Pattern of China ACG Industries

- Changsha: Animation output and originality
- Hangzhou: large-scale exhibitions
- Shanghai, Beijing, Chengdu: web games
- Guangzhou, Tianjin: Cartoon Publication
- Jiangsu: the highest yield, largest number of developing cities



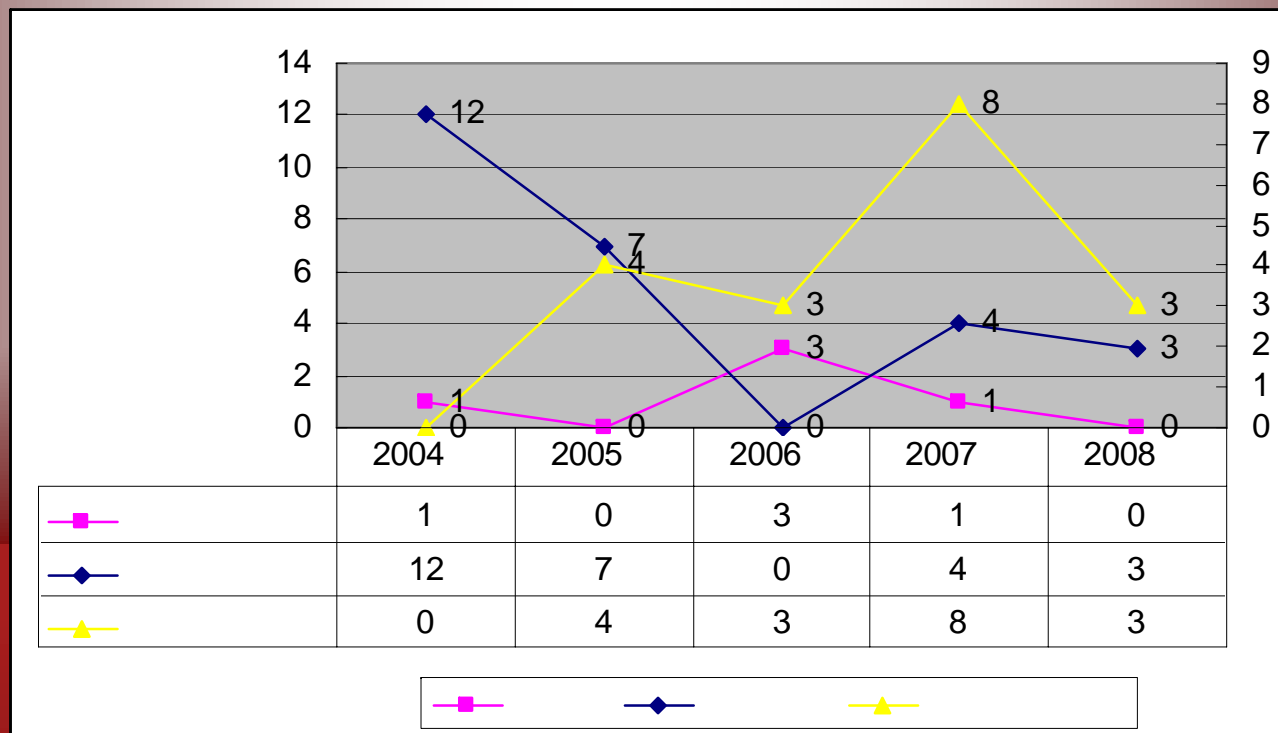
Distribution pattern of the National ACG Industry



Number Comparison of Domestic Television Cartoon Films Recorded Publicity of Provinces and Cities in 2008

China ACG Bases

Till the end of 2008, Mainland China has built 78 ACG industrial bases (clusters), among them the state awarding bases of 53, respectively awarded by the Ministry of Culture, Radio and Television Department, Science and Technology Department and General Administration of Press and Publication of P. R. China. 27 large and medium cities as Beijing, Shanghai, Chongqing, Guangzhou and other 19 provinces have set up animation industry bases.



