

Oriental DreamWorks Fails as Hollywood Mother Company Retreats from China

2nd February 2018 – CMC Capital Partners (CMC), the Beijing investment group led by Chinese tycoon Li Ruigang, has acquired full ownership of Shanghai-based animation studio Oriental DreamWorks, relaunching it as Pearl Studio.

Launched in 2012, Oriental DreamWorks was a USD 330 million project jointly established by the Chinese CMC, Shanghai Media Group (SMG), Sino-Alliance International Limited (SAIL) and DreamWorks Animation SKG, Inc., with Chinese investment accounting for 55% and US 45% stake. Oriental DreamWorks is the studio behind “Kung Fu Panda 3”, the sole major release in its past five years. The company has been encountering difficulties in recent years, particularly with two productions failing to live up to expectations at box office. The USD 140 million budget “Mr. Peabody & Sherman” grossed USD 270 million worldwide. Similarly, the USD 140 million budget “Guardians” only took in USD 300 million globally. The poor performance led to frequent changes in management levels and gradual loss of animation specialists.

A joint venture between China and the US, Oriental DreamWorks saw differences arose from the two cultures that were difficult to resolve. As for overseas capital operation, Universal Pictures inherited its stake when parent company Comcast acquired the 45% US-segment stake of DreamWorks for USD 3.8 billion in April 2016. Promotion and distribution also went under Universal Pictures accordingly. In late 2016, the promotion and distribution crews at Oriental DreamWorks lost their value as Universal Pictures officially took over their operation.

Oriental DreamWorks was a hot potato for overseas investors. In March 2017, Oriental DreamWorks reportedly would face major changes as parent company Comcast was planning to give up its 45% stake. Warner Bros. had been in talks about acquiring Oriental DreamWorks but no action was spotted after.

No releases from Oriental DreamWorks were scheduled for 2017, and likely none for this year. Among upcoming features is “Everest”, set for September 2019.

How will Li Ruigang’s CMC rescue Oriental DreamWorks and build this business as Pearl Studio?