

Chinese football, more than a game

By Ben Bland and Charles Clover

My life in China hasn't really started yet," says Gervinho with a nervous laugh. "But Chinese football has huge growth ahead of it (...) many friends in the football world have congratulated me and told me they want to join me here."

In a country more famed for its exports than its imports the 28-year-old Ivorian footballer is one of the unlikely faces of a new Chinese revolution - one that aims to bring the world's biggest game to the world's largest audience.

The former Arsenal and Roma footballer in January moved for a USD20m transfer fee to Qinhuangdao, a city best known as the country's biggest coal port. His new employer, recently promoted China Super League team Hebei China Fortune, has been transformed by the sudden rush of investment from its billionaire owner.

The impact of such investments has not gone unnoticed. Through buying foreign players, taking stakes in overseas clubs like Manchester City and even acquiring sponsorship rights for FIFA, the game's governing body, China's spending splurge on football is reverberating around the world.

Supported by some of the country's best-known tycoons including Jack Ma of Alibaba and Wang Jianlin of Wanda, it mirrors its unprecedented acquisition spree of other premium global assets from hotels to agribusiness. And it has prompted similar questions. Are Chinese companies overpaying? Is such rampant deal making sustainable or is yet another bubble soon to burst?

Much seems to hinge on the backing of one man: President Xi Jinping, a fan of the game who wants to turn China from a footballing backwater into an



Guangzhou Evergrande players celebrate after scoring a goal

international power, reflecting Beijing's ambitions to compete in other global industries from robotics to aviation.

“After Xi Jinping came to power, and with his support, sports are being given a boost,” says Zhang Dazhong, chief executive of the recently established sports division at Alibaba, the Chinese ecommerce group that invested in the country's top club in 2014. “It's high time for us to do this.”

CSL clubs spent more than \$280m during the winter transfer window, more than in any other league, including England's big-money Premier League, according to Deloitte.

Unlike an earlier trend of importing fading stars, several clubs have secured leading players from European teams. Record signing Alex Teixeira, a 26-year-old Brazilian midfielder, joined Jiangsu Suning from

Ukraine's Shakhtar Donetsk for USD55m in February. It was the third time in a matter of days that the national transfer record had been broken and Jiangsu reportedly beat English Premier League side Liverpool to sign Teixeira.

Chinese clubs have had to pay big transfer fees and offer some of the highest salaries in the football world, a move that threatens dramatically to alter the dynamics of the global transfer market, according to industry observers.

Edward Woodward, executive vice-chairman of Manchester United, the third-wealthiest club in the world by revenue, told investors recently that China's investment had created “another useful market if we're looking to sell any players”, without noting that European clubs may face stiffer competition to sign that talent in the first place.

“In a matter of weeks, we've seen the global power balance in football shift east by quite a big margin,” says Simon Chadwick, a professor of sports business at the UK's Salford University. “China and football have been flirting with each other for the best part of two decades but it's never really taken off. The big difference now is the backing of President Xi and his desire to host the World Cup and then eventually win it.”

Just like its plans for coal production and railway construction, the ruling Communist party has a fixed growth target for sports. It released a plan last year to achieve Mr Xi's goal to turn China into a “great sports nation”, creating an industry worth Rmb5tn (\$760bn) by 2025, up from Rmb400bn last year, and expanding the number of schools offering specialised football training from 5,000 to 50,000.

The ultimate aim is to win a bid to host the World Cup and help the poorly performing national team - ranked 96 in the world, behind

Chinese football, more than a game (continued)

the Faroe Islands and North Korea - compete at the highest level. The nation's tycoons - many of them beneficiaries of the long property boom - are lending their support, investing heavily in the CSL, creating football schools, competing for TV rights after their release from state control and acquiring stakes in some of Europe's top clubs.

Less than two months after Mr Xi posed for a selfie with Manchester City striker Sergio Aguero while on a state visit to the UK in October, Li Ruigang, a media mogul who was on the trip, led a consortium that paid \$400m for a 13 per cent share of the club. Mr Li also paid a record Rmb8bn for the five-year rights to broadcast the CSL and sold them on for a profit in February.

Last year Mr Wang, chairman of the Wanda property and entertainment group, paid \$52m for a stake in Spain's Atlético Madrid and Chen Yansheng, a toy-car tycoon, took control of Espanyol, another top-tier Spanish team.