Amount of ACG Clusters awarded by ministries of China from Year 2004 to 2008

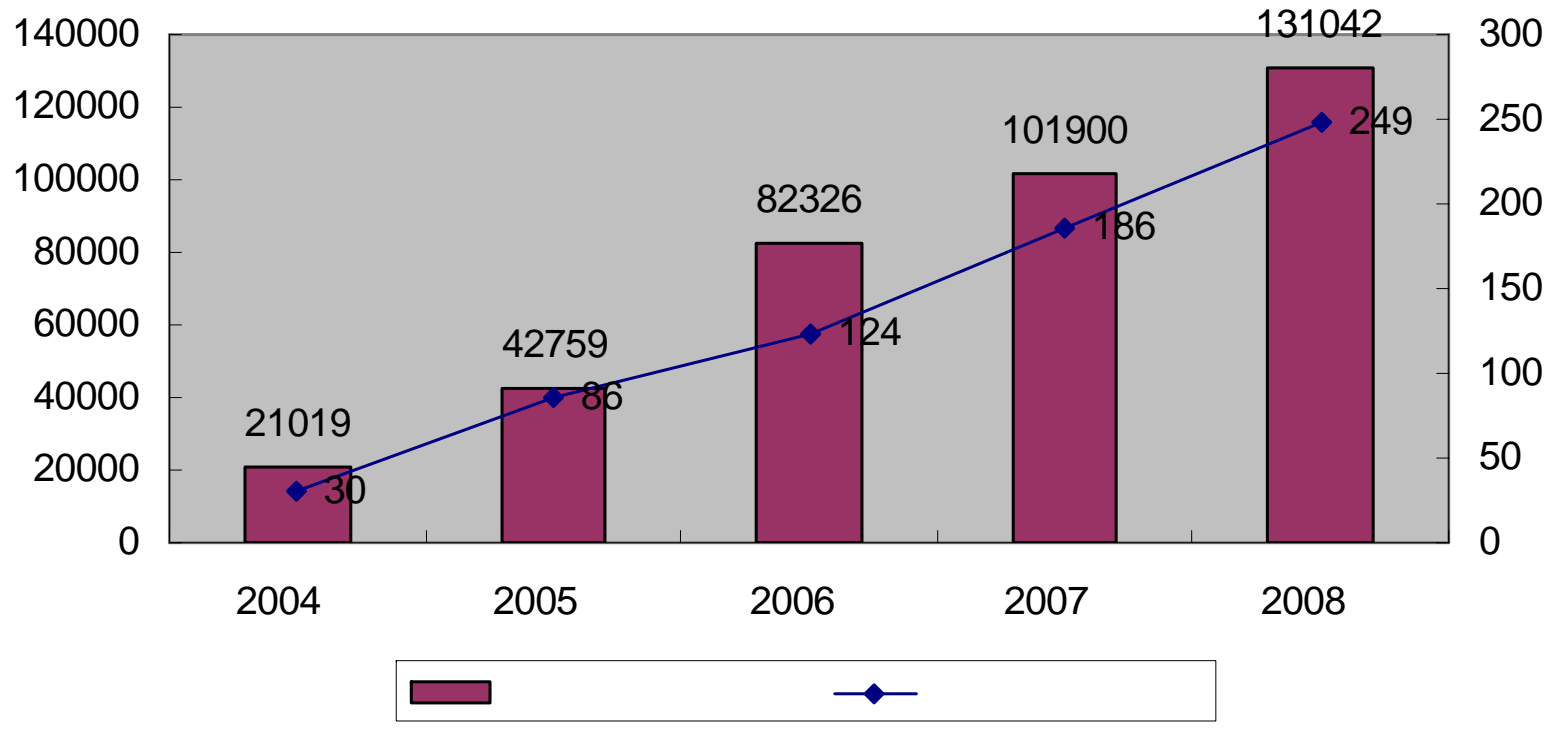
Distribution of China ACG Industries

Serial No.	Province/States	Enterprise Exclusively	Enterprise Partly	Serial No.	Province/States	Enterprise Exclusively	Enterprise Partly
1.	Beijing	758	1946	16.	Henan	154	40
2.	Tianjin	54	70	17.	Hubei	160	175
3.	Hebei	78	119	18.	Hunan	196	282
4.	Shanxi	54	60	19.	Guangdong	357	567
5.	Neimeng	21	20	20.	Guangxi	65	77
6.	Liaoning	182	95	21.	Hainan	40	63
7.	Jilin	59	49	22.	Chongqing	133	77
8.	Heilongjiang	72	49	23.	Sichuan	364	357
9.	Shanghai	170	364	24.	Guizhou	35	42
10.	Jiangsu	284	530	25.	Yunnan	26	35
11.	Zhejiang	740	392	26.	Shanxi	147	161
12.	Anhui	90	126	27.	Gansu	56	49
13.	Fujian	147	42	28.	Qinghai	5	6
14.	Jiangxi	32	28	29.	Ningxia	12	13
15.	Shandong	139	63	30.	Xinjiang	24	56

No. of Enterprises Exclusively 4654 No. of Enterprises Partly 5953
Total:10617

China ACG Production Quantity from 2004 to 2008

2008 Analysis Graphics of China ACG Production Quantity



Production of Cartoon Films from National ACG Bases

Top 10 Production of Cartoon Films from National ACG Bases in 2008

Rank	Industrial Park	Number	Length(Minute)
1	Animation Industry Park, Hangzhou Hi-tech Development Zone	24	16886
