



China-International Film Co-Production Handbook



Motion Picture Association



China Film Co-Production Corporation

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1 Policies and Regulations for Film Co-Production

I. Definition and Types of Co-Produced Films

Film co-productions fall into three categories: co-produced, assisted and entrusted.

A Co-Produced Film is a film shot by a China-based film producer and a foreign producer that features joint investments (including funding, labor and materials, joint filming, and joint sharing of both benefits and risks. Such films are subject to preferential policies that are typically applied to domestic Chinese films within the Chinese marketplace.

An Assisted Film is a foreign-invested film that is produced in a China setting. The Chinese partner assists a foreign producer in providing settings or filming locations, facilities and labor at the cost of the foreign producer, but will not own the copyrights as an assisting party. The assisted film must go through import formalities as an

imported film and is not subject to the preferential policies typically applied to domestic Chinese films.

An Entrusted Film is a film in which a foreign party has fully entrusted a Chinese party to produce according to specified content and technical requirements. The Chinese party completes all work at the expense of the foreign party, but will not own the copyrights. A film of this type is thoroughly considered an import entering the domestic market and is not subject to the preferential policies typically applied to domestic Chinese films.





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II. Co-Production Regulations and History



Dec. 12, 2001

The Regulations on the Administration of Movies was adopted at the 50th Executive Meeting of the State Council on Dec. 12, 2001, and came into effect on Feb. 1, 2002 (www.chinasarft.gov.cn).

On Oct. 21, 2003

On Oct. 21, 2003, the State Administration of Radio, Film and Television (SARFT) promulgated *The Implementing Rules on Toughening the Cooperation Between the Film Sectors in Mainland China and in Hong Kong and its Management* (www.chinasarft.gov.cn).

On July 6, 2004

On July 6, 2004, SARFT promulgated *The Administration of Sino-Foreign Cooperation in the Production of Films Provisions*, which became effective on Aug. 10, 2004 (www.chinasarft.gov.cn).

On May 22, 2006

On May 22, 2006, SARFT promulgated *The Regulations on Movie Scripts (Summary) Registering and Movies Administration*, which became effective on June 22, 2006 (www.chinasarft.gov.cn).

On Jan. 17, 2013

On Jan. 17, 2013, SARFT promulgated *The Applicable Measures for Enhancing the Administration of the Filming Cooperation between the Two Sides of the Taiwan Strait* (www.sarft.gov.cn).

On March 27, 2014

On March 27, 2014, the State Administration of Press, Publication, Radio, Film and Television (SAPPRFT, formerly SARFT) issued *The Circular of SAPPRFT on the Trial Implementation of the Censorship of Chinese Domestic Films by Local Competent Departments*, which included measures for streamlining the censorship of co-produced films, to transfer powers to lower-level departments.

Table 1: Overview of Sino-Foreign Film Co-Production Agreements

Co-Production Agreement	Date	Common Points	Special Points
The Agreement on Sino-Canada Film Co-Production	1987.02	1. All agreements include provisions for applying for prior approval for film production and after approval, for a permit for public screening of films 2. Most of the agreements include a regulation stipulating that "at least 90% of camera shots are exclusively for the said film." -	The first film co-production agreement
The Agreement on Sino-Italy Film Co-Production	2004.12		CFCC evaluates the investment ratio from both parties to determine if the film meets the criteria as a co-production
The Agreement on Sino-Australia Film Co-Production	2007.09		-
The Agreement on Sino-French Film Co-Production	2010.04		-
The Agreement on Sino-New Zealand Film Co-Production	2010.07		-
The Agreement on Sino-Singapore Film Co-Production	2010.07		-
The Agreement on Sino-Belgium Film Co-Production	2012.04		-
The Agreement on Sino-Britain Film Co-Production	2014.04		Proposed upper/lower limits for the amount of investment
The Agreement on Sino-South Korea Film Co-Production	2014.07		Supplemented the technical terms for cooperation
The Agreement on Sino-India Film Co-Production	2014.09		-
The Agreement on Sino-Spain Film Co-Production	2014.09		Allowed the introduction of third parties, but with limited proportions of investment

* The co-production agreements between China and other countries including Canada (new draft), Holland, Brazil, Malta and Russia are under discussion.



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III. Selections of Specific Articles From Co-Production-Related Regulations

Sections from *the Provisions on the Administration of Sino-Foreign Cooperative Production of Films*:

Article 2 - For the purposes of these Provisions, “Sino-foreign cooperation in film production” refers to the joint and coordinated production of films, and the production of films by appointment, inside or outside China, by a domestic film producer that has obtained a “Film Production Permit” or a “Film Production Permit (Single Film)” (hereinafter the “Chinese Party”), in accordance with the law, and a foreign film producer (hereinafter the “Foreign Party”).

Article 3 - These Provisions shall apply to the cooperative production of fictional films, artistic films, scientific and educational films, documentaries and special feature films (including traditional films, digital films, films for television, etc.) by Chinese and foreign film producers inside and outside China.

Article 7 - The State shall implement a licensing system for Sino-foreign cooperation in film production.

Domestic work units or individuals that have not obtained a “Permit for Sino-foreign Cooperation in Film Production” or an approval document may not produce films in cooperation with foreign work units or individuals. Foreign work units or individuals may not produce films independently in China without approval.

Article 8 - To apply for Sino-foreign cooperation in film production, the following conditions shall be met:

1. The Chinese Party shall hold a “Film Production Permit” or a “Film Production Permit (Single Film)” (hereinafter, including Sino-foreign film production equity joint ventures approved and registered in China);
2. Neither the Chinese nor Foreign Party is currently subject to a penalty period that

bans it from film production as a result of violation of the Regulations on the Administration of Films.

Article 12 - A “Permit for Sino-foreign Cooperation in Film Production” shall be valid for two years.

Article 13 - Where it is necessary to employ major, non-local personnel for a joint production, these individuals shall be approved by SARFT, and the proportion of the major actors of the Foreign Party shall not exceed two-thirds of the total number of the major actors.

Article 16 - Jointly-produced films may only be distributed and screened publicly inside or outside China after they have passed examination and obtained a “Permit for Public Screening of Films” issued by SARFT.

In cases of films produced in coordination or by appointment that have passed examination, export procedures may be carried out on the strength of the approval document of SARFT.

Article 17 - Where the Chinese and Foreign Parties need to amend a film for which the “Permit for Public Screening of Films” has already been obtained, they shall report the matter to SARFT for examination and approval.





Article 18 – The printing and post production of negatives and copies of Sino-foreign co-produced films shall be completed in China. If this must be completed outside of China due to special needs, a request for approval shall be submitted to SARFT.

The remaining negatives and copies after editing shall be retained temporarily by the Chinese Party, and may only be exported after the film has been publicly screened abroad for six months.

Article 19 - Should a jointly-produced film participate in a Chinese or foreign film festival (exhibition), a record shall be filed with SARFT according to the provisions on the holding of, and participation in, Chinese and foreign film festivals (exhibitions).

Article 20 - The Foreign Party shall employ creative talent and workers related to the film in mainland China through the Chinese Party, and shall sign a contract with the employees in accordance with the laws and regulations of China.

Article 21 - Acts in violation of these Provisions shall be penalized in accordance with the relevant provisions of the Regulations on the Administration of Films.

Article 22 - These Provisions shall also apply to the co-operative production of films in China by film producers from the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan.

IV. Forms of Investment for Co-Production

With the enhancement of supportive policies and as film markets have been rejuvenated, the investment climate has improved with a massive influx of government, industry and non-government capital to the film production sector. Film co-production in China comes in the following forms:

Direct Investment: Direct investment is intended for a film production that is wholly invested in by a producer or jointly invested by several parties. The party or parties contributing direct investment will have the right to share future earnings. The investment pattern is clearly defined and fast-rewarding. *Love Is Not Blind* offers one of the most successful cases of direct investment in film production.

Bank Loans: In 2014, seven ministries and commissions of the Chinese government issued *The Circular on Supporting Several Economic Policies for Film Industry Development*, in order to encourage financial institutions to provide credit for film production. A number of financial institutions, including Beijing Bank, Industrial and Commercial Bank of China, Bank of Jiangsu, China Minsheng Bank, Huaxia Bank and China Merchants Bank, supported film production drives with innovative financial products such as mortgages on intangible assets. For example, *The Flowers of War* was given a loan of RMB150 million from China Minsheng Bank; *Flying Swords of Dragon Gate* (directed by Tsui Hark) RMB100million from Beijing Bank; and *Tiny Times* RMB60 million from the Bank of Nanjing.

Film Funds: Film funds are gaining in popularity as an emerging investment pattern. China developed 111 culture industry funds by November 2013, including government-guided investment funds, industrial investment funds, private equity, venture capital and other investment institutions, as well as industry-integrated investment funds.



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Product Placement: Product placement, namely embedded marketing, is done to mitigate investment risks. Many film companies use product placement – a stable means of profit – as the dominant pattern of investment in film production. For example: the movie *Big Shot's Funeral* features a great deal of product placement.

Network financing: Present network financing platforms, including Zhongcou.cn, have not yet assumed the power to transform the conventional means of film production, but they add to the ways of financing film industry development. Examples include Alibaba's Yulebao, Baidu's Baifayouxi, and JD Online Shopping Mall's Coufenzi.

Copyright pre-sales, government investment and other sources provide important means of production financing in addition to those listed above.

V. Chinese Government Agencies for Co-Production

1. State Administration of Press, Publication, Radio, Film and TV (SAPPRFT)
2. China Film Co-Production Corporation (CFCC)
3. SAPPRFT provincial departments



VI. Approval Procedures for Co-Produced Films

Procedural course for Chinese-foreign film co-production and assisted co-production fall into three stages: application for project establishment, production and review and approval of completed film.

Stage One: Application for Project Establishment

1. Domestic and overseas co-producing parties enter co-production agreement or letter of intent;
2. The lead domestic party process on-line application with E-Government Network under the State Administration of Press, Publication, Radio, Film and Television (click <http://dy.chinasarft.gov.cn/>); (Note: For co-production and assisted co-production, submit to provincial or municipal competent authorities of radio, film and television; in case of change from domestic production to co-production, submit to CFCC.)
3. The lead domestic party delivers the proposed script and applying documents to the provincial or municipal competent authorities for the region in which this party is registered for comments on script; where the lead domestic party is directly under a central or state organ (army), it shall submit directly to CFCC; (Note: The lead domestic party must be eligible for co-producing films, namely having produced or co-produced two or more films, and need to produce "The Film Public Exhibition Permit" of the films it has produced, as part of applying documents.)



