

Chapter 2

Development Report on the Film Industry (2011–2012)

Qinyu Hao

2012 marked the tenth year of industrialization reform in the Chinese film industry, and was a year in which the industry maintained rapid growth in terms of production, box office, the number of cinemas and number of screens, stimulated by both steady macroeconomic expansion and extensive development of the creative industries.

A historical new peak of 893 films were produced in China in 2012, including 745 feature films, 33 animated films, 15 documentaries, 74 educational films, 26 specialist films, as well as 92 films which were digitally produced for TV movie channels. Nationwide Box office sales reached CNY 17.073 billion, an increase of 30.18 % from 2011 (see Fig. 2.1). It is however worth noting that domestic productions made up only CNY 8.273 billion of these box office takings, or 48.46 % of total annual box office sales, fell below 50 % for the first time.

2.1 Analysis of Film Industry Policy in 2012

2.1.1 Sino-US Agreement

China and the United States have agreed on a memorandum of undertaking regarding the resolution of issues relating to films in the WTO'S China-audio-visual case. This agreement with US will make it easier than ever before for US studios and independent filmmakers to reach the fast-growing Chinese audience and more US films are released in the country. It does not change the annual quota of 20 revenue-sharing foreign films in Chinese theaters, but it allows 14 premium format films, such as 3-D and IMAX movies and similar enhanced format films, which will be exempt from the quota. Also, the US studios' share of their films' grosses in the

Q. Hao (✉)

School of Arts, Chinese National Academy of Arts, Beijing, China
e-mail: enjoy777happy@163.com

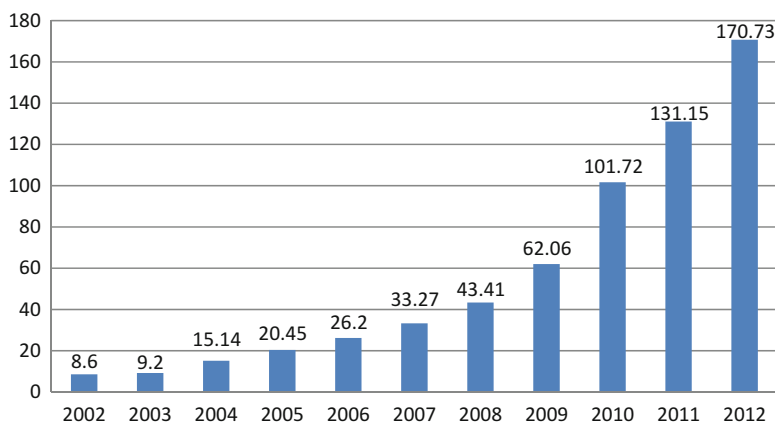


Fig. 2.1 Box-office revenue for domestically-produced films, 2002–2012 [1] (Units: CNY 100 million)

Chinese market will rise to 25 %, from about 13.5 to 17.5 % now. The agreement would bring more challenges and pressure for China's filmmakers, with 14 more foreign films, the market space for local productions will shrink. But in the long term, the changes can also be seen as a motivation to make better films. More 'lame' works will be driven out of the market as a result of intense competition in an open market.

2.1.2 National Film Industry Development Funds Management Committee Introduced a Number of Policies to Support Film Develop

November 22th, 2012, the National film industry development funds management committee released a notification introducing four supportive schemes, returning special funds paid by producers and theatres back to them, and awarding in according to the box office sales. The four notice are: Domestic high-tech format video creation and production subsidies, the refund policy for the implementation of a new theatre "supplementary notice", "on the return of the show domestic films turned over to the movie special funds and subsidies for the installation of digital projection equipment supplementary notice".

2.1.3 Notice on Further Strengthening the Network Drama, Micro-film Network Audio and Video Programs

In July 9th, 2012, the State Administration of Radio Film and Television and the State Internet Information Office jointly issued "Strengthening the network drama,

micro-movie network audio-visual program management notice”. “Notice” requirement of Internet audio-visual program service units implement the duties and the social responsibility of the mass media effectively. Audio-visual programs on the broadcast network drama, micro-film network is responsible; and require network audio-visual program service industry associations, play to the functions and role of industry organizations. The member of the network drama, micro-film network audio-visual program audit staff to carry out training and assessment guide member units to disseminate health benefits of audio-visual programs; The government required supervision Internet audio-visual program service units to implement the “notice” requirement, and should be operational start-up the main entry and exit management. The release of the “Notice” will continue to encourage excellent network drama, micro-film production and production of network audio-visual program, also made clear that regulate the development of measures to create a civilized and healthy network environment.

