

Did IMAX Have Its Best Time in China?

Established and invested by Hong Kong filmmaker NG See Yuen, the UME Huaxing International Cineplex was built in Beijing and began operating in 2002. As a cinema instituted by prominent Hong Kong filmmaker, it was normal for people to have high expectations in its screening facilities and servicing approaches. Audience were particularly interested in the huge screen which was never seen anywhere in China before. The large image on the big screen was backed by immersive surround sound to produce amazing audio-visual effects for a new and overwhelming movie experience. That is how the first IMAX theatre launched in a commercial cinema in China.

It is interesting that IMAX has in fact grown more and more popular alongside the rapid development of China's movie industry.

In 2002, acclaimed film director ZHANG Yimou's "Hero" kicked start the marketization of Chinese films. The first IMAX screen was introduced in China also in the same year. As of 2017, with 424 IMAX theatres, China surpassed USA and became the country with the largest number of IMAX screens. The enthusiasm for IMAX experience was brought about by "Avatar", which not only aroused a new surge in 3D productions, but also astounded the audience who watched "Avatar" in IMAX. The success of "Avatar" and its IMAX screenings attracted investments in IMAX theatres which was not yet popular at that time. For jumping into the bandwagon too fast and over investing, Chinese investors finally got a taste of their own medicine last year. On 27 October 2017, IMAX CHINA (1970.HK) announced a profit of USD 18.703 million in the first 3 quarters, indicating a 47.33% decrease compared to that of the previous year. In fact, the decrease in profit was caused mainly by the shrinkage in box office income and the decrease in Wanda Film's full revenue sharing percentage rental rate. In first half 2017, IMAX CHINA recorded a 7.2% year-on-year decrease in box office; the rate of decrease per screen was as high as 33.2%. However, in contrary to the decline in box office performance, the number of newly signed IMAX theatre agreements and installation of IMAX system in cinemas rose by 5.1% and 20% respectively in first half 2017.

These statistics suggested that despite there are more IMAX theatres, fewer people are watching films on IMAX screens.

In 2018, during Chinese New Year period, China stroke a soaring box-office record of RMB 5.676 billion in just 6 days. Having over 400 screens across the region, IMAX should get an opulent share of the box office grossing. Still, some 400 screens are a drop in the bucket compared to some 200,000 screens in the 50,000 cinemas across the country. Now the Chinese New Year period is over, what lies ahead for IMAX is still uncertain. There is also the rise of China Film Digital Giant Screen (CGS), a China Film Group-backed jumbo cinema screen system provider which has its ticket price set at RMB 30 cheaper than that of IMAX's. With a relatively higher operating cost, how will IMAX contend its Chinese rival?