



China Film Industry Report 2010-2011 (Brief Version)

Contents

1. OVERALL TRENDS IN CHINA' S FILM INDUSTRY	8
1.1. Analysis of China' s Film Industry in 2010.....	8
1.1.1 Policy: film as a national strategic industry.....	8
1.1.2 Financing: hot money flowing into the film industry	8
1.1.3 Society: the formation of movie-going habits.....	8
1.1.4 Technology: digitalizing a necessary trend for film development.....	9
1.2. Film Industry Chain in China.....	10
1.2.1 Box Office Revenue Sharing System in China	11
1.3. Analysis of the Scale of China' s Film Industry.....	11
1.3.1 The Scale of China' s Film Industry.....	11
1.3.2 Domestic Box Office Revenue in China	13
1.3.3 Film Copyright in China.....	13
1.3.4 Movie Advertising in China: huge potential that needs to be standardized	13
2. THE PRODUCTION SECTOR.....	15
2.1. Introduction of the Production Process for Chinese Films	15
2.2. Overview and Analysis of Movie Production in China in 2010.....	15
2.2.1 Analysis of Quantity of Movies Produced in China in 2010: 526 total movies.....	15
2.3. Analysis of Financing Channels for Chinese Movies	17
□ 2.4. Analysis of Investment Returns	18
2.5. Co-production in 2010	19
2.5.1 Definitions and Patterns.....	20
2.5.2 Co-production Patterns.....	20
2.5.3 Co-production Policies and Development Trend.....	20
2.6. Future Trends of Chinese Film Production.....	20
2.6.1 The Emerging Profits for Small to Mid-Budgeted Genre Films.....	20
2.6.2 Co-productions Seek more Overseas Territories.....	21
3. THE DISTRIBUTION SECTOR.....	21



3.1 Summary of Film Distribution Market in 2010	21
3.1.1 Highly concentrated market.	21
3.1.2 Quarterly fluctuated performances of private companies.....	22
3.1.3 Investment Patterns.....	22
3.2 Market Performances of the Major Distribution Companies in 2010	23
3.2.1 China Film Group Corporation: remaining a monopoly situation.....	23
3.2.2 Huaxia: Steadily increasing the distribution volume of domestic films	23
3.2.3 Huayi Brothers: Quality production of high value	23
3.2.4 China Film Digital: Steadily improving	23
3.2.5 Bona Film Group: High quantity and scale effect	23
3.3 Case Study——Aftershock.....	23
3.4 Case Study——Let The Bullets Fly	23
4. THE EXHIBITION SECTOR – CINEMA CIRCUITS IN CHINA 2010.....	24
4.1 Introduction to Cinema Circuits in China	24
4.2 Market Landscape of Cinema Circuits	24
4.2.1 Introduction.....	24
4.2.2 Market Analysis	25
4.3 Major cinema circuits in China	25
4.3.1 Wanda Cinema Line	25
4.3.2 China Film Stellar Theater Chain	25
4.3.3 Shanghai United Circuit	26
4.3.4 China Film Southern	26
4.3.5 Beijing New Film Association	27
4.3.6 Guangzhou Jinyi Zhujiang Movie Circuit	27
4.3.7 Zhejiang Time Cinema Chain	27
4.3.8 Guangdong Dadi Digital Cinema.....	28
4.3.9 Sichuan Pacific Cinema.....	28
4.3.10 Liaoning Northern Cinema	28
4.4 Market Features and Future Trends.....	29
4.4.1 Fast Developments and Wider Gaps	29
4.4.2 Imbalanced Development among Different Regions	29
4.4.3 Seeking Better Management.....	29

5. THE EXHIBITION SECTOR -- CINEMAS IN CHINA 2010.....	30
5.1 The Development of Cinemas in China in 2010.....	30
5.1.1 Number of Cinemas and Screens	30
5.1.2 Development of Digital Screens in China	30
5.1.3 Development of 3D Screens in China.....	30
5.1.4 Development of IMAX Screens in China	30
5.2 Overview of China' s Cinema Market in 2010	31
5.2.1 Data Different Box Office Levels for Chinese Cinemas in 2010	31
5.2.2 Top 100 Selling in China in 2010.....	31
5.2.3 Operational Efficiency of Top 100 Cinemas in China in 2010	31
5.2.4 Top 10 Grossing Cinemas in China.....	32
5.2.5 Beijing Box Office Sales in 2010	32
5.2.5 Shanghai Box Office Sales in 2010	34
5.3 Analysis of Cinema Investment.....	36
5.3.1 National and Local Support Policies for Cinema Investment	36
5.3.2 Major Cinema Investors	36
5.4 Cinema Investment and Management Companies	36
5.4.1 Overview of Cinema Investment Companies	36
6. 2010 STUDY ON CHINA' S MOVIE CALENDAR.....	36
6.1 2010 Market Analysis of Movies on a Monthly Basis.....	36
6.1.1 Trend of Yearly/Monthly Box Offices in 2010	36
6.1.2 Distribution of Months for Milestone Movies in 2010.....	37
6.2 Analysis of China Milestone Movie Release Calendars	37
6.2.1 Summer Movie Release Calendar.....	37
6.2.2 Movie Release Calendar on Mid-autumn and National Day	37
6.2.3 Release Calendar the New Year period.....	37
6.3 Analysis of the Development of China' s Movie Release Calendar	37
7. ANALYSIS OF MAJOR PLAYERS IN CHINA' S FILM INDUSTRY.....	38
7.1 Analysis of the Competitiveness Edge of Sophisticated Players in the Film Industry.....	38
7.1.1 A Six-year Journey of China Film Group IPO Efforts to Be Finalized	38

7.1.2 Shanghai Film Group.....	38
7.1.3 Huayi Brothers.....	38
7.1.4 Bona Film Group.....	38
7.1.5 Orange Sky Golden Harvest Ltd.....	39
7.1.6 Stellar Film Group.....	39
7.2 Analysis of Competitiveness of New Film Companies.....	39
7.2.1 Enlight Picture.....	39
7.2.2 Galloping Horse.....	39
7.2.3 Dadi Movie.....	39
7.2.4 LETV Pictures.....	39
7.3 Analysis of competitiveness of placement advertising company before movie release.....	39
7.3.1 Filmore-media. Incorporated Company.....	39
7.3.2 Jingmao Film Media.....	40
8. INTRODUCTION AND EXPORT OF OVERSEAS FILM COPYRIGHT.....	41
8.1 Introduction of Overseas Film Copyright for Chinese Film Market in 2010.....	41
8.1.1 Overview of Box Office of Imported films in 2010.....	41
8.1.2 Analysis of Market Features of Imported films in 2010.....	41
8.2 Export of Domestic Films in 2010.....	41
8.2.1 Overview of Chinese Film Export in 2010.....	41
8.2.2 North American.....	42
8.2.3 Asian-Pacific region.....	42
8.2.4 Europe and Other Regions.....	42
9. MOVIE-GOING SURVEY CHINA IN 2010.....	43

I. Research Background

Looking back at 2010, despite global economic recession, China's film industry performed exceptionally well with leaping advances. Based on interviews and in-depth research and analysis of the film industry, EntGroup presents 《2010-2011 China Film Industry Report》.

II. Research Scope

Using data from in-depth research and analysis, this report will focus on the Chinese film industry in 2010 - 2011. In this report, the Chinese film industry refers to mainland China film industry, and does not include the industries in Hong Kong, Macau and Taiwan.

III. Methodology

This report adopts both quantitative and qualitative methods, and combines revenue figures of the film market to conduct the research on the Chinese film industry. The statistics used in this report is primarily from the figures announced on China Film News, gathered from the Computer Ticketing Network Centre of National Film Special Fund Office, while the market ranking data was obtained from the China Film Exhibition & Distribution Association, as well as data provided by main film circuits in the country. The above data were cross-examined by interviewing major cinema circuits and distribution companies. All the figures and statistics used in this report were obtained from more than one source, and they were cross-examined repeatedly and were analyzed comprehensively, to ensure the greatest accuracy and authenticity.

IV. Introduction to online survey

Concept Definition

Chinese movie-goers refer to audience who watched at least one movie in a cinema in China during the past year (excluding Hong Kong, Macau and Taiwan). The audience in this report refers to cinema movie-goers only.

Research Method

The survey was conducted by Internet survey, with Internet survey group iResearch's iClick survey community network to obtain related data and results.

Period of survey

From Nov 5, 2010 to Nov 30, 2010

Survey Sample

The total number of sample is 9242, among which 3299 are samples from eight major cities. The 8 major cities are selected from the top 8 cities that have their 2008 box office revenue grossing over RMB100m. The sample audience is then weighed valued based on the distribution of Chinese movie-goers in major cities, as well as the distribution of Chinese Internet users in major cities.