2	Hunan Golden Eagle Cartoon Co., Ltd	22	16129
3	Southern Animation Program Co-produced Center	20	11015
4	Three Chen Cartoon Group	15	9910
5	China Central Television China International TV Corporation	17	9412
6	Wuxi Taihu Digital Animation Video High-tech Business Incubator	15	8108
7	Beijing Cultural and Creative Industry Cluster Area	10	6775
8	Changzhou National Animation Industry Park	13	6243
9	Nanjing Software Park	9	4009
10	Xiamen Software Park Television Animation Industry Zone	10	3361

According to statistics, in 2008, the National ACG Industry Base self-produced Chinese-made cartoons 184, 102,047 minutes, accounting for about 77% of the country's total output.

China ACG Industries—Animation Films

Ranking	Name	Box office dollar	Date in cinema
4	Kongfu Panda	26,296,951	20 June
9	Iron Man	15,274,332	30 April
15	Wanted	10,821,798	09 October
18	The Incredible Hulk	9,336,251	20 August
29	Storm Rider	4,382,825	19 July
33	Speed Racer	3,184,713	10 August
41	Hell boy 2: The Golden Army	2,188,982	21 November
50	Doraemon The Magic	1,631,483	22 January
61	Calabash Brothers	957,896	27 May
72	Khan Kluay	538,636	12 June
77	Down Periscope	433,971	30 May

Box office top 100 mainland China Year 2008

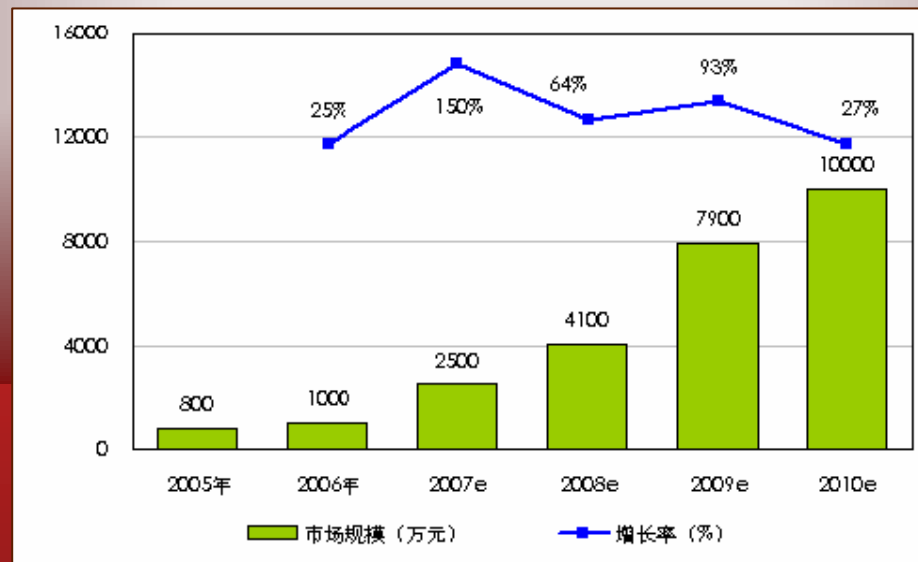
China ACG Industries---Broadcasting Platform

