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Analysis of China's Film Industry in 2020

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Abstract: The influence of the coronavirus disease 2019 pandemic impacted the global film market in 2020. Across the world, the Chinese film market was the first to recover and, as a result, assumed a leading position. This was because the government launched a return-to-work policy, the capital market became more rational, the integration of film companies accelerated, the film industry model trended toward centralization, and market structures underwent deep adjustments. Despite shrinking market space and declining film production during 2020, the industry produced films that remained diverse in genre and subject. Where the “Matthew effect” of accumulated advantage is much more acute in the film industry, a more diverse distribution approach has emerged in the field of new media. With box office returns approaching a ceiling, it has become more urgent to stabilize the quality of top films, enrich and enhance the competitiveness of genre films, and strengthen the theatricality of art films. It also became urgent to improve the film industry system, the product system, the market system, and the box office window system.

Keywords: 2020, Chinese film, film industry, film market, film revival

Translated by: Zijin Ye, Communication University of China.

Like other film industries around the world, the Chinese film industry experienced an extraordinary year in 2020. The unexpected onslaught of the coronavirus disease 2019 (COVID-19) pandemic turned the usual hot season for the film industry during the Spring Festival to ice. A 178-day theater shutdown followed. Numerous film crews stopped working, and the film industry had to wait for a turnaround. Central and local party and government agencies at all levels launched a series of policies to reduce the pressure of this catastrophe. On July 20, cinemas began to

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open step-by-step under stringent prevention requirements. One month later, the film *The Eight Hundred* (Ba bai, 2020) signaled the renewal of the Chinese film market when it achieved box office returns of over 3 billion renminbi (RMB). Over the National Day holiday, there were nearly 4 billion RMB in box office returns across the county. This proved that audiences are still attracted to movies after the pandemic. Completed in just over two months, the making of the film *Sacrifice* (Jin Gang Chuan, 2020) returned confidence to Chinese film production. Ultimately, 2020 delivered 20.4 billion RMB in annual box office returns in just 187 days of running time. China became the leader of the global film market during this peculiar year. This reveals that the Chinese film industry and film market were the first to be revitalized across the world.

1 Data Interpretation: The Best Results with the Greatest Difficulties

1.1 Production: Declining Output, Stable Quality

Film production in 2020 continued the basic trend of declining numbers that had marked the preceding two years but was of course marked by the dramatic impact of the epidemic. There were 531 feature films produced throughout the year. Combined with animation, science and educational films, and documentaries and special films, a total of 650 domestic films were issued with public screening licenses. This was down 37.5% from previous years (China Film News 2021). It seems the downward trend in theatrical film production is likely to continue as more films move to online releases (see Figure 1).

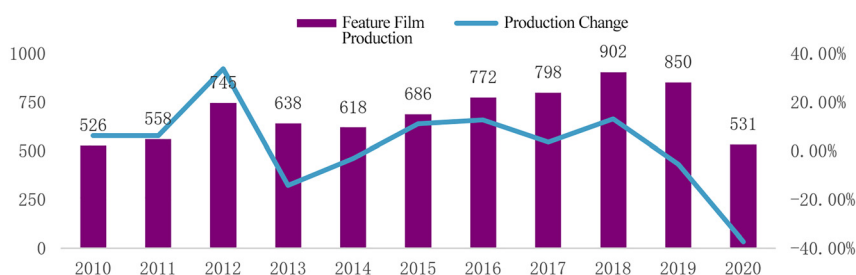


Figure 1: Change in mainland feature film production from 2010 to 2020 (in units).

1.2 Leading the World at the Box Office

In 2020, the total box office returns for Mainland films was 20.417 billion RMB (approximately US\$3.128 billion), which was down 68.17% from the previous year. According to Comscore, the 2020 global box office grossed \$12.4 billion, down 71% from the previous year. The cumulative North American box office for the year was \$2.28 billion (Boxoffice Pro 2021), down 79% from the previous year and a record low in the past forty years of North American cinema (New Media Center 2021). For the first time, China surpassed North America at the box office and came in at number one worldwide (see Figure 2).

1.3 Market Share: Domestic Films Support the Overall Market

In 2020, 280 films were released at the box office. Over 200 of these were domestic films, achieving an 84% market share and box office returns of 17.150 billion RMB. The number of imported films released fell due to the lack of global film supply. Just 64 foreign films were introduced, grossing 3.267 billion RMB or 16% of total box office returns. Ultimately then, the market share of domestic films reached a record high in 2020 (see Figure 3).

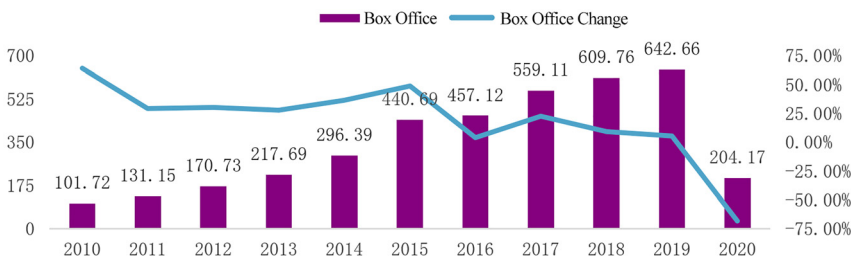


Figure 2: Total box office trends from 2010 to 2020 (in billions of renminbi [RMB]).

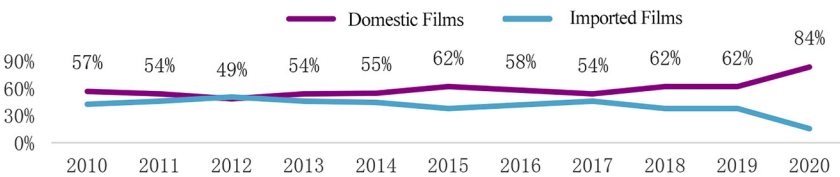


Figure 3: Market share of domestic and imported films, 2010–2020 (in percentages).

1.4 Film Attendance: A Gradual Rebound

There were 548 million cinema attendances in 2020, down 68.27% from the previous. The per capita frequency of cinema attendance was 0.39 times in the year. For the urban population, the per capita frequency of cinema attendance was 0.65 times. During the year, China ranked first in the world in terms of total film viewings. The total size of the cinema audience and the frequency of cinema attendance trended downward due to the impact of the pandemic as well as the diversification toward new media (see Figure 4).

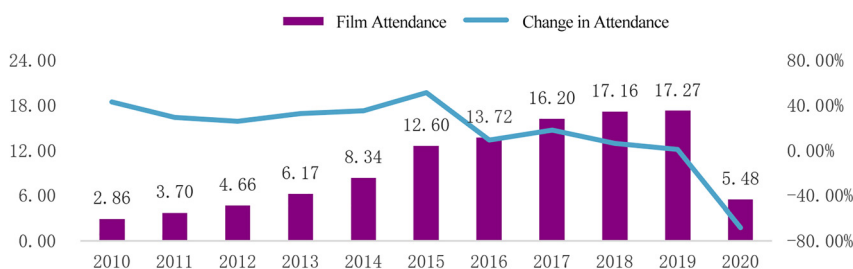


Figure 4: Film attendance from 2010 to 2020 (in units).

1.5 Screens and Cinemas: Increasing Numbers, Decreasing Effectiveness

The total number of screens in China's mainland market reached 75,581 in 2020 (China Film News 2021), with 5794 new screens, an increase of 8.30% over the previous year. There are 50 theater chains and a total of 11,856 cinemas collecting box office returns nationwide (Dengta Movie 2021). The screening market is now ranked first in the world in terms of volume. At the same time, the operational difficulties of the cinema have increased. The average cinema ticket price was RMB 37 (Dengta Movie 2021). The average attendance was 9.7, down 3.9 from 2019 (Maoyan Entertainment 2021). The attendance rate was 8.1% (Dengta Movie 2021), 2.8 percentage points lower than in 2019, and the single screen output was 269,000, down 70.8% (Dengta Movie 2021) (see Figure 5).

The overall statistics for the Chinese film industry this year are outstanding compared to the rest of the world. However, long-term comparisons also show a significant drop in the numbers. Due to the unforeseeable circumstances of the pandemic, the figures for 2020 can hardly be said to reflect objective patterns in the

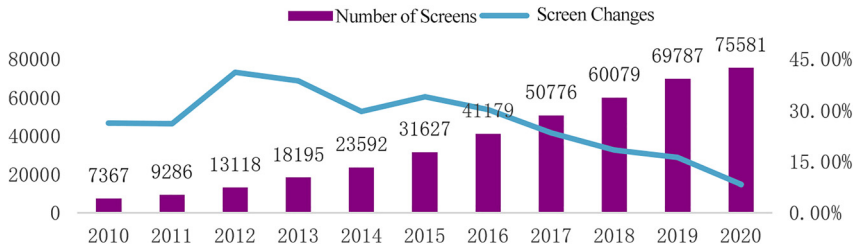


Figure 5: Change in the number of screens from 2010 to 2020 (in units).

development of China’s film industry. They are more an indication that, first, China’s antipandemic measures have played an important role in the recovery of the film industry and, second, that the foundations laid by nearly two decades of industrialized reform of the Chinese film industry have helped it to weather the pandemic.

