



Joe Fughese

Wanda Chairman Reveals Ambitious Plan to Invest Billions in "All Six" Hollywood Studios

by **Patrick Brzeski** November 02, 2016

In Beijing with Wang Jianlin, China's richest man, as he weighs in on everything from Nicole Kidman (his "muse") to Disney's Bob Iger and NBCUniversal's Steve Burke ("They are very gifted leaders and also very creative") and opens up about his brutal upbringing.

Wang Jianlin, China's richest man, normally doesn't go to the movies. He does, however, make one exception — for his 90-year-old mother. Their trips to the cinema are the rare occasions each year when the notoriously driven chairman of Chinese real estate conglomerate Dalian Wanda Group fully checks out from work.

"I won't be disturbed at all," he says emphatically. "Because the time is to be spent with my mom. Filial piety is an important Chinese virtue."

This may come as a surprise to Hollywood. After all, Wang has aggressively — some might say relentlessly — positioned himself at the forefront of China's unprecedented push into the U.S. entertainment sector. After splashing out \$2.6 billion for the acquisition of North American theater chain AMC Entertainment in 2012, Wanda methodically has picked off acquisition targets at various links in the entertainment value chain — from movie houses to a \$3.5 billion deal for Burbank-based studio Legendary Entertainment to distribution, theme parks, digital marketing, merchandising and the pending \$1 billion acquisition of Dick Clark Productions (owned by *THR*'s parent company) — not to mention building the world's largest film studio, for \$8.2 billion, on China's northeast coast.

Wang also has made no secret of his desire to own a major American studio. But rather than wait idly for one of the majors to make itself amenable to a takeover (he openly expressed interest in acquiring a majority stake in Paramount), Wang has, in characteristic fashion, decided to take aggressive action now. He is preparing to establish a new multibillion-dollar investment fund to pour capital into the film slates of all six major Hollywood studios.



"I wanted to acquire one of the big six, but whether we can is a different story — it's uncertain," Wang tells me matter-of-factly one October afternoon in Beijing as we sit in a huge boardroom on the 20th floor of his corporate headquarters. The room is set up like a midsize hall at the United Nations. Plush, black leather chairs are arranged around a concentric ring of mahogany tables, each seat arrayed with its own little antenna-like microphone. The windows are floor-to-ceiling, and the light pours in. By December, the building will be engulfed in a citywide green-gray haze of smog, but in early autumn the air in Beijing is often clear — the views extend deep into Beijing's central business district.

It's 9 a.m., and the chairman, 62, already has wrapped up several meetings that day.

"I might as well start from wherever I can, such as through investment with all six," he says, bluntly outlining his strategy. "We will continue to work on a potential acquisition. But it won't hurt to start by doing what we can. Participating via investment seems like a wise choice for the time being."



Joe Pugliese

Wang Jianlin's first impression of the Hollywood film business: "The income is not so big, but its influence is very large."

Dalian Wanda Group, China's preeminent real estate developer, is a brand known to nearly all Chinese for the massive Wanda Plaza commercial centers it has built in hundreds of prime locations throughout the country. Wang's personal workaholicism (no vacations, ever, according to those close to him) and Wanda's ability to turn over a towering urban development — from design to delivery — within a matter of months are continual sources of lore in the country. The group's revenue nearly tripled from 2011 to 2016, from \$15.6 billion to \$43 billion. It's classic "Wanda speed," the in-house mantra his 100,000 employees have come up with for his relentless emphasis on execution and forward advancement.

With his plan to invest directly in the Hollywood majors, it appears Wanda speed is on the verge of accelerating.

"As a businessman, he is as driven, forceful and as laser-sharp as any person I've met," Jeffrey Katzenberg, the former CEO of DreamWorks Animation, says of the man Hollywood has come to refer to as simply "The Chairman."



Wang, with an estimated personal net worth of \$32.6 billion, says he's pleased with Wanda's progress on the exhibition end of the business (with chains on four continents, Wanda controls more movie screens than any other company in the world — by far), but "all upstream, high-end content production is monopolized by American companies," so he's eager to invest or acquire his way to higher capacity.

To that end, Wanda struck a marketing deal with Sony Pictures in September that will allow it to take equity stakes in some Sony tentpoles — perhaps the first of six such studio tie-ups if Wang has his way.

Thanks to this acquisitive blitz, during a period of a few short years, Wang has come to be seen simultaneously as Hollywood's most coveted business partner and, to some, an interloper of alarming power. At Wanda's first major U.S. event, held Oct. 17 at the Los Angeles County

Museum of Art, the chairman was greeted with all of the deference and fanfare of a visiting potentate. Studio execs (Warner Bros.' Kevin Tsujihara and Sue Kroll; Sony's Sanford Panitch; Lionsgate's Jon Feltheimer and Erik Feig; Universal's Jimmy Horowitz) and A-list stars including Harrison Ford assembled at his VIP dinner to pay tribute. Five years ago, he was virtually unknown in the U.S.; today, it's safe to say, he has Hollywood's full attention.



