

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

SUMY STATE UNIVERSITY

Educational and Research Institute of Business, Economics and Management

Department of International Economic Relations

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QUALIFICATION PAPER

on the topic: ANALYSIS OF CHINESE TNCS ON THE EXAMPLE OF TENCENT

Specialty 292 International Economic Relations

Student ___ 4 ___ Course _____ Korobko Stanislav Olehovych
group _ME-82_____

It is submitted for the Bachelor degree requirements fulfillment.

Qualifying Bachelor paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

Research advisor PhD, associate professor _____ Oksana Zamora

Sumy, 2022

ABSTRACT

qualification work for a bachelor degree

on the topic: Analysis of Chinese TNCs on the example of Tencent

By: Korobko Stanislav

Qualification work is written on 43 pages and contains 56 references on 4 pages. Also it includes 4 tables and 1 diagram.

Keywords: TRANSNATIONAL COMPANIES, TNC, TENCENT, CHINA, COMMUNISM, SERVICES, STRUCTURE OF THE COMPANY, BRAWL STARS.

The purpose of the bachelor's degree qualification paper is to study the specifics of work by the companies of China. Their rise in last 20 years, and the ability to go from zero to one of the biggest companies in the world, and their ability now to compete with the revenues made by some countries

To achieve this goal following measures were done:

- Analysis of top TNC list and choosing the one which suits the topic for the future study of it
- Comparison of known working guidelines by the international companies and then of such companies from China
- Checking the history and structural working ideals of Tencent to find out if they are different to the ones which were used by their colleges

The object of the research is Tencent- transnational company from China

The purpose of the qualification paper is to find out how transnational companies of China work and does they have any difference from their opponents.

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During the process of research the articles of newspapers, web-sites, shareholder reports, materials published by Tencent on their web-site and so on. The methods used during the time of the work are a comparison method and a method of analysis.

The goals of the work were: The analysis of specific of transnational companies from China; the story of Tencent rise and their possible future projects and forecasts; the comparison of Chinese specifics to the specifics of other world TNC work; analysis of effective spheres where companies of China were able to take a lead.

According to the results of the study the following conclusions are formulated:

- Transnational companies of China work a bit differently to the ones which origin is in the other world countries.
- The rapid growth of Chinese economy in last decades and the same growth of TNCs is connected to the liberalization of local markets, with the growing support of Chinese government to their companies.
- All of private companies may be officially private but still they keep their collaboration with the government which is using them as their co-called soft power.
- Through this TNCs are able to form the informational and social image of China which they need through movies, sport events, games and so on.
- Also TNCs of China like to diversify their subsidiaries and officially might not even own them sometimes.

The year of qualifying paper fulfillment is 2022.

The year of paper defense is 2022.

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TASKS FOR BACHELOR'S DEGREE QUALIFICATION PAPER

(specialty 292 International Economic Relations)

student 4 course, group ME-82

Korobko Stanislav Olehovych

1. The theme of the paper is analysis of Chinese TNCs on the example of Tencent approved by the order of the university from «5» _May 2022_ № ____
2. The term of completed paper submission by the student is «27» 2022__
3. The purpose of the qualification paper is to find out how transnational companies of China work and does they have any difference from their opponents.
4. The object of the research is Chinese TNCs and Tencent corporation as an example.
5. The subject of research is Chinese TNC and key features of their work and the reasons which helped them achieve success in short period.
6. The qualification paper is carried out on materials of scientific researches, shareholder reports by companies and articles from newspapers and magazines.
7. Approximate qualifying bachelor paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1 Theoretical Background of TNCs Functioning in China

Chapter 1 deals with an overall information about the economy of China and its difference from the other world. Also this chapter contains information about unique features of TNCs from China

Deadline for submission: 15 May, 2022.

Chapter 2 Analysis of the Case of the Chinese TNC Tencent

Chapter 2 deals with an information about Tencent- the company which was chosen as a subject of the study, as one of the biggest companies of China. Also providing a statistical data for the company

Deadline for submission: 15 May, 2022.

Chapter 3 Challenges and Prospects of the TNC development, the case of Tencent

Chapter 3 deals with the accusations and the clashes that could possibly be holding the company perspectives down, as well as the possible future forecasts for the company

Deadline for submission: 25 May, 2022.