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4. The lead domestic party submits the script and applying documents to CFCC, including:

- 1) An application letter for project establishment jointly signed by all co-producing parties (original with official seal of each party);
- 2) Company profile of each co-producing party (including performance record, mail address, postal code, telephone and fax numbers, email and website);
- 3) Valid business license of each co-producing party (copy);
- 4) Proof of financial credit issued for each co-producing party from their respective banks (not proof of deposit);
- 5) Letter of Authority for the person responsible for the project issued by the lead domestic party (original with official seal, including contact information of the appointed person: mail address, postal code, telephone and fax numbers, and email);
- 6) Letter of Intent for co-production or assisted co-production signed by all co-producing parties (copy);
- 7) A list of major creative contributors, including names, nationalities and filmography of the screenwriter, director, cinematographer, production designer and leading actors as

well as copies of their passports or ID certificates; for leading actors, their roles in the film must be stated (in co-produced films, overseas actors must not exceed two-thirds of the main cast; there is no such requirement for assisted co-production);

- 8) Letter of Authorization from the screenwriter authorizing the parties to exploit the work (copy with signature by the screenwriter);
- 9) Synopsis of the film (within 1000 words)
- 10) Three copies of the script in simplified Chinese, font size 4, with numbered scenes and pages.

5. CFCC read and assess the script and applying documents, and then produce a written report before submitting to the competent authorities;

6. The competent authorities issue "The Film Project Establishment Notice" and "The Chinese-Foreign Film Co-production Permit";

7. CFCC execute agreement with all co-producing parties.





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Stage Two: Production

1. After the film has been approved to shoot, the lead domestic party shall file the following documents on-line with E-Government Network under the State Administration of Press, Publication, Radio, Film and Television before submitting the same documents in print to CFCC:

1) Concrete information needed for "The Official Shooting Plan" drafted and issued by the Film Bureau, including:

- (1) Names of all co-producing parties
- (2) Chinese film title
- (3) Production period
- (4) Shooting locations in China
- (5) Entry and exit ports for customs clearance
- (6) List of departments and organizations "The Official Shooting Plan" is addressed to and copied in;

2) An application letter for hiring overseas major creative contributors (there is no such requirement for assisted co-production), including:

- (1) Names of all co-producing parties
- (2) Chinese film title
- (3) List of overseas major creative contributors (screenwriter, director, cinematographer, production designer and leading actors) to hire, including their names, nationalities and filmography; for leading actors, their roles in the film must be stated;

3) An application letter for English version of the film title (there is no such requirement for assisted co-production), including:

- (1) Names of all co-producing parties



(2) Chinese film title

(3) Proposed English film title for release print; an explanation is necessary in case of non literal translation;

4) Where necessary, an application letter for change of co-producing party or parties, including:

- (1) Names of original co-producing parties
- (2) Chinese film title

(3) Reasons of changing co-producing party or parties

(4) Names of the co-producing party or parties to change

Besides, additional documents are necessary: statements from the parties involved (including that from the quitting party or parties), company profile and proof of financial credit of the new party or parties, and a Letter of Intent on the co-production between the updated co-producing parties;

5) Where necessary, an application letter for change of Chinese or English film title, including:

- (1) Names of all co-producing parties
- (2) Original Chinese or English film title
- (3) New Chinese or English film title;

2. Where necessary, the lead domestic party shall submit an application letter together with the copies of the overseas crew's passports to CFCC for visa processing;

3. If CFCC is asked to process customs clearance for the temporary import of filming equipment, film stocks, and audio and visual products, a Letter of Attorney and other relevant materials must be provided by the lead domestic party.



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Stage Three: Review and Approval of Completed Film

1. After the film is completed, the lead domestic party shall process on-line with E-Government Network under the State Administration of Press, Publication, Radio, Film and Television for film review, and deliver the completed film in HDCAM format together with relevant documents to the provincial or municipal competent authorities for the region in which this party is registered for viewing comments. Afterwards, it shall submit to CFCC for assessment and verification before "The Film Review Decision" is issued. Where the lead domestic party is directly under a central or state organ (army), it shall submit directly to CFCC for viewing comments. Upon initial approval, CFCC shall submit the film to the competent authorities for final approval;

2. The lead domestic party must submit the following materials to CFCC for film review:

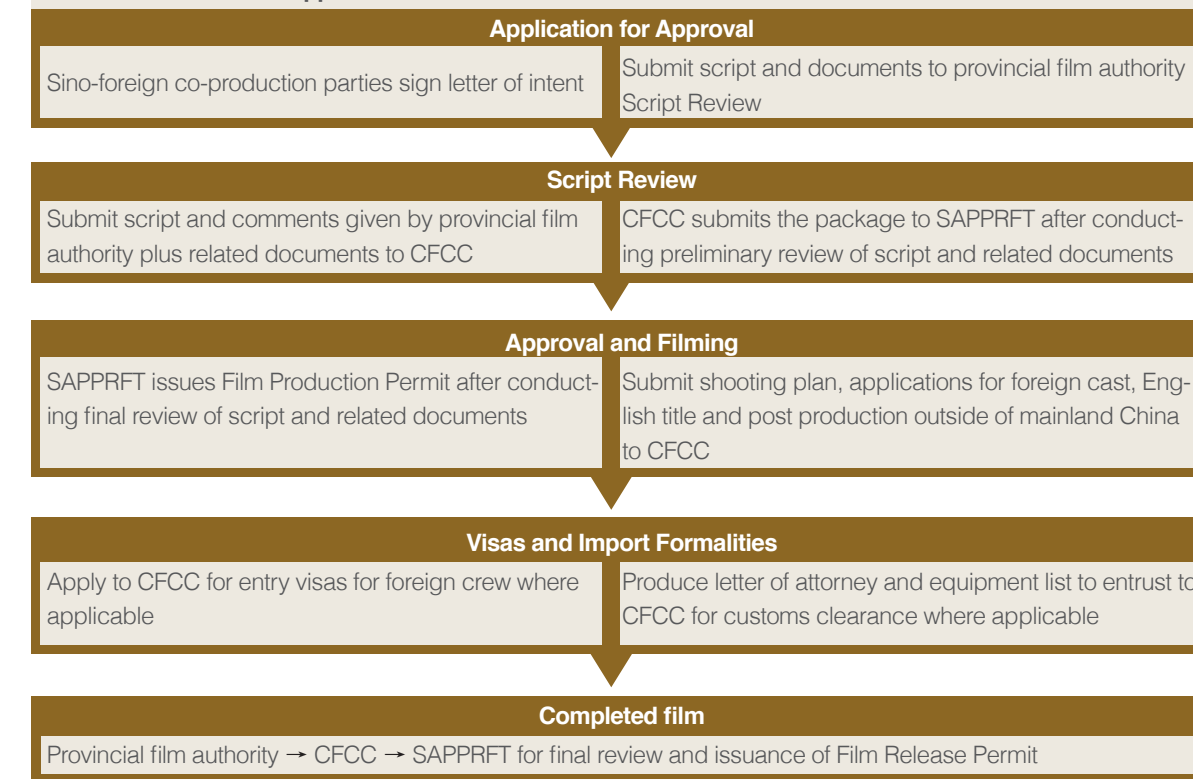
- 1) Viewing comments produced by the provincial or municipal competent authorities;
- 2) Completed film in HDCAM format;
- 3) The Domestic Feature Film (Film or Digital) Review Statement;
- 4) The Domestic Film Review and Approval Form, filled out by the lead domestic party, four originals and each with official seal, plus a digital version;
- 5) The Major Creative Contributors Form, made out in duplicate, plus a digital version;
- 6) An application letter for English film title;



- 7) Where applicable, a copy of approval for change of co-producing party or parties;
- 8) A digital version of complete dialogues;
- 9) Credits and lyrics;
- 10) "The Film Production Permit (Single Film)" returned by the processing party;
- 11) Where applicable, a copy of approval for change of the film title;
- 12) A copy of the co-production agreement between all co-producing parties; in case of change of co-producing party or parties, a copy of the updated co-production agreement should be submitted;
- 13) Stills (no less than 6 pieces);
- 14) A Letter of Authorization from the lead domestic party for the handling person to collect "The Film Public Exhibition Permit" (with official seal);

Note: Items 4) 5), 8) and 12) may be burned on two compact discs, one for CFCC and the other for the Film Bureau.

Add. 1: Procedure for Approval of Co-Production Films





2 Filming Locations and Bases

I. Filming Locations

Filming locations or exterior scenes may take place at any of the locations mentioned here (including public places) except for fixed studios or back lots where shooting is done. Many locations, as the site of prior film shoots, have become famous overnight, turning into well-known destinations attracting tourists and sightseers. Famous film cities (or film and TV cities) are originating in China from these filming or shooting bases. With the evolution of the Chinese film and TV industry, more and more big-budget film productions have started to emerge along with the gradual development of these bases into film cities.

Generally, film locations fall into two categories: film bases centered around a film city, the most characteristic being Hengdian Movieland, Shanghai Songjiang Chedun Film Base, China Huairou Film Base, Wanda's Qingdao East Cinema (under construction); and natural areas of landscape, such as Sichuan Jiuzhaigou, Hubei Shennongjia, The Bund (Shanghai) and Xinjiang Loulan Ancient City.

Hengdian World Studios, for example, is located within Dongyang city in the middle of Zhengjiang province, and harbors 13 shooting bases (Guangzhou Street, Hong Kong Street, Ming & Qing palaces and gardens, Emperor Qin's Palace, Qingming Festival by the Riverside, Dream Valley, Pingyan Cave Mansion, Dazhichan Temple, Ming & Qing Civil Houses Expo City) and two studios. More than 1,200 films and TV programs have been shot here, including *The Opium War*, *Hero* (American TV series and film), *The Promise*, *Yong Zheng*

Wang Chao, *Painted Skin* and *Journey to the West: Conquering the Demons*. Hengdian World Studios has become the world's biggest filming base and China's only "national film and TV industry model area"; *The Hollywood Reporter* rates it a "China Hollywood."

