

THE BIG PICTURE

China's Super Bowl

A look at China's eSports industry — its size, its benefactors, and how China's crackdown on gaming might affect its competitive future.

BY ELIOT CHEN — FEBRUARY 13, 2022



Credit: Michal Konkol/Riot Games

The night of November 6 last year was one to remember for young people across China. In Wuhan, thousands thronged the streets to celebrate, chanting “EDG!” “Niubi!”, employing a somewhat coarse Chinese phrase. At one music conservatory, students belted out the operatic aria *Nessun Dorma* above the din of a marching band.

A sudden burst of excitement about the Communist Party’s forthcoming 6th Plenum in Beijing? Or had China’s normally terrible national men’s soccer team won a match?

The celebrations were in fact sparked by victory for Edward Gaming, a Shanghai-based professional eSports team known as EDG, in the 2021 *League of Legends* World Championship. Overcoming its underdog status, EDG had become the third Chinese team in four years to win the global crown.

The mass excitement over EDG’s surprise win is testament to the huge popularity of eSports in China, where some 100 million viewers tuned in to the 2021 championship on streaming platform Bilibili; roughly the same number of Americans watch the Super Bowl each year. State-owned broadcaster CCTV and news agency Xinhua both congratulated EDG.

But the space for gaming in China may be narrowing, particularly after regulators took steps last year to restrict the amount of time young people spend playing computer games. This week, *The Wire* takes a closer look at China’s eSports industry — its size, its benefactors, and how China’s crackdown on gaming might affect its competitive future.

STATUS UPDATE

At a Glance: the eSports Market
Popular Games

The business of eSports in China, in which online audiences watch professional gamers play in various tournaments and leagues, is built on the country's deep appetite for computer games — a phenomenon that ironically owes much to government restrictions. A ban on video games consoles like Sony's Playstation and Microsoft's Xbox between 2000 and 2015 meant many young enthusiasts turned to playing games on their PCs. As a result, China now has almost as many PC gamers as the U.S. has people: more than 325.4 million at the end of 2020, [according](#) to Niko Partners, a market intelligence firm.

Despite the size of its fan base, Chinese developers have struggled to produce PC games as internationally successful as those of Japan's Nintendo. One of the most popular titles is Riot Games' *League of Legends*. Riot Games is wholly owned by tech giant Tencent, but its developers are American and based in California.

THE MONEY

Interest in eSports in China has seen consistent growth over the last decade, driven by the popularity of online gaming, which took off around 2008. The hottest titles in PC gaming remain *League of Legends*, launched in 2009 — eons ago by the standards of the gaming industry — as well as Valve's *Dota 2* (2013) and Activision Blizzard's *Hearthstone* (2014), both made by American studios.¹

The Chinese eSports business generated over \$27 billion in revenue in 2021, [according](#) to a recent estimate by Huya Inc. and the Communication University of China. Sponsorship and media rights [account](#) for three quarters of global eSports revenue, drawing brands including Nike, Mercedes Benz, and Lenovo. In 2020, Chinese video streaming platform Bilibili [signed](#) an agreement for exclusive broadcast rights to all global *League of Legends* tournaments worth over \$110 million.

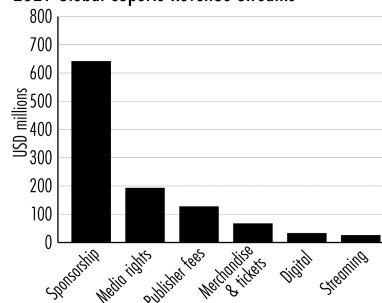
eSports players, who give themselves monikers like [Uzi](#), [Banana](#) and [GodV](#), can make millions of dollars in lifetime earnings. The prize pool for 'The International,' the premiere tournament for *Dota 2*, totalled \$40 million in 2021, comparable with grand slam tennis tournament Wimbledon's [total](#) prize money of \$48 million.