V. Definitions

Production Company

Companies that engage in film financing, shooting and post-production work of a film project which includes film production companies and post-production companies. The production company owns the original copyright of a film, and sells within a certain time frame of the copyright to a distribution company or distributor of other channels.

Distribution Company

Companies responsible for setting up and executing marketing and promotional strategies for the films, as well as negotiating with cinema managers on release scales and the number of film prints or opening-day screens. Distribution companies purchase or represent a film's distribution rights, then release the film in the partnering cinema circuits on flat-fee or revenue-sharing basis, or in other forms of partnership. Often times the production and distribution of a film is managed by the same company.

Cinema Circuits

Cinema management company that is responsible for communicating with the distribution company to schedule screenings of a film. A cinema circuit consists of several cinemas; cinema circuits provide films prints, schedule screenings and manage cinemas under the circuits. On a revenue-sharing scheme, cinema circuits obtain prints of the movies. Cinema circuits normally schedule screenings of major productions, whereas distributors of medium or low budget films need to strive for support from the cinema circuits to secure screening possibilities.

Cinema

The actual place where the films are screened, and where box office revenue go to; except for the share of box office revenue, a cinema's revenue also includes the sales of concession such as popcorn, drinks and other additional products, as well as derivative commodities of the films, which account for approximately 10% -16% of a cinema's total income.

Digital Film/ Digital Print/ Digital Screen

Digital film refers to films that are filmed, produced, stored with digital technology, with the signals transmitted through satellite, optical fiber, disk, Compact Disks or other forms of physical transmitting forms, then transformed into audio and visual data that

conforms with film technology standards, and presented on cinema screens for viewing. Digital prints refer to film prints distributed in digital formats; currently in China, digital prints are normally delivered in hard drives.

Digital screens refers to cinema screening rooms installed with digital projectors and can project digital films onto the screens. The number of digital screens is a main index used to evaluate a region' s capacity of showing digital films.

3D Films/ 3D Screens

3D films are films that are shot with cameras of stereographic technology or are shot with in normal cameras but added with computer generated 3D stereoscopic images.

3D screen refers to cinema screens that are equipped with a 3D projectors, and that are able to present 3D stereoscopic images for viewing.

IMAX Films/ IMAX Screens

IMAX films are films shot in 70mm film format or produced through computer technology to display images of extra large resolution, to be projected onto IMAX screens; an IMAX screen is a screen to project an IMAX film; a standard IMAX screen is 22 meters wide and 16meters high, but the actual sizes IMAX screens vary in different cinemas and regions.

Product Placement

Product placement refers to the placement of a product or its iconic visual image or even its service into a the images of a film, TV drama or television program. Product placement is a marketing and advertisement strategy which aims to give the viewers impression of the product or brand through scene arrangements to let the product or image reappear in the program, thus creating the effect of advertisement

Cinema Advertising

Advertisements especially produced to be broadcasted along with the screening of a film in cinemas; normally they are broadcasted before the actual film begins.

VI. The Report

1. Overall Trends in China' s Film Industry

1.1. Analysis of China' s Film Industry in 2010

1.1.1 Policy: film as a national strategic industry

With the release of the Cultural Industries Stimulation Plan in 2009, China' s cultural services industry was elevated to the national strategic level. In 2010, the State Council and nine other ministries issued additional guidelines, giving new life to China' s film industry.

- Guidelines on Stimulating Film Industry Development
- Guidelines on Financial Support for the Promotion and Development of Cultural Industries

1.1.2 Financing: hot money flowing into the film industry

In 2010, there was an increase in risk in traditional investment sectors like construction and the stock market, which resulted in a portion of that money coming into cultural industries. Investment in film over the past few years has been limited to 400-500 companies, but this year, that number broke 1,100. While outside investment in the film industry has resulted in an increase in the number of movies and the overall level of investment, the influx of so much hot money has resulted in an overheating of film investment. Many outside investors have only a limited understanding of the industry and blind investment may lead to increased risk. At the same time, the influx of too much hot money is not necessary beneficial to the healthy development of the industry as a whole.

1.1.3 Society: the formation of movie-going habits

As the number and quality of movies steadily increases, the number of cinemas has also increased. The appearance of event-focused movies like Avatar and Let the Bullets Fly has brought Chinese viewers who haven' t seen a movie in years back to the cinemas. For young people, going to the movies has become a set leisure activity. In 2010, the number of movie goers in mainstream Chinese movie markets was 286 million, this is a 40% increase from 204 million in 2009.

1.1.4 Technology: digitalizing a necessary trend for film development

■ Digital Screenings

As of the end of 2010, of the 6,200 screens in China, around 4,100 were digital or 66% of the total number, second only to the United States. 2,500 new digital screens went online in 2010.

■ 3D Screenings

The screening of Avatar sparked a wave of construction of 3D screens in China. As of the end of 2010, China had 2,020 3D screens, a number second only to the United States.

Changes in the Number of 3D and Digital Screens 2007-2012

	2007	2008	2009	2010	2011E	2012E
No. of 3D Screens	82	130	700	2020	4800	7200
No. of Digital Screens	700	800	1600	4100	7408	10030
Total Screens	3527	4097	4723	6256	8925	11800
Percentage of Digital Screens	20%	20%	34%	66%	83%	85%
©2011.2 艺恩咨询 EntGroup Inc.			www.entgroup.cn			

Table 1-2: Changes in the Number of 3D and Digital Screens 2007-2012

Film Industry Chain in China

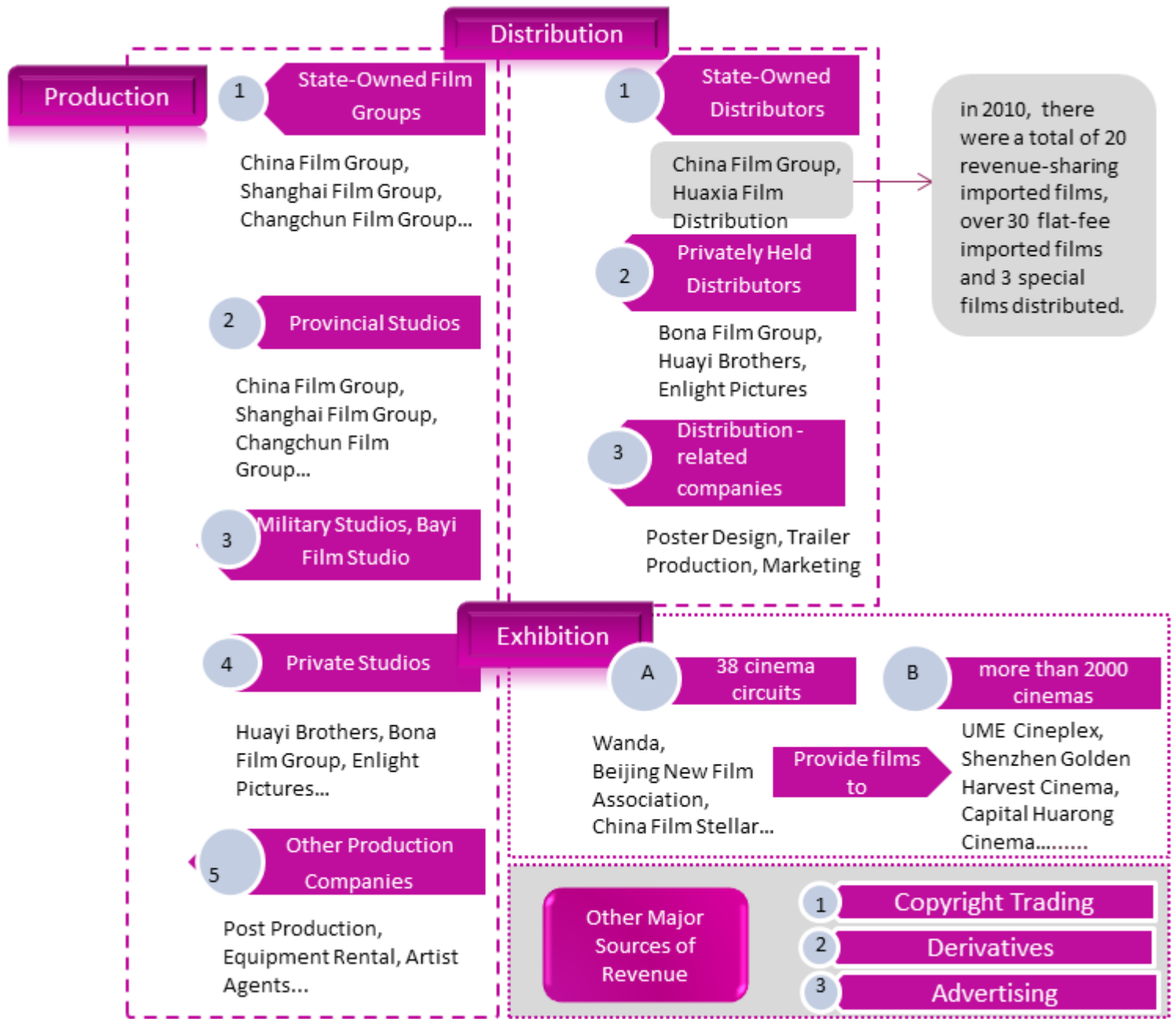


Figure 1-2: Film Industry Chain in China

1.2.1 Box Office Revenue Sharing System in China

- Box Office Revenue for Share: Actual Box Office Income – Operational Taxes/Fees – NFDF Fund Contribution
- Operational Taxes and Fees: Actual Box Office Income x 3.3%
- NFDF Contribution: Actual Box Office Income x 5%

Table 1-3: Box Office Revenue Split Ratios

1.3. Analysis of the Scale of China' s Film Industry

1.3.1 The Scale of China' s Film Industry

In 2010, the total income of China' s film industry was 15.36 billion RMB, up 53% from 2009. This can be categorized into domestic box office revenue, domestic non-box office revenue and international sales revenue. In western countries with developed film industries, domestic box office revenue usually makes up less than 30% of total revenue, but in China, this number is closer to 70%.



