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Trends in China Game Approvals: The New Normal

CHINA REGULATION WATCH¹

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1. Introduction

Over the past four months, the National Press and Publication Administration (国家新闻出版署) (“NPPA”) issued four batches of domestic game approvals covering 345 games, and two batches of foreign game approvals covering 71 games. Although the number of game approvals per month remains lower than during the period immediately before the eight month “pause on approvals” that ended in March 2022, the number of domestic game approvals increased in recent months.

The recent NPPA game approval data reveals several emerging trends. First, game approval distribution among China game companies became more balanced between small game companies and large game companies, giving smaller game publishers in China a similar chance of obtaining game approvals as larger game publishers. Second, it is becoming easier to transfer game approvals from one domestic game operator to another, which reduces the “capture risk” that foreign game developers traditionally face when licensing their games to a China game operator. Third, NPPA approved several domestic mobile games developed with intellectual property licensed from foreign personal computer (“PC”) or console game developers, which opens a new path for foreign game developers to enter the China market, as domestic game approvals are easier and faster to obtain than foreign game approvals.

This article provides an overview of China’s game approval regime, as well as data on the number of approvals granted in the past six years, including before and after the two “pauses on approvals” in 2018 and 2021-2022. It also highlights trends that emerge from the data.

2. China Game Approval Regime and Data

In China, all publishing industries (including newspapers, periodicals, books, audio-visual products, and electronic publications) must complete a censorship review process and obtain government approval prior to publication. Videogames, which are electronic publications under China’s domestic legal regime, are subject to this general requirement and must obtain a

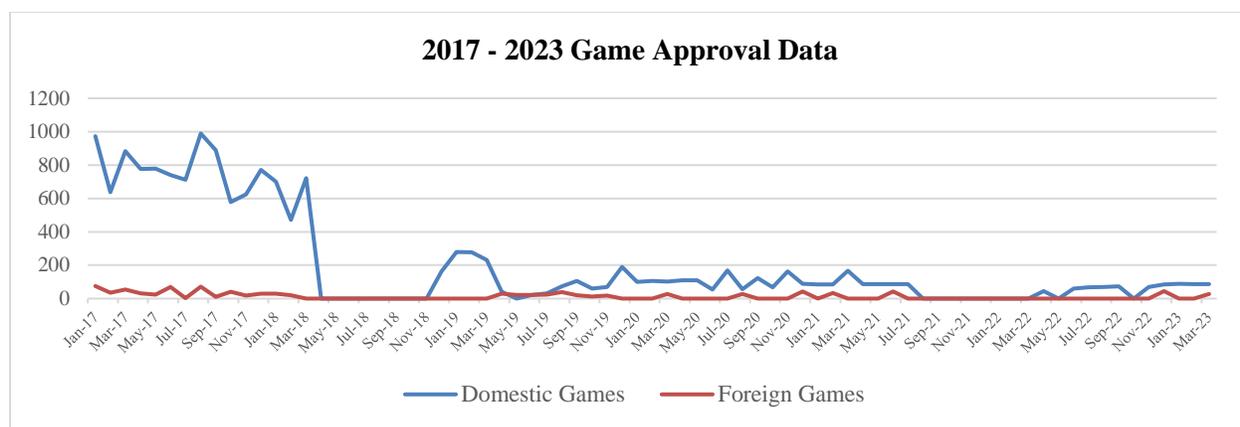
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game approval (also known as an ISBN) from NPPA prior to commercialization. The game approval requirement is not currently enforced in certain areas, such as for games accessible inside China from the international version of Steam, mini-games and H5 games without in-game purchase monetization features, and some ad-supported mobile games available in the China Apple Store. NPPA may, however, enforce the game approval requirement in any of these areas at any time.²

A. Decline in Game Approval Numbers

During the past six years, the government “paused” game approval issuances for two extended periods. The first period lasted eight months from April to November of 2018, and the second period lasted another eight months from August 2021 to March 2022. As illustrated in the chart below, during the periods after each of these game approval suspensions, the average number of games approved per month declined.³



