

Monthly Report: July 2010

1. Marktanteile / Market Share

1.1 Marktanteile deutscher/europäischer/amerikanischer Filme im Kino
(Market Share German / European / US Films in Cinemas)

For the Week June 28 – July 4

| | German Films | European Films | US Films | US Co-Productions |
|------------------------|--------------|----------------|---------------------------|-----------------------------|
| No. of Titles | 0 | 0 | 1 | 2 |
| Total Audience Numbers | N/A | N/A | 491,949 | 822,641 |
| Total Box Office | N/A | N/A | RMB22mln (US\$3.22mln) | RMB26.3mln (US\$3.85mln) |

Source: Pacific Ocean Web

For the Week July 5 – 11

| | German Films | European Films | US Films | US Co-Productions |
|------------------------|--------------|----------------|-----------------------------|----------------------------|
| No. of Titles | 0 | 0 | 2 | 1 |
| Total Audience Numbers | N/A | N/A | 1,418,053 | 136,407 |
| Total Box Office | N/A | N/A | RMB49.5mln (US\$7.25mln) | RMB4.2mln (US\$0.61mln) |

Source: Pacific Ocean Web

For the Week July 12 – 18

| | German Films | European Films | US Films | US Co-Productions |
|------------------------|--------------|--------------------------|-----------------------------|-------------------|
| No. of Titles | 0 | 1 | 2 | 0 |
| Total Audience Numbers | N/A | 129,743 | 1,107,454 | N/A |
| Total Box Office | N/A | RMB4mln (US\$0.59mln) | RMB38.8mln (US\$5.68mln) | N/A |

Source: Pacific Ocean Web

For the Week July 19 – 25

| | German Films | European Films | US Films | US Co-Productions |
|--|--------------|----------------|----------|-------------------|
|--|--------------|----------------|----------|-------------------|

| | | | | |
|------------------------|-----|----------------------------|-----------------------------|-----|
| No. of Titles | 0 | 1 | 2 | 0 |
| Total Audience Numbers | N/A | 115,489 | 642,205 | N/A |
| Total Box Office | N/A | RMB3.4mln (US\$0.50mln) | RMB22.2mln (US\$3.25mln) | N/A |

Source: Pacific Ocean Web

1.2 Besucherzahlen allgemein/deutsch/europäisch (Visitor Numbers General / German / European films)

For the Week June 28 – July 4

| | General | German Films | US Films | US Co-production |
|------------------------|-----------|--------------|----------|------------------|
| Weekly Visitor Numbers | 4,005,396 | 0 | 491,949 | 822,641 |

Source: Pacific Ocean Web

For the Week July 5 – 11

| | General | German Films | US Films | US Co-production |
|------------------------|-----------|--------------|-----------|------------------|
| Weekly Visitor Numbers | 4,704,126 | 0 | 1,418,053 | 136,407 |

Source: Pacific Ocean Web

For the Week July 12 – 18

| | General | German Films | US Films | US Co-production |
|------------------------|-----------|--------------|-----------|------------------|
| Weekly Visitor Numbers | 3,623,245 | 0 | 1,107,454 | 0 |

Source: Pacific Ocean Web

For the Week July 19 – 25

| | General | German Films | US Films | US Co-production |
|------------------------|-----------|--------------|----------|------------------|
| Weekly Visitor Numbers | 6,608,970 | 0 | 642,205 | 0 |

Source: Pacific Ocean Web

2. Verleihszene Kino / Distribution Info / Circles

2.1 Deutsche Filme und dt. Koproduktionen (German Films and German – Chinese co-productions)

No German and German – Chinese co-production film was released in July.

2.2 Box Office Statistics for Imported Films and Co-productions

For the Week June 28 – July 4

| Film Title | Box Office Rank | No. of Weeks | Weekly Income | Total Gross Income | Weekly Audience | Total Audience | Country of Origin | Mainland Distributor |
|--------------------|-----------------|--------------|---------------------------|----------------------------|-----------------|----------------|-------------------|----------------------|
| <i>Toy Story 3</i> | 2 | 3 | RMB22mln (US\$3.22 mln) | RMB77.5mln (US\$11.35 mln) | 491,949 | 1,720,412 | US | CFG Digital |
| <i>Karate Kid</i> | 4 | 2 | RMB17.8mln (US\$2.61 mln) | RMB42.8mln (US\$6.27 mln) | 572,715 | 1,366,870 | US/China | CFG |
| <i>Shanghai</i> | 5 | 3 | RMB8.5mln (US\$1.24 mln) | RMB46mln (US\$6.73 mln) | 249,926 | 1,338,040 | US/Thailand | Huayi Brothers |

