

# Fortnite is latest company to quit on China over regulations

Article

**The news:** Fortnite joins the list of high-profile tech properties to flee China, following the recent departures of LinkedIn and Yahoo, [per](#) Bloomberg.

**How we got here:** Tencent Holdings, an investor in Epic Games (the maker of Fortnite), shut down all its China-based servers after running a trial version of the game for three years. The game never made any money in China.

- The hugely popular Fortnite game generated **\$5.1 billion in revenue** in 2020 for Epic Games, a 37% increase YoY but still below the \$5.4 billion it made in 2018.
- Fortnite, with over **350 million monthly active players**, 60% of whom are 18–24, is one of the most popular games in the world.
- In China, distributors never got government approval to sell in-app content, the free game's moneymaker. Many popular games like **Minecraft** and **Roblox** similarly thrive on the sales of in-app purchases.

**Why this matters:** Fortnite's failure to launch in China is a red flag for global companies seeking to cash in on China's \$45 billion gaming market, which is expected to hit \$55 billion with 781 million gamers by 2025, [per](#) Niko Partners.

The country's regulators have not signed off on a single new video game release since July. China is asking for more scrutiny over gaming-related content, ostensibly to protect children's mental health and eyesight.

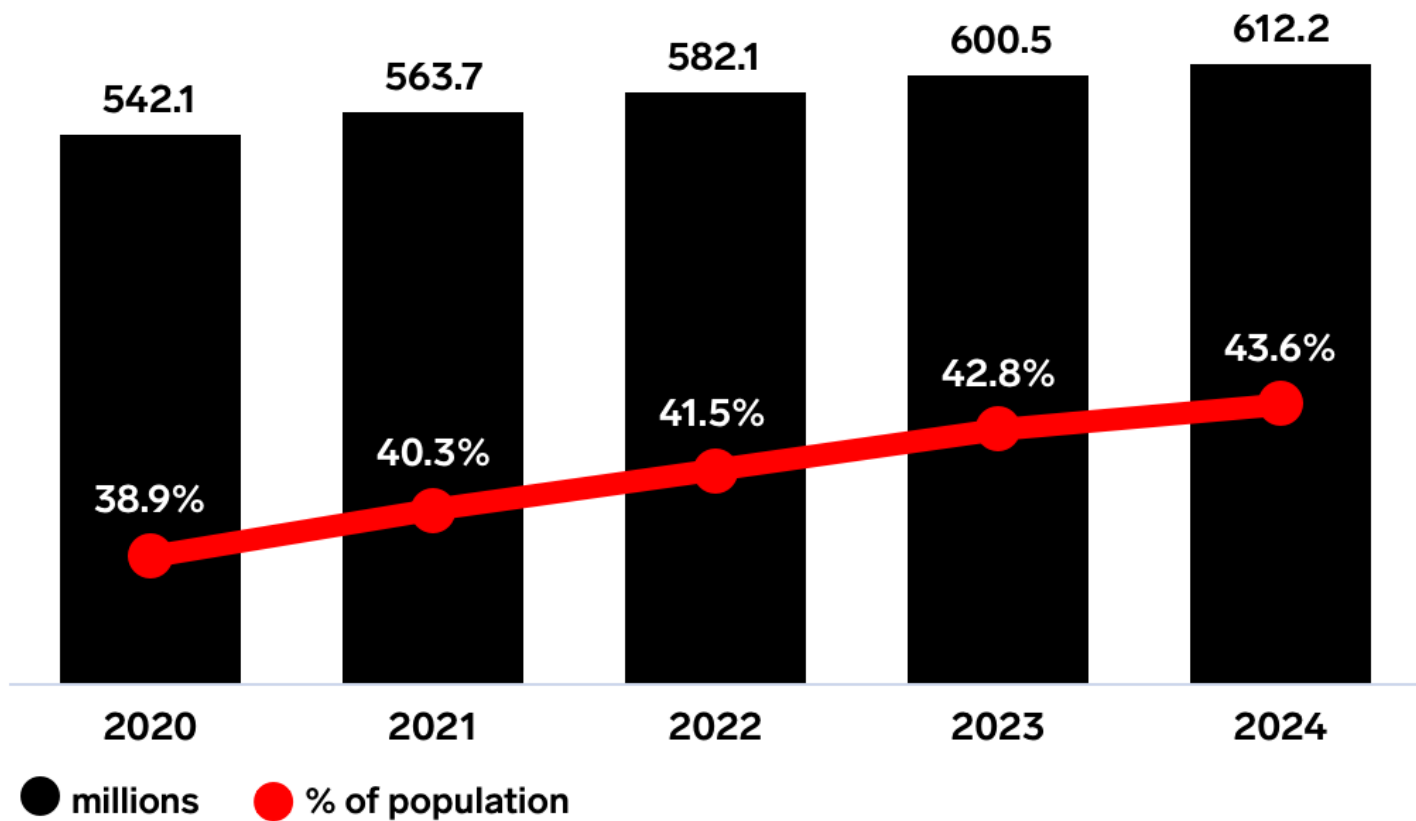
- China has enacted stricter time constraints on gaming for minors, [enforcing](#) no more than three hours per week of gameplay time.
- Pulling Fortnite out of China is a warning to would-be investors that tussling with Beijing on in-app purchases in a highly regulated environment might not be worth it.

**The big takeaway:** Global Big Tech's exodus from China is gaining serious momentum. Unlike [LinkedIn](#), which was running a deprecated version of its social media service, or [Yahoo](#), which was already in the process of divesting its various Chinese properties, Fortnite is a popular and profitable game with global appeal.

- Fortnite's failure to earn from in-app purchases and Tencent's decision to pull the plug on its Chinese servers is a clear message to other developers with similar business models: avoid China altogether or be ready to offer incomplete or deprecated versions of games with no guarantee of profits from in-app purchases.

## Digital Gamers

China, 2020-2024



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