8. Supervision on work:

Chapter	Full name and position of advisor	Task issued by	Task accepted by
1	Oksana Zamora, PhD associate professor		
2	Oksana Zamora, PhD associate professor		
3	Oksana Zamora, PhD associate professor		

9. Date of issue of the task: « ___ »20

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Introduction

Economy nowadays is very much influenced by the companies and capitalistic style. But in a lot of cases transnational companies can mean more than countries and their economic policies. For example, Shell company is making more money in a year than some countries and able to dictate their will through decisions and of them and control of finances. But how is things going in China? The fastest growing economy, country which went from Mao to Ji and breaking singled world. China is real opponent to the USA and country which substituted Soviet Union by the way of influence and valiabilty. But differing from USSR is methods by which China got to their level. Chinese TNCs are the leaders of production and important ability to change the economy the way they want.

Lets look on Tencent company and see how they got to the point where old companies loose their influence and position on the market and being swapped by Tencent only for 20 years. In this story we would see everything from plagiarism, money to governmental activities and international spy system. And this story will keep its logic way in our life and future so we all could see the end of it all. Will Chinese TNCs and Tencent among them conquer the world and change New York, Berlin, London, Zurich as financial centers for Nankin, Shenzhen, Beijing and Guangzhou? Will we keep our money in Yuan? Guess that is enough questions. Now I think I should spoil a bit more of what is waiting for us ahead in this work. The company which started like thousands others, but managed to achieve glory and the world lead. Definitely it is the best variant to study the specifics of business in China and the ways how it works. And here we would see is the one visioner, the man who changed everything is a myth in reality of China or not.

CHAPTER 1 THEORETICAL BACKGROUND OF TNCS FUNCTIONING IN CHINA

1.1 Introduction to transnational corporations

A multinational enterprise is an enterprise engaged in the international production of goods or services, foreign investment or the management of revenue and assets in one or more countries. It will open factories in developing countries because land is cheap there. Multinationals have many characteristics of multinationals, with the slight difference that multinationals consist of a central governance structure, while multinationals tend to decentralize and have different bases in the different countries in which they operate. Where traditional multinationals are national companies with foreign subsidiaries, multinationals expand their operations in many countries in order to maintain a high level of response to local conditions a multinational company has significant ability. operates in more than one country and does not take into account any specific country of the trading country. An important advantage for multinational companies is that they are able to maintain a higher response rate in the local market where they have production facilities.[1] Transnationality is the degree to which society is involved in the creation of values across national borders. In view of the accelerating globalization, managers often decide to expand a company's internationalization so that companies can compete effectively with global competitors who hire executives from many countries and try to make global decisions instead of tasks. Headquarters. Actions taken in the framework of international cooperation can help build better relations between countries. Resources in countries often have to be shared around the world, and therefore transnational cooperation helps in this process. The history of multinational companies in Western Europe dates back to the 16th century. During this period, the companies were founded under the name British East India Company. [2]

1.2 Specifics of Chinese transnational companies

China is now second largest after the United States, in 2015 - largest number of TNCs were included in a Fortune Global 500 list. In last five years, it became second largest TNC state on the list. In the year's ranking of largest, strongest and the richest

companies controlling the movement of wealth and resources, 106 Chinese TNCs (including Hong Kong) had been compared to one hundred twenty eight US TNCs. Between the years 2000 and 2010, there had been 170 U.S. transnational companies, 46 of the Chinese ones and a 139 from the U.S. TNCs were compared to 10 Chinese TNCs. The remarkable growth of the Chinese global companies in a short period of time from 2010 to today is commendable. The largest investment company is the Wall-Mart Stores Inc. Companies of the U.S. had a revenue in \$ 485.6 billion in a year 2014, and had been followed by a governmental corporation Sinopec China Petrochemical, which had generated a revenue of 446.81 billion.

Therefore Sinopec had overtook Royal Dutch Shell, which was previously second and is third in the world now. Its important to have an understanding of Chinese transnational corporations and how they are working. This should be noted - most of 106 listed companies of China are a state-owned, of which-47 are in direct control by the Asset Control Committee SASAC of China, only 22 companies are private. State-owned enterprises of China differ from ordinary ones. Chinese Communist Party usually appoints a senior officials, including heads of the state-owned enterprises and largest state-owned banks. Unofficially, directors of the state-owned enterprises are in close contact with a senior officials. At lower level, control of the local CMO also offered to leaders of local Communist Party. The Chinese government owns more than a 50 percent of shares in coal, oil, electricity, defense, telecommunications and the aerospace industries. State-owned companies providing the largest employment in the country, and for example, Sinopec employs 18.7 million people.