Source: Pacific Ocean Web

For the Week July 5 – 11

| Film Title | Box Office Rank | No. of Weeks | Weekly Income | Total Gross Income | Weekly Audience | Total Audience | Country of Origin | Mainland Distributor |
|-----------------------|-----------------|--------------|---------------------------|--------------------------|-----------------|----------------|-------------------|----------------------|
| <i>Knight and Day</i> | 2 | 1 | RMB36mln (US\$5.27 mln) | RMB36mln (US\$5.27 mln) | 1,117,318 | 1,117,318 | US | Huaxia/CFG |
| <i>Toy Story 3</i> | 4 | 4 | RMB13.5mln (US\$1.98 mln) | RMB91mln (US\$13.32 mln) | 300,735 | 2,021,147 | US | CFG Digital |
| <i>Karate Kid</i> | 10 | 3 | RMB4.2mln (US\$0.61 mln) | RMB47mln (US\$6.88 mln) | 136,407 | 1,503,277 | US/China | CFG |

Source: Pacific Ocean Web

For the Week July 12 – 18

| Film Title | Box Office Rank | No. of Weeks | Weekly Income | Total Gross Income | Weekly Audience | Total Audience | Country of Origin | Mainland Distributor |
|-------------------------|-----------------|--------------|---------------------------|----------------------------|-----------------|----------------|-------------------|----------------------|
| <i>Knight and Day</i> | 1 | 2 | RMB29.6mln (US\$4.33 mln) | RMB65.6mln (US\$9.60mln) | 907,975 | 2,025,293 | US | Huaxia/CFG |
| <i>Toy Story 3</i> | 4 | 5 | RMB9.2mln (US\$1.35 mln) | RMB100.2mln (US\$14.67mln) | 199,479 | 2,220,626 | US | CFG Digital |
| <i>Chernaya Molniya</i> | 7 | 1 | RMB4mln (US\$0.59 mln) | RMB4mln (US\$0.59 mln) | 129,743 | 129,743 | Russia | CFG |

Source: Pacific Ocean Web

For the Week July 19 – 25

| Film Title | Box Office Rank | No. of Weeks | Weekly Income | Total Gross Income | Weekly Audience | Total Audience | Country of Origin | Mainland Distributor |
|-----------------------|-----------------|--------------|--------------------------|-----------------------------|-----------------|----------------|-------------------|----------------------|
| <i>Knight and Day</i> | 2 | 3 | RMB16mln (US\$2.34 mln) | RMB81.6mln (US\$11.95 mln) | 500,782 | 2,526,075 | US | Huaxia/CFG |
| <i>Toy Story 3</i> | 5 | 6 | RMB6.2mln (US\$0.91 mln) | RMB106.4mln (US\$15.52 mln) | 141,423 | 2,362,049 | US | CFG Digital |

| | | | | | | | | |
|-------------------------|---|---|--------------------------------|--------------------------------|---------|---------|--------|-----|
| <i>Chernaya Molniya</i> | 8 | 2 | RMB3.4mln (US\$0.50 mln) | RMB7.4mln (US\$1.08 mln) | 115,489 | 245,232 | Russia | CFG |
|-------------------------|---|---|--------------------------------|--------------------------------|---------|---------|--------|-----|

Source: Pacific Ocean Web

2.3 News

Government Accepts WTO's Judgment to Open Entertainment Product Market

The Chinese government has accepted the World Trade Organization's judgment to further open its entertainment products market from March 19 2011. The USA had filed a suit against the Chinese government for obstacles placed on the import and distribution of films and publications such as books and audio-visual products in 2007.

According to the WTO's judgment, China does not need to increase its annual quota of importing 20 revenue share foreign films to show in cinemas. The judgment allows the Chinese government to retain its two state-owned film distributors' import powers. The Chinese government has censor rights for foreign films. But it has to permit American and other foreign enterprises to import films, books, electronic games and music to China and approve Sino-US joint ventures to distribute music on the Internet.

Exactly how the ruling will be implemented in China remains open to speculation. According to industry insiders, the most likely outcome is that foreign entities will be allowed to distribute their films directly to cinema owners, but would still need to get import permits from China Film/Huaxia. At the same time, China Film/ Huaxia, would be tasked with censorship. As China has no film ratings system, such a setup would allow for continued substantial non-tariff barriers for foreign films in China.

Industry insiders also note that although the ruling is a step in the right direction, the practicalities of how it will be developed is something that will develop over the next years, not in the immediate short term.

