

Tencent Holdings Limited

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Tencent Music delays \$2 billion US IPO due to market tumult

China's largest music-streaming company, Tencent Music Entertainment Group (OTCMKTS:TCEHY) decided to push back its initial public offering several weeks and wait out turmoil in stock markets, which could hurt its pricing.

The music arm of Chinese tech giant Tencent was expected to kick off its roadshow to sell shares to investors next week and was expected to start trading the week of October 22.

"The music-streaming company met with its underwriting team this week to discuss the price range Tencent Music would set for its hotly anticipated IPO, but they opted to wait several weeks over worries that the market turmoil would affect the pricing," reported The Wall Street Journal.

The company recently cut its plan to raise \$4 billion by half, and is now seeking \$2 billion. This large IPO comes close on the back of Shanghai-based electric-vehicle maker NIO Limited's (NYSE:NIO) IPO which raised \$1 billion by selling 160mln American depositary shares last month.

Twenty-three Chinese companies went public in the US during the first three quarters of this year, on pace for the busiest year since 2010, according to Connecticut-based IPO advisor Renaissance Capital.

READ: Chinese company Tencent Music files for US IPO as Sony and Warner Music snap up \$200M in shares

Ten of the IPOs took place in the third quarter alone, with companies pushing to complete public offerings despite increased trade tensions between the US and China, according to Renaissance.

Meanwhile, investors like the fact that the Chinese music streaming company has posted an annual profit for the last two years.

The filing shows that in the first half of 2018, Tencent Music reported a profit of \$263 million on revenue of \$1.3 billion. For the entire 2017 year, it posted \$199 million in profit on revenue of \$1.7 billion.

Parent company Tencent owns 58% of the music division, while Spotify, which went public on US exchanges earlier this year, owns 9% of shares.

The Tencent Music Entertainment Group owns streaming apps QQ Music, Kugou and Kuwo as well as karaoke app WeSing, and claims more than 800 million monthly active users.

Investor appetite for IPOs has powered a surge in new listings. More than 180 companies raised over \$50 billion in IPOs in the US in the first three quarters, putting 2018 on track to be the busiest year for new issuance by both measures since 2014, according to Dealogic.

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Share Information

Code: 0700

Listing: HKG

Sector: Software & services

Website: www.tencent.com

Company Synopsis:

Tencent Holdings Limited is an investment holding company based in China whose subsidiaries specialize in entertainment and technology.

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