Courtesy of Dalian Wanda Group Co. Ltd.

Wang, pictured here at around the age of 20, began his 16-year career in the People's Liberation Army as a border guard and rose to the rank of colonel.

"To discount Wanda now would be a mistake," says a studio executive who was in attendance at Wanda's gala, but asked not to be named. "This is a very big entertainment company now. You have to take them seriously."

But "Wanda speed" has begun to unnerve some of Washington's most hawkish China watchers. In September, 16 members of the House of Representatives wrote a joint letter asking the U.S. Government Accountability Office to consider expanding the scope of the Committee on Foreign Investment so it could scrutinize Chinese acquisitions of U.S. entertainment companies under the same guidelines it uses to assess sectors of national security interest. Citing Wanda by name, the representatives argued that the company's recent buying spree had raised "concerns about China's efforts to censor topics and exert propaganda controls on American media." (The committee has the power to impact potential deals, but whether it will apply its oversight to pending entertainment deals is uncertain and likely a long way off.)

Since 2010, one of the Chinese government's core policy goals has been to cultivate an international soft-power footprint to match its growing economic might. Many observers have noted how canny Wang has been in riding the currents of this push to gain domestic support for his overseas expansion. But those closer to the industry are skeptical of the notion that Wanda is motivated, or would ever be foolish enough, to try to force anything resembling Chinese propaganda upon the U.S. audience.

"Since Hollywood is already altering their films to make them China-friendly — or at least China-neutral — to gain market access there, I don't think you need Wanda to buy in to really change things," says Stanley Rosen, a professor of political science at USC. "Say someone at

Sony starts sending emails saying 'We're under tremendous pressure from Wanda to make pro-China films.' That would be devastating to their business all over the world. [Wang] is smart enough to expand his empire without frightening people too much."

Thomas Tull, founder and CEO of Legendary, says Wang has left Tull's management team in place and has given no indication of wanting a say in the studio's content. "He is an unabashed businessman," says Tull, "and that's what he talks about constantly: 'What is the bottom line?' "

Wang's attraction to Hollywood certainly seems to stem from strategic business considerations rather than any personal passion for the industry and all that it entails. Indeed, celebrity culture appears to have scant personal interest for Wang. He lists whom he calls the usual "household names" when asked about the actors he admires: Tom Cruise, Leonardo DiCaprio, Jennifer Lawrence — "I like them," he states, dryly. However, there is one movie star who seems to inspire a little of something like fanboy ardor in the chairman. "Honestly, my muse is Nicole Kidman," he says, tilting back in his chair, lighting up a little. "When I was young, I adored her. She's very beautiful, and she's also a big name here in China."

Wang has begun to adjust his international messaging, though — however slightly. While he used to speak more for the home crowd — with remarks suggesting that Wanda's overseas acquisitions would somehow amplify China's international voice — he recently has taken to insisting, as he tells me, that nothing more than "a pure commercial intent" is behind Wanda's U.S. purchases. Maintaining this geopolitical balancing act will be a consistent challenge for his conglomerate.

Gunning for \$100 Billion in Revenue by 2020

Wanda's yearly revenue has more than doubled over the past five years, and Wang projects more explosive growth to come for his conglomerate



Wang also is humble about how far the domestic Chinese entertainment industry has to go before it can come anywhere near rivaling Hollywood on the world stage. "Optimistically, it will be at least 10 years before we can make films in English that are global," he says. "It's going to take us a long time to catch up with Hollywood. And this catching up will probably require a much bigger effort compared to the economic catch-up."

He even offers a few admiring remarks about Walt Disney Co. chairman and CEO Robert Iger and NBCUniversal CEO Steve Burke — which might come as a surprise given his statements in the spring suggesting that Disney's days were numbered ("the era of blindly following Donald Duck and Mickey Mouse is over"). "They are very gifted leaders and also very creative," he says of the two execs.

Wang also believes, optimistically, that a lot of the recent criticism of his company can be attributed to the current U.S. election cycle and does not represent "mainstream American" views. "With the general election as the backdrop, voices against China, or Chinese enterprises, will certainly attract attention," he notes.

Wanda Group Structure

Financial Group

Investment company
Aeon Life Insurance

Commercial Properties

Project management center
Hotel investment and development company
Hotels and resorts
Commercial management company
Commercial planning and research institute
Hotel design and research institute
Wanda Institute

Internet Group

Internet Finance

99B | Online credit company | Credit rating company

Ffan Technology

Cultural Industry Group

Tourism

Theme Park Entertainment Co. | Wanda Tourism | LY.com

Sports

Infront Sports & Media | Wanda Sports China | Club Atletico de Madrid
Lagardere Sports Endurance Division | World Triathlon Corporation

Film

Wanda Cinema Line | AMC Entertainment | Wanda Pictures

Qingdao Oriental Movie Metropolis Management Co.