2 The Industry Landscape: Deep Adjustments in an Unusual Year

2.1 Fiscal Policy: Relief and Recovery

This year, the policy focus at all levels of the Party and government has been on helping the film industry alleviate its difficulties and resume production. On April 29, the China Film Administration held a video conference to guide localities in introducing policies and measures to help film enterprises ease their burdens and continue to develop. The Publicity Department of the Communist Party of China, the China Film Administration, the Ministry of Finance, the National Development and Reform Commission, as well as taxation departments and relevant party and government agencies, have all allocated special funds, implemented tax concessions, subsidized theaters, supported investors in the film market, supported antipandemic film projects, and improved the level and efficiency of government services. On July 16, the China Film Administration issued a notice on the orderly resumption of cinema opening under the normal conditions of pandemic prevention and control. Cinemas in low-risk areas resumed operations on July 20 (see Table 1).

At the beginning of the year, the China Film Administration intensified its investigation and punishment of irregularities and violations in the film market. On the eve of the Chinese New Year, the China Film Administration and the

Table 1: Local policies and measures to support the film industry during the epidemic in 2020.

Date	Province	Content
19 February	Beijing	“Measures to Address the Impact of the COVID-19 and Promote the Healthy Development of Cultural Enterprises”
15 February	Shanghai	“Policy Measures to Fully Support the Smooth and Healthy Development of Services for Pandemic Prevention and Control for Cultural Enterprises in Shanghai”
18 February	Jiangsu	“Policy Measures to Support the Province’s Film Industry in Coping with the Impact of the COVID-19 Pandemic for Smooth and Healthy Development”
24 February	Zhejiang	Increased support for key film and television bases such as the Hengdian Film and Television Cultural Industry Cluster and Xiangshan Film and Television City. Arranged 10 million RMB to subsidize film theaters that were closed due to the pandemic.
28 February	Hunan	“Measures to Address the Impact of the COVID-19 Pandemic in order to Promote the Stable and Healthy Development of the Film Industry”
Early March	Guangdong	48.88 million RMB was allocated to 1337 cinemas for film funding.
Early March	Guangxi	“Measures to Address the Impact of the COVID-19 to Promote the Healthy Development of Cultural Enterprises”
5 March	Sichuan	“Measures to Promote the Steady Development of the Cultural and Tourism Industries in Response to the Pandemic.” “Ten Measures to Support the Healthy Development of the Film Industry in Response to the COVID-19 Pandemic”
8 March	Shandong	“Several Opinions on Coping with the Impact of the COVID-19 to Promote the Healthy Development of the Cultural and Tourism Industries”
26 March	Chongqing	Provide basic support funds and development subsidy funds for cinemas; coordinate with banking institutions and cultural capital guarantee companies to provide financial services and credit guarantees for film enterprises, etc.
27 March	Liaoning	A total of 10.73 million RMB was given to 314 cinemas.

According to incomplete statistics based on relevant information released in various places.

National Copyright Administration joined forces to issue an alert about the need for copyright protection for a number of key film works. Additionally, penalties for the theft and concealment of box office receipts were increased. The film authorities imposed disciplinary actions on 471 cinemas that each owed more than RMB 100,000 in arrears for not presenting all Spring Festival films. The governance and consolidation of the film market will remain a priority in the new year.

In addition to its pandemic policy, in August the China Film Administration and the China Association for Science and Technology jointly issued *Several Opinions on Promoting the Development of Science Fiction Films*. The document proposes to turn science fiction films into an important area of growth and a new

driving force behind the development of high-quality films. It proposes 10 policy measures to strengthen support and guidance for science fiction film creation, production, distribution, screening, special effects technology, and talent training. These 10 policies will create incentives for the production of science fiction films.

2.2 Capital Markets: Heat in the Midst of a Cooldown

The pandemic has exacerbated an already cold film and television capital market. Most of the listed film and television companies continued to shrink in market value during 2020. The market value of Alibaba Pictures Group Limited, Beijing Cultural Investment Development Group Co., Ltd., Beijing Culture, Ciwen Media, and Great Wall Pictures all fell by more than 30%. Huayi Brothers, Shanghai Film Group Corp., Huanxi Media Group Limited, and Omnijoy fell by more than 10%. Perfect World, Wanda Film, and Talent Television and Film Co., Ltd fell by a smaller amount, declining less than 10%.

Some companies such as Mango Excellent Media Co., Ltd., Beijing Enlight Media, China Film Group Corporation, and Bona Film experienced a slight increase in market capitalization due to the annual carry-over cycle, as well as their possession of net production capacity, integrated content platforms, and large-scale film distribution. The market value of Mango Excellent Media surged 85%, with a total market value of more than 100 billion RMB and net profits of 1.9 billion to 2 billion RMB, an increase of 64.32–72.97% over the same period for the previous year (Mango Excellent Media Co. 2021).

Ranked at the top of the listed film and television companies, Beijing Enlight Media's film department was less affected by the pandemic and its market value remained stable. It achieved a net profit of 63.27 million RMB in the first three quarters (GeeWhy 2020), making it one of the few film companies to make a profit during the epidemic. Bona Film benefited from partial online distribution as well as its copyright sales business, achieving an operating income of 755 million RMB and net profits of 26.806 million RMB in the first half of the year. Despite operating at a loss for the year, China Film Group Corporation ended the year with a 25.48% increase in total market capitalization thanks to positive developments such as a 120 million RMB government subsidy and investment income received from other sources (Bona Film Group Limited 2020) (see Table 2).

The capital market still focuses on the film industry. In April, Huayi Film raised 2.29 billion RMB, with investors such as Alibaba Film and Tencent. Wanda Film raised a total of RMB 2.93 billion RMB in November, setting a record for the largest amount of financing ever raised by an A-share film and television company. After a wait of more than three years, Bona Film's A-share initial public offering passed

Table 2: Market capitalization of selected listed film and television companies in 2020 and 2019.

Company name	Total market capitalization in 2019 (Billion RMB)	Total market capitalization in 2020 (Billion RMB)	Year-on-year
Mango Excellent Media	697.4	1290.77	85.08%
Perfect World	624.11	572.28	−8.30%
Wanda Film	439.17	403.32	−8.16%
Beijing Enlight Media	349.10	354.09	1.43%
China Film Co.	312.16	232.63	25.48%
Alibaba Pictures Group Limited	329.64	217.52	−34.01%
Huayi Brothers	135.49	119.51	−11.79%
Shanghai Film Group Corp.	57.67	48.90	−15.21%
Beijing Cultural Investment Development Group Co.	68.44	43.77	−36.05%
Beijing Culture	66.52	42.02	−36.83%
Huanxi Media Group	47.09	41.69	−11.47%
Ciwen Media	65.97	30.59	−53.63%
Talent Television and Film Co.	29.92	27.40	−8.42%
Omnijoy	27.09	23.40	−13.62%
Great Wall Pictures	18.44	5.04	−72.67%

The data are from Hithink Royal Flush Information Network Co, accessed Dec 31, 2021.

review. In so doing, it become the first film and television enterprise to be listed as an A-share since the listing of Jinyi Cinemas in October 2017, as well as the shell listing of Mango Excellent Media in 2018.

The risks in the film and television industry have increased significantly due to the international environment, technological changes, regulatory systems, and changes in the social environment. The golden age of capital speculation in the film industry has come to an end. At the same time, the capital market has become more rational in its investments in the film industry and continues to favor the industry for its potential value in producing and distributing spiritual products.

2.3 Film and Television Enterprises: Accelerating Consolidation

The Chinese film industry is in a period of deep adjustment, having been affected by the pandemic. A number of small and medium-sized film and television companies have fallen on hard times. According to Qcc.com, as of 25 December 2020, the number of film and television-related companies that shut down for the year

reached 9860, with 2814 being cinema-type enterprises (Wu 2021). At the same time, the film and television industry has used this downturn as an opportunity to consolidate.

According to relevant statistics, the total number of film and entertainment companies Alibaba Film owns or invests in exceeds 15, and the total number Tencent owns or invests in exceeds 35 (Ha Mai 2020). In addition to owning Alibaba Film, Taopiaopiao, Alibaba Film also holds shares in Wanda Film, Beijing Enlight Media, Bona Film, and Huayi Brothers. Alibaba Film has also invested in a number of small- and medium-sized film and television companies, including Hehe Pictures Corporation Limited, Lemon Pictures, Han Han's PMF Pictures, Chen Guofu's CFK Picture, as well as a number of web drama and online film companies, animation companies, and artist agencies (Ha Mai 2020). Under the Golden Orange Co-production Plan, Alibaba Film has partnered with leading production teams working in casting, control, and distribution. As a result, Alibaba was able to produce and distribute six of the top 10 films at the box office this year.