2.2 Analysis of Film Investment and Financing During 2012

In 2012, the number of China Film investment entities continued to grow, the way of investment and financing to be innovative, the field of investment and financing is expanding. It is worth nothing that the China’s film investment becomes more rational and cautious, low-cost movies increasingly attracting investment horizon.

2.2.1 A New Trend Toward International Investment Has Opened Up Within the Chinese Film Industry

Chinese film market is closely associated with the global market in 2012. The global film industry is mutual penetration through the acquisition, technology transfer and direct investment ways. More foreign film companies became involved in the production aspects of the Chinese film industry. It is also expected to set off the M & A boom in the country and establish an international film industry group which are conducive to the formation of a mature large-scale film production mode in the future.

Wanda Group acquired AMC for \$ 2.6 billion in May last year that become the world’s second largest cinema operator. In September, the Galloping Horse Film & TV Production company with India’s Reliance Media joint acquisition price of \$ 30.2 million on core assets of the digital domain, it will have 70 % of the shares after the completion of the acquisition. Galloping Horse will receive the digital domain and its subsidiaries carrier media (Mothership)’s core business. Acquisition of foreign companies is the important strategic international industrial layout of the domestic film production companies. It can make up for the weakness of the post-production and product high-quality domestic movies.

In addition, a number of film and television media group and institutional investors, such as first-line production company DreamWorks, Cameron and co-director in the country to establish a production base and industrial park is part of this cooperation. The depth of cooperation, leading the year of 2012 to become a foreign co-production years (mainly with the U.S.). Since 2013, the co-productions such as “joint venture”, “Sino-foreign cooperative” will become a mainstream of Chinese cinema to show the source of the film in the future.

2.2.2 The Capital Operation of China's Film Become More Rational, Cross-Border Characteristics Obviously

In 2012, Chinese movie capital operation is still active. The film industry capital, benign financial capital's rational trends has been more clearly demonstrated: First, the inevitable link between “large” and the box office was broken; on the other hand, the pace of construction of theater also slowing down. Many people began to transfer attention from the “enclosure” to the film production chain or the surrounding projects, such as micro-movies, theme parks, cultural property and so on.

Huayi Brothers and Haikou Mission Hills create Feng Xiaogang's movie commune in October 20, 2012, including multiple movie studio, five hotels, more than 300 stores, and will also copy the scene in the movie, such as “The Banquet” songs, “1942” Republican Street. Undoubtedly, Huayi is a very important strategic attempt here. Not only expanding its sources of re-layout of the industrial chain, but also gradually get rid of the risk of a single item in the box office receipts.

Chinese film revenue is still mainly dependent on the domestic box office receipts, channels and movies distribution in theaters outside the follow-up product development, some film-related industries and enterprises such as film and television production and distribution company, video equipment, and 3D technology needs artists training institutions and other investors has also become a new placement target.

2.2.3 Credit Financing: A Surge in Credit from Financial Institutions

With the gradual establishment of the creative industries as a new driving force behind economic expansion, the film industry has correspondingly gradually become an important recipient of credit from financial institutions. 2006–2011, Beijing Bank, China Merchants Bank, Industrial and Commercial Bank of China, Minsheng Bank and other commercial banks credit funds granted to the film industry has more than 600 million yuan, of which the Bank of Beijing to get involved in the deepest. To the end of October 2011, the loans of the Bank of Beijing in the film

plus film and television drama has accumulated approved by the amount of nearly 30 billion yuan.