In the 15-month period prior to the 2018 game approval suspension, government authorities approved an average of 750 domestic games and 34 foreign games per month. When NPPA resumed issuing game approvals after the 2018 suspension, it took four months (from December 2018 to March 2019) to process the prior backlog of domestic game applications, and during that period NPPA issued an average of 238 domestic game approvals per month. In April 2019, NPPA announced new limitations on the number of game approvals based on factors such as the total volume (总量), structure (结构) and layout planning (布局规划) of the games in the

² Please find background information about NPPA’s prior delayed enforcement of game approval requirements with respect to the games distributed through Apple App Store in our previous article: [China Regulation Watch - Apple to Enforce Game Approval Rules in China](#) and NPPA’s prior delayed enforcement of game approval requirements with respect to all mobile game in our previous article: [China Regulation Watch - China Strengthens Management of Mobile Apps](#).

³ NPPA started publishing game approval data on their website since November 2009, and for year 2009 NPPA only disclosed the number of foreign game approvals, no data of domestic game approvals. Before July 2016, publishing mobile games in China didn’t require a game approval. Since most PC and console games require a long development period, the number of games approvals issued at that time was relatively low. During the period from January 2010 to June 2016, NPPA approved an average of 45 domestic games and 7 foreign games per month. When the Notice Regarding the Administration of Mobile Game Publication Services (关于移动游戏出版服务管理的规定) became effective in July 1, 2016, the number of games approvals issued per month increased drastically to an average of 609 for domestic games and an average of 26 for foreign games during the period from July 2016 to December 2016. Such game approval level maintained until April 2018, when the first game approval suspension started.



market.⁴ After this announcement, the number of game approvals dramatically declined. During the period from April 2019 until the start of the next game approval suspension in August 2021, NPPA approved an average of just 90 domestic games and 13 foreign games per month, which was only 12% and 38%, respectively, of the average domestic and foreign game approvals issued per month during the 15 months prior to the 2018 game approval suspension.

In February 2021, NPPA required all game operators in China to integrate into their games the NPPA-developed Anti-Addiction and Real Name Verification System for Network Games (网络游戏防沉迷实名认证系统) (the “NPPA Verification System”). In August 2021, NPPA introduced new anti-addiction rules that reduced the permitted online game time for minors under 18 to three hours per week.⁵ At approximately the same time as the new anti-addiction rule implementation, NPPA began its second game approval suspension period. When NPPA resumed issuing game approvals in April 2022, the number of game approvals decreased again. During the period from April 2022 to March 2023, NPPA issued an average of 60 domestic game approvals per month and 6 foreign game approvals per month, which is 67% and 46%, respectively, of the average domestic and foreign game approvals issued per month during the period from the end of the first game approval suspension to the beginning of the second game approval suspension.

As the number of game approvals declines, NPPA has placed greater emphasis upon game quality when determining whether to issue a game approval. In April 2021, NPPA included a new step in the game approval review process, in which an industry expert scores the game from five perspectives: ideology orientation (观念导向), original design (原创设计), production quality (制作品质), culture connotation (文化内涵) and development progress (开发程度). In addition, at the recent 2023 China Game Industry Annual Conference held in Guangzhou on February 13, 2023 (“2023 Game Conference”), Zhang Yijun (张毅君), the director general of the China Audio-Video and Digital Publishing Association (中国音像与数字出版协会) (the “China AVDP Association”), a semi-official game industry association affiliated with the Publicity Department of the Communist Party of China (中共中央宣传部),⁶ indicated that in the next few years, China game companies must focus on improving game quality and providing high-quality content that promotes traditional Chinese culture. In addition, Mr. Zhang indicated that overseas business expansion is encouraged.