At present there are a total number of 34 children's channels in China (including Chinese TV children's channel), 4 animation channels, daily cartoons broadcasting about 8,000 minutes. The audience is more than 600 million. In 2008 China Central Television newly established the New Technology and Animation Channel. The annual domestic animation film demand is up to 250,000 minutes.



China ACG Industries--- New media becoming the new platform for animation development

- China's Internet users are up to 316 million, ranking No. 1 in the world. The next five years, the number of Chinese Internet users will achieve an annual compound growth rate of 18.5%
- The main objectives of telecommunications reform: issuing three 3G licenses
- More than 659 million mobile phone users in China
- The number of users accessing the Internet through mobile phones has reached 117.6 million, accounting for 18.38% of mobile phone users
- The average growth rate of China's web animation market size is 80%



China Web Animation Market Size Year 2005 — 2010

China ACG--Publication

Statistics of Year 2008 Animation Publishing

Press	Copyright Unit	Cooperation Projects	Target Market
Anhui Publishing Group	TIANJIN CREATOR WORLD CARTOON COMPANY Shanghai City Comic Co., Ltd.	Four Masterpiece Guichuideng Series	Europe, Japan, Korea
Anhui Children's Press	Great Dreams Co.,Ltd	Rainbow Cat Blue Rabbit Seven Knights Biography	Mainland China
Posts & telecom press	Children's Fun Publishing Co., Ltd. Guangdong Original Power Culture Communication Co., Ltd.	Pleasant Goat and Gray Wolf	Mainland China
Zhejiangshaonian Press	Beijing KAKU Cartoon Hangzhou Science and Technology Information Technology Co., Ltd.	Olympic Fuwa roaming mind Midnight breakout	Mainland China
Foreign Language Teaching and Research Press	CCTV	The adventure of little cyprinoid	Mainland China
Modern Press	Wang Ze	Laofuzi	Mainland China
21st Century	International Company	Great field guide Pokémon Role Treasure for Iraq Treasure for France	Mainland China
COMICFANS CULTURE DIFFUSE FRAMEWORK	Ao You-Xiang	Wulong Yuan Series	Mainland China
Phoenix publishing & media network	Dual-shaped Animation Shanghai Today's Animation	Yingjie Qin and Han Dynasties China Boy	Mainland China

China ACG--Publication

December 21 2007 Liaoning Publishing Media debut the stock market, the first day listing surging 329.53%

2008 Jiangsu Phoenix Publishing group backdoor listing ST Yaohua, Hubei Daily Newspaper Group participating the recapitalisation with Guoyao Science & Technology, Chongqing Publishing Group is approved for listing

2008 Anhui Publishing Group Co., Ltd. and Shanghai CityComic Co.,Ltd signed the contract establishing Anhui Times Roaming Cultural Media Co.,Ltd

2008 Animation Centre has been established by Jiangsu Phoenix Publishing Group

2009 China Art Publishing will establish a national level Animation Centre wishing to bring international influence, authorities status, first class quality and superior operational capabilities.