Sunseeker International | Wanda Studios Qingdao | China Times

Qingdao International Film Festival

Legendary Entertainment | Wuzhou Film Distribution

Source: Dalian Wanda; figures reflect conversion rates at the end of each fiscal year.

With the election looming, Wang, when asked for his assessment of Donald Trump — real estate tycoon to real estate tycoon — says, "As a businessman, I believe he's somewhat successful but

not extremely successful," he notes with a sense of amusement. He grants that the way Trump "makes money from his name" seems "quite smart." "But do I consider him to have achieved real success? He doesn't compare to America's real mega-rich — Bill Gates, for example — or the other great entrepreneurs. As a politician, well, it will depend on his upcoming performance. If he gets elected, then we will observe and judge."

Wang's remarkable career trajectory — in both its sweep and velocity — has in many ways mirrored, and transcended, China's historic transformations over the past few decades.

Born in 1954 in China's Sichuan Province to parents who served in Mao's Red Army, Wang saw his formal schooling end, like most Chinese of his generation, when he was in middle school — when Mao suspended China's education system nationwide in 1966.

Discussing this period of his life, Wang becomes the most animated, and it is palpable how essential these early experiences are to his self-understanding. "We had two choices: We could go to the rural areas and participate in farming or become a soldier," he says. Because of his parents' position, he was fortunate to land a place in the People's Liberation Army, which offered more of a future than laboring in the countryside. But "fortunate" in this context is harshly relative: He also speaks of food shortages during his army days — "We were always hungry" — and a 745-mile march during a period of two months in subzero temperatures as part of Mao's compulsory field training.

"I remember once when we had to march for three days and three nights nonstop. A lot of people just slept while marching," he says, explaining that the troops formed three rows so that each soldier could grab the backpack of the soldier in front of him, with only the leader keeping his

eyes open as the rest trudged behind in a stupor. "I saw one person in the next row fall off a cliff from walking with his eyes closed and letting go of the person in front of him. I wanted to shout out, but I didn't have the strength. The hardship is not even imaginable to the young people nowadays. It was a very difficult time."



Wang spent 16 years in the PLA, rising to the rank of regimental commander, before leaving to take a provincial government post for two years in Dalian, a port city on China's northeastern coast. In 1988, at age 34, he chanced upon his true calling when he was offered a job as general manager of a faceless, state-owned real estate company that was burdened with debt — a position no one else wanted. Through a blend of government connections, innovation and sheer force of will that would become his signature, Wang brought the firm to profitability in short order. During the early 1990s, the company became "Wanda," a name chosen through a public newspaper contest (it means "everything being accomplished"). As China accelerated its experiments in market-oriented reform, Wang positioned Wanda to become one of the first

companies to issue shares; during the ensuing decade, it continued to privatize, with Wang securing his position as clear majority owner. Today, Wanda Group has 130,000 employees, making it one of China's largest private employers.

Wang's wife, Lin Ning, and his son, Wang Sicong, 28, live mostly in Shanghai. They also quite clearly avail themselves of the freedom and material comforts the Wanda fortune affords more than the busy chairman. A discreet global socialite, Lin is a member of the Royal Yacht Club of Monaco and is said to be friendly with figures as various as Prince Albert and Quincy Jones. She spends much of her time overseas and owns a mansion in London's Kensington Palace Gardens (scooped up for 80 million pounds at a pre-Brexit exchange rate in December 2015, about \$118.5 million). Wang Sicong is China's arch *fuerdai* (a term used for the sons and daughters of the Chinese nouveau riche), infamous in China for flying in top K-pop bands to play at his birthday party, buying Apple Watches for his dog and spending \$365,000 on a single night in Beijing's karaoke clubs.

When asked about his succession plan for Wanda, Wang — who has said he plans to step back from running the company's day-to-day operations by 2021 to focus on philanthropy (he has vowed to give away the bulk of his fortune one day, Gates- and Warren Buffett-style) — nods and says he believes it will be "difficult," suggesting that perhaps his son can assume responsibility for one of Wanda's business units someday. "But to take over the entire group, showing up very early, working nonstop for six or seven days every week, without a life?" he says. "I don't think he's a big fan of that. Young people feel differently toward life; freedom probably means more to him."

Wang is fairly discreet about his own social habits outside of the activities of his empire. Liu Mingsheng, his spokesman and confidant of many years, shares that the chairman occasionally gets together with "a small group of very old friends" for dinner and perhaps a little karaoke singing. (Wang says he prefers singing Chinese alternative rock, because it feels "freer" than other local genres.) Weekends are spent either in the office, or aboard his Gulfstream 550, jetting to and from Wanda events across China. Liu said he couldn't remember the last time the chairman had taken what could accurately be described as a vacation.