On the eve of the Shanghai International Film Festival last year, the Shanghai film industry introduced a number of financial innovation policies in the New Deal. They will help SMEs to obtain financing from commercial banks. Eight banks will provide a total of 130 million integrated line of credit to the film and television industry in the next 5 years. Also including filming project financial investment and financing, and gradually establish domestic film “completion guarantee” mode. This mode will strengthen the credit system established, contributed greatly to the growth of the domestic film and television investment and financing.

2.3 2012 Annual Film Production Analysis

A total of 745 feature films were produced domestically during 2012. The production companies able to achieve mainstream cinema release were those situated at the top of the market, with an obviously differentiated production capacity (Fig. 2.2).

2.3.1 Production Bodies

- (a) Market leaders continue to play a senior role in production; actively improving the structure of the industry

During 2010, state-owned film production companies basically completed their “entrepreneurial transformation”, and leading enterprises such as China Film Group Corporation and Shanghai Film Company have already established relatively comprehensive industrial chains and are thus able to sustain an annual production

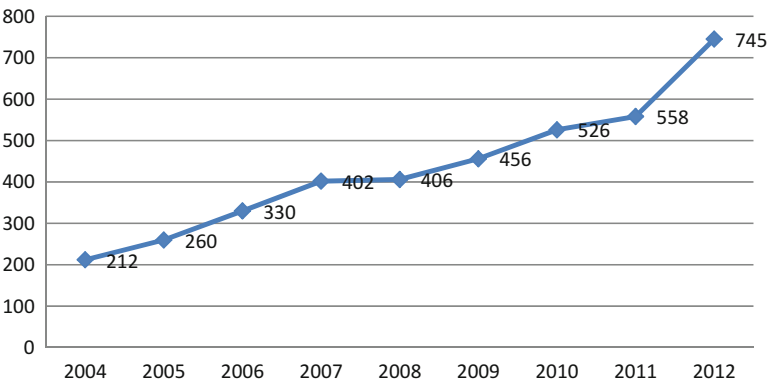


Fig. 2.2 Chinese feature film production, 2004–2012 [2] (Units: no. of films)

capacity of at least ten films, while the remaining state-owned production enterprises produced relatively fewer films.

Since the launch of the industrialisation of China's film industry, private production companies have gradually become the main driving force behind Chinese film production; of the 1,100 production units that filed applications for film projects in 2010, more than 1,000 were privately-owned production organisations, and 70 % of the feature films produced during the year were fully or partially funded with investment from privately-owned organisations [3]. If we take Huayi Brothers Media Group and Bona Film Group as examples, private production companies have, over the many years of the industrialisation of Chinese cinema, managed to establish a relatively sound corporate structure, listed on the stock market (the two examples listed in 2009 and 2010 respectively), produce around ten films annually and are constantly striving to fine-tune their industrial structure, branching out into sectors such as distribution and exhibition, and even tourism and entertainment. Recent years have also seen the emergence of private enterprises such as Beijing Galloping Horse Film Company, Huace Film & TV and Enlight Media. With an expanding range of policy incentives and scope of market orientation, private enterprises may have much more space, but they also face many more challenges.

(b) On-going foreign co-operation; co-production creates a new atmosphere for producers

This year, mainland China increased its imported foreign film quota from 20 films per year to 34 films per year. In response to this quota restriction and increasing foreign/domestic market share, co-production is already becoming a much more common sight in Chinese film production.

China Film Co-production Corporation (CFCC) statistics indicate that approximately 60 co-produced projects have been approved in China since 2009, of which 40 or so were actually completed. The number of co-productions in China has grown by 10 % for the last two consecutive years, with a growth of 30 % from 2010 to the same period in 2011. Thirty-three of the five hundred and twenty-six feature films produced in 2010 were co-productions, while domestic box office revenue from co-productions, the number of which made up less than 7 % of the total number of films produced, exceeded 50 % of total box office revenue from domestic productions. Co-operation between China's mainland, Hong Kong, Taiwan, Macau and foreign entities in film production promises to provide a much more open and competitive approach to film-making. In 2012, the co-operation between China's mainland and Hong Kong got a good harvest at the box office. 'The Silent War' had CNY 2.4 billion box office, 'The Great Magician' gained CNY 1.7 billion, 'A Simple Life' also won a good reputation. But the films co-operated with East Asia co-production, such as the Sino-Japanese co-production "Tokyo Newcomer", "Eat Drink Man Woman 2012" co-produced by Taiwan and the Mainland Area, and other works market response is not satisfactory. On the second Beijing International Film Festival held in last April, "Iron Man 3", "Art of War", ten films of different sizes announced the project co-production, co-produced objects involving the United States, Europe, Japan and South Korea, Australia and China, Taiwan and Hong Kong.