China Huairou Film Base covers 18 square kilometers and encompasses a core and expanded area. In December 2006, it was rated one of Beijing's first 10 creative industry clusters. An investment of RMB4.5 billion was put into the core area: China Film Base, SMI city, Cineaste Garden Hotel and China Cinematographic Printing and Development Factory are complete; the Jindi Company Producers Headquarters base and Brilliance Baidai Digital Movie City are under construction; the second phase of the China Film Base is ready to start construction; and 360 companies (e.g., Huayi Bros. Media Group, Hai Run, JinYingMa Media Co., Ltd., Beijing Galloping Horse Media Co., Ltd.) are included in the investment. The base, most represented by SMI and China Film Group Corporation (CFG), has provided film production teams with shooting locations for more than 1,300 films and TV programs, including for *Forever Enthralled*, *The Founding of a Republic*, *The Grand Mansion Gate* and *Ice Man* (3D).





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Shanghai Film Park or Shanghai Film Studios Amusement Park, located within Chedun, Songjiang in Shanghai, is a 1,200 mu (1 mu=0.0667 hectares) park established under investment by the Shanghai Film (Group) Co., Ltd. The park's first phase was completed in October 1998. The park has developed a panoramic South China Street and film locations including Nanjing Road of 1930s and Shanghai Folk Houses and Alleys; it will also develop four large and three small studios, as well as scenic spots, including Shanghai Old Outskirt, Big World Amusement Park, Chenghuang Temple, Cartoon World, Stars Plaza, Fair Center, Screen World, Stunts Venue, Wharfs and Ports and Hunting and Shooting Ground. Most films pertaining to Shanghai stories have been shot in the park, including such famous ones as *Samsara*, *Gone With the Wind*, *Shanghai Bund (2007)*, *Kung Fu Hustle* and *League of Legends*.

Wuxi Film Base, or the CCTV Wuxi Film Base, covers over 100 hectares, including 3,000 mu of the Taihu Lake. The base encompasses architecture with Han dynasty characteristics, including King Wu's Palace, Ganlou Temple, Han Tripod, and Caocao's Camp Water and Drought Villages; architecture characteristic of the Song dynasty, including the Imperial Palace, the Monastery, Zishi Street, the Riverside Streets of Ming and Qing and the Waterside



Table 2: Filming Bases				
Film Base	Address	Telephone	Works	Website
Changying Century City	Westside of Jingyuetan Scenic Spot, Changchun, Jilin	0431-84550888	<i>The Special Laboratory</i>	www.changying.com
China Huairou Film Base	Yangsong Town, Huairou, Beijing	010-69680036	<i>The Founding of a Republic, Forever Enthralled, Ice Man 3D</i>	www.cmc.gov.cn
Hengdian World Studios	Hengdian Film Industry Experimental Area, Dongyang, Zhejiang	0579-89322182	<i>Hero, The City of Golden Armor, The Mummy: Tomb of the Dragon Emperor, Blades</i>	www.hengdianworld.com
Jiazuo Film & TV Park	Mount Fenghuang, Jiaozuo, Henan	0391-2903168	<i>The Warring States</i>	www.jzysc.com
North Putuo Film & TV City	Nangong Village, Yinghai, Beijing	010-69279999	<i>The Grand Mansion Gate, Yong Zheng Wang Chao</i>	
Qingdao East Cinema (under construction)	No.1777 Binhai Avenue, Huangdao District, Qingdao, Shandong	0532-67719999	-	weibo.com/qdwdffyd
River Bank Mongolia Film & TV Base	Changshanzhuang Village, Mamjuchi, Yinan County, Linyi, Shandong	0539-3767222	<i>Zhan Shen, Induce Kill</i>	-
Shanghai Film Studios Amusement Park	No.4915 Beisong Road, Chedu Town, Songjiang, Shanghai	021-57601166	<i>Kung Fu Hustle, The White Countess, Lusty Caution</i>	www.shfilmpark.com
Wuxi Film & TV Base	Shanshui Road West, Wuxi, Jiangsu	0510-85552687	<i>The Romance of Three Kingdoms, Tang Emperor</i>	www.ctvwx.com
Xiangshan Motion Picture City	Xinqiao Town, Xiangshan County, Ningbo, Zhejiang	0574-65886015	<i>The Four, The Last Supper</i>	www.xsysc.com
Zhenbeibao West Film City	Zhenbeibao, Xijiao, Yinchuan, Ningxia	0951-2136068	<i>The New Longmen Roadhouse, Red River Valley</i>	www.chinawfs.com
Zhongshan Film & TV City	Cuixiang Village, Zhongshan City, Guangdong	0760-85503618	<i>Sun Zhongshan, For the Sake of the Republic of China</i>	www.cctvzsc.com



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Liangshan; architecture characteristic of the Tang dynasty, including the Imperial Garden, Chenxiang Pavilion, Huaqing Hot Spring, and Tang Palace and other large-scale ancient complexes; and architecture from the Ming and Qing dynasties, including Old Peking Compound Houses and The Old Shanghai Street. Since its establishment, the base has seen the production of thousands of domestic and overseas films and TV programs. Examples include *The Romance of Three Kingdoms*, *The Water Margin*, *Tang Emperor*, *Imperial Concubine Yang*, *Palace of Desire* and *Xiao Ao Jiang Hu*.



In addition to the above film cities and bases, China is home to film cities with unique features that cater to different shooting needs. Examples include the North Putuo Film & TV City, which has a Ming and Qing dynasty theme; Zhenbeibao West Film City, which has a western and ancient China conceptual theme, Zhongshan Film & TV City, which is themed around the period of the establishment of the Republic of China; and the Jiaozuo Film & TV City, which is themed around China's Spring and Autumn period and the period of the Three Kingdoms.

II. Indoor Settings/Sound Stages



Film studios also offer important film-producing sites or indoor settings that may take on forms and scale that depend upon the economic and social environment and production conditions. The studio space and area that a producer might need will depend upon the average number of productions annually and the type of films produced. Depending upon the type of film, film length (in meters), set area, shooting cycle and studio turnover/availability are considered in calculating studio number. These film bases, especially Hengdian Moviepark, China Huairou Film Base and Shanghai Film Park,

Table 3: Film Studios (partial)

Studio	Address	Telephone	Sound stage	Area (m ²)
China Film Digital Production Base	Yangsong Town, Huairou District, Beijing	010-69680026	16	800-5000
Ganquan Film & TV Base	Hanjiang District, Yangzhou, Jiangshou	0514-87728058	2	4000-6200
Hengdian World Studios	Hengdian Film Industry Experimental Area, Dongyang	0579-89322182	15	1000-6000
Jiangsu (National) Future Film & TV Cultural Creativity Industry Park	Shijiao Town, Piaoshui County, Nanjing, Jiangsu	025-56615666	2	3000
Nanhai Film Studio	Shishan Town, Nanhai District, Foshan, Guangdong	0757-85231007	2	500-1200
Qingdao East Cinema (under construction)	No. 1777 Binhai Avenue, Huangdao District, Qingdao, Shandong	0532-67719999	20	Max. 10,000
SMI Jincheng Film City	Yangsong Town, Huairou District, Beijing	010-69680026	4	900-1800
Wuxi Film & TV Base	Shanshui Road West, Wuxi, Jiangsu	0510-85552687	2	1200



boast filming locations and studio types to meet the requirements of different film production crews. For example, Hengdian Moviepark provides many filming locations and 15 standard studios ranging from 1,000 to 6,000 square meters. It also provides integrated services with clearly marked fees, to include costumes, apparatus, horses, crowd actors/actresses, technicians, labor and vehicles. China Film Digital Production Base covers over 40,000 square meters, including 16 studio clusters: one 5,000 square-meter, one 3,000 square-meter, two 2,000 square-meter, three 1,500 square-meter, six 1,200 square-meter and three 800 square-meter studios with sound facilities.

Film production crews can also resort to cultural parks, where a considerable number of studios are available.

3 Film Producers/ Institutions

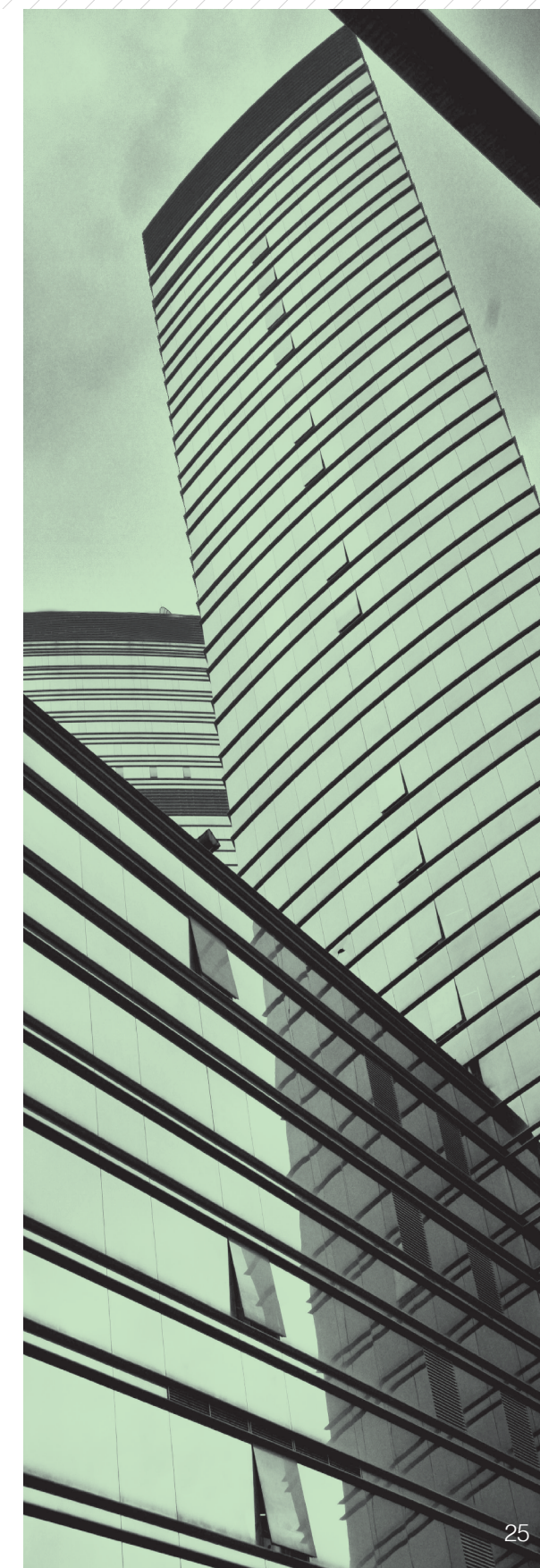
There are numerous film producers or institutions in China, generally falling into two groups: state- and privately-owned. In 2013, 638 films were shot by more than 400 producers or producing entities. The most commercially acceptable, influential producers are the state-owned China Film Group Corporation (CFGC) and the privately-owned Huayi Brothers, Enlight Pictures, Bona and Le Vision Pictures. Wanda Pictures, Shanghai Film Group Co., Ltd. (SFG) and Media Asia also have market share.

