

How Manchester City and ‘China’s Rupert Murdoch’ Li Ruigang can cash in on sporting revolution

Club's game-changing deal with mainland investors will have the rest of the Premier League worried

By James Porteous – South China Morning Post – December 6, 2015



Li Ruigang has powerful connections in government and entertainment. Photo: Reuters

Last week I talked about Manchester City's big plans for China; stage one was unveiled two days later, when they announced that China Media Capital and CITIC were buying 13 per cent of City's parent company for US\$400 million.

I thought City were ahead of their Premier League rivals, but had no idea by how far – this is a game changer for City's owners, and probably the Premier League in general.

Manchester United had previously been named in Chinese media reports about a similar sort of minority stakeholder deal. A literal case of Chinese Whispers, with someone mixing up his Manchester clubs? Perhaps – but United and other giants will now be scurrying not to be left behind in the great China sporting gold rush.

With CMC's Li Ruigang, the Shanghai media mogul, joining City Football Group's board as part of the deal, they are ideally placed to capitalise on the mainland sports market which President Xi Jinping and the State Council are backing to expand 15-fold to 5 trillion yuan in the next 10 years.

Peter Schloss, one of the pioneers of satellite TV in Asia with STAR TV and now managing partner and chairman of CastleHill Partners, a Beijing-based specialist merchant bank focusing on the sports and media industries in China and globally gave some insight into what Li will bring to City.



David Cameron and Xi Jinping visit City's football academy in October. Photo: AFP

“Li Ruigang has made no secret of the fact he wants to replicate the Rupert Murdoch model,” says Schloss. “One of the things Rupert Murdoch did was basically create the Premier League through massive broadcast deals.”

A subsidiary of Li's CMC paid a massive 8 billion yuan for rights to the next five years of the Chinese Super League, blasting CCTV out of the water in betting on a huge increase in demand for football content on the mainland. He and City aim to cash in on that demand.

“I've known Li Ruigang for many years,” says Schloss. “He's a very savvy, very forward-thinking media and entertainment executive. He's very well-respected by international media counterparts like Rupert Murdoch, Sumner Redstone of Viacom, Bob Iger of Disney, Jeffrey Katzenberg at Dreamworks.

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“People respect not only his support from Shanghai Media Group and the Shanghai government, but because he has something a lot of others [in China] don't – an ability to be a forward thinker, to adapt western business models to the Chinese marketplace and not be afraid to make decisions. Sports is entertainment – it fits nicely with his other assets.”

Li has powerful connections in China's government, and perhaps paved the way for Xi's trip to Manchester City on his state visit to the UK in October. Hollywood's most powerful firms have used him as a bridge into the China entertainment market: CMC are partnered with Dreamworks on animation and theme parks in China and recently set up a joint venture with Warner Bros in Hong Kong.

City now have the ideal partner to crack China. The question is how will they go about it?

Some speculate that Beijing Guo'an will become the latest club to join City Football Group, which comprises Manchester City, New York City, Melbourne City and a minority stake in Yokohama F Marinos, because Guo'an's majority shareholder is CITIC. Some have even suggested that a new 'Hong Kong City FC' could be founded to join the Chinese Super League, though this seems extremely unlikely.

City sources insist the deal is “not linked to any club involvement”, but that all sides of the partnership have already been working together, along with third parties “to identify and implement China-based initiatives”.

Expect initially to see a flood of City 'content' for China, opportunities for Chinese brands to emblazon their logos across four clubs in four continents with City Football Group's 'unique global marketing platform'.

An early step might be the establishment of a massive academy combining education and football training – along the same lines as the one Xi visited in Manchester, coincidentally enough.

With Xi determined to make China a footballing force by 2026, when they'll likely host the 2026 World Cup, that aid in developing the next generation of talent is simply good PR.

And quite apart from football, the geopolitical boost for Abu Dhabi also cannot be understated, with City in many respects an arm of their government.

A City source says they will be able to talk more about concrete plans in the months ahead. Certainly interesting – and lucrative – times are ahead for CFG and Abu Dhabi.