2.3.2 *The Products of Film Production*

- (a) Investment costs are increasing; product profitability is becoming harder to achieve

The number of films produced in China reached a record high in 2012, and even though the themes and types of film produced were relatively similar to those in preceding years, there was a major increase in cost structure, and the investment cost gradient in high-budget, medium-budget and low-budget films is becoming increasingly clear.

Large-scale productions in 2012, investments in excess of CNY 100 million are no longer an unusual phenomenon, ‘1942’ which invested CNY 220 million, ‘The Assassins’, with an investment of CNY 130 million and ‘Taichi’, ‘White Deer Plain’, ‘The Last Tycoon’ had already excess CNY 100 million. Large-scale productions become a vital pillar of support for box office revenue, however, the inevitable higher risk associated with higher investments means that production companies must exercise caution.

Medium-budget productions have long been seen as the hardest on which to recoup investment costs, but investments in medium-budget films have been increasingly high in recent years, with CNY 30 million production 2012 film ‘Lost in Thailand’ create a new record of CNY 1.266 billion at the box office income, become the most profitable domestic film in Chinese film history.

The small and medium-budget films in 2012 has proved that billions box office is no longer large patent. The story audience loved and the precise is showing great potential, such as ‘Lost in Thailand’ and ‘Cold War’.

- (b) Unrealistic film themes and weak endogenous growth

The Chinese film industry has in recent years attempted to introduce a much wider variety of types of film, screening large-scale commercial productions, including both those based on a well-known central theme such as ‘1942’, and those that are produced specifically for marketability such as ‘Taichi’ and ‘Painted Skin II’, as well as medium-budget productions whose themes are usually either romance or comedy and also low-budget productions, wherein both art-house films and commercial films vie for position in the cinema circuits. It therefore cannot be overlooked that Chinese cinema has already established a basis for types of film.

In 2012, the CNY 8.273 billion in box office revenue from domestic productions made up 48.46 % of the total box office revenue of CNY 17.1 billion for that year. The top three box-office successes in the Chinese film market were ‘Lost in Thailand’ (CNY 1 billion), ‘Titanic(3D)’ (CNY 948 million) and ‘Painted Skin 2’ (CNY 705 million). The box office sales from ‘1942’ and ‘The Last Supper’ did not reach CNY 500 million in the Chinese New Year period, and this dependency on imported films to drive box office sales is a reflection of the homogenous nature of domestically produced films, as well as the issue of weak endogenous growth (Tables 2.1 and 2.2).

Various types of rich content in the 2012 screen, both performance and historical themes ‘1942’ ‘The Last Supper’, ‘The Last Tycoon’, but also reflect the current

Table 2.1 Top ten domestic films by box-office revenue [4]

Ranking	Domestic films	Box-office revenue
1	Lost in Thailand	100,461
2	Painted Skin 2	70,451
3	Chinese Zodiac	53,533
4	1942	37,200
5	Cold War	25,361
6	The Silent War	23,374
7	The Four	19,217
8	The Great Magician	17,412
9	Caught in the Web	17,354
10	Mission Incredible: Adventures On The Dragon's Trail	16,595

Units: CNY

Table 2.2 Top ten imported films by box-office revenue [5]

Ranking	Imported films	Box-office revenue
1	Titanic(3D)	94,758
2	Mission: Impossible - Ghost Protocol	67,471
3	Life of Pi	57,105
4	The Avengers	56,792
5	Men in Black 3	50,415
6	Ice Age: Continental Drift	44,913
7	Journey 2: The Mysterious Island	38,849
8	The Dark Knight Rises	34,012
9	The Expendables 2	33,406
10	The Amazing Spider-Man	31,151