Figure 1-3: Revenue of China's Film Industry 2005-2012

1.3.2 Domestic Box Office Revenue in China: 27 films over 100M, imported

films comprise 43% of box office revenue

Box office revenues sky rocketed in 2010, reaching 10.17 billion RMB, up 63.9% over 2009.

Also in 2010, there were 27 films that brought in over 100 million RMB, compared with only 8 in 2009. Four of these, Avatar, Aftershock, Let the Bullets Fly and Inception passed the 400 million mark, one more than in 2009. Avatar brought in a massive 1.39 billion RMB in box office sales, becoming the first film in mainland China to break the 1 billion mark.

1.3.3 Film Copyright in China

- Copyright of Film and Television in China: small-budget films one saving grace
- New Media Copyrights of Chinese Films: prices rising rapidly, gradually replacing DVD rights

1.3.4 Movie Advertising in China: huge potential that needs to be standardized

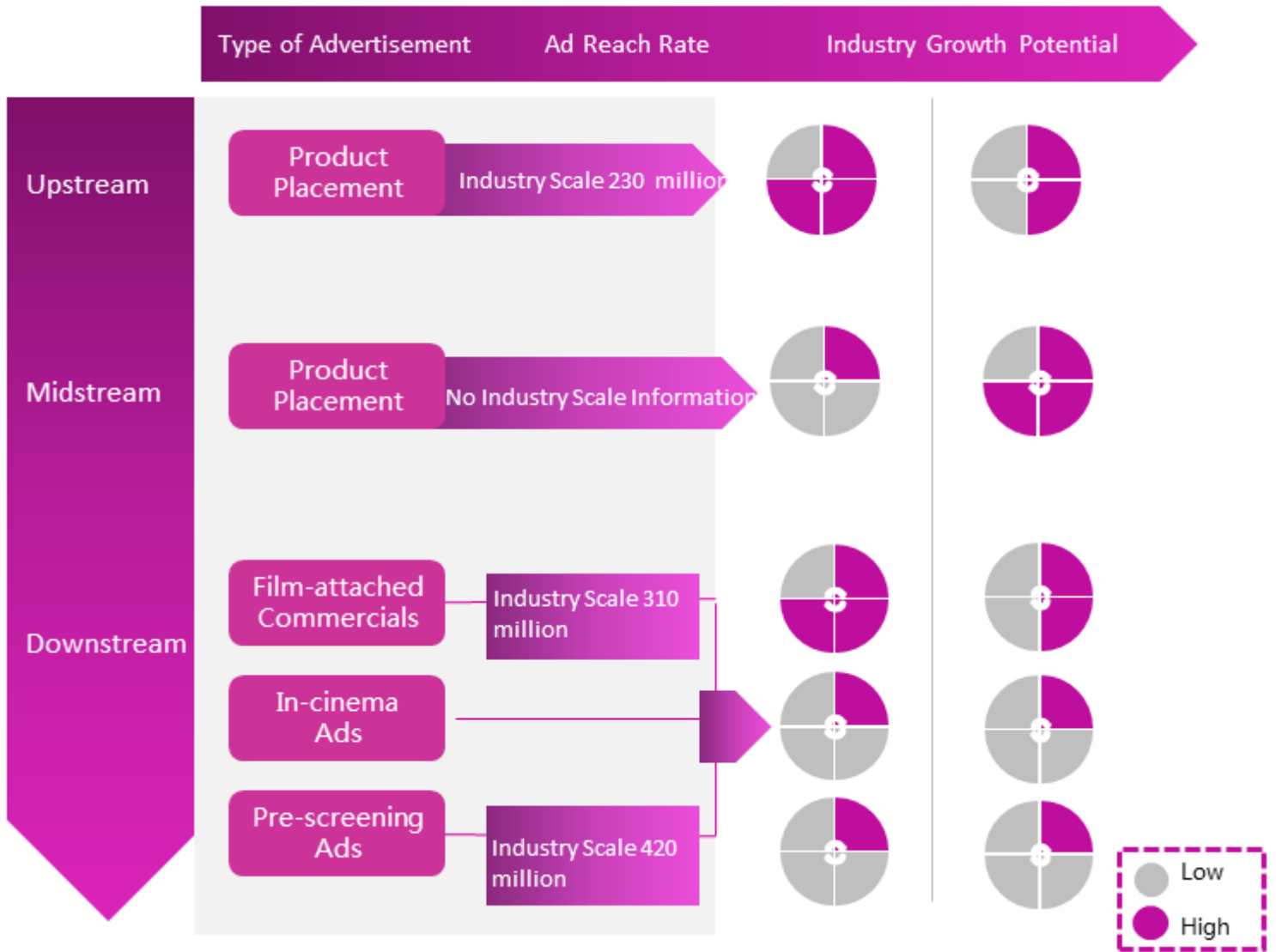


Figure 1-8: Movie Ad Industry Chain in China

1.3.4.1 Product Placement in Chinese Movies: placement should be primary concern

1.3.4.2 Pre-Screening and Film-attached commercials in China: must be further standardized

1.3.4.3 Tie-in Promotion: a new ad format waiting to be developed

2. The Production Sector

2.1. Introduction of the Production Process for Chinese Films

- Pre-production Stage
 1. Creation of Script
 2. Budget Creation
 3. Cast/Crew Selection
 4. Selection of Location and Props, etc.
 5. Review of Script and Obtaining of Filming License
- Filming
- Post-Production
- Review

2.2. Overview and Analysis of Movie Production in China in 2010

2.2.1 Analysis of Quantity of Movies Produced in China in 2010: 526 total movies

Starting in 2002, the number of movies produced in China began a period of rapid growth that averaged about 20%. 2008 saw a slight decline, but strong growth was seen again in 2009 and 2010. There were 526 movies produced in China in 2010, making the country the third largest maker of films in the world.