Wanda and Alibaba have both signed sponsorship deals with scandal-hit Fifa in recent months, with Wanda claiming that its agreement would leave it "better placed to play a role in the bidding process to host major football events such as the World Cup".

Chinese football executives say these purchases, like the wider trend of investment in developed markets, are designed to signal

ambition and allow Chinese companies to learn from the experts. But they admit it has put them under financial pressure.

"We don't know yet if the premiums clubs are paying for players are justified and it's very hard to value them," says Adrian Chen, an executive at R&F Properties, which owns Guangzhou R&F, one of two CSL clubs in the southern city. "We hope there will be an improvement in gameplay that will boost ticket and merchandise sales and improve the overall quality of football in China."

Guangzhou's other team, now known as Evergrande Taobao FC after Alibaba's investment, paved the way for China's football revolution, recruiting international players and coaches, building one of the world's biggest football schools, dominating the CSL and becoming the first Chinese winners of the Asian Champions League in 2013.

"We have the biggest fan base in the country and are totally market oriented," says Mr Zhang of Alibaba, which owns 38 per cent of the club. The club became the first Asian football business to list on a stock market last year. Mr Zhang boasts of a market capitalisation close to Manchester United's \$2.3bn, although its shares are 95 per cent owned by Alibaba and Evergrande, a property company, and the club reported a loss of Rmb483m in 2014.

Christopher Atkins, a foot-



Gao Lin (right) of China vies with Ali Samsooh of Maldives during 2018 FIFA World Cup qualification football match played last month in Wuhan, China

ball writer in China who has transformed himself into a player's agent, says Evergrande set the standard for others to follow, while Mr Xi's enthusiasm "had a big effect on how much major enterprises are willing to invest".

Many of those enterprises also see good business reasons for being involved in the sport. R&F, Hebei, Evergrande and many other CSL clubs are majority owned by property developers. Well known in their home regions they hope their involvement in football will help them build nationwide brands at a time when the real estate market is struggling. Investors such as Wanda and Ali-

baba also see an opportunity to build content businesses in a country where mobile commerce is growing fast.

Most clubs have seen a significant jump in attendances during the opening fixtures this season but ticket prices remain too low to provide a major boost to incomes. So as clubs are forced to spend more on foreign players and coaches, the risk is that the losses grow faster than the revenues.

Mr Li, the media tycoon, says Chinese football is entering a virtuous circle, where increased investment in broadcast rights supports higher spending by clubs, leading to a better quality league and further growth

in media rights, ticket sales and other revenue streams.

Lei Zhenjian, chief executive of LeEco Sports, an online broadcaster that bought the first two years of CSL rights for Rmb2.7bn from Mr Li last month, compares the deal to BskyB's purchase of the English Premier League broadcast rights in 1992. Those rights are now the most expensive in world football.

But he admits that his company will not make any profit on the current deal as Chinese consumers are reluctant to pay to watch football. Instead, he says he is investing in "changing the behavior of viewers" to-

wards pay-per-view sports. The media executive estimates that with revenues as they stand and half of the league's 16 teams spending Rmb1bn or more a year, clubs will be racking up substantial losses.

Richard Battle, a football business analyst at Deloitte, argues that deep-pocketed owners and rising revenues will support the medium-term growth of the game in China. "As long as high-net worth individuals and businesses want to compete in football, clubs don't have to generate all the revenue needed to cover their costs," he says.

Football supporters in China fear that these tycoons will lose interest, run out of cash or even fall foul of President Xi's other pet project - the anti-corruption crackdown. "If China doesn't get results quickly, how long before these investors go cold?" asks Mr Chadwick. "A lot of this is dependent on President Xi. If something happens to him, how quickly will all this unravel?"

While owners worry about finances, fans are debating whether the influx of foreign stars will help or hinder the development of the national team, which failed in its most recent effort to qualify for the World Cup. CSL teams are limited to signing five foreign players but often fill the attacking positions, blocking opportunities for local talent. On the opening weekend of the season, all 16 goals were scored by imports, including Gervinho and Teixeira.

But Huang Zexin, an Evergrande fan, believes the foreign players have improved the quality of the league. "Two or three years ago, I discussed only European matches and stars with my friends," he says. "That has changed and many Chinese matches and clubs have become the topic at our parties."