B. Challenges Faced by Foreign Game Companies

Although game approvals decreased overall after the two “pauses on approvals,” it is frequently observed that foreign games face greater difficulty in obtaining approvals compared to domestic games. The total number of foreign game approvals is much lower than domestic game

⁴ Additional details about the new game approval requirements implemented after 2018 game suspension can be found in our [China Regulation Watch – New Game Approval Requirements](#).

⁵ Please find more details in our [China Regulation Watch: China Limits Minor Online Game Time to Three Hours Per Week](#).

⁶ NPPA is also under the structure of the Publicity Department of the Communist Party of China (中共中央宣传部). On March 21, 2018, the Communist Party of China (中国共产党) released the Plan to Deepen Reform of Party and State Institutions (深化党和国家机构改革方案), which moved NPPA from the government structure under the State Council (国务院) to the Party structure under the Publicity Department of the Communist Party of China (中共中央宣传部).



approvals, with foreign games receiving just 5% to 13% of all game approvals in recent years. In addition, the time required to obtain a game approval is much longer for foreign games. For domestic games, it generally takes six to eight months to obtain a game approval, with the time required for simple hyper casual games being as short as three to six months.⁷ For foreign games, based on our informal market check in 2020, it generally takes eleven to nineteen months to obtain a game approval.⁸ Consistent with this trend, after the 2018 suspension, foreign game approvals did not resume until four months after domestic game approvals resumed. Similarly, after the 2021-2022 suspension, foreign game approvals resumed a full eight months later than domestic game approvals.

While the additional challenges faced by foreign games is not new, the decline in total game approval numbers has nonetheless made China’s game market less attractive to foreign game companies. That decline in game approval numbers has also made the China game market more challenging for domestic game companies, who are increasingly looking to expand in foreign markets.

C. Game Approval Distribution Among China Game Companies Becomes Balanced

From 2009 to July 2021, Tencent and NetEase were the two dominant game companies, having obtained the highest number of game approvals. Tencent acquired approximately 400 game approvals, while NetEase secured about 210 game approvals.⁹ However, following the 2021-2022 suspension, most of China's leading game companies, including Tencent and NetEase, did not receive any game approvals until September 2022, five months after NPPA resumed issuing game approvals.¹⁰ After examining all 800 game approvals granted after the 2021-2022 suspension, we found that the number of game approvals granted to each China game company was relatively balanced. Only about 12 game companies received more than 5 game approvals, and none of these companies received more than 1.5% of the total game approvals issued. Below table lists companies that obtained the highest number of game approvals between April 2022 and March 2023 (before the publish of this article).¹¹

China Publisher	Domestic	Foreign	Total	Percentage
XD Network/TapTap	8	3	11	1.4%
NetEase	8	2	10	1.3%
Tencent	5	2	7	0.9%

⁷ See “[4 things you shouldn’t miss about China’s ISBN rules](#)” published by MyGamez on August 9, 2020.

See “[版号现状：“非七大类” 审批需 5 到 8 个月，2020 年 Q1 过审量同比去年锐减过半](#)”, published by Youxi Tuoluo (游戏陀螺) on April 9, 2020.

⁸ We used 2020 data to illustrate the time required to obtain game approvals for domestic games and foreign games because the eight-month suspension from August 2021 to March 2022 materially affects the time required to obtain game approvals in the past two years.

⁹ Please find more details about these statistics in “[深度 | 这篇 7000 字文章把 12 年来游戏版号发放情况研究明白了!](#)” posted by WeChat we-media, Yanzhiyoufan (言之有范), on June 8, 2022.

¹⁰ See “[游戏大厂网易等今年首获版号](#)” posted by hexun.com on September 14, 2022.

¹¹ Note that while counting the game approval numbers of game companies listed in the chart below, we only considered the game approvals obtained by their primary operating entities. The percentage shown does not take into account the game approvals obtained by any subsidiaries or controlling affiliates of these game companies.