Sino-German Movie Co-production *I Phone You*

Germany's Reverse Angle International GmbH and its two Chinese investment partners, Ray Production Media and Beijing Taihe Global Movie, jointly announced the production stage of the movie *I Phone You (Wo Dian Ni)* from July 5, at a press conference held in Chongqing on July 4. The main locations are Chongqing and Berlin.

Screenwriter Wolfgang Kohlhaase, awarded Honorary Golden Berlin Bear at the 60th Berlin International Film Festival in February, will write the script. German Chinese director Tang Dan will direct. The 90 minutes comedy will finish production in November 2010 and will premiere in mainland China in April and May 2011. According to the press conference, it will also appear at the 2011 Berlin International Film Festival.

SARFT Signs Film Co-pro Agreement with New Zealand

Zhang Haitao, vice minister of the State Administration of Radio, Film and TV (SARFT) and Carl Worker, New Zealand's ambassador to China, signed the *Sino-New Zealand Film Co-production Contract* in Beijing on July 7. The contract defines the co-production administrative departments and their functions, application and approval procedures. The

co-productions will enjoy the status of domestic films in both countries. Both sides shall offer necessary support for the shooting and distribution of co-productions. The contract will promote exchange and cooperation in the film sector and is based on the Co-operative Arrangements between China's State Administration of Radio, Film and Television and New Zealand's Ministry of Culture and Heritage signed in August 2005.

Sino-Singapore Co-productions Will Share Domestic Regulations

July 23 saw China and Singapore sign a film co-production contract involving live-action films, animated films, documentary films and TV films. Sino-Singapore co-productions will share the same policies and governmental funding with each other's domestic films in both countries, according to the contract. China's broadcasting regulator the State Administration of Radio, Film and TV (SARFT) and the Singapore Media Development Authority (MDA) will execute the contract on behalf of each country respectively. Singapore becomes the first Asian country and the 6th in the world to sign co-production contracts with China.

Xie Deqian, director of MDA, disclosed that in early July, the MDA and the China Film Foundation signed a letter of intent to co-produce 10 TV films in the coming 3 years. These films are expected to launch on CCTV-6. At the same time, MDA also signed a memo with China's Central Newsreel and Documentary Film Studio and Zhongguangya Broadcasting Network to co-produce a 5 title series of TV documentaries.

Film Co-pro Signed by China and US

July 14 saw John Stuart Robison, CEO of Hollywood Movie Works, reach an agreement with Sheng Boyu, president of Beijing Tianyao Culture Media, to co-produce the film *Double Lives (Shuangren)*. The blockbuster *Mummy 3's* director Rob Cohen is invited to direct. The cast will include Pierce Brosnan, Billy Zane and Brittany Morgan Dengler, from American TV series *True Blood*. The co-production is estimated to cost about RMB400 million (US\$60 million), which is the largest investment for a Sino-US commercial film co-production in history.

China and Australia Begin to Shoot *Sister*

Zhejiang HG Entertainment (HG) and an Australian production company have started to jointly shoot the film *Sister (Meimei)* in Sydney. This is the second Sino-Australia co-production, following *The Last Dragon (Xunlong Duobao)* co-produced by HG and Australia's AMPCO Films in 2008.

State Film Bureau: Box-Office Statistics in H1 2010

China's urban cinemas had made RMB4.8 billion (US\$708 million) at the box office by the end of June, according to China's State Film Bureau. Of the total, China's domestic movies (including co-productions) and imported movies contributed RMB2.1 billion (US\$310 million) and RMB2.7 billion (US\$398 million) respectively. *IP Man 2* and *Avatar* head the Top Ten lists in each category.

Top 10 Imported Movies by Box Office Receipts H1 2010

| Rank | Title | Country of Origin | Box Office |
|------|--|-------------------|--|
| 1 | <i>Avatar</i> | USA/UK | RMB1,378.70 Million (US\$203.49 Million) |
| 2 | <i>Alice in Wonderland</i> | USA | RMB226.40 Million (US\$33.41 Million) |
| 3 | <i>Iron Man 2</i> | USA | RMB176.37 Million (US\$26.03 Million) |
| 4 | <i>Clash of the Titans</i> | USA | RMB175.18 Million (US\$25.85 Million) |
| 5 | <i>Prince of Persia: The Sands of Time</i> | USA | RMB158.22 Million (US\$23.35 Million) |
| 6 | <i>How to Train Your Dragon</i> | USA | RMB91.24 Million (US\$13.47 Million) |
| 7 | <i>Sherlock Holmes</i> | USA / Germany | RMB81.74 Million (US\$12.06 Million) |
| 8 | <i>The Spy Next Door</i> | USA | RMB69.74 Million (US\$10.29 Million) |
| 9 | <i>Toy Story 3</i> | USA | RMB64.91 Million (US\$9.58 Million) |
| 10 | <i>Robin Hood</i> | USA / UK | RMB43.80 Million (US\$6.46 Million) |