1.3 Economic environment of China and TNCs

State-owned companies are dominating many sectors of the Chinese economy. Its growth is in line within the government's long-term economical and development planning. To understand China's economic characteristic, we must know its plans for a five year period. In October of 2015, the Fifth General Assembly of the XVIII Central Committee of China Communist Party adopted a plan for Thirteenth Five-Year Plan of Economic and Social Development of China to cover the period 2016-2020, and the

National People's Congress presented it to end in March. Thirteenth Five-Year Plan is a first of five-year plans formulated by Xi Jinping. This is of strategic importance because we mark the centenary of Communist Party in 2020 and deadline for achieving a "prosperous society" in an all of the aspects of China development goals. Adding to this-promise to build a "Prosperity for masses by 2020" Thirteenth Five-Year Plan has many important goals, particularly when it comes to the environment development and energy. The Chinese government wants doubling of the country's GDP and per capita income. Eradicate population and poverty at the 2 level. To this end, a comprehensive plan is implemented that addresses China's economic "new norm" through industrial change.

An important goal is an end of current reputation for the Chinese products being associated with their cheapness and low-quality of products. Chinese government plans are usually long-termed and strategical, and government resource is mobilized to implement such plans. Its also taking advantage of fact that Communist Party government cannot immediately question the government. 13 Five-Year Plan is a continuation of the previous medium-term government and industrial policy for 2006-2020, which saw significant public spending to create viable products and a businesses in the market. "New Normal" program, planned on a 13 to 5 year plan, and it is aimng to strengthen a China's positions in a global chains by support of strengths of country in terms of a technology, its standards, its brands and quality with services.

1.4 Chinese model of transnational companies

There is a strong desire to create transnational companies as the sole participants in the transnational process and to view the country as a passive participant in charge of the transnational project. This created an "abstract dilemma" between transnational and ethnic structures. To overcome these two points of view, it is necessary to understand the "dialectical interaction" between global capitalism and national conditions, and even local and regional forces. Therefore, research into the rise of China's multinational telecommunications companies should include examining the dynamics of change in China, especially the process of re-entering transnational information capitalism. This required significant competition for Western epistemology. However, traditional

approaches to Chinese research have always made "peace" a reference point, making China a theme that reflects global reality.

The work is aimed at developing a more efficient and dispersed form of knowledge production, rather than using theories created to explain the Chinese experience. Within this framework, China and the world will be "a dynamic and interconnected process instead of a single unit" [3] China's astounding development over the past 30 years has sparked a wide and heated debate about the nature of the "Chinese model" and the global impact of the "rise of China." Some scholars have stressed that the transformation of China after Mao is a "special way" of transforming China into "modernism with Chinese characteristics" or "complete restoration of capitalism." Although some authors acknowledge the social heritage and industrial base that developed during the Maoist era, they also argue that there is no Chinese model in the course of modern development of China. For these writers, the rise of China in the post-Mao era represents an "important and competitive capitalist force" that is no different from other capitalist forces in the world market. In addition, some scholars have argued that China is undergoing a development process different from the new shapeless capitalism that it rules. They argued that China's development was close to that of an East Asian state. From the experience of industrialized countries in East Asia

Scientists from the so-called "Japanese model" and "developmental state" schools advocate government intervention to advance the country's industrial policy. For them, the essence of the "China Model" lies in its strong ability to identify the development benefits of the Chinese state and to promote strategic industrialization. China's development experience has proven that there are other options for the capitalist path. The so-called "Beijing Accords" are defined as "contrary to the Washington Consensus" aimed at the new system, and praised for China's great ability and effectiveness in maintaining high economic growth.

The obvious character of the Chinese model outweighs all socialist development. However, it should not be forgotten that any kind of "capitalism" or "socialism" used to justify the current logic of China's development is so vague and superficial that it cannot grasp the complexity of Chinese reality. Indeed, post-Mao development reform in China

is characterized by a process of twists and turns. This complex developmental process is best understood in terms of “national social development”.

