

Trinity Investments Limited – Tencent Music Entertainment – Leveraging Parent Company’s Dominance

HONG KONG, HONG KONG, HONG KONG, October 22, 2018 /EINPresswire.com/ -- After the news broke that Tencent Holdings Limited would be postponing their Music Entertainment IPO several weeks, conditions in the markets all pointed to that being a sensible move as investors are still working out whether the trade war between the US and China is set to get worse.

Currently Chinese stocks in the US are being harshly treated and a move to list what is expected to be the biggest IPO of the year at a time when China stocks are under major scrutiny, was not seen by the board as sensible.



Tencent Music Entertainment - IPO Update

Tencent Music's parent company, Tencent, is one of China's biggest tech companies. The music streaming and social entertainment company will be able to piggyback on the wild popularity of WeChat and other Tencent services as it continues to grow its user base.

As we await further news on the finalized date for listing, [Trinity Investments](#) shares an extract from Industry Focus giving more insight on the company and its positioning.

In this segment of Industry Focus, Dylan Lewis talks Tencent with Evan Niu:

Dylan Lewis: Evan, as the company name might suggest, Tencent Music has a pretty big strategic partner as it looks at the mobile space in China.

Evan Niu: Right. They're owned by parent company Tencent, which owns about 60%, I think 58% of outstanding shares. They're obviously going to have majority control, pretty much determine the strategic direction of this company. You have company insiders owning another 8%. Also, Spotify owns about 9% of this company, because Spotify and Tencent Music did an equity swap in December 2017, where they exchanged stock for positions in each other. So, they can also advise each other on strategic matters and learn from each other, give each other tips.

Between all that, that's about 75% of all shares that'll be locked up by these entities. That means, whenever the stock actually goes public and starts trading, your float is going to be 25% or less.

Lewis: Yeah. This gives them a lot of different strengths. It gives them some stability. It has a lot of people that are really bought in to the success of the business. I think in the case of Tencent, it gives them access to this massive platform. They have, over a billion monthly active users on its

apps. Having access to that, from a strategic perspective, access to the social graph there, and understanding some of the user data on that side, will be incredibly beneficial for them as they're trying to grow their user base.

Niu: Right. They'll definitely have all these different types of cross-selling, cross-advertising, cross-promotion, all sorts of things. Tencent owns WeChat, which is just enormous and completely ubiquitous in China. It's everywhere. Being able to really tie into those services, I think, is a huge advantage.

Lewis: Within the space, we touched on it before, but it's worth bolding and underlining, it is the largest platform in the market when you combine all of its apps' users. It's also the largest in the world. To your Spotify comparison earlier, not on the paying side, but in its general presence. And the users are highly engaged. Every daily active user spends an average of 70 minutes per day on the platform. That's engagement that is pretty hard to match. So, I think there are a lot of really good things going for this business right now.

Niu: I like it, actually, a lot more than Spotify, which I actually own stock in. There's a lot of things that I do like about this business and the numbers that they're putting up already.

The original posting can be found here: <https://www.nasdaq.com/article/how-tencent-music-will-leverage-its-parent-companys-dominance-for-more-growth-cm1038749>

To find out more about Tencent Music Entertainment's IPO and how you can get involved, visit www.trinity-investments.com or email us at info@trinity-investments.com and we will happily get back to you.

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