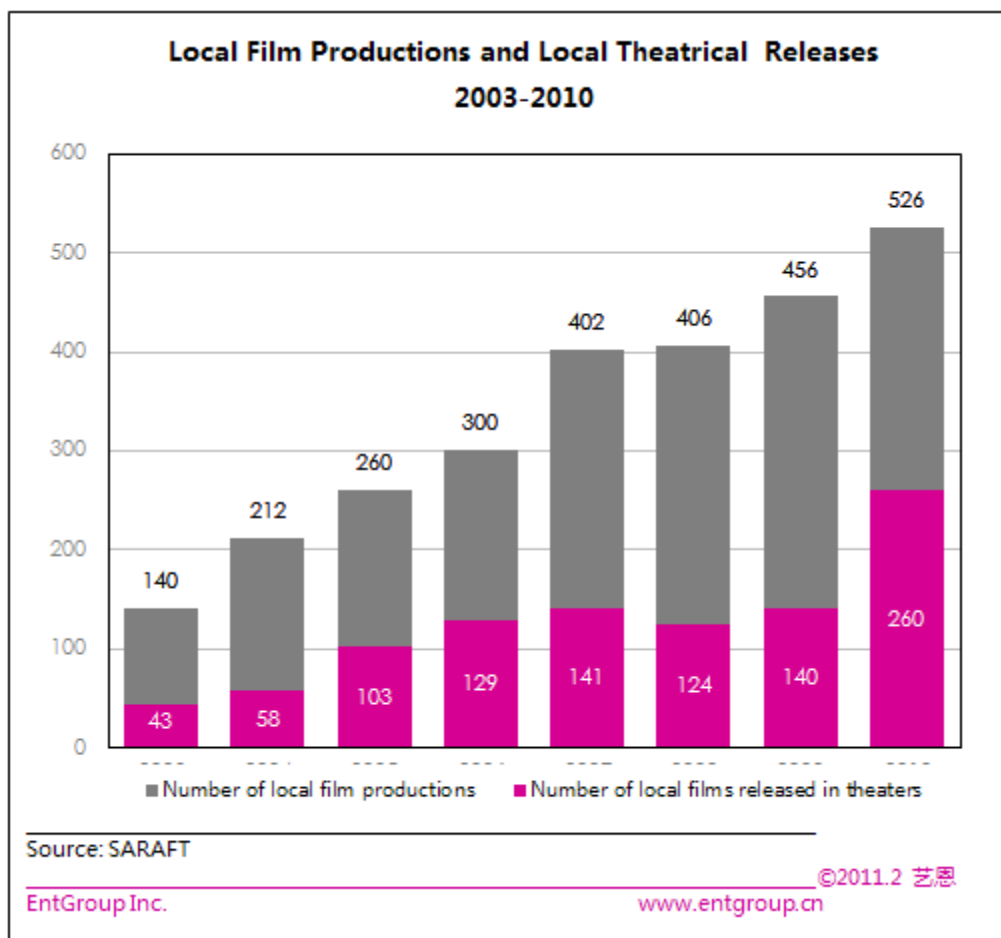


Figure 2-2: Number of Domestic Movies Produced and Shown in China, 2003-2010

2.2.2 Number of Chinese Films Produced in 2010 by Genre: romance and action films top list

Of the domestically produced films that garnered considerable box office sales, romance and action films had the highest production numbers, respectively making up 25% and 20% of all films. Following these were comedies and dramas with 17% and 11% respectively. In terms of box office market share by genre, action, drama and romances with market shares of 33%, 20% and 15% respectively.

2.2.3 Cost Analysis of Chinese Films in 2010

2.2.4 Number of Digital Films in China

- Digital Movies a Strong Trend
- Profitable Trials in 3D

2.3. Analysis of Financing Channels for Chinese Movies

With increased policy support for movies from the government and a resurgence in the movie market, a great deal of capital has flowed into the film production sector. This report believes that the problem of financing for film production has initially been resolved and that financing resources for Chinese film production will be more abundant in the future.

2.3.1 Bank Loans and Classic Examples

2.3.2 Product Placement

2.3.3 Film Funds

2.3.4 Financing in the Stock Market

2.3.5 Government Funding

2.4. Analysis of Investment Returns

2.4.1 Main Risks of Film Investment

This report divides the risks of film investment in Chinese film industry in 11 categories. Each of the below category may be influential and be a deciding factor for a film's final box office result and its social impact.

Main Risks of Film Investment

	Risks	Definition	Example
1	Policy Risk	If the script can pass the censorship and secure a shooting permit	Shanghai
2	Over-budget	Is the production over-budgeting and causing the shooting to halt	Red Cliff
3	Risk of Crew	Does the filmmaker and the investor agree on the narrative style and direction, and finish the shooting on time	Empire of the Deep
4	Joint Investment	Disagreement between two sides of the joint investors	Liang Ge Ren De Ji Jie
5	Safety of Filming	Accidents and hazards in production	Red Cliff
6	Overlapping Subjects	Films of similar subjects or genres screened on the same week	Reign of Assassins vs Detective Dee and the Mystery of Phantom Flame
7	Risks of Distribution	Access to secure a theatrical release as scheduled, or a good time slot	Driverless
8	Piracy	Pirated copies of film available before screening	Let the Bullets Fly
9	Adaptation rights	Has the production company purchased the adaptation rights	Royal Tatoo
10	Public Relations	Does the production company maintain a good relation with the media	Confucius
11	Word of Mouth	Does the film have good word-of-mouth after release	Just Call Me Nobody
©2011.2 艺恩咨询 EntGroup Inc.			www.entgroup.cn

Table 2- 1 Main Risks of Film Investment

- **2.4.2 Analysis of Investment Returns**
 - **Aftershock**
 - **Detective Dee and the Mystery of Phantom Flame**
 - **Go Lala Go**
 - **Midnight Beating**
 - **Chongqing Blues**

2.5. Co-production in 2010

In 2010, 95 films have applied to China Film Co-production Company for co-production or assisted-production, and 63 of them were approved.

2.5.1 Definitions and Patterns

The EntGroup Report defines co-production films as films jointly produced by Chinese and foreign production companies.

The application and procedure of a co-production film is described as below:



Figure2-7 Chinese co-production filming procedure

2.5.2 Co-production Patterns

Since Chinese companies do not take part financially in assisted productions and commissioned productions, they do not have the copyrights of the productions. Sino-Foreign co-productions, on the other hand, are jointly invested by companies of different countries, so the copyright and the distribution of the production in each geographic area may go to the respective companies. Another possibility is the copyright in each geographic area be collectively possessed by all investors while each of them is solely responsible for the distribution in their own territory.

2.5.3 Co-production Policies and Development Trend

- China–Hong Kong co-production policies
- Mainland China -Taiwan Co-production
- China-Australia Co-production
- China-France Co-production

2.6. Future Trends of Chinese Film Production

2.6.1 The Emerging Profits for Small to Mid-Budgeted Genre Films

2.6.2 Co-productions Seek more Overseas Territories

3. The Distribution Sector

3.1 Summary of Film Distribution Market in 2010

3.1.1 Highly concentrated market.

In 2010, there are 300 production and distribution companies in mainland China, same as the number in the past two years. Among them, 90% are privately owned, and more than one third of them have not met with the requirement to produce films in two consecutive years. Around 50 of them have business volume of two films or more annually, and have the ability to keep on running. In general, the market is still highly concentrated and the top ten companies have taken 85.5% of the market share in the distribution market.

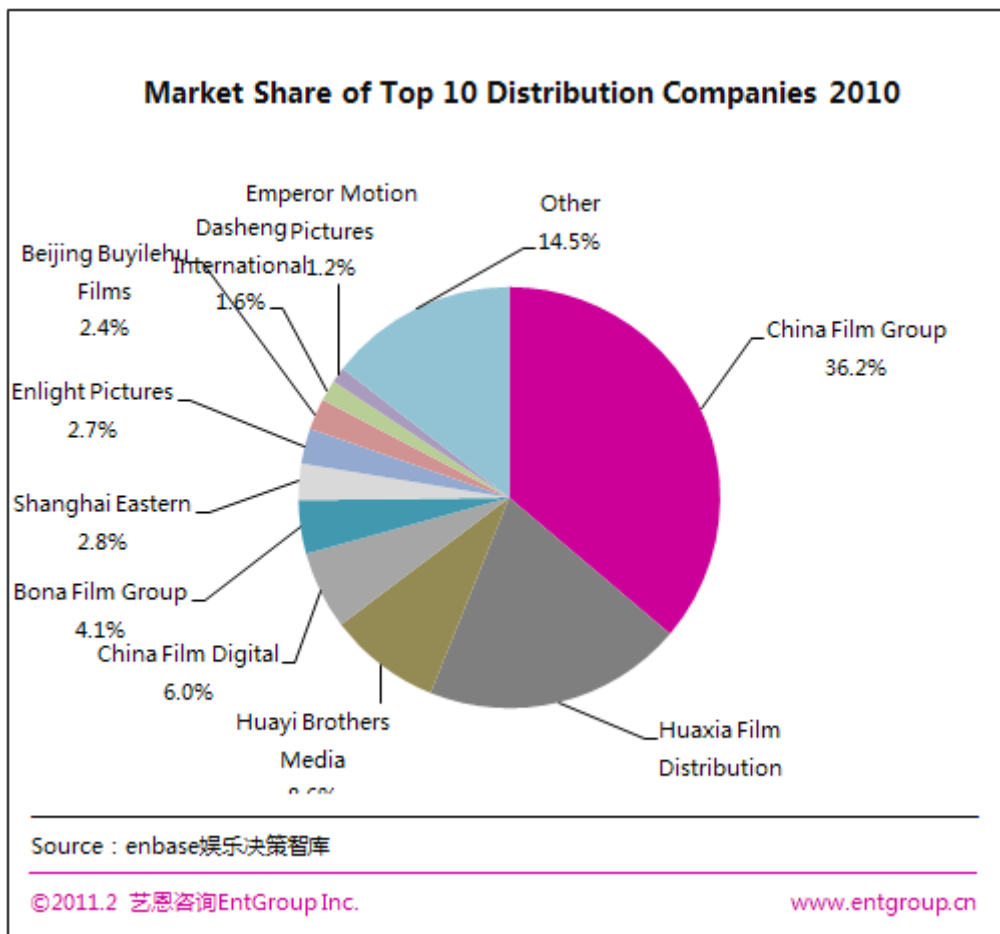


Figure 3- 1 Market Share of the Top Ten Distribution Companies in China, 2010

3.1.2 Quarterly fluctuated performances of private companies

With only a few films to distribute for each companies, the performances of private distribution companies were seriously influenced by the quality of individual films. Besides,, as private companies are not allowed to distribute revenue-sharing imported films, their market shares changed more dramatically than that of state-owned enterprises.