In addition to its own three major labels, Tencent Pictures, Tencent Penguin Pictures, and Tencent Video, Tencent also holds shares in Huayi Brothers, Bona Film, and Maoyan Entertainment, as well as a controlling stake in New Classic Media through its China Literature Limited brand. Tencent also has stakes in more than 30 small- and medium-sized companies, including film and television companies such as Lemon Pictures, Chen Guofu's CFK Picture, Tomorrow Film, artist agency Wajiwaji Entertainment, and Easy Entertainment, as well as the performance arts company Share Media and numerous animation companies.

Internet film companies have accomplished their recent goal of building a film and television infrastructure for all aspects of the film industry. Alibaba has Alibaba Pictures, which focuses on film investment; Taopiaopiao, which focuses on online ticketing and distribution; Dengta, a propaganda platform; Phoenix Cloud Intelligence, a ticketing system serving cinemas; Ali Fish, which performs IP licensing; and Yulebao, which finances film and television. Tencent Pictures has grown into an open content platform focusing on the creation of quality film and television productions. It has combined the content production company New Classic Media and the IP-rich China Literature Limited to achieve a business synergy (see Tables 3 and 4).

This type of capital placement and resource consolidation is also prominent in traditional film and television companies. For example, in addition to its holdings in Maoyan Entertainment, Beijing Enlight Media has its own animation company, Coloroom Pictures, which has invested in over 50 animation, film, and television-related small, medium, and micro companies. With a 30% stake, it is the largest shareholder in Horgos Cocoa Bean Animation, owned by *Nezha* (Nezha zhi motong

Table 3: Incomplete statistics of Alibaba's holding and participation in film and entertainment companies.

Alibaba's companies	Film and entertainment companies	Alibaba shareholding	Shareholder status
Ali CV	Alibaba Pictures	50.29%	Holdings
Alibaba Group	Youku Tudou Inc.	100%	Holdings
Haiyan Ali Venture Capital Co., Ltd.	Mango Excellent Media Co.	5.26%	Second largest shareholder
Hangzhou Zhenxi Investment	Wanda Film	5.94%	Second largest shareholder
Haiyan Ali Venture Capital Co., Ltd.	Beijing Enlight Media	6.82%	Second largest shareholder
Haiyan Ali Venture Capital Co., Ltd.	Huayi Brothers	4.45%	Fourth largest shareholder
Jack Ma		3.58%	Fifth largest shareholder
Zhejiang Dongyang Alibaba Film	Bona Film	7.72%	Third largest shareholder
Zhejiang Dongyang Alibaba Film	Hehe Pictures Corporation	30.00%	Second largest shareholder
Zhejiang Dongyang Alibaba Film	PMF Pictures	13.12%	Second largest shareholder
Zhejiang Dongyang Alibaba Film	Cool Young	49.00%	Second largest shareholder
Zhejiang Dongyang Alibaba Film	2:10 AM Animation	20.00%	Second largest shareholder
Zhejiang Dongyang Alibaba Film	Beijing Nicefilm Technology Co.	10.62%	Third largest shareholder
Zhejiang Dongyang Alibaba Film	Yuekai Entertainment	14.81%	Fourth largest shareholder
Zhejiang Dongyang Alibaba Film	Beijing New Power Pictures	11.11%	Third largest shareholder

jiangshi, 2019) director Yu Yang; with a 28.11% stake, it is the second largest shareholder in Horgos October Culture Media, owned by Tian Xiaopeng, the director of *Monkey King: Hero is Back* (Da sheng guilai, 2015); with a 30% stake, it is the second largest shareholder in B&T, owned by Liang Xuan and Zhang Chun, the directors of *Big Fish Begonia* (Dayu ha tang, 2018); and with a 30% stake, it is the second largest shareholder in On&All Animation Studio, the production company of *Legend of Deification* (Jiang ziya, 2020) (Ha Mai 2020). Beijing Enlight Media has also invested in other agencies, such as Shanghai Tophigh Pictures and Deng Chao's Orange Image.

Table 4: Incomplete statistics of Tencent's holding and participation in film and entertainment companies.

Tencent companies	Film and entertainment companies	Alibaba shareholding	Shareholder status
Tencent	Tencent Video	100%	Holdings
Tencent	Tencent Pictures	100%	Holdings
Tencent	Tencent Penguin Pictures	100%	Holdings
China Literature Limited	New Classic Media	100%	Holdings
Tencent Computers	Huayi Brothers	7.90%	Second largest shareholder
Linzihi Tencent	Bona Film	4.84%	Sixth largest shareholder
Tencent Investment Holdings	Maoyan Entertainment	13.88%	Second largest shareholder
Shenzhen Tencent Industry Investment Fund	Lemon Pictures	17.79%	Second largest shareholder
Linzihi Tencent	CFK Picture	15.00%	Second largest shareholder
Tencent Entrepreneurship and Innovation Development	Longhty Film & TV	10%	Third largest shareholder
Linzihi Lichuang Information Technology Co.	Tomorrow Film	10%	Second largest shareholder
Linzihi Lichuang Information Technology Co.	Wajiwaji Entertainment	16%	Second largest shareholder
Linzihi Lichuang Information Technology Co.	Easy Entertainment	6.25%	Sixth largest shareholder
Linzihi Lichuang Information Technology Co.	Share Media	12.50%	Second largest shareholder
Linzihi Lichuang Information Technology Co.	Byment	49.58%	First largest shareholder
Linzihi Lichuang Information Technology Co.	Original Force	12.13%	Third largest shareholder
Linzihi Lichuang Information Technology Co.	Doc Labs	80%	First largest shareholder
Linzihi Lichuang Information Technology Co.	Tangren Family	20%	Third largest shareholder
Over 35 in total			

The data are from Ha Mai (2020).

At the level of capital investments, there are complex relationships among film and television companies (Ha Mai 2020). Film and TV companies with quality content are increasingly focused on partnering with streaming platforms. Featuring quality filmmakers such as Xu Zheng, Ning Hao, Zhang Yimou, Zhang

Yibai, Chen Kexin, Wang Jiawei, and Gu Changwei, Huanxi Media has strategically partnered with Bytedance, Bilibili, Huawei Video, Xiaomi Video, and Mango TV to maximize the benefits it gains from broadcasting quality content.¹ Film companies have created these links in capital out of desires for resource consolidation, which in turn strengthens their ties of shared interests.

State-owned enterprises and state capital are further integrated into the film industry through investment in film companies or film projects. On February 11, Beijing Wenke Investment Consultants Limited Company announced that it had taken a stake in Beijing Culture as its largest shareholder. In July, Qingdao West Coast Development Group Co Ltd, a company of Qingdao State-owned Assets Supervision and Administration Commission, purchased a 7.61% stake in Beijing Culture, making it the second largest shareholder. In April, Huayi Brothers announced 2.29 billion RMB in capital fundraising, which included a stake held by state-owned Shandong Jingda Technology Industry Development Co. State-owned Zhejiang Radio & TV Group holds a controlling interest in Talent Television and Film Co., Ltd. State-owned companies hold shares in numerous top film and television companies, including Jiangyin Zhongnan Heavy Industries Co., Ltd, Great Wall Pictures, Contemporary Oriental, Lugang Culture, and Huace Media (Zhang 2020). Ultimately, state-owned enterprises, which have previously been more passive in the capital market, are beginning to take more comprehensive approaches to the entertainment industry, which may bring about new changes.

In 2020, new media and short-video platforms such as Tik Tok, Kuaishou, and Bilibili were deeply involved in the film and television industry, actively entering upstream production in the film industry chain. In May, Kuaishou produced and premiered its first self-produced film, *The Empty Nest* (Kongchao, 2020), online, which was nominated for Best Actress at the 33rd Golden Rooster Awards for Chinese Cinema. In March, Tik Tok established Tik Tok Culture to enter the higher end of the film industry through its parent company, Bytedance. Bytedance is the producer of *My People, My Country* (Wo he wo de jiaxiang, 2020) and *Detective Chinatown 3* (Tangrenjie tan an 3). Tik Tok Culture also became the producer of four films including *My People, My Country, Coffee, or Tea?* (Yidian jiu daoja, 2020), *Soul Snatcher* (Chi hu shusheng, 2020), and *Shock Wave 2* (Chai dan zhuanjia 2,

¹ In January, Huanxi Media Group and Bytedance signed a cooperation agreement to open up their resources. Bytedance paid Huanxi Media Group 630 million RMB for the broadcasting rights of *Lost in Russia*. On 31 August, Bilibili invested HK\$513 million, or 9.9%, in Huanxi Media Group, which has granted Bilibili exclusive rights to broadcast its films and new productions. Bilibili has priority to invest in Huanxi Media Group's master projects and to participate in the spinoff development of Huanxi Media Group's film and television productions.

2020). In September, Bilibili invested in Huanxi Media, acquiring exclusive external broadcast rights for its film and television series.

Overall, despite the impact of the pandemic, the integration of film and television supply chains as well as the conglomeration, synthesis, and integration of film and television enterprises are developing in depth and breadth. Internet and new media companies have become the most active promoters of this round of consolidation. Within the next five years, the Chinese film and television industry will see the emergence of more large-scale enterprises. Although the challenges of monopolization and unfair competition will certainly arise, this centralized industry model will have positive implications for improving the economies of scale for Chinese films and help complete the construction of an industrial market system.