CHAPTER 2. ANALYSIS OF THE CASE OF THE CHINESE TNC TENCENT

2.1 History of a Tencent Establishment at the Market

Tencent, is multinational company from China, mostly technological centralized. It was established in a year 1998, has its subsidiaries around the world selling a wide variety of services and products online, as well as entertainment, artificial intelligence and some other technologies. Headquartered in two skyscrapers, Tencent Seafront Towers are located at Nanshan-Headquarters in Shenzhen. Tencent company is a world's largest videogames provider and it is one of most valuable financial companies in the world. It is also one of the largest social networks, capital and investment institutions. Offers of Tencent in China include instant messaging services such as Tencent QQ and a WeChat than adding one of largest online portals QQ.com. It is owning the world's largest music service which is Tencent Music Entertainment which has 700+ million unique users and a 120 million members.

In 2018 Tencent exceeded its market value by \$ 500 billion and became first Asian technology company which first surpassed those estimates. [4] Since then, it has become one of the most expensive Asian companies and one of the best technology companies in the world in terms of market value. [5] The Boston Advisory Group and the Quick Company have named Tencent one of the most innovative companies in the world. Since 2018, Tencent has been ranked 5th in terms of global brand value. [6] He has an interest in more than 600 companies, recently focusing on technological innovation in Asia.

Tencent was founded by five people-Pony Ma, Zhang Zhidong, Xu Chenye, Chen Yidan and Zeng Liqing in a year 1998. It was founded on Cayman Islands. The first capital was provided. In February of 1999, Tencent OICQ messaging product had been launched [7] Shortly afterwards, Tencent changed customer's name to QQ; This attributes to threat of lawsuits by ICQ company and the AOL holders. Company was unprofitable during the first years. [8] Media company from South Africa-Naspers had acquired 46.5% of a Tencent shares in a year 2001. Tencent Holding had been firstly listed on a Stock Exchange of Hong Kong on 16 of June 2004 and then it had been added to a Hang Seng Indexes as stocks. Main Companys revenue was taken from an adverts and users of QQ

who had payed its monthly fees and this allowed them to get more functions. Suddenly by the year 2005, QQ Mobile, a value-added mobile service and penguin character licensing were found on food and clothing as a source of income. Until 2008, Tencent recorded increase in profits from their sales of a virtual products [9] Although services of Tencent have been including online games since 2004, and around 2007-2008 Tencent had rapidly increased their offers by a game licensing. There were at least two of their games-CrossFire, Dungeon Fighter Online which were produced by developers from South Korea, later Tencent made them of its own. On January 21, 2011, Tencent launched a Weixin, social media app. The app is now called WeChat, and its one of most powerful social media apps in the world due to wide range of features, platforms and more than billion active users per month.

On February 18, 2011, Tencent acquired a majority stake of Riot Games, the company which developed the League of Legends, paying around 230 millions of dollars. Tencent had already bought 22.34% stake in their previous investing process in 2008. In 2015, Riot Games had sold all of the remained capital to a Tencent Holding. Tencent company had also acquired minority stake of Epic Games, the company which developed franchises like Fortnite, Unreal Tournament, Gears and Infinity Blade, in a June of 2012. [10] During a 2013, Tencent has increased its stake of Kingsoft Network Technology up to 18%. Tencent had been a participant of an Activision - Blizzard separation from a Vivendi company as they were passive investor of them in 2013 and is now owning lesser of 4.8% share since a year 2017. On seventeenth of September 2013, Tencent had announced investment of 448 million dollar in a minority shares of the searching engine in China – Sogou.com. On a fifteenth of January 2014, Tencent announced investment of their 193.45 million in a logistics company - China South City Holdings. Tencent aimed on development of their tradings and logistic business. On February 27, 2014, they had acquired a 20 percent in a Dianping's site restaurants and a groups shopping for a roughly 400 million dollars. Company invests a lot of money in its e-commerce companies Pipei, QQ Wenggo and a shares in Yixun by JD and aimed to build strong competitn to the Alibaba. [11] Again in 2014, JD had been listed on NASDAQ, which allowed Tencent to expand its company shares to 17.43% paying 1,325 million dollars for this.