Among the films released in 2013, about 70 were produced or co-produced by state-owned companies; and about 240 were co-produced by privately-owned companies, 207 of which included cases where the privately-owned companies were the major or biggest investors, representing almost half of the box office for the year 2013. As private film producers gain strength, they have started to operate in film distribution and the launch of artists and fan-related businesses, while state-owned producers produce more mainstay films. Among more than 30 state-owned producers – with the exception of CFGC and SFG, West Movie Group, Xiaoxiang Film Group Inc., and Zhujiang Film Group, which still have production capabilities; and small-scale specialized producers in Tianjin municipality and Henan province – most are making a scant livelihood.

Founded in February 1999, CFGC is made up of a combination

of eight former entities, including China Film Company and Beijing Film Studio. With 15 wholly-owned subsidiaries and branches and nearly 30 majority- or partially-owned companies, CFGC is currently the only company with film import rights within mainland China. It is also China's most productive film company. In 2013, CFGC was involved in the production and distribution of 25 films. SFG is a large-sized film company established through the combination of Shanghai Film Studio, Shanghai Arts Film Studio, Shanghai Dubbing Studio and others. SFG owns five large film production enterprises, 14 film producing firms and several large filming bases, as well as China's first cinema line, the Shanghai United Circuit. Despite this, SFG did not produce many films in 2013, just five that did not enjoy a popular response. In 2013, Huaxia Film produced two films and co-produced 27 domestic films, among which *The Grandmaster* and *Drug War* were quite profitable.

In contrast, privately-owned producers are the workhorses of the Chinese film sector. In recent years, Huayi Brothers has enjoyed a market share of about 25%. In 2013, it produced and distributed six films representing RMB 3 billion at the box office, thus securing its No.1 position among privately-owned producers. Enlight Pic-





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Film Producers / Institutions

Table 4: State-Owned Film Producers (primary)

Film Producer	Address	Telephone	Representative Co-Production Film	Website
August First Film Studio	No. 1 Beilijia, Liuliqiao, Guanganmenwai, Beijing	010-66812329	<i>Ren Ming Yi Tiao Xin, Yi Jing Lie Huo</i>	—
Changying Group	No. 1118 Hongqi Street, Changchun, Jilin	0431-85952747	<i>The 1911 Revolution The Assassins</i>	www.emdy.cn
China Film Group Corporation	No. 25 Xinwai Street, Haidian District, Beijing	010-62259347	<i>American Dreams in China, Red Cliff, CJ7</i>	www.hxfilm.com
Emei Film Group	No. 360 Qingjiang Road East, Qingyang District, Chengdu Sichuan	028-87333890	<i>Let the Bullets Fly, Buddha Mountain</i>	www.sfs-cn.com
Huaxia Film Distribution Company	9/F, Building 7, Gengfang International Center, Jia 13 Huayuan Road, Haidian District, Beijing	010-82257979	<i>Drug War, Dangerous liaisons, A Chinese Ghost Story</i>	www.westmoviegroup.com
Shanghai Film Group Co. Ltd.	2/F, Building 3, No. 52 Yongfu Road, Shanghai	021-64387100	<i>The Mummy: Tomb of the Dragon Emperor, Samsara, The Lost Bladesman</i>	—
Tianjin Northern Film Group Corporation	Kaide Complex Building-B, 7 Rongyuan Road, Huayuan Technological Industry Zone, Nankai District, Tianjin, China	022-23858050	<i>Lethal Ninja, Infernal Affairs III, Legend of the Touch, Grace Under Fire</i>	—
West Movie Group	No. 508 Xiyang Road, Yanta District, Xi'an, Shanxi	029-85514752	<i>Blades</i>	www.cndfilm.com
Xiaoxiang Film Group Inc.	No. 1 Shaoshanzhong Road, Yuhua District, Changsha, Hunan	0731-85541247	<i>The New Longmen Roadhouse, Home Sweet Home</i>	www.chinafilm.com
Yunnan Film Group	Guanghua Guoji Block AB, 1703, Jin Tong Road 10, Chaoyang District, Beijing	010-85906669	<i>Bait 3D, Out Cast</i>	www.zj-movie.com
Zhujiang Film Group	No. 354, Xingangzhong Road, Haizhu District, Guangzhou, Guangdong	020-34316720	<i>Double Trouble, As the Light Goes Out, All Men Are Brothers-Blood and Dragon Sabre /Water Margin: True Colors of Heroes</i>	—

tures shot *Lost in Thailand*, a film that helped consolidate its No. 2 position; in 2014, it produced *My Old Classmate*, which proved a striking success. Bona is a film content producer with a complete industry chain and strong distribution capabilities. Its most important productions are its action films. In 2013, Bona distributed 11 films, six were action and comedy films. Starting in 2011, this newcomer became regarded as an unexpected winner. With *Tiny Times* (I and II), LeVision Pictures earned nearly RMB800 million at the box office, ranking it among the top three privately-owned producers. Wanda Pictures, Hai Run, Century Media DMG Media, Dreams of Dragon Picture and SMI also

have characteristics that have contributed to the diversity in Chinese film.

In 2014, network companies scrambled to be next to LETV in the film sector. Youku Tudou (a native version of Youtube) and Tencent are producers, while Alibaba, iQiyi, LETV and Youku Tudou have established film and TV subsidiaries. Alibaba's Yulebao, JD Online Shopping Mall's Coufenzi and Baidu's Bai-fayouxi are challenging conventional means of film production financing. In addition to investment and M&A, they are engaging in mass financing, resource replacement, big data mining and research, film derivatives and marketing.

Table 5: Privately-Owned Film Producers (partial)

Producer	Address	Telephone	Representative Films Co-produced	Website
Ali Film	No. 969 Wenyixi Road, Yuhang District, Hangzhou, China	0571-85022077	<i>Journey to the West: Conquering the Demons</i>	—
Beijing Galloping Horse Media Co., Ltd.	11/F, Juran Tower, No. 3 Nandajie, Dongzhimen, Dongcheng District, Beijing	010-84990264	<i>Metallic Attraction: Kungfu Cyborg, Just Another Pandora's Box, Reign of Assassins</i>	www.xmbt.com.cn
Bona	18/F, Tower A, U-town Office Building, No. 1 Sanfeng Beili, Chaoyang District, Beijing	010-56310700	<i>Overheard, Flying Swords of Dragon Gate, The Grandmaster, Bodyguards and Assassins</i>	www.bonafilm.cn
Chengtian Entertainment	NO.1 Anjialou, Xiaoliang Maqiao Road, Chaoyang District, Beijing	010-59205000	<i>Red Cliff, The Storm Riders II</i>	www.chengt.com



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Producer	Address	Telephone	Representative Films Co-produced	Website
Ciwen Media	Tower B, Dawn Building, No. 5 Jingshun Road, Chaoyang District, Beijing	010-84409922	<i>The Seven Swords</i>	www.ciwen.tv
EDKO Film	Room 611, Danyao Building, No. 138 Wangfujing Street, Dongcheng District, Beijing	010-85185275	<i>Finding Mr. Right, Fearless</i>	—
DMG Media	25/F, Chaowaimen Office Building, No.26 Chaowai Avenue, Chaoyang District, Beijing	010-85653333	<i>Iron Man Three, Go Lala Go!</i>	www.dmg-china.cn
Dreams of Dragon Picture Co., Ltd.	Room 3202, C9 Building, Hetong Innovation Park, No. 9 North of Jiuxianqiao Road, Chaoyang District, Beijing	010-84430350	<i>Cloud Atlas, Heaven Eternal, Earth Everlasting</i>	www.chinaddp.com
Enlight Pictures	3/F, No. 3 Building, No. 11 Hepingli Street East, Dongcheng District, Beijing	010-64516000	<i>Badges of Fury, Speeding Angels, Flash Point</i>	www.ewang.com/emovie/
Hai Run Movies & TV Production Co., Ltd.	Hai Run Media Building, No.5 An Yuan An Hui North, Chaoyang District, Beijing	010-64897799	<i>Perfect Baby</i>	www.hairunmedia.com
Heng Ye Film Distribution Co., Ltd.	31/F West Zone Jinyuanda Square, Guanda Road, Taijiang District, Fuzhou, Fujian	—	<i>Girls, The Stolen Years</i>	—
HS Media	No. 1 Building, Shimao International Center, No. 13 Court, Gongtibi Road, Chaoyang District, Beijing	010-84059808	<i>So Young</i>	—
Huace Film & TV	C-C Tower, No. 683, Wenxerxi Road, Xixi Creativity Industry Park, Hangzhou, Zhejiang	0571-87553088	<i>A Wedding Invitation, The Silent War</i>	www.huacemedia.com

