

China gaming shares dive after 'spiritual opium' warning

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Tencent shares dived after state media described online gaming as 'spiritual opium'

Shares of Tencent and other major Chinese gaming companies plummeted Tuesday after a state-run media article described online games as "spiritual opium", prompting the tech giant to consider a playing ban on children under 12 altogether.

The criticism triggered fears among investors that online gaming was the next target for China's communist rulers as they crackdown on Big Tech and other powerful sectors deemed to be out of control.

The Economic Information Daily, an arm of the government's Xinhua news agency, complained about "widespread" online gaming addiction among children.

"The harmfulness of games has been increasingly recognised by society, and they are often referred to as 'spiritual opium' and 'electronic drugs'," it said.

The article cited views that "no industry or sport should develop in a way that wrecks a generation".

Shares in Tencent, one of China's biggest tech firms that is behind "Honor of Kings" and other global blockbuster games, dived more than 10 percent in Hong Kong shortly after the publication of the article.

Tencent's shares closed over 6 percent lower while rivals NetEase and XD Inc, which also tumbled, ended down around 8 percent in Hong Kong.

The fallout spread to Japanese gaming stocks, with shares of online game company Nexon sliding more than 6 percent as well in Tokyo.

Tencent pledged in a statement Tuesday to further limit game time for minors, to an hour on weekdays and no more than two hours on holidays, using "Honor of Kings" as a platform for the initial rollout.

Children under 12 will be barred from spending in-game as well.

Tencent also recommended that the gaming industry discuss the possibility of barring under 12s completely from games, without providing further details.

China has stunned investors around the world with a series of crackdowns on tech firms, citing national security, data privacy and monopoly concerns, as well as their impacts on society in general.

E-commerce, education, music streaming and ride-hailing have been some of the sectors targeted, wiping billions of dollars from the share values of companies.

Last month, Tencent's super app WeChat—which is used for everything from messaging to bill payment—said it was suspending new user registrations in mainland China until early August

for a security upgrade, fuelling concerns over its prospects.

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