In March of 2014, there was an announcement that Tencent had agreed and paid 500 million for a 28 percent of CJ Games South Korea. On a June 27, 2014, Tencent had announced acquiring of 19.9 percent in Chinese e-commerce site 58.com paying 736 million for this. In 2015, Tencent acquired more shares paying 400 million, and now owning 25% of the company. On October of 2014, Tencent announced acquiring 7% of the lotteries Technology company named China LotSynergy and payed 445.5 million Hong Kong dollars for this. In October of 2014 Tencent had an investment of 145 million in 10 percent of Koudai Gouw a mobile shopping app.

In November of 2014, company had announced a huge contract with worldwide known company HBO which granted Tencent an exclusive distribution rights on a market of China. [12] In December of 2014 Didi Dash- taxi app announced that it raised 700+ million dollars in a financing led by Tencent company and state-owned investment firm from Temasek.

In a January of 2015 Tencent had launched WeBank app- the only online bank in China. Later Tencent signed 700 million dollars contract with NBA becoming a host to American Basketball Games in China. Later that year, BYD Automotive from China, became a Tencent main sponsor of NBA broadcasting. On June 21, 2016, Tencent bought 84.3 percent of Supercell, the developer of super popular-Clash of Clans app and had paid 8.6 billion dollars for this. In 2016, they bought majority of China Music Corporation. In 2016, Tencent, along with Foxconn factory and a luxury car dealer Harmony Auto formed a Future Mobility car startup, its aim was to sell an all electric premium cars by the year 2020.

In 2017, Tesla had announced that Tencent bought 5 percent of stake in a company for 1.78 billion, and its auto controls at the time have successfully passed tests through 2019. In may of 2017 Tencent announced their own searching and news aggregator engine. Also in 2017 WeChat app, was used by 770 million people. In a May of 2017, Tencent has surpassed a Fargo Wells entering top ten of most valuable companies in the world [13]. Also company had signed an agreement with Wuhu City Council aimed to establish first e-sports city of the world, which should be including eSports themed park,

eSports universities as culture and creativity parks, animation and industry park adding creative block with a technology development team and finally Tencents Cloud data center. This site should be used as a training ground for a future eSports players, as well as be a host for a national eSports events and also be a Tencent Games Development Center. Another eSports themed park was planned to built in Chengdu. [14]

By the June of 2017 Tencent has been ranked as 8th among the BrandZ's 100 Most Valuable Global Brands and this at the time became some sort of a symbol of growing influence in the world and an emergence of the brands from China. Alibaba had suddenly overtaken Tencent as the most valuable company in Asia in a terms of growth of equity after its Investors Day of 2017. Later Tencent has developed own voice assistant Xiaowei and considers full acquiring of Rovio Entertainment – developers of once super-famous Angry Birds franchise. Also Tencent had introduced their own mini-apps that were allowing smartphone users from all over the world to access to a mobile apps without any downloads from WeChat.

In a July of 2017, Tencent had acquired 9% of Frontier Developments game developers known for their works such as [15] Elite: Dangerous and Planet Coaster. They are also a developers of a Rollercoaster Tycoon 2 & 3. Tencent shares at the Hong Kong Stock Exchange grew up by the 6.2 percent up to 429 billion after they had released financial results for the second quarter of 2016. In an August of 2017 Tencent became second Asian company to have a market value of 400+ billion dollars. First company to achieve this was Alibaba. Later Tencent had also formed alliance for an artificial intelligence self-managed program which would be similar to a Baidu's Apollo project, and would be attracted to automotive industries. Company is also collaborating with L'Oréal Paris – the largest cosmetics company of the world, together they are studying digital marketing under a Joint Business Partnership Agreement. [16] Tencent still remains the largest publisher of videogames by the revenue, with a market capitalization of 475 billion. At the same time, company made an announcement that WeChat had reached a milestone of 980 million active users every month, and that it is competing with a YouTube by Google to give a billions of a dollars of cataloging user-generated content.

The company was also a first Asian company which surpassed Facebook in its value by 500+ billion dollars and a company which is included in a list of world's top five companies. [17] In a January of 2018 Tencent had teamed up with Danish Lego Group aiming to on develop online games and a media content for children. [18] Later Tencent had also opened the first drones shop in Shanghai. Also Tencent has invested 5.2 billion in a Wanda Commercial group acquiring conglomerate shares partnered with a JD.com, Sunac and a Suning Group. [19] Tencent had bought a 10% of Skydance Media. In January of 2018 Tencent and Carrefour had reached an agreement about their cooperated work in China.[20] On the August of 2018 Tencent had a reported profit declining in a second quarter of 2018 which has ended a great streak of growth which went for more than a decade. Shares of the internet giant Tencent Holdings Ltd. Fell 3% in a morning trade in Hong Kong after rare drop in quarter profit was reported, extending slide that has wiped nearly 50 billion dollar in market value from company in that week.[21] The sell-off dragged down many other Chinese internet stocks too.