3 Film Production: The Uneven Development of Top Films, Genre Films, and Art Films

3.1 Production Enterprises: Broad Integration of State-owned, Private, and Emerging Film Production Enterprises

This year, two state-owned film companies, China Film Co and Huaxia Film Distribution Co, intensified their involvement in top films and became important promoters of key films. Both companies have been involved in the production of top films such as *My People, My Homeland*, *Sacrifice*, and *Leap* (Duoguan, 2020). They are also the main producers of *Coffee or Tea?* and the animated film *Salute to the Heroes* (Zui keai de ren, 2020). In addition, China Film Co. is the main producer of *A Little Red Flower* (Song ni yi duo xiao honghua) and Huaxia Film Distribution Co. co-produced *The Eight Hundred*. China Film Co. ultimately produced 12 films. The box office of these films totaled 5.750 billion RMB, accounting for more than one-third of the total box office returns for domestic films. Being the primary producer for five films and co-producer for two films, Huaxia Film Distribution Co also gained a prominent share of the box office. Among their works are the patriotic documentaries *Up Close: the War in the 1950s* (Baojia weiguo: kang mei yuan chao guangying yishi, 2020) and *The Blue Defensive Line* (Lanse fangxian). Shanghai Film Co only produced one IP adaptation film this year and co-produced *The Eight Hundred*, *My People, My Homeland*, and *Sacrifice*. Most other state-owned film enterprises acted only as participants in films or producers for low-budget patriotic films spearheaded by local publicity departments.

The four largest traditional private film companies remained a major force in film production during the year. Huayi Brothers were the primary producers of *The*

Eight Hundred, which boosted the film soon after production work resumed. It also participated in producing *Sacrifice* and *Warm Hug* (Wennuan de baobao), etc., both of which helped open the door for Huayi Brothers to emerge from the doldrums with cumulative box office returns of 4.455 billion RMB. Enlight Media grew steadily, acting as the primary producer on five films that gained total box office returns of 2.044 billion RMB. With returns of 1.602 billion RMB, the animated film *Legend of Deification* (Jiang Ziya, 2020) ranked second at the National Day box office and third at the annual box office. Youth movies such as *The End of Endless Love* (Ruguo shengyin bu jide, 2020) (333 million RMB), *Wild Grass* (Qiaomai fengzhang, 2020) (52.189 million RMB), *Yes, I Do* (Wode nüyou shi jiqiren, 2020) (42.612 million RMB) all also scored good box office. Bona Film & TV released three films with characteristics of both Hong Kong films and new mainstream films. They were the primary producer for *Shock Wave 2* and *The Rescue* (Jinji jiuyuan, 2020). They were also the main producer and distributor for the musical *Find Your Voice* (Rexue hechangtuan, 2020) starring Andy Lau, which accumulated 1.14 billion RMB at the box office. For its part, Wanda Pictures performed relatively mediocre, only producing the romance movie *Oversize Love* (Yueban ailisi, 2020) and participating in the production of *My People, My Homeland*, and *Sacrifice*.

Beijing Culture and Huanxi Media, which have been outstanding market performers in recent years, continued to perform well this year. Beijing Culture was the main producer and main distributor of the annual box office runner-up *My People, My Homeland*. This film combined with the comedy film *Bath Buddy* (Muyu zhi wang, 2020), these films gained box office returns of 3.235 billion RMB for the company. Huanxi Media produced *Leap* (directed by Chen Kexin), *One Second* (Yi miao zhong, 2020) (directed by Zhang Yimou), and *Warm Hugs*, and participated in the production of *My People, My Homeland*, attaining cumulative box office returns of 1.191 billion RMB.

In recent years, Internet companies have stepped up their involvement in film production. The box office returns of Alibaba Pictures' main productions reached 3.28 billion RMB and their co-productions reached 7.446 billion RMB, totaling more than 10.7-billion-yuan. This accounted for more than half of the year's total box office returns. Four of the top 10 films in the annual box office rankings were distributed by Alibaba's Taopiaopiao. In 2020, Tencent Pictures also moved from co-production to primary investment and control, being involved with such films as *Vanguard*, *The Rescue*, *A First Farewell*, and *A Little Red Flower* (see Table 5).

Independent film companies with directors and stars at their core remained a force to be reckoned with this year. Guan Hu's The Seventh Art Pictures is the producer of *The Eight Hundred*, *Sacrifice*, and *Wild Grass*. The main production companies behind *My People, My Homeland* include Zhang Yibai's Shigu Pictures, Ning Hao's Dirty Monkeys Studio, Xu Zheng's Ledao Media, Chen Sicheng's Yitong

Table 5: Major Chinese film companies in 2020.

Company	Main production	Joint production	Number
China Film Co	<i>My People, My Homeland, Sacrifice, Leap, Coffee or Tea?, Salute to the Heroes, A Little Red Flower, The Blue Defensive Line, Vanguard, Kung Fu Mulan, Up Close: the War in the 1950s, The Wandering Earth: Beyond 2020 Special Edition, No Turning Back</i>		12
Huaxia Film Distribution Co	<i>Sacrifice, Leap, Coffee or Tea?, Salute to the Heroes, Up Close: the War in the 1950s</i>	<i>The Eight Hundred, My People, My Homeland</i>	7
Shanghai Film Co.	<i>Dream of Eternity</i>	<i>The Eight Hundred, My People, My Homeland, Sacrifice, The Wandering Earth: Beyond 2020 Special Edition</i>	5
Beijing Enlight Media	<i>Legend of Deification, The End of Endless Love, Wild Grass, Mr. Miao, My Girlfriend is a Robot</i>	<i>The Eight Hundred, Sacrifice</i>	7
Bona Film	<i>Shock Wave 2, The Rescue, Find Your Voice, Up Close: the War in the 1950s</i>		4
Wanda Film	<i>Oversize Love</i>	<i>My People, My Homeland, Sacrifice</i>	3
Huayi Brothers	<i>The Eight Hundred, Sacrifice, Warm Hug</i>		3
Beijing Culture	<i>My People, My Homeland, Bath Buddy, The Wandering Earth: Beyond 2020 Special Edition</i>		3
Huanxi Media Group	<i>Leap, One Second, Warm Hug</i>	<i>My People, My Homeland</i>	4
New Classic Media	<i>None</i>	<i>Love You Forever, My People, My Homeland, Sacrifice</i>	3
Taopiaopiao	<i>A Little Red Flower, Warm Hug, Wisdom Tooth</i>	<i>Dream of Eternity, Sacrifice</i>	5
Alibaba Pictures	<i>Shock Wave 2, Bath Buddy, Coffee or Tea?, Leap, Winter After Winter, Love You Forever, 1917</i>	<i>The Eight Hundred, My People, My Homeland, The Blue Defensive Line, The Wandering Earth: Beyond 2020 Special Edition</i>	11
Maoyan Entertainment	<i>One Second, The Rescue, Dream of Eternity, A Little Red Flower, Back to the Wharf</i>	<i>Leap, Legend of Deification, My People, My Homeland, Sacrifice, Bath Buddy, Warm Hug, The Wandering Earth: Beyond 2020 Special Edition</i>	12

Table 5: (continued)

Company	Main production	Joint production	Number
Youku Films	<i>Koali & Rice, Wisdom Tooth</i>	<i>The Eight Hundred, The Wandering Earth: Beyond 2020 Special Edition</i>	4
Tencent Pictures	<i>A First Farewell, A Beautiful Day in the Neighborhood, Vanguard, Monster Hunter, The Rescue, A Little Red Flower</i>	<i>The Eight Hundred, The Wandering Earth: Beyond 2020 Special Edition</i>	8
iQIYI Pictures	<i>Spycies, Balloon</i>		2

The data are from Maoyan Entertainment, accessed Dec 31, 2020.

Legend Media, Yan Fei, and Peng Damo's Xihong City Pictures, and Deng Chao's Orange Images, etc. The producers of *Sacrifice* include Guo Fan's Guo Fan Culture and Lu Yang's Free Whale Media. Wu Jing's Dengfeng International Media is involved in the production of *My People, My Homeland, Sacrifice*, and *The Wandering Earth: Beyond 2020 Special Edition* (Liuliang diqiu: Feiyue 2020 tebie ban, 2020). The model of cooperation between independent production companies and streaming platform companies has gradually matured and become an important model for film production in recent years.

3.2 Film Products: Product Diversification and Polarization Effects

Produced in 2019, *The Eight Hundred* entered the market in 2020, making a mark on the recently resumed film market with its industrialized production. *Sacrifice*, another major production, took just over two months, to be made reflecting "Chinese speed" and the "Chinese miracle." *My People, My Country* and *My People, My Homeland* belong to the same series, together with featuring nine different directors and dozens of stars. The production models they used are the same: unified deployment, centralized resources, identical themes, and cooperation in the division of labor. This model concentrates on various elements of creative production and reflects the production capacity and production level of Chinese films.