Producer	Address	Telephone	Representative Films Coproduced	Website
Huayi Bros. Media Group	Lutai Section, Wenyuhe, Tianzhu, Shunyi District, Beijing	010-64579338	<i>Mr. Go, Journey to the West: Conquering the Demons, Kung Fu Hustle, If You Are the One</i>	www.huayimedia.com
iQiyi Motion Pictures	11/F, Capital Development Tower, No.2 Haidian North 1st Street, Haidian District, Beijing	010-6267 7171	<i>The Golden Era, Gone With The Bullets</i>	www.iqiyi.com
Le Vision Pictures	11/F, Hongcheng Xintai Building, No. 105 Yaojiayuan Road, ChaoYang District, Beijing	4009991861	<i>Hello Babies, Tiny Times</i>	—
MaxTimes	1/F, Tower C, No. 5 Xiwu Street, Sanlitun, Chaoyang District, Beijing	010-64689166	<i>So Young, The Viral Factor</i>	—
Mr. Cartoon	Room 301, No. 1 Building, No. 427 Jumen Road, Huangpu District, Shanghai	021-63190068	<i>Seer</i>	www.mrcartoon.cn
Sil-Metropole Organization Ltd.	Room 106, No. 70 Building, Yuanyang Tiandi, West Balizhuang Li, Chaoyang District, Beijing, China	—	<i>Overhead 3, The Grandmaster</i>	—
SMI Corporation Limited	19/F, Tower D, Vantone Center, No. 6 Chaowai Avenue Jia, Chaoyang District, Beijing	—	<i>The Last Supper, The Guiltines</i>	—
TIK Films	No. 7 Block, Time Court Center, Shuguang Xilijia No. 6 Court, Chaoyang District, Beijing	010-84440248	<i>The Stolen Years, Ripples of Desire</i>	www.tikfilms.com
Wanda Pictures	20/F, Building 12, Wanda Plaza, No. 93 Jianguo Road, Chaoyang District, Beijing	010-58205599	<i>The Great Hypnotist, Man of Tai Chi</i>	www.wandamedia.cn



4 Film Distributors



A film distributor will make and implement marketing strategies as well as negotiate issues of copy release with theater chains after film production. Presently, most Chinese films are produced and distributed by the same company, most commonly CFGC, Huayi Brothers, Enlight Pictures and LeVision Pictures .

There are four basic modes of film distribution: profit-sharing distribution, buy-out distribution, agent distribution and marketing assistance. Profit-sharing is the most common. Producers, distributors, theater chains and cinemas proportionately share box office revenues after deducting expenses. All imported profit-sharing films and most domestic films with medium-to-above box office receipts adopt this means of distribution. It is worth noting that imported

Table 6: Film Distributors

Distributor	Address	Telephone	Film Released	Website
Bona	18/F, Tower A, U-town Office Building, No. 1 Sanfeng Beili, Chaoyang District, Beijing	010- 56310700	<i>Overheard, The Flying Swords of Dragon Gate, The Grand-master, Bodyguards and Assassins</i>	www.bonafilm.cn
China Film Group Corporation	No. 25 Xinwai Street, Haidian District, Beijing	010-62259347	<i>American Dreams in China, Red Cliff, CJ7</i>	www.chinafilm.com
DMG Media	25/F, Chaowaimen Office Building, No.26 Chaowai Avenue, Chaoyang District, Beijing	010-85653333	<i>Tiron Man Three, Go Lala Go!</i>	www.dmg-china.cn
Dreams of Dragon Picture Co., Ltd.	Room 3202, C9 Building, Hetong Innovation Park, No. 9 North of Jiuxianqiao Road, Chaoyang District, Beijing	010-84430350	<i>Cloud Atlas, Silent witness</i>	www.chinaddp.com
Edko Film Limited	Room 611, Danyao Building, No. 138 Wangfujing Street, Dongcheng District, Beijing	010-85185275	<i>Finding Mr. Right, Fearless</i>	—
Enlight Pictures	3/F, Building 3, No. 11 Heping Li East Street, Dongcheng District, Beijing	010-64516000	<i>Badges of Fury, Speed Angels, Flash Point...</i>	www.ewang.com/emovie/
Huaxia Film Distribution	9/F, Building 7, Gengfang International Center, Jia 13 Huayuan Road, Haidian District, Beijing	010-82257979	<i>rug War, Dangerous Liaisons, A Chinese Ghost Story</i>	www.hxfilm.com
Huayi Brothers	Lutai Section, Wenyuhe, Tianzhu, Shunyi District, Beijing	010-64579338	<i>Mr. Go, Journey to the West: Conquering the Demons, Kung Fu Hustle, If You Are the One</i>	www.huayimedia.com
Le Vision Pictures	11/F, Hongcheng Xintai Building, No. 105 Yaojiayuan Road, Chaoyang District, Beijing	4009991861	<i>Hello Babies, Tiny Times</i>	—
SMG Pictures	3/F, Broadcast and TV Building, No. 651 West Nanjing Road, Shanghai	021-62565899	<i>Finding Mr. Right</i>	www.smgpictures.cn
Wanda Pictures	20/F, Building 12, Wanda Plaza, No. 93 Jianguo Road, Chaoyang District, Beijing	010-58205599	<i>The Great Hypnotist, Man of Tai Chi</i>	www.wandamedia.cn
YunNan Film Group	Guanghua Guoji Block AB, 1703, Jin Tong Road 10, Chaoyang District, Beijing	010-85906669	<i>Bait 3D, Out Cast</i>	www.zj-movie.com



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Film Distributors

profit-sharing films are dominated by CFGC and Huaxia Film Distribution Co., Ltd. Buy-out distribution means that the distributor purchases the film, the digital copyright and the television copyright, and pays certain copyright fees. Marketing assistance offers a distribution mode with Chinese characteristics, mainly aimed at buying out films. Two companies will not release buy-out films after import, but will deliver them to other qualified distributors (in the name of promotion) and charge a percentage of the management and royalty fees.

With the development of the Internet, online theater chains have gradually become an important distribution channel. For example, the Distribution Alliance for Online Theater Chains, set up in March 2011, has attracted famous members, including LETV, Tencent, PPTV, StormPlayer, PPS, Youku, Phoenix Video and Sohu Video. They possess a comprehensive copyright library of films and TV shows through exclusive sales and distribution, and have become an important supplemental cinema and film channel.

Another trend worth noting is the rise of the online ticket market. Various online ticket platforms, such theater chain or cinema official websites, WeChat Film Tickets, OO Film Tickets, Meituan, Maoyan, Gewara, Mtime.com and Wangpiao.cn, have become the preferred choice for young people. Online ticket booking most commonly takes the form of “online seat selection” and “group buying.” As of May 2014, the overall share of the Chinese online ticket market exceeded 30% of all box-office revenue. At the end of the year, it will exceed 50%. The total gross of Chinese “online seat selection” for 2013 was over RMB1.2 billion, accounting for 5% of the annual box office revenue. This proportion will increase to 10% to 15% in 2014-2015. Using “online ticket selec-

tion” as an example, Gewara’s sales volume was RMB600 million by June 2014 and will reach RMB1.5 billion by the end of the year. The volume of Taobao’s film ticket sales reached RMB5 billion as of August 2014, accounting for one-quarter of the total box office revenue in China. What’s more, the sales volume of recently-launched WeChat Film Tickets reached RMB1 billion in one month. It is obvious that the Internet has caused profound changes to the Chinese film industry. On one hand, an online ticket platform has reduced expenses, saved time spent in queues and enlarged audiences. On the other hand, cash income and member card businesses have been impacted, resulting in a continuous decline in average ticket prices.

Table 7: Online Ticket Platforms

Online Platform	Ticket Buying	Website
Gewara	Webpage/APP	www.gewara.com
Jingdong	Webpage /APP	Movie.jd.com
Maoyan	APP	www.maoyan.com
Meituan	Webpage /APP	meituan.com
QQ Tickets	Webpage /APP	dianying.qq.com
Mtime	APP	www.mtime.com
Taobao	Webpage /APP	dianying.taobao.com
Wangpiao	Webpage /APP	www.wangpiao.com
WeChat Ticket	-	WeChat Platform





5

Other Film and TV Service Organizations

I. Film Equipment Rental Company



1. Beijing Film Equipment Leasing Company

Beijing Film Equipment Leasing Company, part of China Film Group, has advanced photography and lighting equipment; as well as moving and lifting equipment, including Arricam ST camera, Arricam LT camera, Arri 435x high-speed camera, Arri 235 portable camera, and Arri 535B camera packages. It also provides a wide range of fixed focus, zoom and wide-angle lenses. Additionally, it possesses a 17-meter Galaxy crane system, a 12-meter Foxy crane system and 37-feet Telescopic crane lift. Lighting packages include par, dysprosium and mini lamps. Power ranges from 200 watts to 18 kilowatts.

Address: Yangsong, Huairou, Beijing

Tel: 010-69680056

Involved with: Tiananmen, Forever Enthralled, Fit Lover, Republic 1949, Jing Tian Dong Di, True Legend, Horseback Song King



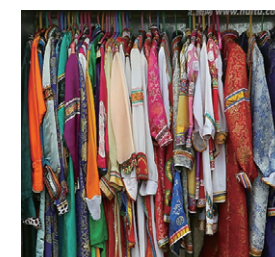
2. Shanghai Video Equipment Rental Company

Shanghai Video Equipment Rental is a subsidiary of Shanghai Film Group and provides video and lighting equipment, props, pyrotechnic and weapons, and transport vehicles, as well as power generators. It has a full range of Arri lighting packages, and various foreign and Chinese weaponry from the 1930s to the present day. It possesses various kinds of china, vehicles, rickshaws, decorations, pendants, calligraphy paintings, clocks, furniture and old-fashioned cameras, radios and recording devices; as well as a wide range of costumes from the dynasty era, from imperial courts, to civilians, to soldiers.

Address: No. 595 Caoxibei Road, Shanghai

Tel: 021-64387100

Involved with: Escape from POW Camp, Red River Valley, The Land of Far Away, Kung Fu Hustle, The White Countess





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Other Film and TV Service Organizations



II. Extras, clothing and props



1. Hengdian Management Services Company

Hengdian Management Services is a subsidiary of Zhejiang Hengdian World Studios Ltd., and is able to service all film-related matters including location scouting, production-related needs, equipment, props, clothing, extras, vehicles, accommodation and package solutions.

Address: Hengdian Film Industrial Park, Zone C, Dongyang City, Zhejiang

Tel: 0579-86547235 0579-86555668



2. Beijing Video Pre-production Corporation

Affiliated with CFCG's Digital Video Production Base, Beijing Video Pre-Production Corporation specializes in film and television program shooting. With a make-up building and 5,000 square meter warehouse for costumes, props and effects, the corporation is also engaged the leasing of these items, as well as the processing and manufacturing of props and costumes, professional training and labor exports.