Many of China's top performing eSports teams are supported by wealthy benefactors, including the scions of tycoons in the property and tech sectors. Deep-pocketed owners help bankroll acquisitions and transfers of top players, who can cost [millions](#) of dollars. Edward Gaming is named after Edward Zhu Yihang, the son of property tycoon Zhu Mengyi of Hopson Development, one of Guangdong's largest real estate developers. Invictus Gaming, the 2018 *League of Legends* champion team, is owned by the [eccentric](#) Wang Sicong, son of billionaire Dalian Wanda Group founder Wang Jianlin.

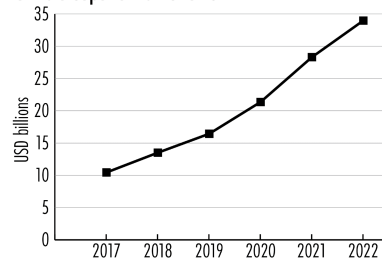
For some companies, team ownership is a marketing ploy. "It's not uncommon for a company to build an eSports organization, really just to acquire a roster, but then they fund it and want to be top tier in order to promote their names," says [John Oliverius](#), an attorney at Paradigm Counsel and publisher of the *China Esports Biz* newsletter. "Suning and JD.com had promotions along with their [team's] matches. And then they'd have matches against each other and 'sales fights' to go along with it."