China ACG---Toy Manufacturing

ACG industry and the toy industry having broad prospects with joint cooperation

1. In 2008, a number of toy companies, manufacturers began to restructure by shaping the image of a successful animation figure, services, and the upgrading and development of driver toys to enhance the brand value of the toys.
2. Guangdong Alpha Animation and Culture Co., Ltd public listing: gross profit margin has reached 52.97% for animation toys self-developed by Alpha Animation and Culture Co., Ltd according to its Stock Prospectus.



China ACG---Personnel



- At present, there are **447** universities which have offered the animation programme, and **1234** universities offered faculties and schools involving animation as the major. There are **64,000** graduates majoring in animation and **466,000** students studying animation on campus.
- Art education specialty has been offered by **1800** National Registered higher education institutions.
- From 2004 to 2007, the SARFT has approved 6 higher education institutions, namely China Communication University, Beijing Film Academy, Jilin College of the Arts Animation Academy, China Academy of Art, Zhejiang University, Zhejiang University of Media and Communication as China's animation teaching and research bases.
- According to official surveys, the next two to three years, the market demand is **350,000** for animation talent.

China ACG---Financial Capital



- 2008 is the icebreaking year of China ACG industries listing
- 23 July 2008, Hunan Talkweb Information Systems Co., Ltd. listed in Shenzhen
- 01 September, 2008, Guangdong Aoufi Animation Ltd. listed successfully
- More than 20 financial institutions investing in animation industries