Units: CNY

social problem “Caught in the Web”, “Full Circle”; both ‘Lost in Thailand’, ‘chills’, “Painted Skin 2” were typical genre, and there is no lack of care for contemporary life, exploring the human’s heart as ‘Beijing Blues’. In addition, the ‘Purcell No. 2: Rey Myers’, “Moore Park 2”, “The Pork of Music”, “Peculiar Kin”, “I Love Wolffy”, more and more animated movies went into the screen, enrich the audience’s horizon. For the party’s 18th 2012, a group of mainstream movies had a new exploration to the market, such as “loyalty and betrayal”, “The Tree in the Rain”, “Live or death in Lop Nor”, “The Next 11 Days” not only contains a profound cultural connotations, and gradually focus on the modern cinema audio-visual quality. As a large investment biography film in recent years, ‘Hsue-shen Tsien’ bring a wide range of implications for Chinese biographies of film creation and production.

(c) Internet micro-films emerge as a major new film form

With the ongoing and intensifying integration of media, the internet is playing an ever more important role in film broadcasting. With all of the major video web portals sparing no expense in the competition for high-quality video resources, some more forward-looking portals have begun to become involved in the field of

production, developing a content production capacity, in the search for greater future competitiveness.

The “micro-production cycles”, “micro-investment amounts” and “micro-broadcast times” of “micro-films” are very conducive to enabling video content transmitted via internet channels to break down time and regional barriers, broadening audience bases, and extending the long-tail effect. Film makers have also been giving “micro-films” a considerable degree of attention, and the success of the First Western New Media Film Festival organized by the Emei Film Group shows that traditional state-owned film production entities have also started to focus on the power of new media. At the same time, the internet’s powerful broadcasting capabilities will play a major role in the future dissemination of films, and micro-films, which are seen to provide highly profitable market opportunities, will become an unstoppable major film form.

2.4 Analysis of Film Distribution in 2011

2.4.1 *Distribution Bodies*

There are currently 2,000 authorized domestically-produced film distribution entities nationwide, but in actual fact, film distribution remains concentrated in the hands of the industry’s leading players, such that the companies holding national distribution rights for foreign films are the wholly state-owned distributor China Film Group and Huaxia Film Distribution Co. Ltd., comprising a total of 19 state-owned film production shareholders. In terms of privately-owned distributors, Huayi Brothers Media Group issued a total of seven films, output box office total CNY 2.16 billion, the market share of approximately 13 %. Enlight Media, established as “China’s first privately-owned distribution company”, had by 2011 already built up mature distribution channels reaching into all regions of China, issued 12 films in 2012, the cumulative box office of CNY 1.58 billion, the market share of approximately 9.3 %. ‘Lost in Thailand’ created the first big leap development in Enlight Pictures’ history. Bona issued 10 films, the output box office of approximately 730 million, market share fell to 4.3 %.

In terms of overseas distribution, Chinese films have always suffered from a lack of awareness in this respect, where no thought is given to overseas distribution for many films even by the time they start filming. As Michael J. Werner, co-chairman of international film sales company Fortissimo, once complained, Chinese films often bring their films to the three major film festivals before asking about overseas distribution; the distribution company should in fact start to cooperate with the production company at the start of production, and provide evaluations of the combinations of actors to be used, the scale of investment, and whether the story is appropriate for the market.

On the other hand, efforts to promote Chinese films overseas have always been tireless. The 15th Beijing Screenings in 2011, to which more than 150 film makers were invited and 62 domestically-produced films were shown, has already become a major platform for the promotion of Chinese films on the international film market. 2011 saw sales of 55 films to 22 countries and regions, and overseas box