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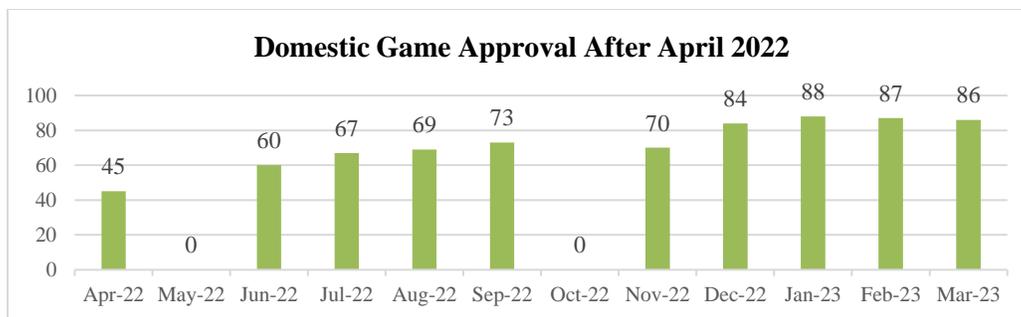
iDreamsky	6	1	7	0.9%
Jiangsu Phoenix Digital Media Co., Ltd. (江苏凤凰数字传媒)	5	1	6	0.8%
Shanghai Yiwan (上海益玩)	6	0	6	0.8%
Perfect World	3	2	5	0.6%
4399 Games	5	0	5	0.6%
Migu (咪咕) (under China Mobile)	5	0	5	0.6%
Bianfeng (边锋)	5	0	5	0.6%
G-Bits Network (吉比特)	5	0	5	0.6%
LinkedTune (领音)	5	0	5	0.6%
Others	663	60	723	90.4%
Total	729	71	800	100%

As the game approval numbers issued to China game companies becomes more balanced, seeking cooperation with large game companies may not increase the chances of obtaining a game approval to publish a game in China. Large game companies typically have more opportunities to cooperate with foreign game developers and a larger number of games to focus on, which may result in a foreign game being deprioritized or stuck on the waiting list for an extended period. This may cause significant delays in obtaining a game approval for a foreign game, especially if a large game company does not allocate sufficient resources and effort to the process. Therefore, foreign game companies may want to consider cooperating with smaller game publishers in China instead. These smaller publishers may pay more attention to foreign games and be more willing to expedite the process of obtaining the game approval.

3. Positive Signals in Recent Game Approval Batches

A. Steady Increase in Domestic Game Approval Numbers

Since NPPA resumed issuing domestic game approvals in April 2022, the number of domestic game approvals issued each month generally increased, with the material exceptions of May and October of last year (two months during which NPPA did not release any batch of approvals). During the most recent three-month period, NPPA approved an average of 87 domestic games per month. Although this number remains below the monthly average for domestic game approvals in 2019 (115 per month) and 2020 (104 per month), this nonetheless reflects a positive trend for China’s game industry.



B. Game Approval Transfers May Be Becoming Easier

In 2009, China’s game regulators established a requirement that whenever a game developer would like to transition from one game operator to another, a new game approval and full censorship review is required.¹² This requirement, and the likely need to remove a game from the market during the second censorship review, made it very difficult for a foreign game developer to transition from one China game operator to another upon the termination or expiration of a game license agreement. Although control over user data continues to provide China game operators with the ability to frustrate a foreign game developer’s desire to transition to a new operator,¹³ NPPA game approval data from recent years suggests it is becoming easier to transfer game approvals.

Prior to 2017, there are very few examples of transfers of a game approval from one game operator to another. From 2017 to the present, however, NPPA approved changes between game operators for a total of 190 existing game approvals, including the following nine foreign games:

Game Name	Owner	Original Operator	Current Operator	Approval Date
Terraria (泰拉瑞亚)	505 Games	iDreamsky (创梦天地)	XD Network (心动网络)	2023/1/17
Talking Tome Gold Run (汤姆猫跑酷)	Outfit7 Limited	Baidu Duoku (百度多酷)	Guangzhou Jingke (广州金科)	2022/9/13
Township (梦想城镇)	Playrix LR Worldwide Sales Limited	Beijing Chukong (北京触控)	Shanghai Chukong (上海触控)	2022/9/13
Warframe (星际战甲)	Digital Extremes	Changyou (畅游)	iDeamsky (创梦天地)	2020/11/5