Top 10 Domestic Films and Co-productions at the Box office H1 2010

| Rank | Titles | Producer | Box Office |
|------|--|---|--|
| 1 | <i>IP Man 2: Legend of the Grandmaster (Ye Wen 2: Zongshi Chuanqi)</i> | Henan Movie & TV Production Corp Group (Mainland China), Beijing Shengshi Huarui Film Investment & Management Co. Ltd.(Mainland China), Mandarin Films Co. Ltd.(Hong Kong),etc. | RMB 232.35 Million (US\$34.29 Million) |
| 2 | <i>Little Big Soldier (Dabing Xiaojiang)</i> | Bona Entertainment (Mainland China), JCE Movies (Hong Kong) | RMB160.78 Million (US\$23.73 Million) |
| 3 | <i>14 Blades (Jin Yi Wei)</i> | Shanghai Film Group Corp (Mainland China), Visualizer Film Productions Ltd. (Hong Kong), MediaCorp Raintree Pictures Pte Ltd. (Singapore) | RMB143.65 Million (US\$21.20 Million) |
| 4 | <i>Just Another Pandora's Box (Yueguang Baohe)</i> | Zhujiang Film Studio, Beijing Galloping Horse Film & TV Production, Zhejiang Film Studio, etc. | RMB131.79 Million (US\$19.45 Million) |
| 5 | <i>Hot Summer Days (Quancheng Relian)</i> | Fox International Productions (USA), Star Television (Hong Kong), Huayi Bros.(Mainland China) | RMB131.65 Million (US\$19.43 Million) |
| 6 | <i>Go Lala Go! (Du Lala Shengzhi Ji)</i> | China Film Group Corp (Mainland China), DMG Entertainment (USA) | RMB128.81 Million (US\$19.01 Million) |
| 7 | <i>Pleasant Goat and Big Big Wolf (Xiyangyang Yu Huitailang Zhi Huhu Shengwei)</i> | Shanghai Media Group (Mainland China), Creative Power Entertainment, UYONG Media (Mainland China) | RMB126.85 Million (US\$18.72 Million) |
| 8 | <i>Confucius (Kong Zi)</i> | Beijing Dadi Century Ltd (Mainland China), China Film Group (Mainland China), Dadi Film Group (Mainland China) | RMB101.08 Million (US\$14.92 Million) |
| 9 | <i>All's Well Ends Well 2010 (Huatian Xishi 2010)</i> | Mandarin Films Distribution (Hong Kong), Enlight Pictures (Mainland China), Pegasus Motion Pictures (Hong Kong) | RMB61.42 Million (US\$9.06 Million) |
| 10 | <i>Future X-Cops (Weilai Jingcha)</i> | China Film Group Corp (Mainland China) Jing's Production Limited (Hong Kong), Mega-Vision Pictures (Hong Kong) | RMB60.03 Million (US\$8.86 Million) |

70% of China's Domestic Films Face Deficit

Total box office exceeded RMB4.8 billion (US\$708 million) in H1 2010, but over 70% of China's domestic films face a deficit say some. The former number comes from the State Film Bureau and the latter is disclosed by Gao Jun, vice general manager of China's major cinema chain New Film Association and also a film investor.

At present, film investors / producer take a 40% share of a film's total box office, cinemas the rest, according to the usual profit sharing percentage, Gao explained. If a film makes RMB100

million (US\$15 million) at the box office, only RMB40 million (US\$6 million) is allocated to the investor. To realize that box office, besides investment into production and promotion the investor needs to issue 500-1000 film copies with each copy costing RMB8,000-10,000 (US\$1,180-1,476). That's to say, the total cost of copies for the film could reach RMB4-10 million (US\$0.6-1.5 million). Gao suggests only about 10 films are profitable of approximately 400 domestic films produced every year.

Disney Sets up Film Dept in China

"Disney China has established a film branch", said Zhang Zhizhong, the CEO of Disney Greater China, in an exclusive interview with Netease on July 11. "We will launch a series of Chinese native characters in our future movies", he added. In addition, Disney China will finally build a similar business structure with that in USA, covering film, publishing, new media and consumer goods.