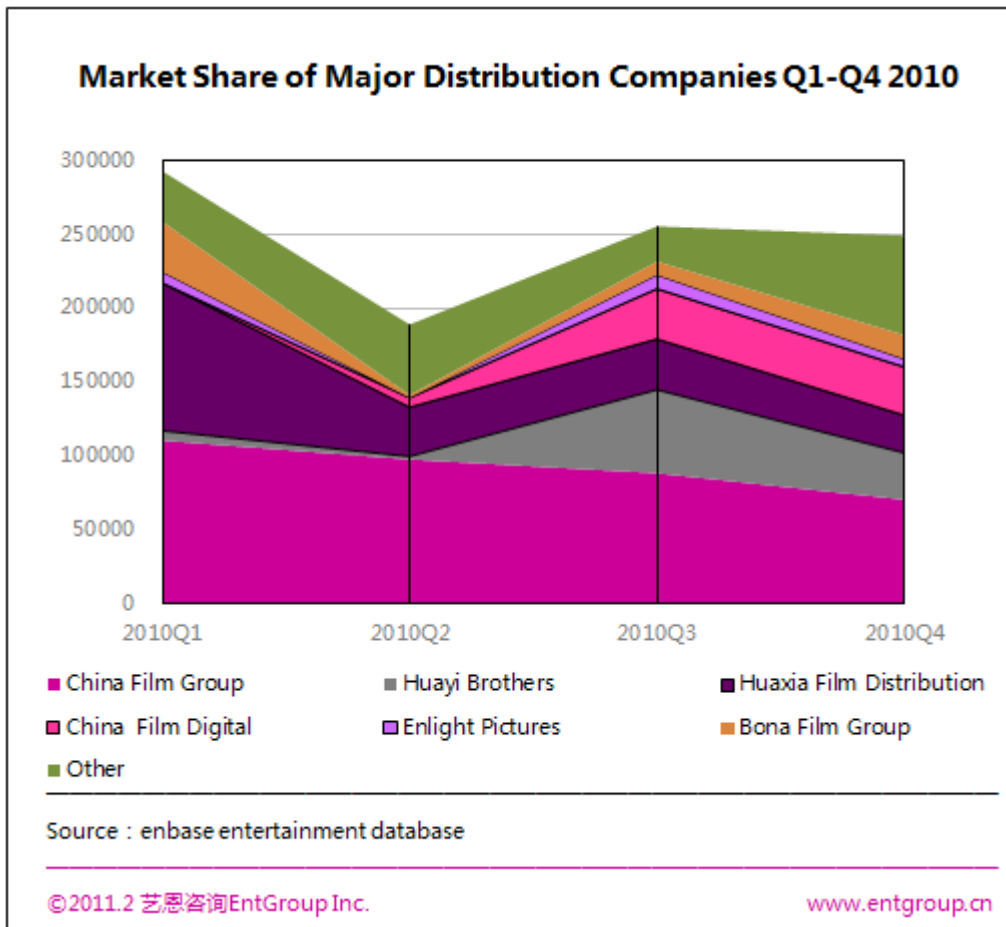


Figure 3- 2 Market Share of Major Distribution Companies, Q1-Q4, 2010

3.1.3 Investment Patterns

The analysis of revenue range shows that companies distributed more than ten films have a more complete film revenue structure than others. The revenue segmentation of the two biggest companies in China, China Film Group and Huaxia, has very much reflected the general trend of Chinese film market. Most of their films had the theatrical

revenue of 50 million or less, and only a few films can be squeezed into the revenue range between 50 million to 90 million. According to enbase of EntGroup, among the 148 films exhibited in 2010, 18% of them gained their theatrical revenue of RMB100 million or more, 14% of them gained 50 to 100 million, 32% gained 10 to 50 million, and 36% gained 10 million or less. Major productions and their distributed films were mainly handled by the top ten distributors (all of the 27 films with the revenue of RMB100 million or more were most certainly handled by top ten companies). As a whole, the ratio of 100million films in the distribution list of ten companies is most certainly higher than ratio of 100m films in the total number of films.

3.2 Market Performances of the Major Distribution Companies in 2010

3.2.1 China Film Group Corporation: remaining a monopoly situation

In 2009, China Film Group distributed a total of 62 films; the total revenue was 4.044 billion yuan, which accounted for 64.5% of the total theatrical revenue in China. Its market share was 38.4%, a percentage that earned it the first place of the top ten distributors. In 2010, the China Film Group distributed 90 films and gained a revenue of 8.022 billion, which accounted for 78.43% of the total theatrical revenue in China; the market share was 36.2%, slightly lower than that in 2009. In 2010, the top ten films distributed by China Film Group collectively created 4.23 billion in their theatrical revenue and 64.5% of it was from imported films, much more than the revenue of domestic films.

3.2.2 Huaxia: Steadily increasing the distribution volume of domestic films

3.2.3 Huayi Brothers: Quality production of high value

3.2.4 China Film Digital: Steadily improving

3.2.5 Bona Film Group: High quantity and scale effect

3.3 Case Study—Aftershock

3.4 Case Study—Let The Bullets Fly

4. The Exhibition Sector – Cinema Circuits in China 2010

4.1 Introduction to Cinema Circuits in China

➤ Introduction

The cinema circuit system in China was established in 2002. The system ended the old distribution and exhibition system which was based on geographic regions and was formed during the planned- economy era. At that time, films were distributed by administrative unit of a province, city or county. The cinema circuit system lets the distributors to go to cinema circuits directly and the circuit is responsible for supplying films to the subordinate theaters. The cinema circuit system not only simplifies the procedure of film distribution and enhances the efficiency, but also introduces a competition mechanism among the cinema circuits, making film exhibition a part of the market economy. It has then become the driving force of the development of Chinese film industry.

For cinema circuits financially owning their cinemas, they can be more efficiently and effectively manage the cinemas and handle the screening schedules more smoothly, while for those cinema circuits set up in the form of alliance, their market share tend to be smaller. However, from the development of cinemas in 2010, we can see that more and more cinema circuits choose to take financial control over their cinemas in order to pursue better management and better branding. This will be a main direction of future development for cinema circuits in China.

4.2 Market Landscape of Cinema Circuits

4.2.1 Introduction

Since the establishment of the cinema circuit system in 2002, the Chinese film market has entered an era of rapid development. In 9 years, China' s annual box office revenue has increased from RMB100 million to RMB 10.2 billion. The cinema circuit system is one of the main factors behind such a rapid growth. The following section will analyze the Chinese cinema circuits in various aspects such as size, numbers, concentration rate and operation type, and find out the development features of cinema circuits in 2010.

4.2.2 Market Analysis

- Size
- Numbers
- Revenue
- Concentration Rate
- Screen Concentration
- Operation Efficiency

4.3 Major cinema circuits in China

4.3.1 Wanda Cinema Line

Annual Overview

Cinemas		Screens		Box Office		Admissions/Screenings	
Cinema number	67	Screen Number	554	Gross	140m	Admissions	36,350,000
New cinemas	21	New Screens	200	Increase rate	68%	Screenings	740,000
Cinema Locations	In 24 provinces and cities including Beijing, Shanghai, Tianjing, Inner Mongolia, Liaoning, Jilin, Sichuan, Hubei, etc.						
Source : enbase 娱乐决策智库							
©2011.2 艺恩 EntGroup Inc.				www.entgroup.cn			

For the second year in a row, Wanda Cinema Line becomes China's highest-grossing cinema circuit. In 2010, Wanda Cinema Line took in an annual gross of RMB1.4 billion, leading the second-placed cinema circuit by nearly RMB200m.

4.3.2 China Film Stellar Theater Chain

Annual Overview

Cinemas		Screens		Box Office		Admissions/Screenings	
Cinema number	136	Screen Number	684	Gross	1.21billion	Admissions	33,410,000
New cinemas	32	New Screens	185	Increase rate	52%	Screenings	1,000,000
Cinema Locations	In 26 provinces and cities including Beijing, Shanghai, Tianjin, Guangzhou, Jiangsu, Hubei, etc.						

Source : enbase 娱乐决策智库

©2011.2 艺恩 EntGroup Inc.

www.entgroup.cn

China Film Stellar continues to expand its cinema and screen numbers in the form of contracted alliance. In 2010 the circuit has gained 32 new cinemas, reaching new territories where no cinemas were built in the regions such as Liuzhou of Guangxi province, Huangshai of Anhui Province.

4.3.3 Shanghai United Circuit

Annual Overview

Cinemas		Screens		Box Office		Admissions/Screenings	
Cinema number	153	Screen Number	599	Gross	1.07billion	Admissions	26,690,000
New cinemas	32	New Screens	184	Increase rate	63%	Screenings	720,000
Cinema Locations	In 21 regions and cities including Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Chongqing, etc.						