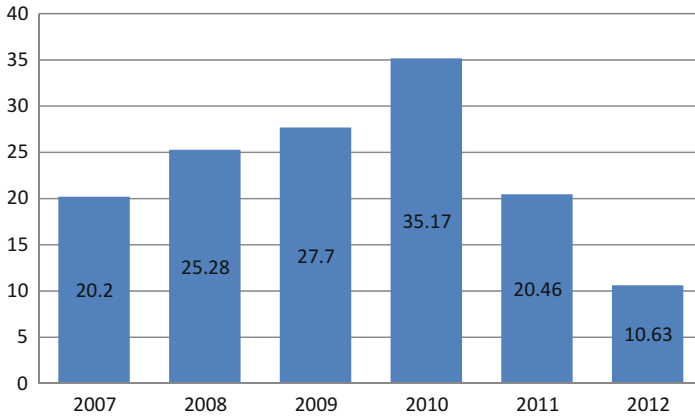


Fig. 2.3 Overseas revenue for domestically-produced films, 2007–2012 [6] (Units: CNY 100 million)

office and sales revenue reached CNY 200.46 million, although overseas box office revenue declined slightly compared to 2010 (see Fig. 2.3). Overseas sales still only comprise a small portion of overall income, and there is still plenty of room in the outward expansion of Chinese films for improvements in terms of economic returns as well as in the dissemination of cultural values.

2.4.2 Features of Distribution

(a) Internet platforms become important channels

In 2011, China produced a total of 558 films, but only approximately 140 of these achieved cinema distribution. With the rapid development of internet platforms, new media distribution platforms which rely on internet dissemination have become an extension of traditional cinema chains.

More than three-quarters of Chinese internet users watch videos, and the sale of online video and IPTV film rights as well as television film channel broadcasting rights provide a substantial profit for video products. In today's wider market arena, video web portals have already started to expand, with Youku and Tudou combining forces, Ku6.com restructuring, Renren buying out 56.com, Tencent expanding video production funding to CNY 100 million, etc. The ongoing expansion of such dissemination platforms provides a broad distribution arena for films which are difficult to place with cinema chains, and internet rights have already become an important channel for recovering a film's investment. The purchase prices offered for medium and low-budget films on mainstream video web portals are no lower than normal commercial block-busters.

At the same time, however, internet platforms also pose a threat to the protection of a film's intellectual property rights. At the start of 2011, the New Year film 'If You Are the One 2' was subject to unauthorized broadcasting on certain video web portals. At the end of 2011, the courts had determined that the video web portals' behaviour did indeed constitute an infringement, and the film producers. Huayi Brothers, were awarded damages of CNY 190,000. It is clear that while broadening its distribution channels, the internet must also simultaneously establish appropriate internet specifications so as to be able to ensure the healthy development of the film industry.

(b) Continuously evolving sales models

In 2012, increasing competitiveness in films has led to innovative sales measures. "Micro-blog marketing" and "fan-marketing" have become the buzzwords of film sales in 2011. As a rapidly disseminated, wide-reaching new media, micro-blogging has been incorporated into film marketing, and almost all films which are screened also have official micro-blogs named after the film which distribute information relating to the film. The official '*Love is Not Blind*' micro-blog attracted more than 100,000 visitors, and more than 5 million clicks, providing a strong audience base for a sequel. Similarly, '*Mysterious Island*' used "fans' assemblies" convened by lead actress Yang Mi to generate box office returns of CNY 90 million on the CNY 5 million film.

2.5 Analysis of Cinema Chains and Cinema Conditions in 2011

2.5.1 Overview of Cinema Chains in China

In 2012, 3,832 new screens were installed throughout the year, which translates to 10.5 new screens per day, leading to a total of 13,118 screens (Fig. 2.4). By the end of 2012, 25 cinema chains had annual box office revenues in excess of CNY 1 billion. Following Wanda Cinema, Shanghai United Cinemas, movie star in the United States, and South China Film Shinkansen, Guangzhou Jin Yi Pearl River and Guangdong earth cinema were excess CNY 1 billion box office. Wanda Cinema acquired more than CNY 2.4 billion box-office last year, which is the first cinema more than CNY 2 billion.

In addition, 248 digital cinema chains had by the end of 2012 been completed in rural areas, with more than 50,000 screening exhibition teams. Over 800 million showings were held in villages throughout the country throughout 2012, with audiences reaching as high as 1.5 billion person-times, marking the establishment of a new, nationwide digital film screening network.

