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Wanda chairman Wang Jianlin

Dalian Wanda's acquisition of Legendary Entertainment could spur a flurry of dealmaking by Chinese billionaires, including Alibaba's Jack Ma.

The frenetic pace of dealmaking between Hollywood and China is showing no signs of abating at the start of 2016.

Chinese real estate and investment conglomerate Dalian Wanda Group has agreed to acquire a majority stake in Legendary Entertainment, according

to people familiar with the matter. The deal to acquire the studio behind *Godzilla* and *Pacific Rim* is said to value the U.S. studio between \$3 billion and \$4 billion.

Legendary's founder and CEO Thomas Tull had been wooing Wang Jialin, Wanda's chairman and one of China's wealthiest individuals, since June. The new tie-up is expected to provide Legendary with access to deep pools of financing, as well as a strong local ally for navigating China's highly regulated movie market, which is expected to surpass North America as the world's largest next year.

The deal might also spur another long-rumored tie-up between Hollywood and one of China's newly emergent entertainment players — Jack Ma's Alibaba Group.

Ever since late 2014, when Ma announced his ambition for Alibaba to become the "world's biggest entertainment company," the e-commerce giant has been kicking the tires on every major studio and Hollywood independent. He met with executives at Lionsgate, Walt Disney, Paramount Pictures, Warner Bros., Sony and Universal that year to secure distribution rights and possible investments.

Most recently, there have been rumors of a possible investment in Paramount, following Alibaba financing of *Mission Impossible — Rouge Nation* last year. The film made \$137 million in China last year, in part helped by a strong marketing effort by Alibaba in China.

"When there's smoke, there's usually fire, but given the Redstone family issues, I believe it's unlikely for Alibaba to buy into Paramount," said Peter Schloss, CEO of CastleHill Partners, a Beijing-based merchant bank specializing in the media and sports industries. "I do, however, believe Alibaba and Jack Ma will eventually make a move on a studio or independent, so Wang Jianlin doesn't steal their thunder."

Wealthy Chinese investors like Ma and Jialin have been looking to strike deals in Hollywood to take advantage of the nation's burgeoning box office. Chinese moviegoers flocked to the cinema in 2015, sending ticket sales up 48 percent to \$6.75 billion. And, they're also on the hunt to secure content to feed the growth of local streaming services.

Meanwhile, American studios see China as a source of both capital and customers. For instance, IMAX in October raised nearly \$250 million from its Hong Kong initial public offering as the company plans to expand in one of its biggest growth markets. DreamWorks Animation's Chinese operations – Oriental DreamWorks – is expecting big returns when *Kung Fu Panda 3* comes out this month.

One thing to note: High-profile Hollywood-China deals have been announced to great fanfare in the past only to fizzle some months later. For example, Beijing-based film company Huayi Bros. Media Corp. has in the past scuttled deals with former Warner Bros. executive Jeff Robinov's Studio 8 and Tull.

As for Legendary, industry watchers tell *THR* that the Wanda deal should be regarded as serious given the Chinese company's reputation for discipline. Before his remarkable ascendance in the business world, Wanda's chairman spent years as a regimental commander in the People's Liberation Army — noted for his decisiveness as much as his ambition.

The company even took the somewhat unusual step of issuing a press release last fall publicly disavowing media reports suggesting it was on the verge of acquiring U.K. cinema chain Odeon. So, if word to the contrary doesn't come from Wanda soon, it's probably safe to assume the Legendary deal is on solid footing.

Analysts also don't anticipate any insurmountable regulatory hurdles. Since there are no strategic assets involved, the deal is unlikely to attract scrutiny under the Committee on Foreign Investment in the United States (CFIUS), which assesses all foreign acquisitions and investments that involve critical infrastructure or that could raise national security concerns.

And despite Wanda's ownership of AMC Entertainment, North America's second-largest movie theater chain, anti-trust issues aren't expected to pose a problem either.

"I don't see control over Legendary giving Wanda that much power or sway over the theatrical exhibition," said Schloss. "While it is a nice deal for both Legendary and Wanda, I don't see it tipping the balance of power in Hollywood."