On a September of 2018, Luckin Coffee signed an agreement about cooperation with Tencent. In October of 2019 Tencent were sending a refunds to a customers when they canceled broadcast of an NBA games responding to a Houston Rockets GM Daryl Morey social media comments in which he had supported the protests in Hong Kong.[22]

The administration of Donald Trump had an argument over the ByteDance and the TikTok, This had lead to President Trump signing two executive orders on the August of 2020. Orders which was directed to TikTok, prescribed that within 45 days from the signing should be banning all transactions which are involving TikTok app and ByteDance, including ban of a TikTok in the U.S, al of this has a penalty threat. The order number two had targeted a WeChat and all of the related transactions which could in the end get to Tencent. In a situation of a ByteDance, order was cancelled when it was later acquired by the American company. Microsoft also was interested wn buy out of the Tencent equity in United States. A reporter-Sam Dean had affirmed that this bans and prohibitions does not affect all of the assets owned by Tencent in America. In September of 2020, Tencent had chose Singapore as their main hub in Asia, at the time they had

joined a rivals in their race of reinforcement of the presence closer to China after previously mentioned allegations from a governments of India and U.S.A.[23]

In a July of 2021, the antitrust regulator of China had blocked a Tencent plans of merging two top streaming sites of China, Huya Live and DouYu. Tencent had failed with meeting up with SAMR requirements and didn't receive an exclusive streaming rights. The company had withdrawn the merging application from an antitrust commission and was rebuilding it when SAMR had said to Tencent that they couldn't potentially end up a completion of reviewing of merge within a 180 day since the first filiation. Tencent is planning on taking their searching and news engine aggregator- Sogou which was later approved by anti-monopoly committee.[24] Tencent had announced an intention to buy at least DouYu mostly due to a failed merge, and also due to a disagreements on a strategy of company work among the company's executive board. Tencent is currently the largest stakeholder in DouYu with a 37% stake.[25]

On a December of 2021 Tencent had made an announcement about acquiring of Slamfire and also a Turtle Rock Studios which had developed Left 4 Dead and later not so successful game-Back 4 Blood.[26]

In a January of 2022 the reports had been emerging that Tencent is one of the companies which had received fines from anti-monopoly agency of China for the merge and acquisition deals which were made in advance. Following the antitrust law of China, the approval by the committee is always required before start of merge and acquisition deals, if combined revenue for all of the entities which are involved in a process is at least 10 billion RMB, and two or more of the participants has at least 400 million RMB in a revenue per year. Among 13 deals which were cited by SAMR, for each of them companies were carried a fine amounted 500,000 RMB and overall Tencent had received fines in 4.5 million RMB overall company was involved in 9 deals over the time.[27]

On a January of 2022, Tencent had announced its talks about acquiring Xiaomi-backed company Black Shark, which is one of the largest producers of gaming smartphones in China. This possible acquisition could be the first of Tencent in hardware production and this would lead Black Shark into transition to production of virtual reality

headsets and a support of Tencent plans for its their own metaverse in future business. By the reports it is suggested that Tencent would pay 2.7 billion RMB of a Black Shark.

2.2 Analysis of Financial Data of the Company

To talk about finances we would look at the financial report of Tencent- 3rd quarter of 2020. Now lets take a look on the data. Total revenues of the period were 125,447 million RMB, this means an increase of revenue of total 29% over a third quarter of 2019. On basis of non-IFRS, which is actually intend to be a reflection of a core earnings by the exclusion of a certain one-timers and non-cash items: this is operating profit and it was 38,116 million RMB, which is a total increase of 34%. Moreover operating margins have increased up to 30% from the result of 29% last year. Profit for the period we are looking at- was 33,325 million RMB, which is a serious increase of 33% for the last year. Ma Huateng, who is a Chairman of Tencent, said next things on the annual report- "This quarter marked the second anniversary of our strategic organisation upgrade, which was intended to enhance our strength in Consumer Internet and extend our presence to Industrial Internet. While the upgrade was designed to bear fruit over the longer run, we are already seeing initial benefits in areas such as consolidating our advertising services, rejuvenating our product and content platforms, growing our cloud and SaaS businesses and building an internal open source code base. In the face of public health, macroeconomic, and geopolitical challenges, we will seek to sharpen our focus, innovate, and collaborate with our partners in order to better serve our users, customers and the society at large. "