Source : enbase 娱乐决策智库

©2011.2 艺恩 EntGroup Inc.

www.entgroup.cn

In 2010, Shanghai United Circuit continue to dominate the Shanghai region as well as eastern China provinces. It also expanded its reach to Beijing and allied with one of the largest cinemas in Asia – Jackie Chan Yaolai International Cinema.

4.3.4 China Film Southern

Annual Overview

Cinemas		Screens		Box Office		Admissions/Screenings	
Cinema number	119	Screen Number	493	Gross	950m	Admissions	25,880,000
New cinemas	21	New Screens	140	Increase rate	56%	Screenings	670,000
Cinema Locations	In 13 provinces and cities including Guangdong, Jiangsu, Chongqing, Fujian, etc.						

Source : enbase 娱乐决策智库

©2011.2 艺恩 EntGroup Inc.

www.entgroup.cn

In 2010, China Film Southern takes in a box office revenue of RMB950m, which is a 58%

growth rate. The impressive growth has also widen the gap between itself and its competitor, Beijing New Film Association.

4.3.5 Beijing New Film Association

Annual Overview

Cinemas		Screens		Box Office		Admissions/Screenings	
Cinema number	96	Screen Number	489	Gross	790m	Admissions	22,170,000 人
New cinemas	21	New Screens	200	Increase rate	29%	Screenings	670,000
Cinema Locations	In 15 regions including Beijing, Shanghai, Tianjin, Guangzhou, Sichuan, etc.						
Source : enbase 娱乐决策智库							
©2011.2 艺恩 EntGroup Inc.						www.entgroup.cn	

4.3.6 Guangzhou Jinyi Zhujiang Movie Circuit

Annual Overview

Cinemas		Screens		Box Office		Admissions/Screenings	
Cinema number	56	Screen Number	325	Gross	680m	Admissions	17,910,000
New cinemas	19	New Screens	110	Increase rate	57%	Screenings	470,000
Cinema Locations	In 15 regions including Guangdong, Beijing, Tianjin, Chongqing, Jiangsu, Hunan, etc.						
Source : enbase 娱乐决策智库							
©2011.2 艺恩 EntGroup Inc.						www.entgroup.cn	

4.3.7 Zhejiang Time Cinema Chain

Annual Overview

Cinemas		Screens		Box Office		Admissions/Screenings	
Cinema number	81	Screen Number	361	Gross	420m	Admissions	12,260,000
New cinemas	22	New Screens	126	Increase rate	61%	Screenings	410,000
Cinema Locations	In 4 regions: Zhejiang, Shanghai, Jiangxi and Anhui						
Source : enbase 娱乐决策智库							
©2011.2 艺恩 EntGroup Inc.						www.entgroup.cn	

4.3.8 Guangdong Dadi Digital Cinema

Annual Overview

Cinemas		Screens		Box Office		Admissions/Screenings	
Cinema number	108	Screen Number	399	Gross	370m	Admissions	13,530,000
New cinemas	59	New Screens	229	Increase rate	190%	Screenings	390,000
Cinema Locations	In 19 regions including Guangdong, Shanghai, Beijing, etc.						
Source : enbase 娱乐决策智库							
©2011.2 艺恩 EntGroup Inc.						www.entgroup.cn	

With its strategy to fast expand in 2nd and 3rd tier cities, and its successful branding and management, Dadi Digital Cinema in 2010 has a high-speed growth and for the first time entered the top 10 list of cinema circuits. With such a pace of development, Dadi is likely to reach a higher growth rate in 2011.

4.3.9 Sichuan Pacific Cinema

Annual Overview

Cinemas		Screens		Box Office		Admissions/Screenings	
Cinema number	47	Screen Number	263	Gross	3.50m	Admissions	12,090,000
New cinemas	12	New Screens	75	Increase rate	72%	Screenings	340,000
Cinema Locations	In 4 provinces: Sichuan, Gansu, Guangdong and Shanxi						
Source : enbase 娱乐决策智库							
©2011.2 艺恩 EntGroup Inc.						www.entgroup.cn	

4.3.10 Liaoning Northern Cinema

Annual Overview

Cinemas		Screens		Box Office		Admissions/Screenings	
Cinema number	58	Screen Number	256	Gross	320m	Admissions	10,780,000
New cinemas	12	New Screens	75	Increase rate	35%	Screenings	400,000
Cinema Locations	In 3 provinces: Liaoning, Shandong and Heilongjiang						

Source : enbase

©2010.12 艺恩 EntGroup Inc

www.entgroup.cn

4.4 Market Features and Future Trends

4.4.1 Fast Developments and Wider Gaps

The fast development of cinema circuits started in 2009 and continued in 2010. However, the fast development was driven mainly by a few leading cinema circuits. As major cinema circuits are growing faster and faster, smaller circuits have seen more and more difficult situation. This can be seen from the figures of top 10 cinema circuits. The highest-grossing circuit Wanda Cinema Line in 2010 has 200 new screens, while the 10th placed Liaoning Northern only has 47 new screens in 2010. The gap between No.1 and No.10 has been widened as such, not to mention the gap between Wanda and the rest of smaller cinema circuits.

4.4.2 Imbalanced Development among Different Regions

Because of imbalanced economic development and different consumption habits, cinemas are unevenly distributed in China. For example, cinemas in big cities, eastern coastal areas, southern region and developed areas outnumber those in small and mid-sized cities, mid-western area, northern region and less-developed areas.

4.4.3 Seeking Better Management

As many of the cinema circuits are established in the form of contracted alliance. For managers of those circuits, the relation between the circuits and cinemas is merely relied on the sharing of box office revenues. The circuit does not have management power over the cinemas in the alliance. Many cinema circuits lack effective management for cinemas under them. More and more managers, however, have acknowledged the issue and have begun to invest in or taking majority stakes of the cinemas in their alliances, hoping to build up stronger financial ties between the circuit and the cinemas, so as to set up a better management for the cinema circuit.

5. The Exhibition Sector -- Cinemas in China 2010

5.1 The Development of Cinemas in China in 2010

5.1.1 Number of Cinemas and Screens

In 2010, the number of cinemas and screens in China continued to maintain a rapid rate of growth. Within the national circuit of cinemas, there were 313 new venues opened in 2010, bringing the total number to 2000 venues. There were also an additional 1,533 screens in 2010, an average of 4.3 additional screens per day, bringing the total number of screens nationwide to 6,256. Along with the rapid overall development of the market, this report has found that, under policies of guidance and encouragement implemented by the government, the next few years will be a peak period of growth for the construction of new cinemas. The growth of the number of cinemas and screens will see rapid growth and it expected that an additional 1,300 cinemas and 10,000 screens will be added to current levels by 2012.

5.1.2 Development of Digital Screens in China

In 2010, the number of digital screens in China exploded and was what ensured the possibility of 10 billion RMB in box office revenue. Approximately 2,500 new or upgraded 2K screens were added in 2010, bringing the total number to 4,100, second only to the United States, putting China in the number two spot globally.

5.1.3 Development of 3D Screens in China

China is currently experiencing the fastest rate of growth of 3D screens in the world and is second only to the United States in terms of numbers. As of the end of 2010, the number of 3D digital screens in China had passed the 2,000 mark and it is estimated that 49.3% of all screens are 3D. As of December 2010, the total number of 3D screens had reached 2,020.

5.1.4 Development of IMAX Screens in China

As of the end of February 2011, there were a total 35 IMAX screens in China, of which 5 were film-based and 9 were in technology and science museums. There are 403 IMAX screens worldwide, of which 280 are for commercial showings and 123 are used in museums or other non-profit venues.

5.2 Overview of China' s Cinema Market in 2010

5.2.1 Data Different Box Office Levels for Chinese Cinemas in 2010

In recent years, as the numbers of cinemas and screens increase, the box office sales for individual theaters have also increased dramatically and the number of those with high box office sales numbers has been especially noticeable. The leader in Chinese box office sales has been the Guangzhou Feiyang Cinema, increasing its ticket revenue from 56.21 million RMB in 2007 to 67.45 million RMB in 2008 and eventually reaching 82.20 million RMB in 2009.

In addition, the total number of cinemas with box office sales of over 20 million RMB in 2010 was 87, and while these only made comprised 5.2% of nationwide cinemas, total ticket sales revenue reached 2.76 billion RMB, or 44.5% of nationwide sales, showing that the revenues from ticket sales has risen to a higher level overall.

5.2.2 Top 100 Selling in China in 2010

Cinema rankings in China changed considerably in 2010. Guangzhou' s Feiyang Cinema fell to number six because its two branches were counted separately and it just so happens that list was topped by the previous year' s number six, Beijing' s UME Cineplex, whose box office sales for the year pushed nearly 100 million RMB. Meanwhile, the level of the top ten cinemas rose from 50 million RMB to 60 million, a range newly entered by Shanghai' s Peace Cinema and Fuzhou' s Jinyi Cinema.