Says Katzenberg: "We actually spent a night of karaoke together once in Beijing. He has quite a good voice and we had many laughs."

Wang's work ethic bleeds into Wanda's corporate culture, stringent even by Chinese standards. It's widely known that Wanda staff are fined, sent home or even fired for violating the company's dress code, which includes rules of behavior like removing your overcoat and draping it over your arm while riding the elevator. All employees, up to senior executives, are required to punch in and out.



Wanda Unveils Plans for \$8 Billion 'Movie Metropolis,' Reveals Details About Film Incentives

The question that increasingly becomes urgent for Wang today, though, is how flexible he and Wanda's high-efficiency systems can be as he pushes ever deeper into Hollywood — an industry famous for its own unique culture and an intangible creative process (in other words, no punching in and out).

"The culture really is a reflection of chairman Wang, his personality and drive, which looms so large within the company," says Jonathan Garrison, a Goldman Sachs alum who worked in Wanda's investment management division from late 2012 to 2015, one of just a handful of non-Chinese execs at the time.

"One thing that has impressed me the most during my time at Wanda is the transformation of the company," says Jack Gao, a former Microsoft and News Corp executive who has served as Wanda's CEO of international investments since June 2015. "From an asset-heavy, very Chinese real estate company to an asset-light business model in the international culture industry? That all might sound like a good direction to go in, but from an execution level, think how hard that is — especially on a scale this large."



Joe Pugliese

A semi-abstract colored ink work titled 'The 10,000 Mile Great Wall,' by Chinese artist Shi Qi, one of Wang's favorites, hangs above his desk. Art collecting is one of the chairman's private passions, and Wanda sponsored an exhibition of Shi's work at the Louvre in 2012. Although he says he prefers Chinese modern and contemporary art, Wang purchased a \$28.2 million Picasso in 2013 to diversify his collection, which includes more than 1,000 works valued at an estimated \$1.6 billion, according to Wanda. The company is developing plans to build a museum in Beijing.

Adds Peter Schloss, CEO of CastleHill Partners, a Beijing-based merchant bank specializing in the media and sports industries: "Cross-cultural differences are going to be something that Wanda has to grapple with as it solidifies its presence in Hollywood. In 1989, when Sony acquired Columbia TriStar [for \$3.4 billion in cash], it began a somewhat painful transformation from an electronics giant to a media and entertainment company."

The transition was a notoriously rocky one, hampered by a glaring mismatch in management styles and lack of operational oversight. "It has taken Sony more than two decades to make its transition," adds Schloss, "and some would argue it still hasn't gotten it right."

Wanda, however, has one enormous bargaining chip that no 1980s Japanese giant ever did: a domestic market that will soon race past North America and never look back. Addressing the Los Angeles glitterati in October, Wang was his usual forceful self, explaining how his country's film market would not only surpass North America some time in the next two years, but that, "by 2026, China's box office will reach \$30 billion, accounting for 40 to 50 percent of the global market share." (North America's 2015 total was \$11 billion, in what was considered a stellar, *Star Wars*-enhanced year).

Of course, history could intervene — in the form of a major economic meltdown in the Middle Kingdom, for example. But given how fervently Hollywood is courting the Chinese market already, it's worth pausing to ponder what the industry might look like when China's movie market is double or triple its current size — and how much the global pop culture landscape is apt to shift, in accordance with the new laws of gravity.



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Wang Jianlin: "Honestly, my muse is Nicole Kidman. When I was young, I adored her. She's very beautiful, and she's also a big name here in China."

When I ask Wang, near the end of our time together, what sorts of thoughts he has when he contemplates the improbable arc of his life, he says he feels mostly "lucky" — lucky to have come of age when China was undergoing its reform. "Thirty years ago, people [in China], all had the same life; we were given equal rations of food," he says. "The reform gave us the right to choose, and the freedom of choice allowed people with a will and an ambition to achieve."

Before we wrap up, Wang beckons to a member of his staff, who carries over a wooden box stamped with the Dalian Wanda Group logo, which the chairman presents as a gift. Inside are two wrapped parcels of Pu-erh tea, a fermented variety known for its complexity and long history. This particular strain is especially fine, the chairman explains; it is produced by a tea maker from Yunnan Province, which, during the Qing Dynasty, was the exclusive supplier of the Emperor. He then gives me meticulous instructions on how to prepare it, seeming genuinely concerned that I'll make it wrong and not enjoy it.

"In the past, only the emperor could drink this tea," says Wang before we part, with one of his bigger grins of the morning. "Today, anyone with enough money can buy it."

A version of this story first appeared in the Nov. 11 issue of The Hollywood Reporter magazine.