Address: Yangsong Town, Huairou District, Beijing

Telephone: 010-69680056

III. Post-Production Companies



1. Oriental DreamWorks

Oriental DreamWorks is a joint-venture company co-established by China Media Capital, Shanghai Media Group Limited, Shanghai Alliance Investment Ltd., and DreamWorks Animation SKG. The enterprise, in the form of self-operation and cooperation, has launched various business lines, including those focused on animation technology research and development, animation video production, copyright distribution, derived products, performance and entertainment, digital games and theme parks.

Address: 16/F GreenLand Center, No. 600 Middle Longhua Road, Xuhui District, Shanghai, China

Telephone: 021-33393339



2. Cameron Pace Group China

Cameron Pace Group China is committed to providing users of all media channels with first-class 3D technology services through its products, solutions and innovative equipment. Support from script to screen includes post-production services for producers that contain a powerful theater environment for DI (Digital Intermediate) and post-production, and a movable workflow combination for post-production, including movable combination 1, Shadow 15, Shadow 20 and labs.

Address: No.111 Gao Xin Six Road, Binhai Technology Park, Binhai Hi-Tech Industrial Development Area, Tianjin

Telephone: 022-23859995



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Other Film and TV Service Organizations



3. Shanghai SFS Digital Media Co., Ltd.

Shanghai SFS Digital Media Co., Ltd., is jointly invested and established by well-known enterprises including Shanghai Film Group Co., Ltd., SMEG Investment Co., Ltd., and Shanghai Orient Broadcast & TV Technical Co., Ltd. Since its foundation, it has created special computer effects for many films, TV series, animation series, game software and ads – including *Red Snow*, *Crash Landing*, *Fatal Decision*, *The Storm Riders* (TV series) – rendering brilliant achievements in China's digital effects creation.

Address: No. 2899 Xietu Road, Shanghai

Telephone: 021-64417388



4. Technicolor Beijing

Technicolor (Beijing) Digital Technology Co., Ltd., was an investment by Technicolor (U.S.) and Technicolor Yingpai Digital Production Co., Ltd., made in December 2006. It is a leading provider of effects and color match services, engaged in VFX production, DI, film to tape transfer, color matching, film editing and on-site effects instruction for videos and ads made at home and abroad based on U.S. film technology standards. It was engaged in post-production of *Ye Yan*, *Assembly*, *If You Are the One*, *Aftershock*, *The Dream of Red Mansions*, *The Love of the Hawthorn Tree* and other blockbusters.

Address: Building B, No. 40 North Sanhuanzhong Road, Haidian District, Beijing

Telephone: 010- 62372368



5. Phenom Films

Beijing Phenom Films Co., Ltd., is a whole-process video technology company specializing in visual effects design, visual effects production, DI color matching, 3D stereo production, film editing, audio processing, trailer production, DIT data management, digital projects, CG games and animation production. It participated in the production of films including *American Dreams in China*, *1942* and *Painted Skin II*.

Address: Building E, Beijing Design Park, No. 4 Jiuxian Road, Chaoyang District, Beijing

Telephone: 010-84599701

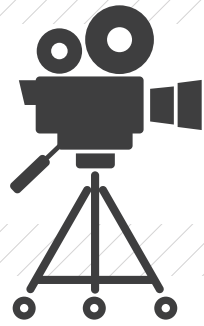


6. Wuxi Studio

Wuxi Studio is located in the Binhu district of Wuxi, covering six square kilometers. It includes a central platform area, digital video production area, reserved area and associated industries area. The digital video production area includes photo studios, editing rooms and video studios, and has attracted a number of well-known video software R&D and production enterprises at home and abroad, including E3D (U.K.), BaseFX (U.S.), Mokko Studio (Canada) and SoulPower Beijing.

Address: No. 100 Jinxi Road, Binhu District, Wuxi

Telephone: 0510-85192772



China-International Film Co-Production Handbook

Other Film and TV Service Organizations



7. National Film Digital Production Base's Post-Production Corporation

The China Film Group National Film's Digital Production Base has the most advanced digital film post-production system in the world, providing the film and TV industry with high-end services that include effects production, DI production, film matching and Digital Cinema Master production.

The China Film Group's Hualong Film Digital Production Co., Ltd., is the only “demonstration project of film digital production industrialization” approved by the National Development and Reform Commission.

Address: Yangsong Town, Huairong District, Beijing

Telephone: 010-69680036

IV. Film and TV Marketing Companies

A film and TV marketing company is an organization other than a film producer or distributor that specializes in film and TV marketing and planning services. The success of any film, from the box-office hits *Love is Not Blind* and *Lost in Thailand*, to star-studded *Painted Skin II* and *1942*, is more or less related to marketing.

Table 8: Film and TV Marketing Companies

Marketing Company	Business Scope	Telephone	Case Studies	Website
BattleStar Studio	Trailer production	010-69533988	<i>The Queens, My Old Classmate</i>	weibo.com/tianmingblog
Chinamagicfilm	Film and TV marketing and actor promotion	010-59395368	<i>Black Coal, Thin Ice, The Expendables 2</i>	www.chinamagic.com.cn
Guoliang Youxin	Film and TV-related materials	010-58625232	<i>Skyfall, The Bullet Vanishes, The Dragon Knight</i>	—
In-entertainment	Complete film and TV services	010-65691031	<i>Love is Not Blind, The Hunger Games, A Wedding Invitation</i>	www.in-ent.cn
MaxTimes Culture	Entertainment integrated marketing communication	010-64689166	<i>Tiny Times 2, Silent Witness, So Young, The Viral Factor</i>	—
Mtime.com	Interactive marketing based on new media	4006 118 118	<i>Transformers: Age of Extinction, Cars</i>	www.mtime.com
Trailerbrothers	Trailer production	—	<i>The Flowers of War, The Grandmaster, The Expendables 2</i>	weibo.com/trailerbrothers
Wisdomfish	Interactive marketing based on new media	010-52402621	<i>Titanic 3D, Pacific Rim, Iron Man 3</i>	www.wisdomfish.com



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Co-Production Market Q&A



6 Co-Production Market Q&A

Chinese Film Market General Conditions

Q Please offer some insight into the current overall condition of the Chinese film market.

A The Chinese film industry stepped into a period of rapid development upon entering the 21st century. The number of films, cinemas and screens as well as box-office revenue has increased year-by-year. In 2003, the total box-office revenue was RMB900 million. Five years later, the figure smashed through the RMB4 billion barrier and reached RMB4.341 billion, making the Chinese market one of the world's top ten. In 2010, box office reached over RMB10 billion. In 2013, China's box-office revenue reached RMB21.7 billion, accounting for 10% of the global film market and becoming the world's second largest. The same year, the number of films with a RMB10 million box-office reached more than 100 for the first time. A continuous increase in theater

chains and cinemas has promoted the development of the Chinese film industry. From 2010 to 2013, the top ten theater chains by box office occupied 70% of the total box office revenue in China. Giant theater chains are on the horizon.

Co-production is currently an important form of film creation in China. In 2013, 55 film projects from co-production companies were approved, involving France, the United States, United Kingdom, Korea, Hong Kong and Taiwan. Among them, 62% were mainland-Hong Kong co-productions, and 20% were mainland-Taiwan co-productions. In 2013, 41 co-productions passed censorship, 36 of which were co-produced with Hong Kong and Taiwan.

Table 9: Chinese Film Industry Overview (2000-2014)

Year	Number of Feature Films	Box Office (billion yuan)	Cinema Number	Screen Number
2000	91	0.8	-	-
2001	88	0.87	-	-
2002	100	1.0	875	1581
2003	140	0.9	1108	2296
2004	212	1.5	1188	2396
2005	260	2.046	1243	2668
2006	330	2.62	1325	3034
2007	402	3.327	1427	3527
2008	406	4.341	1545	4097
2009	456	6.206	1687	4723
2010	526	10.172	2000	6256
2011	558	12.7	2803	9286
2012	745	17.073	3000	13118
2013	638	21.769	3903	18195
2014	-	13.743 ¹	4409 ²	20060 ²

(Source: Film Bureau of SAPPRFT)

Note 1: Box office as of June 2014

Note 2: Figure as of April 2014



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Co-Production Market Q&A

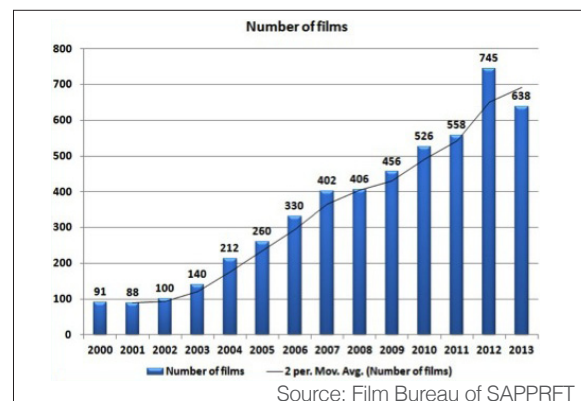


Figure 1: Quantity of Chinese Feature Films (2000-2013)

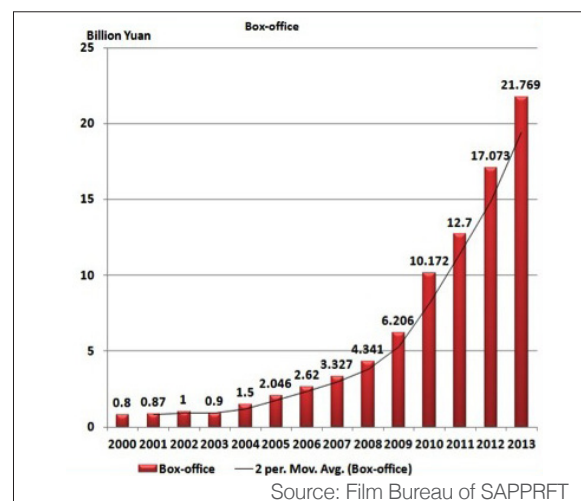


Figure 2: Chinese Box Office (2000-2013)

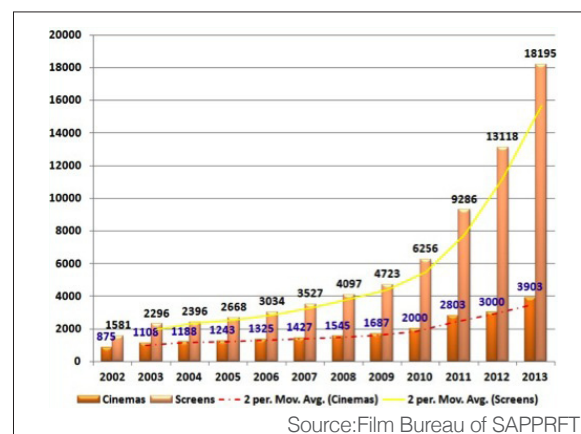


Figure 3: Increase of Chinese Cinemas and Screens (2002-2013)

Q What is the status of Chinese film production, distribution and projection?