Although the year saw a decline in film production and a shrinking market, films still maintained a diversity of genres and subjects. Hong Kong-style action films such as *Shock Wave, Caught in Time* (Chubao, 2020), *The Rescue, Ip Man 4: The Finale*, and *Vanguard* (Jixianfeng, 2020) gained audience recognition. The complex film *Legend of Deification* also achieved 1.6 billion RMB in box office returns during

the National Day period, showing the gradual expansion of the animated film market. Realistic films such as *My People, My Homeland*, and *Coffee or Tea?* depicted the greatness of ordinary people against the backdrop of the times. The sports film *Leap* has come to be considered a pioneer in the genre with returns of 830 million RMB. The youth love movie *Love You Forever* (*Wo zai shijian jintou deng ni*, 2020) gained 277 million RMB during the Qi Xi Festival, becoming the top box office earner for the history of that holiday. *The End of Endless Love* also achieved over 100 million RMB in box office returns. Additionally, other films released in 2020 included comedy films like *Bath Buddy* and *Warm Hugs*, fantasy films like *Soul Snatcher* and *Dream of Eternity* (*Qing ya ji*, 2020), musical films like *Find Your Voice*, youth films like *The Enigma of Arrival* (*Dida zhi mi*, 2020), documentaries like *Tough Out* (*Bang shaonian*), etc. However, the year noticeably lacked films from disaster and science fiction genres. The rate of box office contributions from suspense and thriller films also declined. It has been argued that the integrity of the film market needs to be supported by a richer range of genres (Yin 2021a).

In terms of the creators of the films, directors from both Mainland and Hong Kong have supported the mainstream film landscape. Directors born post-1950 to post-1980 have all produced influential films. The post-1970s generation of directors has been especially influential, gradually becoming the most important creative backbone of the industry. The development of young film directors has brought life to the creativity of Chinese films (see Table 6).

Art films and documentaries have played an important role in the diversification of film culture and have been a necessary requirement for the richness of film as an artform (Yin 2021a). This year, the National Alliance of Archive Cinemas released four domestic art films after theaters re-opened. These were *To Live To Sing* (*Huo zhe chang zhe*, 2020) (¥525,000), *Like the Dyer's Hand* (*Ju shui yue zai shou*, 2020) (¥7,778,000), *Winter After Winter* (*Dong qu dong you lai*, 2020) (¥254,000) and *Wisdom Tooth* (*Ri guang zhi xia*, 2020) (¥1,020,000). With his film *One Second*, famed director Zhang Yimou offered a “love letter to film” that earned 130 million RMB. The young director Li Xiaofeng's *Back to the Wharf* (*Feng ping lang jing*, 2020) earned 83.512 million RMB at the box office. Pema Tseden's *Balloon* (*Qiqiu*, 2020) (6.681 million RMB) and the documentary film *Tough Out* (7.778 million RMB) also reveal the diversity of films during 2020. Of course, due to the impact of both the pandemic and the rise of online streaming on the frequency of cinema attendance, most art films and documentaries did not meet expectations at the box office. This is due both to the nature of the products and changes in cinema-going behavior and viewing style.

Table 6: domestic films with box office of more than 100 million RMB in 2020.

Rank	Films	Box office (Billion RMB)	Director	Genre
1	<i>The Eight Hundred</i>	310,910	Guan Hu	Drama, War, History
2	<i>My People, My Homeland</i>	282,928	Nin Hao, Xu Zheng, Chen Sicheng, Yan Fei, Peng Damo, Deng Chao, Yu Baimei	Drama, Comedy
3	<i>Legend of Deification</i>	160,262	Cheng Teng, Li Wei	Animation, Action, Adventure
4	<i>Sacrifice</i>	112,211	Guan Hu, Guo Fan, Lu Yang	Drama, War, History
5	<i>Leap</i>	83,641	Chen Kexin	Drama
6	<i>Shock Wave 2</i>	60,179	Qiu Litao	Action, Crime
7	<i>Caught in Time</i>	53,760	Liu Haoliang	Crime, Drama, Action
8	<i>Adoring</i>	51,014	Yang Zi	Comedy, Romance, Drama
9	<i>Love You Forever</i>	50,513	Yao Tingting	Romance, Fantasy, Comedy
10	<i>Sheep Without a Shepherd</i>	50,132	Ke Wenli	Drama, Crime
11	<i>The Rescue</i>	43,843	Lin Chaoxian	Drama, Disaster, Action
12	<i>Ip Man 4</i>	41,818	Ye Weixin	Action, Drama, Biography
13	<i>Bath Buddy</i>	40,273	Yi Xiaoxing	Comedy, Action
14	<i>Dream of Eternity</i>	36,845	Guo Jingming	Fantasy, Romance, Drama
15	<i>The End of Endless Love</i>	33,433	Luo Luo	Romance, Fantasy, Youth
16	<i>Coffee or Tea?</i>	31,217	Xu Hongyu	Youth
17	<i>Vanguard</i>	29,424	Tang Jili	Action, Adventure, Comedy
18	<i>A Little Red Flower</i>	23,633	Han Yan	Drama, Family
19	<i>Warm Hug</i>	19,365	Chang Yuan	Comedy
20	<i>Soul Snatcher</i>	18,494	Song Haolin, Yi Liqi	Fantasy, Costume Drama, Romance
21	<i>One Second</i>	13,106	Zhang Yimou	Drama
22	<i>The Story of Hay Bo</i>	11,338	Wang Danyang	Drama, Romance
23	<i>Warriors of Honor</i>	10,608	An Zhanjun	Drama, Action

The data are from Maoyan Entertainment, accessed from 1 January 2020 to 31 December 2020.

3.3 Internet Films: New Points of Growth

This year, Youku, iQIYI, and Tencent released a total of 270 films, an increase of 81% from the previous year. Of these, 77 had earned more than 10 million RMB (Yu 2021).

With cinemas shut down for nearly half a year, films from streaming networks have propped up half of the film industry. A total of 756 films were released on these platforms nationwide, up 7% from the previous year. Among them, 270 films were released by Youku, iQIYI, and Tencent, an increase of 81% from previous years, and 77 films grossed more than 10 million RMB in revenue. In terms of subject matter, films on streaming platforms have followed the traditions of fantasy, martial arts, comedy, and suspense. Monster movies such as *Land Shark* (Lu xing sha, 2020), *Big Octopus* (Da zhangyu, 2020) *King of Snake* (She wang, 2020), *The Enchanting Phantom* (Qian nü youhun: ren jian qing, 2020), and *Mojin: Mysterious Treasure* (Gui chui deng zhi xiangxi mi cang, 2020) and other fantasy action movies also gained market recognition.

Due to both political guidance and the emergence of excellent film creators, original realistic and patriotic themes also began to appear in films made by streaming networks. *I Come From Beijing Happy New Year* (Wo laizi Beijing zhi guo nian hao, 2020) and *Once Upon a Time in the Northeast: I Am Liu Haizhu* (Dongbei wangshi: wo jiao Liu Haizhu, 2020) also earned box office returns of over 10 million RMB. The story of rescue and relief in *Fragrance* (Fenfang, 2020), the story of Qiu Jin in *Clutch Time* (Shengsi shike, 2020), the history of the war in *Attack: The Tunnel War* (Qixi didao zhan, 2020), the fight against poverty in *Spring to Nujiang* (Chunlai Nüjian, 2020), the story of a deliveryman in *Chinese Flying Man* (Zhongguo fei xia, 2020), as well as films addressing the pandemic like *Love Story Under Pandemic* (Xinguan aiqing gushi, 2020), *Pandemic War* (Yi zhan, 2020), *A Truckload of Masks* (Yi che kouzhao, 2020), and *One Call for a Hundred Responses* (Yihubaiying, 2020), etc. all attracted attention (see Table 7).

Streaming platforms have promoted the development of the streaming film industry through reviewing content, updating revenue-sharing policies, scheduling, and marketing. The main market for films on streaming platforms is stable, and companies such as Qishu Youyu, TMENG, New Film Studio, and Jolimark maintain their leading positions in the industry. Films produced by Qishu Youyu, Xiang Bros Studio, and Jing Ying Media, topped the 2020 revenue-sharing box office with 56.42 million RMB. The New Film Studio released *Mojin: Mysterious Treasure* (Gui chuideng zhi xiangxi mi cang, 2020), *Mojin: The Lamp of Dragon Ridge Cave* (Gui chuideng zhi long ling mi ku, 2020), *Mojin: The Lamp of Dragon Ridge Palace* (Gui chuideng zhi long ling shen gong, 2020), and *Crocodile Island* (Ju e dao, 2020), TMENG released *Sniper*, *King of Snake*, *Once Upon a Time in the*

Table 7: Ranking of network film revenue-sharing box office in 2020.