The total box office of these top 100 cinemas was 3.98 billion RMB, or 39.4% of all box office sales nationwide, indicating that the cinema market is relatively concentrated.

5.2.3 Operational Efficiency of Top 100 Cinemas in China in 2010

➤ Average Ticket Prices

According to data collected on ticket prices of the 100 top grossing cinemas in China, the average price of tickets was 40.4 RMB.

➤ Average Number of Screens and Seats

According to data collected, all of the 100 top grossing cinemas are relatively large with an average of 8.6 screens and seating reaching 1,500.

5.2.4 Top 10 Grossing Cinemas in China

Cinema rankings in China changed considerably in 2010. Guangzhou's Feiyang Cinema fell to number 15 because its two branches were counted separately and it just so happens that list was topped by the previous year's number six, Beijing's UME Cineplex, whose box office sales for the year pushed nearly 100 million RMB. Meanwhile, the level of the top ten cinemas rose from 50 million RMB to 60 million, a range newly entered by Shanghai's Peace Cinema and Fuzhou's Jinyi Cinema.

5.2.5 Beijing Box Office Sales in 2010

Beijing's cinemas saw rapid growth in 2010, maintaining the city's top position in terms of box office sales. Of the top 100 grossing cinemas, 14 are located in Beijing and the top 20 cinemas had average box office sales of 39.5 million RMB. However, there is also a wide range of differences in revenue with a gap of 83 million RMB between the top selling cinema and the worst selling. This shows that there is a wide gap in the development of the Beijing market. However, from a strictly numbers perspective, while Beijing has nearly 90 cinemas and the number of screens per person is on par with developed nations, there is still room for improvement.

Top 20 Grossing Cinemas in Beijing in 2010

	Cinema	Box Office Revenue	Y/Y Change	Average Ticket Price
1	UME Cineplex	9,824.40	↑115%	60
2	Capital Huarong Cinema	7,466.70	↑33%	47
3	Beijing Stellar International Cinema (Jinyuan)	5,990.40	↑20%	44
4	Beijing Wanda Cinema (CBD)	5,764.80	↑25%	49
5	Beijing Wanda Cinema (Shijingshan)	5,612.00	↑177%	52
6	Beijing UME Cineplex (Shuangjing)	4,975.70	↑60%	48
7	Beijing Megabox (Zhongguancun)	4,279.80	↑20%	43
8	Beijing Megabox (Sanlitun)	4,275.40	↑67%	46
9	Jackie Chan Beijing Yaolai	3,367.90	-	31
10	Beijing Wanda Cinema (Longde)	3,146.50	↑50%	44
11	Wangjing Stellar International Cinema	3,081.50	↑21%	42
12	Beijing Huaying Tianying Chuanqi Shidai Cinema	2,890.10	↑36%	55

13	Beijing UME Cineplex (Anzhen)	2,884.80	↑27%	39
14	Beijing Jinyi Cinema	2,849.00	↑25%	46
15	Beijing Huashi Broadway Cinema	2,480.20	↑12%	41
16	Beijing China Film Cinema (Yongwang)	2,363.90	↑7%	32
17	Beijing New Century Cinema	2,312.00	↓%	48
18	Beijing AMP Cinema	2,162.90	↑8%	41
19	Beijing Capital Times Cinema	1,767.90	↓9%	39
20	Beijing Showmax Cinema	1,512.70	↑19%	45
Source: enbase entertainmentdatabase				

Table 5-6: Top 20 Grossing Cinemas in Beijing in 2010

5.2.5 Shanghai Box Office Sales in 2010

Shanghai's cinemas also grew rapidly in 2010 and out of the top 100 cinemas nationwide, 9 were in Shanghai and average box office revenue for the top 20 cinemas in Shanghai was 29.35 million RMB, slightly behind Beijing. This gap shows is due to the fact that there are a limited number of mid-range cinemas in Shanghai. In terms of high-range cinema options, Shanghai is just as impressive as Beijing, but the box office revenue for mid-range cinemas is quite low, centering around 30 million RMB, while box office revenue for a cinema in a similar area of Beijing would be around 40 million RMB.

Top 20 Grossing Cinemas in Shanghai in 2010

	Cinema	Box Office Revenue	Y/Y Change	Average Ticket Price
1	Shanghai Peace Cinema	7070.7	↑102%	68
2	Shanghai Yonghua Movie City	6069.8	↑22%	47
3	Shanghai Stellar Zhengda Cinema	5528.8	↑57%	50
4	Shanghai Wanda Cinema (Wujiaochang)	5341.7	↑44%	45
5	Shanghai Pudong New Century Cinema	5000.6	↑26%	51
6	Shanghai CGV Xinzhuang Cinema	3585.8	↑25%	48
7	Xinghui Shangying CGV Daning Cinema	3363.5	↑45%	54
8	Shanghai Ever Shining Cinema	2956.8	↑81%	43
9	Shanghai Kaiyuan Mediterranean Cinema	2689	↑29%	38
10	17.5 Shanghai Youyicheng Cinema	2555	↑51%	35
11	Shanghai Wanda Cinema (Zhoupu)	2218.7	↑33%	43
12	Shanghai Film Arts Center	2158.5	↑22%	43

13	Shanghai Xintiandi UME Cineplex	1764.9	↑29%	76
14	Shanghai Qingchun Cinema	1742.2	↑31%	33
15	Shanghai Century Dashanghai Cinema	1530.9	↑22%	42
16	17.5 Shanghai Zhonghuan Cinema	1438.4	↑9%	37
17	Shanghai Qixin Entertainment Co., Ltd.	1109.2	-	41
18	Shanghai Jiading Robinson Square Digital Cinema	1102.8	↑37%	33
19	Shanghai Huanyi Cinema	865.9	↑23%	51
20	Shanghai Stellar International Cinema	626.3	↑18%	36
Source : enbase entertainment database				

Table 5-7: Top 20 Grossing Cinemas in Shanghai in 2010

5.3 Analysis of Cinema Investment

5.3.1 National and Local Support Policies for Cinema Investment

A series of policies were released on the national level between 2009-2011 to promote the development of cultural services and push the growth of the industry. In terms of the construction of cinemas, the following are the most important:

- Summary of 12th Five Year Plan for Social and Economic Development of the People' s Republic of China
- Guiding Opinions on Promoting Film Industry Development
- Notice on Subsidies for the Installation of 2K and 1.3K Digital Projecting Equipment in Cinemas

5.3.2 Major Cinema Investors

5.4 Cinema Investment and Management Companies

While cinemas under professional cinema investment and management companies may be under different cinema circuits, they retain a controlling share and complete operational control in their theaters.

5.4.1 Overview of Cinema Investment Companies

Data in this report shows that, in terms of the number of screens over which investors have operational control and controlling interest, Wanda tops the list with 554 screens. Guangdong Dadi Cinemas was ranked second with 255 screens and Jinyi Film placed third with 229 screens.

6. 2010 Study on China' s Movie Calendar

6.1 2010 Market Analysis of Movies on a Monthly Basis

6.1.1 Trend of Yearly/Monthly Box Offices in 2010

The box offices in Mainland China kept increasing in 2010, with the yearly record of over RMB 10 billion, indicating a year-on-year growth rate of 61%. The entire movie industry features the fast development. And the entire market presents the following distinctive features:

- Significant Increase of the Average Monthly Box Offices with Obvious Advantages of the Movie Release Calendar for the New Year period
- Single Movie as the Essential Factor to Fuel the Box Office Market to indicate

the “one-to-one” and “W” Layout

6.1.2 Distribution of Months for Milestone Movies in 2010

The movies put on in 2010 exceed 120 and the average number of movies put on in each month exceeds 10.

6.2 Analysis of China Milestone Movie Release Calendars

6.2.1 Summer Movie Release Calendar

- Analysis of Box Offices and Viewer Persons/Time
- Analysis of Distribution of Monthly Box Offices
- Analysis of Weekly Box Offices
- Analysis of Movie Release
- Share of domestic films

6.2.2 Movie Release Calendar on Mid-autumn and National Day

- Analysis of the Total Box Offices and Viewer persons/time

6.2.3 Release Calendar the New Year period

- Analysis of Total Box Offices and Viewers persons/time
- Analysis of Weekly Box Offices
- Analysis of Released Movies
- Share of Domestic films

6.3 Analysis of the Development of China’ s Movie Release Calendar

- Arranging first, scheduling later

In terms of release calendar e for 2010, “the over-concentrated movies from frequent release calendar remains distinctive. In particular, many movies were put on during the National Day holiday period in that year. However, except for Detective Dee, it is hard for other movies to achieve desirable records in box offices.