Private investment capital entered the cinema chain market in 2002. Prospects of a profitable return made cinema chains one of the most popular areas for investment

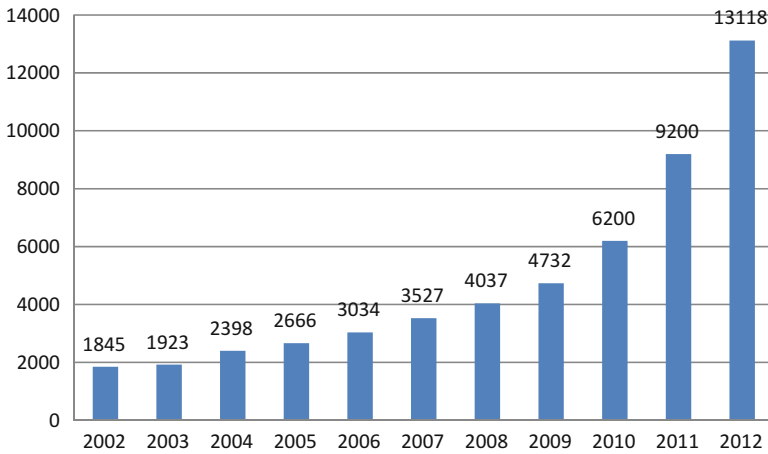


Fig. 2.4 Number of screens in mainland China, 2002–2012 [7]

in recent years. Wanda led the market with box office revenue of CNY 2.46 billion in 2012. Under pressure from the greater momentum and more flexible market operations of their privately-owned rivals, the state-owned cinema chains have had to continuously review their own internal structures in order to head off the competition. By taking full advantage of the China Film Group brand, China Film Stellar Theatre Chain took the lead among the state-owned cinema chains. Furthermore, cinema chain investment management companies also act as a significant force in the end-user market (Table 2.3).

2.5.2 Key Aspects of Film Screening

(a) Disagreements in the distribution of box office revenue

In the cinema market, film producers and cinemas are constantly battling for an increasingly share of box office revenue. “Box office revenue theft” has recently become a frequently occurring issue in the industry. In order to increase profitability, cinemas have come up with various novel ways to hide their true box office revenue from film producers, including handwritten tickets, un-priced tickets, CNY 1 cinema tickets, or even arranging extra seating. The major issue between film producers and cinemas lies in how to ensure an equitable and acceptable allocation of profits for both sides.

On November 29, 2011, the State Administration of Radio Film and Television released SARFT Film Board Guidelines for the Promotion of Coordinated Development in Film Production, Distribution and Exhibition. These appear to favour the producers’ side, but hardware equipment, daily operations and venue rent have become increasingly expensive in recent years, and any reduction in revenue allocation would put greater pressure on film exhibitors in future.

Table 2.3 Top ten cinemas by box-office revenue [8]

Rank	Cinema chain	Box office revenue
1	Beijing Jackie Chan Cinema (Sparkle Roll Group)	81,690,000
2	Shenzhen Golden Harvest	77,860,000
3	Capital Cinema (Huarong)	77,000,000
4	Shanghai Wanda Cineplex (Wujiaochang)	74,040,000
5	Beijing UME Cineplex	67,030,000
6	Beijing UME Cineplex (Shuangjing)	63,840,000
7	Shanghai Yonghua Cinema	63,690,000
8	Beijing Wanda Cinema(CBD)	63,260,000
9	Guangzhou Wanda Cinema(Baiyun)	61,420,000
10	Guangzhou Feiyang Cinema (Zhengjia)	60,000,000

Units: CNY

(b) More rational thinking in building cinemas

Cinema construction has in recent years become a focal spot for investment capital from a variety of sources. As competition among the leading cinema circuits intensifies, the secondary level and community film markets will become new magnets for capital. One unavoidable fact is that the box office revenue of individual cinemas has begun to drop, by between 10 and 40 %, with average revenue for a single screen dropping from CNY 1,630,000 to CNY 1,080,000. The bubble resulting from the cinema-construction frenzy is starting to emerge.