Rank	Film	Genre	Box office (Million RMB)	Broadcast platform	Major production companies
1	<i>The Thousand Faces of Dunjia</i>	Costume Drama, Fantasy	5642	Tencent\iQIYI	Qishu Youyu, Xiang Bros Studio, Jing Ying Media
2	<i>The Enchanting Phantom</i>	Costume Drama, Fantasy	4576	Tencent Video	My Way South, Crowd-pleaser, TVZONE
3	<i>Mojin: Mysterious Treasure</i>	Suspense and Expeditions	4472	Tencent Video	New Film Studio, Wanda Film, Saint Entertainment
4	<i>Mojin: The Lamp of Dragon Ridge Cave</i>	Suspense and Expeditions	3511	iQIYI	New Film Studio, Dream Author, Perfect Culture
5	<i>Sniper</i>	Army, Action	3432	iQIYI	Golden Shield Television Center, TMENG
6	<i>Hai Dayu</i>	Chinese Fantasy, Romance	3260	iQIYI	Dong Fang Fei Yun International Film
7	<i>Di Renjie: The Flying Rakshasa</i>	Costume Drama, Fantasy	3023	Youku	My Way South, Crowd-pleaser, Jing Ying Media, TVZONE
8	<i>King of Snake</i>	Thriller and Expeditions	2856	Youku	Xiang Bros Studio, TMENG
9	<i>The Nine-Fingered Beggar</i>	Costume Drama, Martial Arts	2380	iQIYI	Seven Entertainment Picture, Huayi Bro
10	<i>Chi Men Phrenology</i>	Martial Arts, Chinese Fantasy	2330	iQIYI	Dream Maker Films, Seven Entertainment

The data are from Zhong (2021).

Northeast: I Am Liu Haizhu, and *Land Shark*, which all achieved 10-million-yuan shares. In addition, traditional film and television companies such as Wanda, Huace, TVZ ONE, Dongfang Feiyun International Film, and Huayi Brothers have all participated in the streaming film market through their investments. Although streaming films are far inferior to theatrical films in terms of both the resources at their disposal and their influence, their production values and creativity have improved significantly. They have become a complement to theatrical films as well as a new way for distributing small and medium budget films.

In the past year, the number of films produced domestically has declined, with fewer than 10 top films and a relative lack of medium- and high-cost genre films.

This has objectively affected the supply of films after cinemas resumed screenings. Although a large number of niche art films and documentaries have emerged, it has proved difficult to overcome an unbalanced film market without enough blockbusters or solid genre films. At present, the production system for genre films in China remains unstable. Genres such as action, comedy, science fiction, disaster, and romance are only produced occasionally, making it difficult to sustain market demand over the course of a year. The imbalances between the stable quality of the top films, the low competitiveness of genre films receiving medium and high investments, and art films lacking in cinematic qualities all need to be solved.

4 Film Market: Rebirth and Mixed Feelings

4.1 Theaters and Cinemas: Survival in Desperate Times

On January 23, the day before New Year's Eve 2020, cinemas were suspended due to the pandemic. The film market came to a halt and the biggest release time of the year was off the table. 178 days later on July 20, cinemas in low-risk areas began to resume operations in an orderly manner. On August 14, the limit on theater occupancy was raised from 30 to 50%. On September 25, these limits were raised to 75%, and more than 10,000 cinemas resumed operations nationwide. According to Comscore, the number of active theaters in mainland China reached 93% of the same period last year in early December. This far exceeded the 38% of theaters operating in North America (Yin 2021b). The market had less than 100 days left before the lunar new year to support the battered film industry.

Among the 50 theater chains nationwide, Wanda Cinemas has been the leader with box office returns of 3.134 billion RMB for 13 consecutive years. Dadi Cinemas and Shanghai United Film ranked second and third, respectively, for five consecutive years. The top three theater chains produced 6.625 billion RMB in box office returns, about one-third of the national total; the top five accounted for 46.59% of total returns, and the top 10 accounted for 67.13%, with the remaining 40 theater chains sharing around 33% of the total market revenues. There was little change in the concentration of the national film market in 2020 (see Table 8).

The pandemic has proved an unanticipated opportunity to prompt upgrades to the structure of the industry and to increase the concentration of the cinema market. In March, Shanghai Film Co established a one-billion-yuan "Cinema Relief Fund" and created the Shanghai Film Asset Management (Shanghai) Co. This firm uses capital increases, equity participation, and mergers and acquisitions to increase the integration of film investment and management companies in the Yangtze River Delta region. Wanda Film completed a 3-billion-yuan private

Table 8: Box office of top 10 theaters in 2020 (including service fees) (unit: billion RMB).

Rank	Theatrical line	Box office	Box office share	Number of cinemas
1	Wanda Cinemas	31.34	15.35%	720
2	Dadi Cinemas	19.55	9.58%	1318
3	Shanghai United Film	15.36	7.52%	797
4	China Film Digital	14.95	7.32%	1088
5	China Film South	13.92	6.82%	1058
6	Hengdian Cinema	9.16	4.49%	514
7	China Film Xingmei	9.15	4.48%	661
8	Jinyi Zhujiang	8.58	4.20%	495
9	Omnijoy	7.89	3.86%	495
10	Huaxia Film Distribution Co	7.17	3.51%	486

The data are from Endata, accessed Dec 31, 2020.

placement for theater construction and fixed asset expansion. Bona Film also plans to use 820 million RMB of the 1.425 billion RMB it has raised for cinema projects (Bona Film Group Limited 2020). Still, the restructuring of the theater industry remains urgent.

4.2 Audience Portrait: Fourth-tier Cities Have the Highest Rate of Audiences Returning to Theaters

The resumption and recovery of China's film market have been influenced by the differing regional pandemic policies. Comparing box office, market share figures for 2019 and 2020, the national recovery rate is 31.77%. First-tier cities have the lowest recovery rate; second-tier and third-tier cities are next; and fourth-tier cities have experienced the fastest recovery (see Table 9).

Table 9: Box office by city tiers in 2020 and 2019 (unit: billion RMB).

City level	Box office in 2019	Box office in 2020	Recovery rate (two-year ratio)
First-tier cities	122.34	35.83	29.29%
Second-tier cities	261.38	81.88	31.33%
Third-tier city	103.99	32.84	31.58%
Fourth-tier cities	153.73	52.48	34.38%
Beijing	36.13	10.33	28.59%
Shanghai	38.39	11.64	30.32%
Nationwide	642.66	204.17	31.77%

The data are from Maoyan Entertainment, accessed Dec 31, 2020.

The impact of the pandemic on each city has also caused further disparities in the recovery of the urban film market. Beijing recovered only about 28.59% because of spikes in COVID numbers in June and December. The recovery rate in cities affected by the pandemic was much lower than the national average.

Due to the pandemic, a total of 548 million people visited theaters, less than a third of last year's numbers. Young people have always represented the majority of the cinema-going population. The average age of viewers in 2020 was 28.8 years old (Maoyan Entertainment 2021). Entertainment options, movie-viewing methods, movie-viewing platforms, and movie-viewing choices are all changing. Short video platforms such as Tik Tok and Kuaishou, as well as other entertainment options such as video games, have shifted how movie-goers spend their time. As of September 2020, Tik Tok has more than 600 million active daily users in China, compared to just 250 million at the beginning of last year. According to its prospectus, Kuaishou has more than 300 million active daily users (2020). With the advent of the 5G era, cinema is about to face even greater competition. The internet brings opportunities and challenges for cinemas. During the cinema shutdown, a number of films such as *Lost in Russia* (Jiong ma, 2020) chose to premiere online. The position of theaters as the first place to view movies as well as the 90-day box office window rule was challenged. In the face of new competition, theaters need to strengthen the movie-going experience, the social aspects of movie-going, as well as movie-going environment as a way to highlight their irreplaceability. This way they will continue to be the engine and driver of the multi-window market for cinema (Yin and Xu 2020).

4.3 Market Patterns: Top Film Profits Continue to Increase, While Domestic Films Support the Market

Domestic films accounted for 84% of box office returns in 2020. Imported films—including 22 with revenue-sharing deals and 42 others—accounted for 16% of the box office returns (Tan 2020a). Throughout the year, 32 films grossed more than 100 million RMB, including 23 domestic films and nine imported films. All of the top 10 films at the box office were domestic films. *The Eight Hundred*, *My People, My Homeland*, and *Legend of Deification* were in the top three. *The Eight Hundred* topped the annual box office with 3.109 billion RMB. It was also a global annual box office champion. *My People, My Homeland*, *Legend of Deification*, and *Sacrifice* reached the third, eighth, and 10th places at the global box office, respectively, a new record never before reached by Chinese films. Nine of the imported movies made over 100 million RMB at the box office. *TENET* topped the annual box office with 456 million RMB. *The Croods: A New Age* and *Mulan* ranked second and third.

The highly anticipated Disney princess movie *Mulan* and the year's only superhero blockbuster *Wonder Woman 1984* both did not perform as well as expected in the market (Yin 2021a).

The film market has become more polarized, with disparities between the top films and others becoming more prominent. The top five films at the box office made a total of nearly 10-billion-yuan, accounting for almost half of the total box office for the year and nearly two-thirds of the total box office returns for domestic films. That the top films account for too large a share of the box office, and the scale of box office is too concentrated, remains a prominent issue. This situation is not conducive to cultivating the audience's daily viewing habits and expanding the scale of the audience (Yin 2021a). The question of how to stabilize the market share of domestic films while also expanding the profits of imported films is of positive significance to enriching the film market (see Table 10).