▪ 7. Analysis of Major Players in China' s Film Industry

7.1 Analysis of the Competitiveness Edge of Sophisticated Players in the Film Industry

7.1.1 A Six-year Journey of China Film Group IPO Efforts to Be Finalized

- Liquidate the Non-performing Assets for IPO
- Establishment of China Film Co., Ltd. for IPO and the Future Business as Well
- China Film Group to Separate the Monopolized Assets for IPO with the Fear of Halving the Distribution Earning

7.1.2 Shanghai Film Group

- Speeding up the corporate restructuring for IPO
- Comparable Profits to the Listed Company but with Lower Profitability
- Focus on Establishment of cinemas while expanding to the overseas market

7.1.3 Huayi Brothers

- Develop and Plan the Entertaining Kingdom of the Entire Industry Chain for 2010
- Low Expectation of Earning from Movies for the Year, while TV Series likely to be its Primary Business
- Movies, brokers are the star business for Huayi Brothers
- The “pyramid” layout of nine businesses can be established steadily after the gradual improvement of the layout of industry chains.
- Diverse types of new movies for 11 years and sequel movies as the majority
- Actively expand cinemas and accelerate the process of cash flow
- To be a shareholder of Ourpalm Co., Ltd for access to the new media platform
- Acquisition of Huayi Giants and Getting into the Game Field
- Being the Owner of Huayi Music, also for the Performance Mark

7.1.4 Bona Film Group

- Main Businesses of Bona Film Group
- The Average Distribution Ability Increased, Market Share Stabled
- Stabilize the Business Revenue and Accelerate Investments in Cinema
- Introduction of International Partners to Strengthen Film Production

7.1.5 Orange Sky Golden Harvest Ltd.

- Acquire Legend Shares, Expect More Cooperation

7.1.6 Stellar Film Group

- Cinema construction as the most important one in the major businesses of Stellar Film Group

7.2 Analysis of Competitiveness of New Film Companies

7.2.1 Enlight Picture

- Brand-oriented film operations
- Relying on the big platform to produce films
- No focus on establishing cinemas to create asset-independent entertainment companies with all the efforts

7.2.2 Galloping Horse

- Participation in the establishment of cinema to accelerate the layout of industry chains

7.2.3 Dadi Movie

- Background Information
- Rapid expansion of the cinema line making it essential for Dadi to construct terminals for business
- Introduction to the Past Movies
- 2010-the Outbreak of film business for Dadi Times

7.2.4 LETV Pictures

- Expected increase of “Talents” and “Fortune” in the film industry

7.3 Analysis of competitiveness of placement advertising company before movie release

7.3.1 Filmore-media. Incorporated Company

Founded in 1998, Filmore-media Incorporated Company is one of the film media companies with the longest history and the largest scale in China. Screen matrix is the core of business. Filmore-media Incorporated Company applies itself to provide professional integrated media consulting and solutions to film operators and customers based on the entire film industry, including placing advertisement, authorizing services, Screen matrix, publicizing position, bundling marketing, developing post-product, movie audience data services, PR support based on film events, etc. It involves every aspect of the film industry.

The major forms of advertising include:

- Regular launch
- Creative launch
- Theme cinemas, private cinema use

7.3.2 Jingmao Film Media

Established in 2008, Jingmao Film Media is a rising star of the film advertising market. From 2009, JingMao Film Media was authorized by China Film Group/Huaxia Film Group and other film makers, to jointly promote the development of the film advertising before the show time, and provide customers with marketing services for integration of the entire industry chains.

The main products of Jingmao Film Media are film advertising for the first screen and Movies for the World. The methods for operation of the first screen include film implantation, film authority, film debut and cinema show.

▪ 8. Introduction and Export of Overseas Film Copyright

8.1 Introduction of Overseas Film Copyright for Chinese Film Market in

2010

Taking the population, earnings, demands of culture and entertainment, and film terminal construction into consideration, the Chinese film market still has great potential for further expansion. As required by WTO, the Chinese film market in 2011 begins to be further open to the imported films. It is estimated that domestically produced films and imported films would compete fiercely for the market share.

8.1.1 Overview of Box Office of Imported films in 2010

There are 62 films imported by China in 2010, with the total box-office standing at CNY 4.448 billion, accounting for 43.7% of the annual box-office in the Chinese film market. Due to the outstanding performance of Avatar, Inception and others, the box-office earnings of imported films in 2010 are up by 65% over 2009, much higher than the 27% average growth rate in recent years. Compared with the relevant data in 2002~2010, the proportion of imported films' total box-office earnings fall slowly, and the proportion of 2008~2010 is lower than 45%. The reason is that competitiveness of domestically produced films is enhanced continuously. In particular, more and more Sino-foreign collaborative films are breaking the box office records, thus increasing the market share of domestically produced films.

8.1.2 Analysis of Market Features of Imported films in 2010

- The box office is highly concentrated, with top 10 films accounting for 75%
- The office-box of foreign movie whose earnings distribution is based on a proportional basis accounts for 83% of gross earnings of all the office-box, which the office-box of 3D has the highest earnings.
- Films that distributing company has exclusive rights to show break CNY 100 million.

8.2 Export of Domestic Films in 2010

8.2.1 Overview of Chinese Film Export in 2010

Based on the statistics of Entgroup enbase, although export volume of Chinese films is decreased a little, the total overseas earnings are CNY 3,517 million, increasing by 27% from a year ago. The earnings of movies cooperated with other countries have been on the rise from 58.8% in 2006 to 99.96% in 2010. There are 47 films and 204 times that

completed export deal in 2010, and there are 46 films that cooperated with other countries. For Chinese movies, North America, Asia-Pacific and Europe are the important export regions. There are only 2 movies exported to America, but American box-office gross of Chinese movies wins the champion with the earnings of CNY 1,220 million. Film times exported to Asia-Pacific ranks first, and accounts for 60%.

8.2.2 North American

- American participation attributes the success of martial arts/action movie
- Famous actors especially Jackie Chan and Jet Li play an important role in the box-office

Case 1 – “Kongfu” Dreams made by China and America

8.2.3 Asian-Pacific region

Box-office earnings of Chinese films in Asia-Pacific regions have been slashed in 2010. The total office-box of Chinese films is CNY 1,492 million, contributing to 54% of global overseas market box-office. However, earnings in the Asia-Pacific decreased by CNY 430 million, and the proportion dropped down to 30%. In recent years, compared with the relevant data from 2006 to 2010, the box-office earnings in Asia-Pacific regions are CNY 1,300~1,400 million. Export amount of Chinese films in Asia-Pacific regions is 140 in 2010 up after experiencing decline in 2009.

- Kong Kong as the main export region, and strive for Australian market in the future

8.2.4 Europe and Other Regions

The box-office earnings of Chinese films in European regions increase steadily in 2010, with the total box-office standing at CNY 406 million in 2009 in Europe, accounting for 15% of the overseas box-office. The box office earnings in Europe increase by CNY 210 million in 2010, accounting for 18% of the overseas box-office. Compared with the relevant data from 2006 to 2010, the box-office earnings of the Chinese films in Europe increase steadily from CNY 177 million in 2006 to CNY 617 million in 2010 with 42% of annual growth.

Except above-mentioned regions, the box-office earnings of Chinese films keep surging in Southern America in recent years. The earnings in 2008, 2009 and 2010 are CNY 46,910,000, 114 million and 281 million. China obtains more box-office earnings in Mexico and Brazil compared with other regions in Southern America, accounting for 72.7% in the recent years. For the films introduced from China, the countries in Southern American select the films that have good feedback in North America. Therefore, four films are showed in the countries of South America, including “Kongfu Dreams” , “Astro Boy” , “Mummy 3” and “Lust” .

By contrast, Africa and Middle East are still to be developed. In 2010, only “Kongfu Dreams” is exported to the above regions, which grossed CNY 28,030,000 in the seven countries. United Arab Emirates is listed first with box-office result of CNY 13,640,000 in the region. In 2009, there are two films named “Red Cliff” and “Mummy 3” showed in the region, and box-office earnings are CNY 15,470,000.

9. Movie-going survey China in 2010

More information in complete version of 2010-2011 China film industry research report.

EntGroup consulting

Rm.1509, Building C, SOHO New Town, 88 Jianguo Rd.

Chaoyang District, Beijing, P.R.China

Tel: +86-10-85899985

Web : <http://www.entgroup.cn>

contact

Leon Gao| CEO

E-mail : leon@entgroup.cn

Amy Liu | Business Director

E-mail : Amy@entgroup.cn

Vivi Wang| Business specialist

E-mail : Vivi@entgroup.cn



Entgroup International Consulting (Beijing) Co.,LTD

Rm.1509, Building C, SOHO New Town, 88 Jianguo Rd.Chaoyang District, Beijing, P.R.China

Tel : 010-85899985

Fax: 010-85899985-839

<http://www.entgroup.cn>