¹² This requirement arose in 2009 when both NPPA and MOC required NetEase to submit World of Warcraft for a new censorship review after game operations transferred from The9 to NetEase. For additional background information on the World of Warcraft transition saga, see the following articles by Greg Pilarowski at The Escapist: “[China and the World of Warcraft](#),” posted on August 16, 2009, and “[Mind the GAPP: Update on WoW in China](#),” posted on November 6, 2009.

¹³ Our article [WoW vs TikTok – New Data War](#) provides a history background about WoW’s local publisher transfer from The9 to NetEase, the joint venture mechanism designed between NetEase and Blizzard to facilitate the transfer of game approval the future and the role that user data can play in game operator transitions.



World of Warships Blitz (战舰世界闪击战)	Wargaming	Kingnet (恺英网络)	NetEase (网易)	2019/11/25
Fairy Tail: Hero's Journey (妖精的尾巴: 英雄之旅)	Kodansha Ltd.	Zhejiang Nuoyou (浙江诺游)	Zhejiang Nuoyi (浙江诺壹)	2019/10/25
King of Kings (万王之王 3D)	Archosaur Games (祖龙娱乐)	Archosaur Tianjin (祖龙天津)	Tencent (腾讯)	2018/2/11
Zootopia: Racing Carnival (疯狂动物城: 赛车嘉年华)	Walt Disney	Beijing Babie Times Technology Co., Ltd. (北京巴别时代科技股份有限公司)	Beijing Babie Times Technology Share Limited (北京巴别时代科技有限公司).	2018/1/25
The King of Fighters: Destiny (拳皇·命运)	Japan SNK	Guangzhou Yinhan Technology Co., Ltd (广州银汉科技有限公司)	Tencent (腾讯)	2017/11/14

C. New Approach for Foreign Games Entering into the China Market

Recently several mobile games developed by domestic game companies based on licensed foreign game brands obtained domestic game approvals from NPPA, such as *Metal Slug: Awakening* (合金弹头: 觉醒) and *Cross Gate: Memories* (魔力宝贝回忆).

Normally games developed by a domestic game company based on licensed intellectual property from a foreign PC or console game developer or a foreign animation or movie producer are classified as foreign games and must apply for the much harder to obtain foreign game approval. However, NPPA in rare cases will issue domestic game approvals to such games if they meet NPPA's requirements. In 2016, NPPA determined that games developed based on foreign game brands must obtain foreign game approvals, while games developed based on foreign brands from non-game industries, such as foreign animation, movies and TV series, can apply for domestic game approvals if the China publisher owns a comprehensive title right.¹⁴ A comprehensive title right generally means: (i) the game is developed by a domestic company; (ii) the license granted to the domestic game developer is worldwide rather than limited to only the China market; (iii) the license granted is perpetual; (iv) the domestic publisher is the owner of the game (excluding the licensed intellectual property contained therein); (v) the foreign intellectual property owner does not have any approval or revision rights with respect to the developed game; and (vi) the foreign intellectual property owner does not have access to any game data or game operation.

It now appears that these requirements extend to mobile games developed by a domestic company based on licensed intellectual property from a foreign PC and console game developer.

¹⁴ See “[关于海外 IP 与引进游戏版号关系说明与注意事项](#)” (English Translation: Notes on the Relationship Between Overseas IP and Foreign Game Approval), posted by China Animation Game Copyright Service Platform on June 27, 2016.