June 16 saw Disney release cartoon blockbuster *Toy Story 3* in China. Within less than one month, total box office exceeded RMB80 million (US\$12 million) and spin-off product sales reached RMB12 million (US\$1.8 million).

3D Format *Shrek Forever After* To Premiere in Mainland August 16

3D Hollywood animated blockbuster *Shrek Forever After* will premiere in mainland China on August 16, according to distributor CFG Digital Film Co. Ltd. Since it will be the only animated movie launched in August and the *Shrek* series has more fans than *Toy Story* in China, *Shrek Forever After* is expected to surpass *Toy Story 3* and exceed RMB100 million (US\$15 million) at the box office with ease, expressed CFG Digital Film Co. Ltd. The number of *Shrek Forever After* copies will also be greater than that of *Toy Story 3*.

Toy Story 3 began to show in mainland China on June 16 and had made over RMB100 million (US\$15 million) at the box office by July 18.

2010 China International Panda Animal & Nature Film Festival

2010 China International Panda Animal & Nature Film Festival will be held from August 1-7 in Ya'an of Sichuan province, according to its official website. There will be 37 films shown during the festival. 27 films come from foreign countries such as America, Germany, Switzerland, Britain, Canada, Italy, Peru, India, Sweden and Norway. The event is jointly hosted by China Film Archive and Ya'an Municipal People's Government and will be held for the third time in Ya'an, the hometown of the panda, since 2007. Six prizes (Golden Panda, Discovery, Photography, Nature and Environment, Educational Value and Special Hope) will be selected and awarded.

3. TV und Video/DVD / TV and Home Video / DVD

3.1 Deutsche Filme/TV-Filme im Fernsehen

(German films (feature films, documentary etc – all genres) on TV)

N/A

3.2 Deutsche Filme & Koproduktionen auf DVD/Video
(German Films & Co-productions on DVD / Video)

N/A

4. Festivalübersicht / Festivals & Events

4.1 Deutsche Filme auf Festivals/Filmwochen etc.
(German Films taking part in Festivals / Film Weeks / Screenings etc)

The monthly Beijing German Films Screening will restart in September after the summer break ends.

Note:

The German Films Screenings is a monthly initiative organized by German Films and the German Embassy School Beijing. It aims to promote German films to Chinese and German film enthusiasts, as well as Chinese film and TV acquisition professionals, in an otherwise very restrictive environment. The initiative has been very well received, as it is otherwise very difficult to show films on a big screen. Earlier screenings of *Rabbit Without Ears* by director Til Schweiger, *Along Come Tourists* from Robert Thalheim, *Nothing But Ghosts* from Martin Gypkens, *Melodies of Spring* from Martin Walz and *The Lives of Others* from Florian Henckel von Donnersmarck aired to full auditoriums.

If you are interested in showcasing your film as part of the German Films screenings, please contact Anke Redl at redl@german-films.de

4.2 Evaluations für Festivalguide
(Evaluation for Film Festival guide)

4.3 Vorschläge von Festivals für Festivalguide
(Recommendations for the Film Festival Guide)

The next major events will be the

- China International Film & TV Programs Exhibition on August 26-28 in Beijing as well as the
- Changchun Film Festival in August 23-28 held in Changchun, a northeast city of China
- Beijing Film Screenings in September (tbc) and the
- EU Film Festival in September.

Please feel free to contact us if you need further information on any of the events and activities or would like to join.

4.4 Deutsche Filme in der Presse
(German Films in the Media)

There are no media reports available this month.

5. Inländische Promotion für Lang-/TV-/Kurz- und Dok-Film / Domestic promotion for Theatrical films / TV films / short and documentary

NA

6. **Zusammenarbeit mit den Goethe-Instituten / cooperation with Goethe Institutes and other Institutions (Embassy, German School, other film festivals etc)**

None this month

7. **Aktivitäten des/der Auslandsbeauftragten für die dt. Filmwirtschaft im Monat Mai / Juni 2010 / Activities of foreign reps in their territory for that month**

The German Previews took place in Hamburg in July 2010. German Films China Rep Anke Redl took place in the event along with a delegation from Mainland China and Hong Kong. Chinese delegates included Ethon Peng from ERG, Lily Jiang from Polybona, Derek Huang from Ciwen as well as Hoi Wong from First Distributors in Hong Kong.

Also, many requests and meetings from German film professionals as well as government were fielded and answered.

8. **Anmerkungen/Vorschläge/Kummerkasten/Sonstiges / Comments, Suggestions, Worries etc**

Should you need any further information please contact me via Email redl@german-films.de or Tel +8610 8418 6468.