The performance of buy-out imported films in 2020 was also not as good as in previous years. In 2020, 43 of these films grossed 895 million RMB (Tan 2020b), accounting for only 4.36% of the year's total box office. Only one of them exceeded 100 million RMB at the box office. The largest number of bought-out films came from Japan, with 11. These included seven animated films. *Digimon Adventure: Last Evolution Kizuna* made 125 million RMB at the box office, making it the only buy-out film to make more than 100 million RMB at the box office. The number of buy-out

Table 10: Box office ranking of imported movies in 2020.

Rank	Film	Box Office (Million RMB)	Production Company	Country	Genre
1	<i>Tenet</i> (2020)	45,624	Warner Bros.	America	Sci-fi, Action
2	<i>The Croods: A New Age</i> (2020)	33,617	DreamWorks Studios	America	Animation
3	<i>Mulan</i> (2020)	27,808	The Walt Disney Company	America	Drama, Adventure
4	<i>Harry Potter and the Sorcerer's Stone</i> (2001)	19,197	Warner Bros.	America	Fantasy
5	<i>Wonder Woman 1984</i> (2020)	16,214	Warner Bros.	America	Fantasy
6	<i>Dolittle</i> (2020)	13,602	Universal Picture	America	Fantasy
7	<i>Digimon Adventure: Last Evolution Kizuna</i>	12,524	Toei Tokyo	Japan	Animation
8	<i>Interstellar</i> (2014)	12,189	Warner Bros.	America	Sci-fi
9	<i>Spies in Disguise</i> (2019)	10,340	20th Century Studios	America	Animation
10	<i>Hellboy</i> (2019)	8621	Millennium Films	America	Fantasy

The data are from Maoyan Entertainment, accessed Dec 31, 2020.

films from each country is as follows: seven from the U.S., five from the U.K., five from France, four from Italy, and one each from Germany, Canada, Russia, Turkey, Malaysia, Colombia, Tajikistan, Pakistan, and Ireland. Indian films, which did well on the market in previous years, were absent this past year due to the changing international situation.

4.4 Distribution Methods: The Online Streaming and Movie Theater Model Becomes More Diversified

Because the Internet and new media can provide audiences with more convenient and comfortable ways to watch movies, the window of time between when films are released in cinemas and when they appear on new media has been greatly shortened. During the pandemic, a number of Chinese and foreign films adopted a distribution model that prioritized online streaming, rewriting the rules of the industry. It was announced that *Lost in Russia*, which was originally scheduled to be released during Spring Festival, would appear on Bytedance's online platform after it was pulled from theaters. Subsequently, *Enter the Fat Dragon* (Fei long guo jiang, 2020) premiered on iQIYI and Tencent Video, *Looking for Lucky* (Xun gou qishi, 2020) premiered on Youku Video, and *The Winners* premiered on Bytedance's streaming platform. The art films *Spring Tide* (Chun chao, 2020) and *Dwelling in the Fuchun Mountains* (Chunjiang shuinan, 2020) were both released on the Internet on a pay-per-view basis. When the theaters resumed operating, niche films such as *Mr. Miao* (Miao xiansheng, 2020) adopted a release model where they played for almost no time in theaters. For its part, Hollywood has also seen the same changes: *Hamilton*, *Mulan*, and *Soul* have moved to *Raya and The Last Dragon*, and *Wonder Woman 1984* as well as all 17 Warner films scheduled for release in 2021, are being released simultaneously in theaters and online (Yin and Xu 2020) (see Table 11).

Although distribution changes have met with resistance from those who celebrate traditional cinema, the trend of audiences moving online has already emerged. The relationship between theaters and online streaming should be coordinated to create a distribution method where everybody wins. This could mean an initial theatrical release, or a simultaneous release, or an online release. In addition to creating suitable mediums for releasing films, for the film copyright holders, this distribution strategy could create suitable increments in the volume of films, meet market demand, and maximize the economic benefits of copyright. The formation of film distribution regulations is the product of film business logic.

Table 11: Some domestic and international “cinema to online” films and their online platforms in 2020.

Domestic films	Online platform	American film	Online platform
<i>Lost in Russia</i> (2020)	Tik Tok, Xigua Video, Jinri Toutiao, Huaxi Media	<i>Hamilton</i> (2020)	Disney+
<i>Enter the Fat Dragon</i> (2020)	iQIYI, Tencent Video	<i>Mulan</i> (2020)	Disney+
<i>Looking for Lucky</i> (2020)	Youku Video	<i>Artemis Fowl</i> (2020)	Disney+
<i>The Winners</i> (2020)	Tik Tok, Xigua Video, Jinri Toutiao	<i>The Lovebirds</i> (2020)	Netflix
<i>Spring Tide</i> (2019)	iQIYI	<i>Trolls World Tour</i> (2020)	Amazon Prime Video
<i>Ash</i> (2017)	Youku	<i>My Spy</i> (2020)	Amazon Prime Video
		<i>Greyhound</i> (2020)	Apple TV

The data are from Maoyan Entertainment, accessed Jan 1, 2021.

The core of the philosophy of maximizing commercial benefits and minimizing consumer surplus is the idea that movie products are consumed by the largest number of audiences through the most appropriate medium and at the most appropriate price. This general trend is difficult to change (Yin and Xu 2020).

4.5 Hong Kong and Taiwan Market: Stormy and Shaky

The total box office of Hong Kong films reached HK\$357 million (approximately US\$46 million) in 2020, down 78.2% from the previous year. According to statistics, a total of 121 movies were released in the year, and half of the top 10 movies in the Hong Kong movie market came from Hollywood. *TENET* ranked first with HK\$55 million. For local Hong Kong movies, *Beyond the Dream* (Mie dai zongshi, 2020) won the top spot at the Chinese box office with HK\$14 million. Hong Kong cinemas were forced to close three times throughout the year, including during the most popular movie seasons: Easter, Summer, and Christmas holidays (Hong Kong Box Office Limited 2020).

The total box office of movies from Taiwan for the year was US\$45 million, down 73.3% from the previous year. 41 films were released in the year, and *TENET* took first place at the box office. No Chinese movies were in the top 10 of Taiwan's box office, and local movies were even more sluggish (see Tables 12 and 13).

Table 12: Box Office Ranking of Hong Kong Film Market in China, 2020 (in HK\$).

Rank	Film	Box office	Country
1	<i>Tenet</i> (2020)	54,911,910	America
2	<i>The Grand Grandmaster</i> (2020)	29,456,956	Hong Kong, China
3	<i>The Movie: Mugen Train</i> (2020)	28,588,493	Japan
4	<i>Ashfall</i> (2019)	18,631,982	Korea
5	<i>Peninsula</i> (2020)	16,497,069	Korea
6	<i>1917</i> (2019)	15,557,505	America
7	<i>Beyond the Dream</i> (2019)	15,258,701	Hong Kong, China
8	<i>Dolittle</i> (2020)	14,258,613	America
9	<i>Birds of Prey: And the Fantabulous Emancipation of One Harley Quinn</i> (2020)	13,172,745	America
10	<i>Digimon Adventure: Last Evolution Kizuna</i> (2020)	13,072,976	Japan

The data are from Hong Kong Box Office Limited, accessed Dec 31, 2020.

4.6 Entering a Post-cinema Overseas Market: A Difficult Step to Take

The overseas distribution network for the Chinese now includes more than 70 countries and regions and 200 cities in North America, Australia, New Zealand, Southeast Asia, and Europe. Chinese films now have a stable network for screenings in areas with overseas Chinese populations. Some countries in the Middle East, Latin America, Central Asia, and Africa, including Russia, Argentina, Brazil, and Mexico; as well as Mongolia, Nepal, Turkey, and Pakistan along the Belt and Road; and Mauritius, Kenya, Uganda, Tanzania, and Ethiopia in Africa; have achieved breakthrough screening of Chinese films in recent years (Lin 2020).

The Eight Hundred, *My People, My Homeland*, and *Legend of Deification* overcame difficulties to achieve overseas distribution and release. Relying on drive-in theaters and other methods, China Lion Films realized the screening of *My People, My Homeland* in more than 20 cities in the United States, nine cities in Canada, and 20 cities in the United Kingdom (Muyu Drive-in Theater 2020). More than 60 cinemas in Australia and New Zealand screened *Legend of Deification* at the same time as mainland China. H&R Global Film Co released *The Eight Hundred* in North America as well as Australia and New Zealand, achieving box office returns of US\$370,000 (approximately RMB 2.39 million) in North America and US\$330,000 (approximately RMB 2.13 million) in Australia and New Zealand.

Tencent, Alibaba Pictures, and other film and television companies continue to take the international path this year. *1917* (2019), produced by Alibaba Pictures

Table 13: Box Office Ranking of Taiwan Film Market in China, 2020 (in NT\$)².

