

## Online games market in China grew 35% to \$3.9 billion in 2009, according to Pearl Research

San Francisco, CA, April 8, 2010 – Leading business intelligence and consulting firm Pearl Research forecasts the online games market in China will exceed \$6 billion in 2012. In 2009, the online games market grew 35% to reach \$3.9 billion, which is on top of a 63% increase in 2008. These findings are contained in Pearl Research’s new 160-page “Online Games Market in China” study.

Allison Luong, Managing Director of Pearl Research said, “Similar to the US, a major trend in China is the growth of social networking sites such as QZone, Renren and Kaixin001, all of which host social games, which is discussed in the report. These games are starting to cannibalize some of the advanced casual games on the market.”

Pearl Research’s findings:

- China’s most popular online games, which achieved more than 1 million peak concurrent users include NetEase’s “Fantasy Westward Journey”; Giant’s “Zhengtu Online”; Tencent’s “Dungeon and Fighter” and “Cross Fire”, and Blizzard’s “World of Warcraft”.
  
- Game operators in China experienced strong revenue growth in 2009. Top game operators, in descending order, are Tencent with \$792 million in revenue in 2009, Shanda Games(NASDAQ:GAME) with \$704 million in revenue, Netease (NASDAQ: NTES) with \$493 million, Perfect World (NASDAQ: PWRD) with \$314 million and Changyou (NASDAQ: CYOU) with \$268 million in revenues.
  
- Virtual currencies are under increasing scrutiny with a series of laws designed to tighten their use. This includes regulations that virtual currency should only be used to purchase virtual items. In addition, online game operators are not allowed to give out virtual items or virtual currency through lottery-based activities. The Pearl Research study contains a special section on virtual currencies and their increasing regulation from the Ministry of Culture and Ministry of Commerce.
  
- The number of Internet users in China reached 384 million as of December 31, 2009 for a 29% penetration rate. Approximately 70% of China’s million Internet users are under the age of 30. This group is most likely to seek out online entertainment, including games, music, and chatting, which Pearl Research believes will drive revenues for the online games market.



Pearl Research's "Online Games Market in China" study provides an in-depth analysis of the Chinese games market. The report contains forecasts for MMORPG and casual games; inhibitors and drivers to growth; deep marketplace analysis; profiles of key market players; special sections on social networking sites, analysis of virtual currencies, and strategic conclusions. Please call (+1) 415-738-7660 or email [research \(at\) pearlresearch.com](mailto:research@pearlresearch.com) for more information about this study.

### **About Pearl Research**

Pearl Research, a business intelligence and consulting firm, specializes in the digital entertainment and technology markets with a special focus on emerging markets and platforms. Based in the San Francisco area and China, Pearl Research publishes in-depth research reports and provides customized research and consulting services. Visit us at <http://www.pearlresearch.com>.

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