The football world is asking if China can use its financial firepower to build success or whether the newfound fondness for the game is based on shaky foundations, like its investment binges on property, steel and other industries.

"If we want to be competitive in the World Cup, we need to learn how the football world functions," says Mr Chen of Guangzhou R&F. "Football is a long-term investment, for us it is still early days."

“ If China doesn't get results quickly, how long before these investors go cold? ”

SIMON CHADWICK
PROFESSOR OF SPORTS BUSINESS

Participants: The player, the manager and the owner

The veteran foreign player: Adam Hughes came to China in 2012 in search of a new challenge but the Australian midfielder struggled with the language, the food and the biting cold weather at his team's then home base in the northern city of Harbin.

After taking language lessons and learning more about China, the 33-year-old says he has grown to love the experience. He helped his second-division team Yiteng FC, which has since moved to Zhejiang province, win promotion to the Chinese Super League.

His advice to the players moving to China: "You have to learn to respect and understand the Chinese culture. Sometimes you have to sit back, not say too much and take it all in."

The youth team manager: Unlike in parts of Africa and Latin America, where many top players have emerged from the streets, most Chinese professional footballers have come through well-run amateur youth teams like Beijing's Guo'ao Yue Ye. Club manager Cai Wei worries

that the top clubs are most interested in buying the foreign stars needed to generate more revenue in the short term rather than investing in youth talent. That would bode ill for the national team's prospects of reaching another World Cup finals.

"It will take at least two decades for China to make it to the finals of the World Cup," he says. "We cannot see that day very clearly to be honest."

The foreign club owner: Wang Hui, who runs a sports

marketing company in Beijing, paid \$9m to acquire the top-tier Dutch club ADO Den Haag in 2014. He has invested further funds but his efforts have been criticized by fans who say he has not delivered on his investment promises.

He says fellow Chinese businessmen should follow his lead and buy more European clubs to mine them for expertise. "We need more Chinese to play in Europe and for our coaches and managers to learn from these well-run clubs," he says.

Development based on Mormonism founder's plan finds few fans

By Lisa Rathke, Vermont

AN obelisk soars into the sky on a hill in central Vermont, marking the birthplace of the founder of the Church of Jesus Christ of Latter-day Saints — and perhaps heralding an immense, futuristic, utopia-like community based on his papers.

If a Mormon Utah businessman has his way, a development would sprout nearby, albeit many years in the future, that includes housing for 20,000 people, offices, gardens, 48 basketball courts and 48 Olympic-size swimming pools.

David Hall's vision would be one thing if it were pie in the sky. But he has deep pockets, 150 engineers working on the concept and land deals proving he's serious. His plan, the scope of which has never been seen in this largely rural and mountainous area, is creating concern.

"I feel like this is a bomb that's going to land on us and destroy what we have built up over the last 200 years here," said Randy Leavitt, of South Royalton, during a community meeting with Hall by phone Thursday evening.

Hall said that he expected locals to be opposed but hopes that as other such developments are built and become successful, residents will warm to the idea.

Hall's family foundation is also pursuing NewVista developments in Nevada, China, India and Bhutan, he said, but he would not disclose the exact locations.

"I already know that the local people don't want this," he told the crowd at the Tunbridge library. "What I'm counting on is that over time people will come to like it as they understand it."

It's billed as an economically, ecologically and socially sustainable development and would include 24 main buildings, small apartments (200 square feet per person), rooftop greenhouses and other gardens that would grow food, and offices that could be converted into hotel or meeting rooms. The community would be walkable and include enclosed "pod ways" for electric public transit.

If all the development's residents were new to tiny Vermont, it would increase the state's population by more than 3 percent and quadruple the population of the four small towns where he has bought land.

Hall's father, a General Electric chemist, invented a process



Concerned residents attend a public meeting in Tunbridge, Vermont, on a Utah businessman's plans for a large-scale development based on the writings of Mormon leader Joseph Smith

for making synthetic diamonds that is used for cutting, grinding, drilling and polishing in the electronics, computer and energy industries. Hall built on that and became an expert in drilling technology. In September, he sold his company, Novatek, and most of the proceeds are going into engineering studies for the project.