A The Chinese film industry is currently made up of three sectors: production, distribution and projection.

Film Production refers to the process of film investment, shooting and post-production. The producer owns the film's copyright and has the right to sell the copyright to distributors or obtain profits from box-office sharing.

Despite the numerous film producers in China, the production organizations with real market impact are the state-owned China Film Group and the privately-owned Huayi Brothers, Enlight Pictures, Bona and LeVision Pictures. Additionally, Wanda Pictures, Shanghai Film Group and Hong Kong's

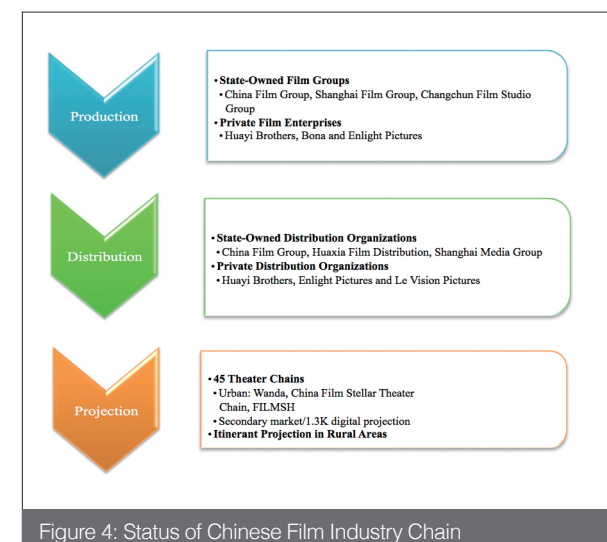


Figure 4: Status of Chinese Film Industry Chain

Media Asia and Sil-Metropole have a share in film production. It is estimated in the next few years, the Chinese film production market will be dominated by several giants and a few feature film producers.

Film Distribution refers to film sales and renting. The distributors purchase film copyright from the producer, then cooperate with theater chains in form of box office sharing so as to project films in the cinemas of theater chain partners. In accordance with The Interim Provisions on Operation Qualification Access for Film Enterprises issued by SARFT in June 2004, establishing a film distribution company needs application and approval, and the company shall obtain the Film Distribution Operation License to start its business.

Table 10: 2010-2013 Top 10 Theater Chains by Box Office								
	2013 (1,000 yuan)		2012 (1,000 yuan)		2011 (1,000 yuan)		2010 (1,000 yuan)	
Ranking	Theater Chain	Box Office	Theater Chain	Box Office	Theater Chain	Box Office	Theater Chain	Box Office
1	Wanda	3161490	Wanda	2456000	Wanda	1784750	Wanda	140265
2	FILMSH	1882610	FILMSH	1650350	China Film Stellar	1377010	China Film Stellar	1213270
3	China Film Stellar	1838240	China Film Stellar	1620240	FILMSH	1303440	FILMSH	1071280
4	Guangdong Dadi	1590350	Zhongying Nangfang	1326290	Zhongying Nangfang	1085980	Zhongying Nangfang	950710
5	Zhongying Nangfang	1543410	Jinyi Zhujiang	1175130	Jinyi Zhujiang	850820	New Film Association	798730
6	Jinyi Zhujiang	1541360	Guangdong Dadi	1105380	New Film Association	763480	Jinyi Zhujiang	688830
7	Zhejiang Shidai	906370	New Film Association	825960	Guangdong Dadi	676700	Zhejiang Shidai	420430
8	New Film Association	875590	Zhejiang Shidai	716130	Zhejiang Shidai	556650	Guangdong Dadi	375520
9	Zhejiang Hengdian	778050	Sichuang Pacific	603150	Sichuang Pacific	467960	Sichuang Pacific	359820
10	China Film Group Digital Cinema Line	750290	Zhejiang Hengdian	567680	Liaoning North Film	382250	Liaoning North Film	320410



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In regards to the Chinese film industry, most films are produced and distributed by the same company, such as CFGC, Huayi Brothers, Enlight Pictures and LeVision Pictures. Among them, CFGC and Huaxia Film Distribution Co., Ltd., have the right to distribute imported profit-sharing films.

Film Projection refers to the process of transferring the film copy into screen effects through professional equipment after obtaining the right to use the film copy. This process involves theater chains and cinemas. By the end of 2013, there were 43 main theater chains, more than 4,000 cinemas and 249 rural theater chains in mainland China. After the reform of the theater chain system, the theater chains have continuously expanded their business scope, and the leading theater chains, represented by China Film Group, Shanghai Film Group, Wanda, Jinyi Cinemas and Dadi Digital Cinema, have rapidly developed. From 2010 to 2013, the top ten theater chains by box office occupied 70% of the total box office revenue in China. Giant theater chains are on the horizon.



Q What has been the process of co-production development in China? What are the major laws and measures?

A On Sept. 25, 1985, the Central Office of the Communist Party of China and the State Council jointly issued "Regulations on the Management to Promote Chinese-Foreign Cooperation on the Production of

Films and TV Programs." The policy emphasized the importance Chinese-foreign co-production management, the co-production application process and guidelines for selecting co-production subject matter. On Jan. 16, 1997, the former State Ministry of Radio, Film and Television (SARFT) issued a specific series of measures for co-productions following the issue of "Regulations on Film Censorship," including the "Regulation on Cast and Crew Members of Local Feature Films and Co-Produced Films" and "Interim Provisions on the Management of Movie First Prints," as well as other regulations covering use of foreign languages, English translations, film length and subtitles.

In 2000, the China Film Co-Production Cooperation (CFCC) was restructured as part of further film management system reform. It fell directly under the supervision of SARFT and specialized in the management, coordination and provision of services for Chinese-foreign co-productions.

On Dec. 12, 2001, the State Council passed "Regulations on Film Management" at its 50th Executive Meeting. The regulations went into effect on Feb. 1, 2002. On May 22, 2006, SARFT issued "Regulations on Film Script (Synopsis) Registration and Film Management," which came into effect the following month. On Dec. 15, 2011, the draft of the "Film Industry Promotion Law of People's Republic of China" was published by the State Council legal office as part of a solicitation of public opinion.

In recent years, China has signed film co-production agreements with France, the United Kingdom, Korea and other countries successively so as to fully promote the development of co-productions.



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Q What means of investment can be leveraged to participate in film production in China?

A With the rejuvenation of the Chinese film market, the film investment environment has improved significantly. A large amount of capital, including government capital, industry capital and private capital, has flown into film production. Particularly with the intensive release of policies supporting the cultural industries, investment in film and TV began with domestic and overseas capital and the construction of film and TV funds. As noted from the constitution of the LP groups that have established the funds, professional producers with a background in film and TV and large-scale cultural industry groups have been the main domestic investors. Film co-production in China comes in the following forms:

Direct Investment: Direct investment is intended for film production that is wholly



invested by a producer or jointly invested by several parties. The party or parties contributing direct investment will have the right to share in future earnings. The investment pattern is clearly defined and fast-rewarding. As one of the most commonly used methods of film investment and financing, direct investment has the widest range of application. *Love Is Not Blind* is one of the most successful examples of direct investment in film production.

Bank Loan: In 2014, seven ministries and commissions issued *The Circular on Several Economic Policies for Supporting the Development of Films* to encourage financial institutions to provide credit for film production. A number of financial institutions, including Beijing Bank, Industrial and Commercial Bank of China, Bank of Jiangsu, China Minsheng Bank, Huaxia Bank and China Merchants Bank, supported film production drives with innovative financial products such as mortgages on intangible assets. For example, *The Flowers of War* was given a loan of RMB150 million from China Minsheng Bank; *Flying Swords of Dragon Gate* (directed by Tsui Hark) was loaned RMB100 million from Beijing Bank; and *Tiny Times* was loaned RMB60 million from the Bank of Nanjing.

Film Funds: Film funds are gaining in popularity as an emerging investment pattern. China had 111 culture industry funds as of November 2013, including government-guided investment funds, industry investment funds, private equity and venture capital and other sources of investment, as well as industry-integrated investment funds. In China, larger and more active funds – apart from those investors engaged in earlier film production such as China Film Group Corporation, Shanghai Film Group and Huayi Brothers – have had impact on one or more segment of the film industry chain.



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Product Placement: Product placement, namely embedded marketing, is done to mitigate investment risks. Many film companies use product placement – a stable means of profit – as the dominant pattern of investment in film production. Examples include *Big Shot's Funeral* and *Transformers: Age of Extinction*, both of which feature a great deal of product placement. Films can cover costs or make a small profit before release by means of product placement and copyright pre-sales.

Network Financing: Network financing platforms including Zhongcou.cn are not yet assuming the power to transform conventional means of film production, but they add financing channels and platforms for film industry development. Examples include Alibaba's Yulebao, which has been sold thrice, selling investment projects like *Tiny Times 4* and *Wolf Totem*; Baidu's Baifayouxi, which selected *The Golden Era* for corporation; and JD Online Shopping Mall's Coufenzi, which has covered products such as micro films.

Copyright pre-sales, government investment and other sources also provide important means of production financing.

Q What about the profit-sharing conditions of China's box office? What changes have been made since the WTO dispute between China and the United States was resolved?

A Profits for the Chinese film industry chain is based on box office revenue and allocated in the form of box office sharing. About 3.3% of the business tax and its surcharges (to include urban maintenance and construction tax, and an additional education tax, depending on the area) as well as 5% special film funds shall be deducted before sharing. Box office sharing = box office income - business tax and its surcharges - special film funds.