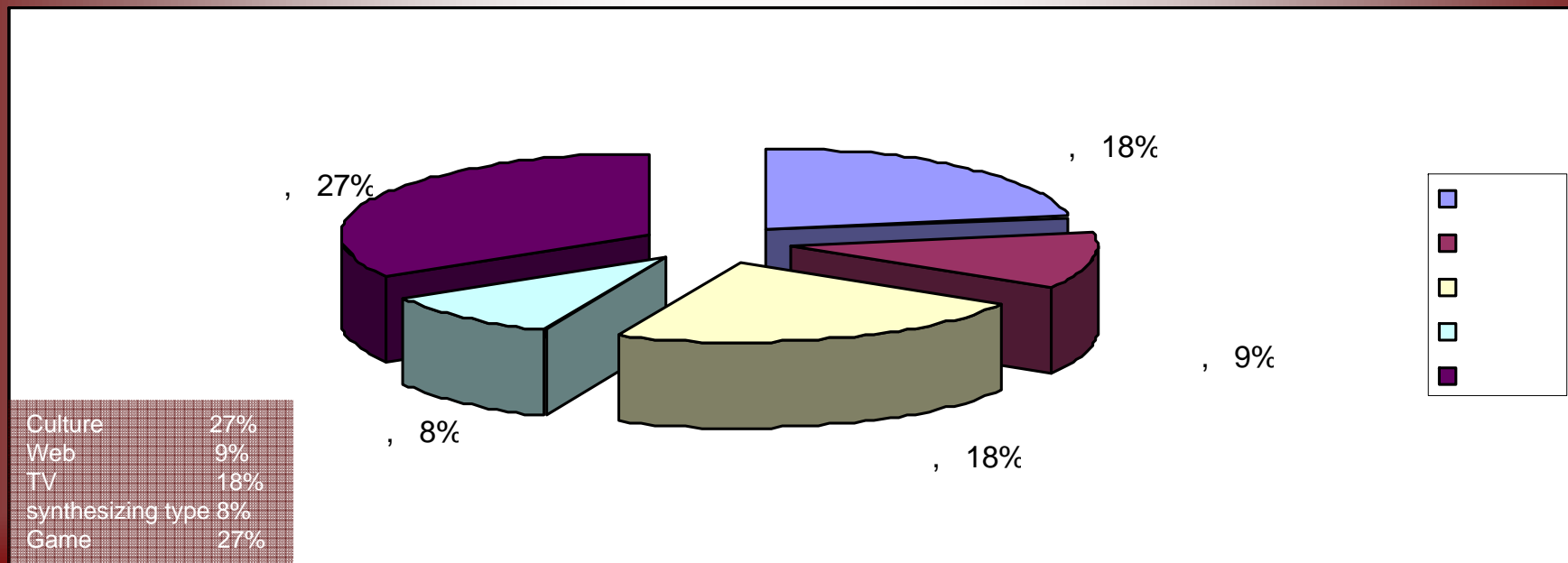
China ACG Industry—Exhibitions

- Till the end of 2008, a total of more than 20 cities including Beijing, Shanghai, Changsha, Changzhou, Guizhou, Hohhot have organized over 40 different types of animation competitions and exhibitions, and introduced the concept of internationalization, inviting the professionals and practitioners from the animation developed countries as United States and Japan to participate "China Day", "French Day", "US and Canada Day"



China ACG Industry—Exhibitions

Chart 5-2 Exhibition categories of China ACG Activities



Data from: Project Abstract *China ACG Exhibition Activities Research*, Joint Conference of Supporting Animation Industries Development, Expert Committees Market Group

Existing Problems of China ACG Industries

- **Government Management Problem:** The integration and centralisation management is to be adjusted
- **Base Management Problem:** Lacking centralised plan, homogenization competition existing
- **Production subject focusing on low age**
- **Lacking brand and competitive products**
- **Structural contradiction existing in the ACG Industries talents, namely lacking the application, high end calibre, and creative talents**

Creation Trend—Low Age

- In March 2009, there are 45 Chinese-made TV cartoons, 36,739 minutes on publicity
- According to the proportion size ranking, they are: Fairy Tale, Education, Sci-Fi, Practical, Historical, Others. Subjects are concentrated on fairy, education and Sci-Fi theme.

Subject	Number	Length (Min)	Publicity(%)
Practical	5	3380	11.11% 9.2%
Historical	3	2548	6.67% 6.94%
Fairy Tale	13	14601	28.89% 39.74%
Sci-fi	5	5095	11.11% 13.88%
Mythology	6	3242	13.33% 8.82%
Education	12	6823	26.67% 18.56%
Others	1	1050	2.22% 2.86%
Special	Nil		

Insufficient competitive products and lacking brand

As of April 30, Google Hot List Cartoon rating Top 50 are as follows

No.	Key Words	No.	Key Words	No.	Key Words	No.	Key Words
1	Naruto	14	The Transformers	27	ZebraFinch	40	GodHand Teru
2	ULTRAMAN	15	Pleasant Goat and Gray Wolf	28	The Siege of Firebase Gloria	41	Laputa:Castle in the Sky
3	Tom And Jerry Tales	16	Crayon Shin-chan	29	EVA	42	Mickey Mouse
4	ONE PIECE	17	PoKeMon	30	Seed	43	Armored-baby
5	bleach	18	Prince of Tennis	31	Dejimon	44	Superman
6	Pleasant Goat and Gray Wolf	19	Slamdunk	32	Backkom	45	Experiences dangers records
7	Dragonball	20	Protects the sweetheart	33	Shenbingxiaojiang	46	Darkness
8	Conan	21	InuYasha	34	Pocket Monster	47	Ghost
9	The Adventures of Tintin	22	Saint Seiya	35	Snow White	48	MS IGLO
10	SpongeBob SquarePants	23	Yu-Gi-Oh	36	Claymore	49	Barbie
11	Doraemon	24	Black Cat Chief Police	37	bible black	50	Meichan no Shitsuji
12	Teletubbies	25	Calabash Brothers	38	Cinderella		
13	Mickey Mouse Clubhouse	26	ARMOR HERO	39	Fullmetal Alchemist		

Summary—China ACG Industries

- China ACG Industries has just took off, not stepped into the orbit of perfect marketisation
- From quantity advantage to quality advantage, from extensive development to intensive development
- “superiority development”, “supplementary development”, “dislocation development” are to be implemented locally, nationally and internationally.
- International market opportunity: International cooperation is an important way to develop China ACG Industries---- originality, high end technical talents, capital, IP protection, derivative products licensing etc.
- **A promising future, however the way twists and turns**

Thank You!

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