For example, in April 2019 NPPA issued a domestic game approval to Game for Peace (和平精英), a mobile game developed by Tencent based on a license granted by the Korean Bluehole Studios for intellectual property from its famous PC game Player Unknown's Battlegrounds (“PUBG”). Tencent released two beta versions of the game, *PUBG: Exhilarating Battlefield* (绝地求生: 刺激战场) and *PUBG: Army Attack* (绝地求生: 全军出击) on February 9, 2018 in China, then commercially released a localized English version, *PUBG Mobile*, in other parts of the world on March 18, 2018. In May 2019, when Tencent commercially launched the game in China under the title *Game for Peace*, much of the setting and background story was adjusted to be less violent in order to comply with domestic censorship requirements.

Additional examples of NPPA issuing domestic game approvals for mobile games developed by a domestic game company based on licensed foreign game content include (i) *Metal Slug: Awakening*, a mobile game developed by Tencent based on a run and gun arcade game series developed by SNK, a Japanese company, and (ii) *Cross Gate: Memories*, a mobile game developed by Shanghai Taren (上海塔人) based on a massively multiplayer online role-playing game developed by Dawango, a Japanese company, and operated by Square Enix, a Japanese company.

Because it is much easier and faster to obtain domestic game approvals than foreign game approvals, this licensing model represents a new pathway for foreign game developers to enter the China market.

D. Youth Addiction Largely Solved

In November 2022, the China AVDP Association along with other relevant parties issued the 2022 China Game Industry Progress Report on the Protection of Minors (2022 中国游戏产业未成年人保护进展报告) (“Minor Protection Report”), which states that the problem of youth game addiction in China is more or less solved. At the 2023 Game Conference, the secretary general of the China AVDP Association also indicated that the government and parents are generally satisfied with the initial results from implementing the 2021 anti-addiction rules for minors.

Government authorities in China have a long history of combating addiction and other negative impacts that video games can have on youth. In 2000, for example, the government halted the approval of new video arcade rooms, prohibited existing video arcade rooms from admitting minors during weekdays, restricted existing video arcade rooms from purchasing new video game equipment, and banned the sale of game consoles in China, all in an effort to protect minors from excessive exposure to video games.¹⁵ In 2002, the government prohibited internet cafés from admitting minors under age of 18 and banned the operation of internet cafés near

¹⁵ See the Notice on Launching a Special Campaign against Illegal Operation of Video Game Rooms (国务院办公厅转发文化部等部门关于开展电子游戏经营场所专项治理意见的通知), issued by the General Office of the State Council on June 15, 2000.



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schools and residential areas.¹⁶ In addition, NPPA and its predecessor¹⁷ issued several notices respectively in 2007, 2016, 2019 and 2021 to implement anti-addiction rules and real-name verification system for protecting minors. Notwithstanding numerous previous attempts to prevent minors from becoming addicted to video games in the past twenty years,¹⁸ the China AVDP Association's statements are the first time that the government publicly recognized the effective enforcement of anti-addiction rules and stated that the issue of youth addiction to video games is resolved.

¹⁶ See Article 9 and Article 22 of the Regulations on the Administration of Business Sites of Internet Access Services (互联网上网服务营业场所管理条例), issued by the State Council on September 29, 2002

¹⁷ In March 2013, the State Administration of Press, Publication, Radio, Film and Television (国家新闻出版广电总局) (“SAPPRFT”) was created by merging the former General Administration of Press and Publication (新闻出版总署) (“GAPP”), and the former State Administration of Radio, Film and Television (国家广播电影电视总局) (“SARFT”). In March 2018, SAPPRFT became the National Radio and Television Administration (国家广播电视总局), which now regulates the radio and television industries, while control over press, publication and film moved to NPPA, which reports directly to the Publicity Department of the Central Committee of the Communist Party of China (中共中央宣传部). Usually, SAPPRFT is regarded as the predecessor of NPPA for periods prior to the reorganization in March 2018, and GAPP and SARFT are regarded as the predecessor of NPPA for periods prior to the merger in March 2013.

¹⁸ Please find more history backgrounds about how NPPA enforced the anti-addiction rules in Section 6 (Anti-Addiction and Real Name Registration) of our [Legal Primer – China Digital Game Industry](#).