Revenue-sharing films are exclusively imported by China Film Group Corporation (CFGF) and distributed by CFGF and Huaxia Film Distribution Co., Ltd. The original film quota was 20 a year. Fourteen enhanced format films (e.g. 3D or IMAX) have been added to the quota following China and the United States' WTO agreement in 2012. An imported buy-out film is distributed by CFGF and Huaxia. The sharing ratio for film box office in Table 11 is similar to that of the United States. The difference is that expenses for film copies and distribution are paid by distributors in the United States, while the same are borne by producers in China.

Table 11: Basics of Chinese Film's Profit-Sharing Ratio

	Production	Distribution	Theater Chains	Cinemas
Domestic Film	30%	13-15%	5-8%	48-50%
Imported Buy-out Film	RMB 500-1500 thousand	43%	5%	52%
Imported Revenue Sharing Film	25%*	23-27%	5-8%	40-43%

* According to the WTO dispute MOU signed by China and the United States in February 2012, the shared proportion of imported profit-sharing films has been increased from 13% to 25%.

* The basic upstream (producers and distributors) and downstream (theater chains and cinemas) distribution of the film is 43:57, which can be slightly adjusted on a film-by-film basis.



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Figures on Co-Productions

Q What are the main types of recent co-productions?

A Recently, more and more films' box office has exceeded RMB100 million, thus benefiting co-productions. As most co-productions are made by mainland China and Hong Kong, Hong Kong films have had a large influence on film type. Action, romance, drama and comedy films hold the most important position, among which, action and comedy films are the most popular.



Table 12: Co-Productions With More Than 100 Million Yuan Box Office by Type		
Type of Co-Production	Number	%*
Action	21	70%
Comedy	6	20%
Suspense, Horror	6	20%
Romance	5	16%
Crime	4	13%
History	4	13%
Fantasy	3	10%
War	2	6%
Biography	2	6%
Teen	1	3%
Dance	1	3%
Sports	1	3%

*Note: Film type has multiple properties.

Q What are the main co-production countries and regions?

A Mainland-Hong Kong films have emerged as the main force in Chinese co-productions. They have benefited from CEPA (*Mainland and Hong Kong Closer Economic Partnership Arrangement*) signed in 2003. Before 2003, Hong Kong films and mainland-Hong Kong co-produced films were treated as imported films. After 2003, mainland-Hong Kong co-produced films could be treated as domestic films, and Hong Kong films were no longer limited by import quotas. With the promotion of CEPA, mainland-Hong Kong co-produced films have rapidly developed and occupy an important position in the Chinese film market, as seen from the distribution of co-production regions. Mainland-Hong Kong co-produced films account for more than half of the total number of co-productions.

Films co-produced by Asian countries such as Japan, Korea and Singapore are generally made by more than two countries, and one or two films are co-produced each year. Due to language and cultural differences and co-production policies in Europe and North America (for example, Canada, the

United Kingdom, Germany, France and Italy have more preferential policies on international co-productions compared with China), the United Kingdom, Canada, Germany, France and Italy seldom cooperate with China to make films, while the United States and China usually work together to create a few works each year.

Table 13: Distribution of Main Co-Producing Countries and Regions (2002-2012)		
Countries and Regions	Number of Co-Productions	%*
Hong Kong, China	293	68.5%
Taiwan, China	50	11.7%
United States	37	8.6%
Japan	21	4.9%
United Kingdom	18	4.2%
Korea	11	2.6%
Germany	7	1.63%
Singapore	6	1.4%
Australia	5	1.2%
Canada	5	1.2%

*Note: Co-productions by three or more regions.



Co-Production Film Process Q&A

Co-Production Partners

Q Who can be my partner?

A All state-owned film studios and qualified private companies in mainland China can serve as co-production partners.

Customs and Visas

Q How do I export film negatives/tapes/discs?

A The importation and exportation procedures outlined above are equally applicable to tapes and discs; however, a separate application is required to be filed before the film negatives can be exported.

Q How do I export my equipment and other materials when shooting is completed?

A Once CFCC has completed the exportation procedures, equipment and materials may be exported as accompanying luggage or by way of cargo.

Q How long does customs clearance take?

A The co-production parties should submit their application to CFCC 40 days in advance of the scheduled arrival date for equipment and materials.

Q How do I import my equipment and other materials?

A Once the co-production project has been approved, a detailed list of equipment and other materials should be submitted in advance to CFCC. CFCC will then handle the importation and exportation procedures in its capacity as the co-production parties' guarantor. Relevant equipment and materials may thereafter be imported as accompanying luggage or by way of cargo; the parties can also engage the services of other agents to handle customs procedures.

Q How long does it take to obtain visas for my cast and crew?

A It takes 10 working days to obtain visas for a film cast and crew.

Q How do I apply for visas for my cast and crew? What types of visas do they require?

A Once the co-production project has been approved, passport details for the cast and crew who will enter mainland China should be submitted to CFCC for the purpose of applying for working visas.

Location

Q Can I film anywhere in China once obtaining the Sino-Foreign Film Co-production Permit? If not, what do I need to do?

A Filming can take place at the locations named in the



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co-production agreement. If additional locations need to be added, CFCC should be promptly notified.

Q How do I obtain location scouting assistance?

A The Chinese partner will provide assistance with location scouting – as well as with sourcing sets, props, costumes and labor.

Q How do I engage a local crew to assist in production?

A The Chinese partner can assist in recommending and hiring the local crew.

Q Where are popular places to source tailors/costumes/fabrics?

A Some popular vendors include: Jiangsu Zhenjiang Costumes Factory, Suzhou Costumes Factory and Hengdian World Studios. Alternatively, the Chinese partner can assist in making or renting props.

Q Where can I source ready-made props or contractors who can make and supply props?

A Ready-made props can be obtained from: China Film Group Corporation (Beijing), Shanghai Film Group Corporation, Shanghai Huixinyi Film and TV Props Leasing Company, Hengdian World Studios (Zhejiang Province), Hengdian Huixinyi Film and TV Props Leasing Company (Zhejiang Province). Alternatively, the Chinese partner can assist in making or renting the props.

Q What are the government's requirements for set construction? Are there different requirements for locations that are within vs. outside of city limits?

A According to Chinese government regulations, film sets cannot be constructed in cultural heritage areas and tourist attractions; regardless of location within or outside a city. Prior permission from the local regulatory authority must be obtained before any set construction can commence.

Actors and Actresses

Q If I'm shooting a film involving ethnic minorities, what should I be aware of?

A As a matter of respect for the customs and culture of China's ethnic minority people, the Chinese partner must consult with experts on minority issues prior to submitting the script for project approval.

Q If I want to shoot a scene with a large number of temporary actors, do I need special permission?

A If a large-crowd scene requires standard temporary actors only, or is not filmed in heavy city traffic areas, no special permission is required; however, if military members are required as temporary actors, the production team must file an application with CFCC, which will in turn submit an application to the military authorities.



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Q What are co-production cast requirements?

A With respect to joint productions, at least one-third of the total main cast members should be Chinese (from mainland China). The Chinese and foreign creative crew members should be of equal proportions. With respect to co-productions between Hong Kong and mainland film producers/companies, the cast requirement must be observed but there is no requirement on the parties' creative crew; and there are no cast or crew restrictions with respect to assisted productions.

Distribution

Q Are there any special requirements for the distribution of digital films?

A Jointly produced films that have passed censorship review by the Film Censorship Review Board and have obtained the Film Public Screening Permit may be released in digital theaters within mainland China. Screening dates may be agreed in advance with the digital theaters. However, the following technical requirements must be complied with: Sony HD-Cam master tape (16:9 FHA format, non-dialogue subtitles, audio channels 1 and 2 for Mandarin stereo channel, and audio channels 3 and 4 for soundtrack mix stereo channel).

For Dolby 6 channels, the following should be provided: one

DA88 (Mandarin 6 channels) – the time cue should correspond with the HD master tape, one DA88 (soundtrack mix stereo channel, channel 7 should solely be for Mandarin dialogue) – the time cue should correspond with the HD master tape.

Q Can a co-produced film be distributed online? What are the requirements?

A Jointly produced films that have passed the censorship review by the Film Censorship Review Board and have obtained the Film Public Screening Permit may be released via the Internet in mainland China. The details of release should be negotiated between the concerned parties and relevant organizations.

Q Can a co-produced film be distributed for DVD release in China? What are the requirements?

A Jointly produced films that have passed the censorship review by the Film Censorship Review Board and have obtained the Film Public Screening Permit may be distributed in mainland China in the form of DVD, VCD and other audiovisual products. The format and picture resolution shall comply with the standards stipulated by the audiovisual product distributors.

Q Can a co-produced film be distributed for theatrical release in China? How is theatrical distribution handled?

A Jointly produced films that have passed the censor-



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ship review by the Film Censorship Review Board and have obtained the Film Public Screening Permit may be released in mainland theatres. The production companies, distributors and theatres may negotiate the screening dates and sign the relevant agreements, and the distributors will provide film copies one day prior to screening.

Finance

Q What is the script approval process and what are the costs involved?

A According to CFCC it takes a total of 40 days for script approval – 20 working days for CFCC and another 20 working days for the Film Bureau. There is an effort to reduce this time to 30 days.

Scripts that require editing or changes have to be resubmitted for approval. Reedited scripts, with minor changes, that are resubmitted and that have started production work will take 10 days or less for approval. Those that have “major changes/editing” that may require a rewrite or change of lead character may take longer for approval.

The total film project application & management fee is RMB

15,000. The applicant pays RMB10,000 on submission (refundable if script is not approved), the balance RMB140,000 is payable upon script approval. For Hong Kong co-productions, the fee is RMB80,000.

Q Can foreign co-production partners open a local bank account?

A Restrictions on foreign currency include limitations on the foreign currency entering China. Foreign production companies are not allowed to open bank accounts before production work begins, not even after the script approval is obtained. (Note: as this poses problems in the preparation for shooting. SAPPRFT is looking into the situation).

There are strict banking requirements, for example, in regards to the receipts for paying extras and part-time helpers.

Film Festival Participation

Q How can co-produced films participate in film festivals?

A Co-production companies are required to follow the Chinese regulations on participating in local or overseas film festivals. They must register at SAPPRFT and receive an approval before participating in film festivals.



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