2021 Global eSports Revenue Streams



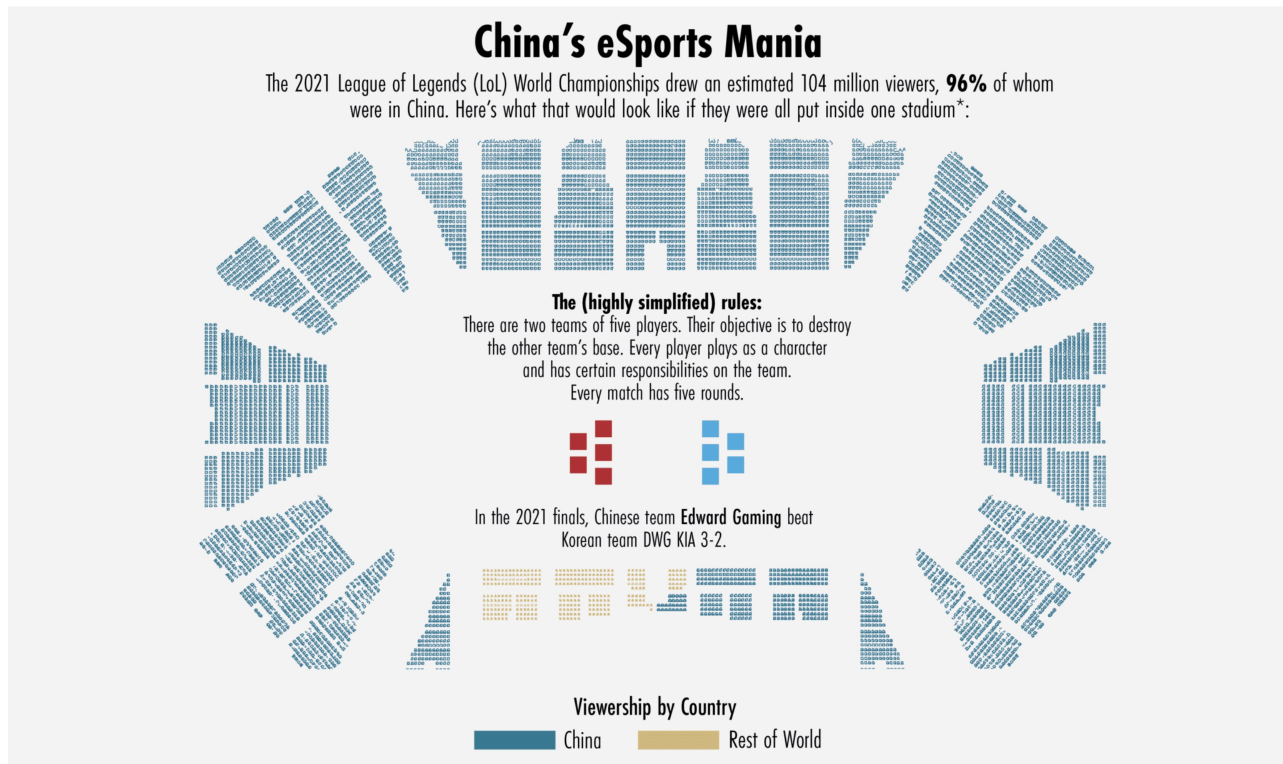
China's eSports Market Size



Data: iResearch, Newzoo

Not all successful teams need wealthy benefactors: one of China's oldest eSports organizations is LGD Gaming, founded in 2009 by Pan Jie, an ex-player and single mother [dubbed](#) "the Queen." In 2018 LGD partnered with PSG eSports, the gaming division of Paris Saint-Germain Football Club; some of its players have the [highest](#) lifetime earnings in the sport.

These are some of China's most competitive esports teams and their backers:



These are some of the teams:



Edward Gaming

Owned by real estate scion Edward Zhu Yihang. The Shanghai-based team won the 2021 League of Legends championship.



Invictus Gaming

Owned by Wang Sicong, son of Dalian Wanda's Wang Jianlin. Won the 2018 LoL championship but also competes in other games (e.g. Dota 2, Starcraft).



FunPlus Phoenix

Owned by video game developer FunPlus. Won the 2019 LoL championship in three successive rounds. Also competes in CS:GO and Valorant.



JD Gaming

Owned by e-commerce giant JD.com. Has two teams, one in the pro league and one development team. Previously had an all-female team that was later disbanded.



PSG.LDG

Rare in being founded without tycoon or corporate backing, but later partnered with soccer giant Paris Saint - Germain. Highly successful in the Dota 2 division.

*Seating plan for Paris' Accor Hotel Arena, host of the 2019 League of Legends World Championship.

Data: Esports Charts, media reports, team biographies

Like the traditional sporting world, some companies involved in eSports leagues have struggled to navigate the politics of the Chinese market. In 2019, Activision Blizzard [suspended](#) one of its professional *Hearthstone* players from Hong Kong and forced him to forfeit thousands of dollars in prize money, after he repeated a popular protest slogan in an interview. At the time, approximately [one third](#) of *Hearthstone*'s mobile revenue came from Chinese players. Company executives later backed down in response to an international backlash, including from its own employees.

AN UNCERTAIN FUTURE

In August, China's National Press and Publication Administration announced rules that limited under-18s to three hours of gameplay per week. The measures, designed to reduce online games addiction, could have a major impact on China's future eSports competitiveness, according to [Cui Chenyu](#), a senior games analyst at Omdia, a Shanghai-

based consultancy. Professional eSports players skew young, in part due to its physical demands like fast reaction times. Most pro players begin playing and training hard in their teens.

Still, eSports' inclusion in growing numbers of international sporting events could give Beijing reason to dial back its crackdown or carve out exceptions. Before the recent crackdown, China's Ministry of Human Resources and Social Security formally recognized eSports as a [profession](#).

"eSports are already a part of the [\[2022\] Asian Games](#). If they go on to [become](#) an Olympic event, I do believe that there will be an exception made [for professional players]," says Cui.



Eliot Chen is a Toronto-based staff writer at *The Wire*. Previously, he was a researcher at the Center for Strategic and International Studies' Human Rights Initiative and MacroPolo. [@eliotcxchen](#)

COVER STORY



Pole Position

BY EYCK FREYMAN

In public, Chinese diplomats and climate negotiators deny that they see any link between climate change and geopolitics. But there is a deeply cynical consensus within China's academic and policy communities that climate change creates geopolitical opportunities that China can exploit — and must exploit before its rivals do. Greenland was the proof of concept for this strategy. And it caught the U.S. flat-footed.

THE BIG PICTURE



Transsion's Triumph

BY GARRETT O'BRIEN

A look at Transsion's monumental growth, unique marketing strategies and future growth potential.

Q & A



Jörg Wuttke on China's Self-Destruction

BY ANDREW PEAPLE

The EU Chamber of Commerce in China president talks about China's self-inflicted problems; how he gets away with being so outspoken; and why he believes in China's comeback gene.



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