Rank	Film	Box Office	Country
1	<i>The Movie: Mugen Train (2020)</i>	620 million	Japan
2	<i>Peninsula (2020)</i>	356 million	Korea
3	<i>Tenet (2020)</i>	350 million	America
4	<i>Wonder Woman 1984 (2020)</i>	247 million	America
5	<i>Little Big Women (2020)</i>	190 million	Taiwan, China
6	<i>Soul (2020)</i>	157 million	America
7	<i>Bad Boys for Life (2020)</i>	137 million	America
8	<i>Birds of Prey: And the Fantabulous Emancipation of One Harley Quinn (2020)</i>	113 million	America
9	<i>Your Name Engraved Herein (2019)</i>	103 million	Taiwan, China
10	<i>Monster Hunter (2020)</i>	100 million	America

The data are from Taiwan Idol Theater, accessed February 4, 2021.

and DreamWorks Studios, won several awards at the 92nd Academy Awards. This represents another success for Alibaba Pictures' investment in movies at home and abroad after *Green Book* (2018), *Capernaum* (2018), and *Free Solo* (2018). The biopic *A Beautiful Day in the Neighborhood* (2010), co-produced by Tencent and Columbia Pictures, was nominated for several international awards, and *Monster Hunter* (2020), co-produced with Germany's Constantin Film AG and Japan's Toho Company, reached \$11 million at the global box office.

In a post-cinema market, Huayi, as the first domestic film and entertainment company to lay out a live entertainment business, has put into operation four projects in Haikou, Suzhou, Changsha, and Zhengzhou, as well as the newly opened Wuhan Huayi Brothers Town in October. Along with the popularity of *The Eight Hundred*, Huayi Brothers' live entertainment business received 500,000 visitors (Huayi Brothers 2020) during National Day, and the brand licensing and live

² Official figures for the Taiwanese film market have been released by the Taiwan Film and Audiovisual Institute since 2016, and at the time of publishing this article, the Institute has not yet released any figures for the current year.

entertainment business together earned RMB 34.68 million (Huayi Brothers 2020a, 2020b). Local state-owned enterprises investing capital into film enterprises will further promote the construction of local film and television cultural industry parks and build up local cultural tourism industries (Zhang 2020). Such arrangements include Dongyang state-owned capital investing in Talent Film and Television and Jining High-tech Zone's operating entity Shandong Jingda investing in Huayi.

5 Conclusion: China's Film Industry Facing Transformation

Crossing the threshold of 2021 has not been easy for Chinese films, and, indeed, the whole world is still not quite certain about the future. In the new year, the world has not yet entered the so-called “post-pandemic era” that we have been waiting for, and its effects continue to be felt. Hollywood films, which support two-fifths of the Chinese film market, may continue to be absent. The number of top films produced and the production cycle did not meet the expected schedule. The external environment for films will be affected by economic development slowing down. Internet audiovisual content is diverting the attention of viewers with its relative convenience, affordability, flexibility, and specificity. The pressures of public opinion caused by the values and moral sensitivities of society are like an invisible net that restricts the topics, genres, and the expressive space of films. A robust allocation of resources to key projects in an administrative manner can have new impacts on the industry structure and system for products. The depth of reforms needed for an orderly industry, including market regulation, regulatory enforcement, and an industry support system are difficult steps to take. The world's trend toward antiglobalization is compressing the international channels of cooperation for both the export and import of Chinese movies... These are the problems we have to face in the new year. “Change” is almost the only future we can be sure of, and this has become a universal concern reaching far beyond the realm of film.

The extraordinary state of China's film industry's rapid film development has now become history. Chinese cinema, like Chinese society, is likely to face more uncertainties in the next five years. The more complex uncertainty of the international situation will cause the existing strategies and tactics Chinese films use to go global and international to face major challenges. The “uncertainty” of China's socio-economic development and reforms will make the political and economic environment in which Chinese films operate even more sensitive and volatile. The “uncertainty” of the media ecology driven by the development of the internet will

lead the existing industrial system and market structure for movies to face new adjustments and even restructuring. The “uncertainty” of the upgrade of digital technology represented by 5G will lead Chinese films to face new tests in terms of production methods, aesthetic concepts, and technical means. These four aspects of uncertainty will certainly bring new challenges to the development of Chinese cinema. Grasping certainty in “uncertainty” will serve as a new test for Chinese cinema.

We find that the contradiction between effective supply and changing market demand is becoming increasingly prominent. A division of labor, specializations, and platform for the film and television industry system all need to be built urgently. Market rules, industry norms, industry regulations, and bylaws need to be improved. The industry-driven role of responsible, leading companies needs to be strengthened. New film and television content, film and television formats, communication media, and audience behavior continue to pose challenges to traditional film and television structures. The internationalization strategies and tactics of the film industry will face deep adjustments in this new situation. These are the major issues for the development of Chinese films that need to be solved during the 14th Five-Year Plan period.

First, there is a need to optimize the industrial structure and form a film industry system with cross-media enterprises at its core. At present, most of the industrial links in China’s film industry are highly fragmented and prone to vicious competition. This has led to excessive industry risks, insufficient differentiation in the production and distribution of products, and insufficient corporate efficiency in investing in reproduction. At the same time, problems such as occasional subterfuge in distribution, ineffective protection of copyright protection, and overly eager corporate strategies can become chronic problems. Therefore, we should open up the financial and capital markets more, solve some ownership and regulatory barriers, and promote a wider range of optimization and restructuring among film enterprises, as well as between film and other enterprises, so as to create head enterprises with certain abilities in market leadership, risk control, and strategic execution. It is only in this way that Chinese films can have a more stable “certainty”.

Second, it is necessary to encourage and support the formation of mainstream products, genre products, and niche products as well as sub-channels and sub-functional products complementary to the system of diversified works. Film development requires both artistic diversity and product diversity. Diversity is as much about meeting the different needs of different audiences as it is about meeting the different needs of the same audiences. Diversity can provide more choices for artistic innovation on the one hand, and provide more differentiation for audience aesthetics on the other hand. This will eventually expand the scale

and frequency of audience viewing and also create new space and new fields for films. From the perspective of policy and public opinion, it is necessary to prevent the over-commercialization and over-politicization of films from creating “uniformity.” Even some successful examples should not be replicated in the long run. It is only when “a hundred flowers bloom and a hundred schools of thought contend” that the real prosperity of movies can be brought about.

Third, there is a need to expand the purview of film and television copyright laws to form an orderly pattern of multi-screen dissemination. The value of the film is much more than just theaters. Chinese films need to move from an over-reliance on the box office to scale their development. Under the premise of protecting intellectual property rights, it should form an orderly multi-medium distribution system and copyright system that combines domestic and international, one round of releases and multiple rounds, on-demand and streaming, paid and advertising, and online and offline. To maximize the value and impact of movies can truly enhance the economic benefits of movies as a content copyright industry.

Fourth, China must improve the rules and procedures of market rules, industry norms, and industry regulations. During the 13th Five-Year Plan period, the *Film Industry Promotion Law of the People's Republic of China* has been promulgated and implemented. This is the first and currently the only such law for the industry in China. The implementation of the law requires better implementation rules so as to regulate the film industry, film market, film policies, film censorship, film creation and production, film distribution, film copyright, film education, and so on. China's film industry has become highly market-oriented and globalized. There is an urgent need for industry management bodies, industry associations, and leading industry enterprises to improve film market rules and industry norms suitable for China's national conditions through adequate consultation. This is the guarantee and prerequisite for the orderly development of China's film industry.

Fifth, it is necessary to adjust the international communication strategy and expand the Asia-Pacific film and television market. Due to changes in the international environment, Chinese films are likely to face more difficulties in entering the mainstream markets in Europe and the United States. However, Asian countries and regions account for more than one-third of the top 20 film markets worldwide, with Japan, South Korea, India, Malaysia, Thailand, Hong Kong, and Taiwan in China, etc., all being important film markets. Strengthening film cooperation with the Asia-Pacific region and enhancing research on the film markets of these countries and regions is of great significance for Chinese films to move toward the global market in stages.

Sixth, it is necessary to promote the deep integration of film and television with the city branding, tourism, fashion, and consumer goods industries. The direct economic value of films is limited, but the value of its influence can be infinitely magnified. Movie implantation, the attention generated by movie stars and movie events, movie derivatives, the lifestyle and lifestyle products embodied in movies, the communication power brought by movies, etc. are all important values of influence possessed by movies. The film industry needs to deepen its cooperation with urban development, fashion brands, consumer industries, and cultural tourism industries. On the one hand, these industries can inject economic vitality into film and, on the other hand, the film brings greater added cultural value to these fields.

The necessary conditions for the development of Chinese films are a more open and relaxed creative environment, a healthier and more orderly market, more refined creative attitudes, and more receptive audiences that seek common ground while preserving differences. More than 10 years have passed since the industrialization of Chinese cinema. We are now at a historical vantage point from which to review the past and learn new things. If we say that in the previous stage, Chinese films delivered a satisfactory answer to the question of whether “the market is the biggest source of politics” through the strength of the market. Now, Chinese films need to reflect the “dividends” of market-oriented reforms with their creative achievements and push China on the road to becoming a country with a strong film industry (Yin 2019).

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