The rise of e-sports
What’s in it for you?

**Government**
- Develop infrastructure (IT, venues, etc.)
- Build national team
- Build e-sports venues
- Promote e-sports tourism
- Grant incentives to other stakeholders
- Revenues from tax and licence fees
- Tournament hosting license fees
- Economic growth
- Improve general city perception
- Urban masterplan design for e-sports infrastructure
- Infrastructure financing
- Advising on revenue sharing and events & facilities management

**Players**
- Participate in competitions (individual or team)
- Entertain viewers
- Enhance sponsors’ brand value and exposure
- Prizes from competitions
- Salaries from game developers
- Support from local government
- Perks from sponsors
- Channel subscription fees
- Donation from fans
- Advising on participation arrangements with players (e.g. facilitating team formation, employment arrangements, etc.)
- Personal tax services

**Sponsors**
- Sponsor professional players, leagues and tournaments
- Enhanced brand reputation through sponsorship
- Data analytics for campaign effectiveness
- Advising on advertising, sponsorship and merchandise arrangements, including endorsement and appearance agreements

**Bookmakers**
- Legitimise e-sports in betting markets
- Accept and pay off bets on e-sports
- Sponsor players
- Gamblers’ betting money
- Design and development of online betting systems for young/digital-savvy audience
- Provision of e-sports analytics to better calculate betting odds
- Advising on regulations applicable to bookmaking and betting activities

**Organisers**
- Create and manage leagues and tournaments
- Serve as marketing medium for sponsoring brands
- Corporate sponsorships and government subsidies
- Merchandise and ticket sales
- Hosting fees from game developers and distributors
- Assurance reports
- Leveraging PwC’s ‘Experience Centre’ to create an unparalleled viewer experience
- Tax advisory for operators in multiple territories
- Advice in relation to government regulations for tournament organisation
- Advising on IT acquisitions, general commercial procurement and supply chain arrangements

**Developers/Publishers**
- Develop and publish games
- Grant licenses to distributors and organisers
- Sales of gaming content
- Monetisation strategy and path to profitability
- Merger and acquisition / vertical integration advice
- Advising on IP development, assignment, licensing and commercialisation arrangements

**Media/Broadcasters**
- Provide platforms to watch e-sports competitions
- Create and organise own e-sports competitions
- Advertising fees
- Viewer subscription fees
- Customer analytics to identify optimal television broadcast schedule to maximise no. of viewers
- Tax considerations for new business models in evolving tax environment
- Advising on media and broadcasting matters

**Others (e.g. distributors, manufacturers, etc.)**
- Distribute gaming content through digital or hardware
- Manufacture gaming equipment
- Operate e-sports-themed establishments (e.g. cafes, restaurants, shops etc.)
- Sale of gaming products and equipment
- Monetisation and distribution strategy
- Customer analysis to capitalise on market preferences
- Advising on consumer law regulations between gaming companies and participants

**Corporate social responsibility**
- Investments into infrastructure and pioneering technologies to grow the e-sports industry and country’s economy
- Encourage responsible gaming and civil online behaviour
- Prevent and discourage underage population from gambling
- Assess and limit environmental impact of e-sports events (e.g. pollution, energy-efficient venues etc.)
- Advising on investment, collaboration and alliance arrangements to foster technology innovation and infrastructure

**What is e-sports?**
E-sports is a multiplayer video game played competitively, usually by professional gamers.
Let’s talk

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E-sports size of viewers worldwide from 2016 to 2020

- Number of viewers (in million)
- Compound annual growth rate (CAGR): 12.8%

<table>
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<th>Year</th>
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<td>212</td>
<td>221</td>
<td>271</td>
<td>266</td>
</tr>
</tbody>
</table>

Source: PwC Global Entertainment and Media Outlook 2017 – 2021

E-sports market size and projection (in million)

- USA: 20.6% CAGR (2021: US$299mn)
- China: 26.4% CAGR (2021: US$182mn)
- UK: 32.1% CAGR (2021: US$35mn)
- Germany: 19.4% CAGR (2021: US$77mn)
- South Korea: 13.9% CAGR (2021: US$195mn)

Source: PwC Global Entertainment and Media Outlook 2017 – 2021

E-sports market size and projection 2016 to 2021

- 18% USA
- 51% Asia-Pacific
- 13% North America
- 18% EU

*Large share of e-sports enthusiasts in Asia-Pacific reflects the growth potential for Hong Kong as an e-sports hub


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