Since the 1970s, Hall told The Associated Press in an interview, he has spent USD100 million on engineering and other research on the concept and plans to spend \$100 million more, with spinoff businesses such as transformable walls for the apartments and foam-flushing toilets. Hall, 69, said he doesn't expect the Vermont project to happen in his lifetime but possibly during the lifetime of his daughter, who is president of the family's NewVista Foundation and plans to

I feel like this is a bomb that's going to land on us and destroy what we have built up over the last 200 years here.

RANDY LEAVITT

spend this summer in Vermont working with professionals to manage the land and homes.

The foundation plans this year to start building eight apartments and then a village with 80 apartments in Provo, Utah. Within 15 years, he hopes to create similar developments throughout the United States and have one full community going in 20 years.

While the communities are modeled after Smith's 1833 plans for the city of Zion to be built near Independence, Missouri, which called for a rectangular grid with square plots, they will not be religiously exclusive, Hall said.

The plans set out by Smith resemble some other communities of the time, especially the Fourierite socialist communes, including Utopia, Ohio, and to some degree the Oneida Community, a religious commune in New York, said Dona Brown, a history professor at the University of Vermont.

But the development won't be like the communes that sprang up in Vermont during the counterculture of the 1960s.

"This is very free market. You've got lots of delis all over the place, just around the corner," Hall said. "It's free-market, more city-type living that way; rural living because you always have gardens and a view right there. So it's a combination between dense housing and rural."

What's the attraction?

Within 15 years, Hall hopes to create similar developments throughout the United States and have one full community going in 20 years

impact reviews in Vermont, which Hall believes would enable his project, while some residents say they would quash it.

So far, the foundation has bought nearly 900 acres in the communities of Sharon, Tunbridge, Strafford and Royalton and hopes to patch together 4,100 more acres over the next 30 to 50 years as people sell homes and farms. For now, he plans to lease the Vermont properties, which include about a dozen homes.

Hall chose Vermont because it's Smith's birthplace and he recalls childhood trips to the memorial.

"I'm interested in it just because it's such a beautiful area and I've just had connection for so long," he said. "And the Joseph Smith papers, not the religion, are the foundation of the concept." AP



A sign marks the birthplace of Mormonism founder Joseph Smith

EU carbon plan emissions fall as mild winter cuts power use

By Ewa Krukowska

POLLUTION by companies in the European Union's emissions cap-and-trade program, the world's largest, fell by 0.8 percent last year as warmer-than-average weather reduced demand for electricity.

Preliminary EU data implies pollution in the bloc's emissions trading system fell to 1.796 billion metric tons, the lowest since the market started in 2005, according to Bloomberg New Energy Finance. The estimate excludes airlines, which together with more than 11,000 installations owned by utilities and manufacturers are also a part of the EU ETS, Europe's flagship policy tool to reduce greenhouse gases blamed for climate change.

Last year was set to be Europe's second-hottest on record, the World Meteorological Organization said in December. Emissions from the power sector in the EU ETS declined 2.9 percent, with the largest drop coming from U.K. utilities, according to New Energy Finan-



ce's calculations.

"In the U.K., fuel-switching and warm weather caused an 18 percent fall in power sector-related emissions on a like-for-like basis," said Jonas Rooze, London-based analyst at New Energy Finance. "Spain, in contrast, saw a 17 percent increase in power sector emissions, but this was more than offset by declines in the U.K. and, to a lesser extent, Germany."

Emission permits for delivery in December dropped as much

as 5.9 percent to 4.91 euros (USD5.61) a metric ton, the lowest in more than five weeks. The benchmark contract traded at 5.16 euros on ICE Futures Europe as of 3:34 p.m. in London. Prices are still 78 percent lower than at the start of 2008 amid a glut of allowances aggravated by an economic slowdown that curbed industrial output and demand for permits.

The 2015 data is at the lower end of analyst forecasts ranging from a 1 percent increase to a 1

percent drop, according to Bernadett Papp, an analyst at Vertis Environmental Finance Ltd. in Budapest.

"This might explain the sell-off after the publication," she said. "As the price broke above the declining trend line, there is a good chance that the price of the allowances stabilizes above 5 euros."