Investment in cinemas has provided greater opportunities for film screenings in China through the construction of increased numbers of cinemas. Conversely, however, these have faced increasing pressure from rising operation costs over recent years. One of the factors underlying increased costs has been the wild, bewilderingly rapid increase in venue rents. Ideally, rent should account for 10 % of a cinema’s annual box office revenue. Recently, however, venue rent has risen to account for almost 30 % of box office revenue. Many investors have realized the increasingly greater investment risk in building cinemas, as any drop in individual cinema income prolongs the expected capital reclamation period. Looking at the industry as a whole, the cinema construction trend has reached a downturn.

2.6 Analysis of Film Industry Prospects in 2013

2.6.1 Box Office Revenue Has Reached New Highs Each Year but the Film Industry Is Expected to Grow Endogenously

In 2012, a total of 21 domestic films generated in excess of CNY 100 million in box office revenue, 6 films reached more than 200 million box office, and 3 films reached more than 700 million box office. This increase in box office revenue has however been reliant on exogenous factors such as the growth in the numbers of cinemas and screens, rather than on factors such as improved quality and creativity in filmmaking.

A thriving box office is unable to disguise the poorly thought-out, crude contents of some of the films. “The domestic film market must explore ways to promote ‘endogenous growth’ and inspire the audiences’ confidence in home-grown film” [9].

2.6.2 A More Open and Diversified Market Will Attract More Industry Capital

The PRC’s Film Industry Promotion Law (Draft for Comments) stipulates that financial institutions and banks are encouraged to provide loans to the film industry and for the construction of film-related facilities; film-related intellectual property rights can also be legally pledged as part of such financial services; furthermore, the film industry can seek support in the form of bank loans for its development. The Chinese film industry will for the foreseeable future continue to boom, and the industry’s prosperity will be sure to attract investment capital from all sources. Before entering the film industry, however, investors must realize the difficulties inherent in evaluating the copyright value of films and TV productions, and as a result, many investors turn to other associated industry chains, such as cinema construction, live on-location performance projects and derivative sales.

2.6.3 Chinese Films Are Encouraged to Extend a Greater Influence Overseas and Develop Core Values for Chinese Films

In 2012, domestically-produced films endeavoured to follow the pulse of the market, and were keenly focused on obtaining high quality and high box office revenues. Well-produced films of true artistic merit also appeared in the market; but poorly-structured films with non-existent themes were also to be found. Without clear core values and a lack of momentum for continuous development, overseas sales will also fail to perform well, and a considerable improvement is required in terms of the influence of the film content. Besides focusing on creating expansive scenes and increasing box office revenue, Chinese films should also play a role in promoting Chinese tradition and increasing the influence of Chinese culture.

References

1. The State Administration of Radio Film and Television (SARFT) (2013) Box-office revenue for domestically-produced films. <http://www.sarft.gov.cn/articles/2013/01/11/20130111112236730833.html>
2. People’s Daily Online (2013) Review 2012 Chinese film. <http://theory.people.com.cn/n/2013/0110/c49154-20154758-2.html>

3. Industry Research Centre of China Film Association (2011) 2011 China film industry research report, May 2011. China Film Press, Beijing, p 4
4. SARFT (2013) Top ten domestic films by box-office revenue. <http://www.sarft.gov.cn/shanty/resource/appendix/2013/01/11/20130111112459250179.xls>
5. SARFT (2013) Top ten imported films by box-office revenue. <http://www.sarft.gov.cn/shanty/resource/appendix/2013/01/11/20130111112459250181.xls>
6. China Economic Net (2013) Overseas revenue for domestically-produced in 2012. http://www.ce.cn/culture/gd/201301/11/t20130111_24018752.shtml
7. People's Daily Online (2013) Review 2012 Chinese film. <http://theory.people.com.cn/n/2013/0110/c49154-20154758-2.html>
8. SARFT (2013) Top ten cinemas by box-office revenue. <http://www.sarft.gov.cn/shanty/resource/appendix/2013/01/11/20130111112459250188.xls>
9. Chenlu S (2012) 'Endogenous growth' called for in Film Market. Liberation Daily, 6 Jan 2012

China Cultural and Creative Industries Reports 2013

Xiang, H.Y.; Walker, P.A. (Eds.)

2014, XXIV, 160 p. 56 illus., 46 illus. in color.,

ISBN: 978-3-642-38157-7