Today's data suggests that the annual decline in emissions is slower than the drop in supply of permits to companies in the

system, a factor that may further weigh on prices. The pollution cap in the EU ETS program decreases 1.74 percent each year in the 2012-2020 trading period. Permits are handed out or sold by governments to cover each metric ton of carbon dioxide companies emit.

In 2014, carbon-dioxide discharges in the EU cap-and-trade program decreased by about 4.5 percent after falling by around 3 percent in 2013 on a like-for-like basis, according to the European Commission.

"In the last few days, EU allowances have traded higher on the back of some speculative buying; purchases ahead of the surrender deadline by industrials," Ingo Ramming, London-based co-head of commodity solutions for Commerzbank AG, said Wednesday in an e-mail. "With the news about emissions out, traders took profit. Over the next few weeks we would expect the market to remain subdued."

The commission, the 28-nation EU's executive arm, today granted access to 2015 emissions data at installation level. The information covers 87 percent of stationary installations, excluding aviation and newly added sectors, and the estimates were made on a like-for-like basis, according to New Energy. **Bloomberg**

ASK THE VET

by Dr Ruan Du Toit Bester



CARING FOR A CAT WITH HERPES VIRUS

THE herpes cat virus causes flu-like symptoms. It's only contagious to other domestic cats, but there's no cure. If your cat contracts feline herpes virus, the most you can do is try to relieve the symptoms and lessen the severity of the outbreak. Here's what you need to know about feline herpes.

FELINE HERPES VIRUS EXPLAINED

Feline herpes virus, or FVR, is an acute upper respiratory infection caused by feline herpesvirus type 1 or FHV-1. Feline herpes is the most common cause of upper respiratory distress in cats. It's common in kittens, and in cats who must endure stressed or overcrowded environments, such as those found in animal shelters. Once your cat is infected with the virus, he'll have it for the rest of his life.

The first outbreak is often the worst. Once your cat recovers from this initial outbreak, his immune system will keep the virus under control most of the time. However, during times of stress or sickness, your cat may experience another outbreak. Corticosteroids may also trigger outbreaks in cats suffering from feline herpes.

HOW CAT HERPES INFECTION SPREADS

Your cat can catch the herpes virus from other cats even if they aren't showing

symptoms. There are three means of contracting the feline herpes virus. They are:

- In utero, when unborn kittens contract the virus from their mother.
- Direct contact, when your cat comes into contact with the oral or respiratory secretions of a cat who is shedding the virus.
- Indirect contact, when your cat comes into contact with the food bowl, litter tray, bedding or other belongings of a cat who is shedding the virus.

DANGERS AND SYMPTOMS OF FELINE HERPES INFECTION

The feline herpes virus grows in your cat's eyes, nose, throat, mouth, sinuses, and tonsils. This causes inflammation and fever. Nasal discharge can cause a loss of appetite, which is dangerous, especially in kittens, who are especially prone to malnutrition and dehydration.

Secondary infections can occur due to tissue damage caused by the feline herpes virus. The feline herpes virus may cause spontaneous abortion in pregnant cats.

SYMPTOMS OF FELINE HERPES INFECTION INCLUDE:

- Sneezing
- Discharge from the eyes and nose
- Conjunctivitis and sometimes corneal ulcers
- Fever
- Loss of appetite



- Lethargy
- Ulcers of the mouth and tongue
- Pneumonia

CARING FOR CATS WITH HERPES

Once your cat has become infected with feline herpes virus, he'll remain infected for life; there is no cure. Treatment involves supportive care to help your cat's immune system suppress the virus once more; you can relieve your cat's symptoms and try to shorten the outbreak.

You'll need to keep your cat's eyes and nose clear of discharge. Cleanse them gently with clean, warm water and a cotton ball. Your cat may need antibiotics to treat secondary infections that could arise. Antiviral drugs may help shorten the feline herpes outbreak. We are currently using Omega Interferon and PollyImmuno-stimulant as Immune boosters for cats with FHV and Cat Flu with great response.

Your cat will need to continue taking in food and water. If the outbreak is particularly severe, this may mean putting him on an IV drip, force feeding him or injecting fluids subcutaneously.

The amino acid, L-Lysine, may help to suppress the virus and prevent outbreaks. Speak to your vet before supplementing your cat's diet.

Hope this helps
Till next week
Dr Ruan

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