Detailed information about profits and its growth we will use table 1.1

Table1.1-Consolidated income of profits for the period of 3rd quarter of 2019, 3rd quarter of 2020 and 2nd quarter of 2020 all the numbers are in RMB

	3Q20	3Q19	3Q20	2Q20
Revenues	125,447	97,236	125,447	114,883
VAS	69,802	50,629	69,802	65,002
FinTech and Business Services	33,255	26,758	33,255	29,862

Online advertising	21,351	18,366	21,351	18,552
Others	1,039	1,483	1,039	1,467
Cost of Revenues	68,800	56,757	68,800	61,673
Gross profit	56,647	42,479	56,647	53,210

Interest income	1,864	1,674	1,854	1,749
Other gains, net	11,551	932	11,551	8,607
Selling and Marketing expenses	8,290	5,722	8,920	7,756
General and administrative expenses	17,189	13,536	17,189	16,499
Operating profit	43,953	25,827	43,953	39,311
Finance costs, net	1,945	1,747	1,945	2,005
Share of profit/loss of associates and joint ventures	2,630	234	2,630	295
Profit before income tax	44,638	24,314	44,638	37,011
Income tax expense	5,739	3,338	5,739	4,557
Profit for the period	38,899	20,976	38,899	32,454
Net margin	31%	22%	31%	28%

Attributable to equity holders of the company	38,542	20,382	38,542	33,107
Non-controlling interests	357	594	357	653
Non-IFRS profit attributable to equity holders	32,303	24,412	32,303	30,153

of the company				
Earnings per share for profit attributable to equity holders of the company RMB per share	4.059	2.151	4.059	3.491
diluted	3.964	2.127	3.964	3.437

Now let's take a look on the financial results of 2Q 2022: Revenue of the company from has VAS increased by 35% which is up to 65,002 million RMB. Revenue of the online games had grew up by 40% which is 38,288 million RMB. This increase of revenue was mostly driven by a higher revenues from mobile games on Chinese and the other world markets, titles included are: Peacekeeper Elite with Honour of Kings, partly they were sat back by the decreasing of revenue from a PC market with such games as DnF and CrossFire. Total mobile games revenue were 35,988 million RMB and games on PC market had a revenues of 10,912 million RMB for the second quarter of 2020. Revenues from social networks has increased by 29% which is 26,714 million RMB. Such an increase occurred mainly because of revenue contributions of services providing digital content such as broadcast service HUYA, and subscriptions for a music service growth, and adding to this is revenue of an in-game item sales. FinTech and Business Service revenue had increased by 30% up to 29,862 million RMB. This increase reflected on a revenue growth in parts of commercial payment and it is all due to an increase of average number transactions and increased value per transaction. Company revenues of online adverts has increased by 13% which is up to 18,552 million RMB and it is all just in a second quarter of 2020 on a year-on-year basis. Revenues from advertising grew by 27% and this equals 15,262 million RMB. In this case-the increase was mainly due to growth of revenue from the company mobile advertising, and Tencent had benefited from an increased number traffic and a larhger mix of video adverts with much higher prices,

moreover an increased revenues has derived from the Weixin Moments thanks to a lot more inventories, impressions. But suddenly Media advertising revenue had decreased by the level of 25% lowering it down to 3,290 million RMB. The reasoning for such decrease was due to lower advertising revenue of Tencent Video which came as a result for the weak brand advertising, challenging macro environment on the market, and also a delayed production of content and its releases.

Data for this period we can see on table 1.2

Table1.2-Consolidated statement of comprehensive income in million RMB

	2Q20	2Q19
Profit for the period	32,454	24,684
Share of other comprehensive income/(loss) of associates and joint ventures	159	(2)
Currency translation differences	2,358	3,059
Net gains from changes in fare value of financial assets at fair value through other comprehensive income	56,797	2,582
Other fair value gains/(losses)	102	(70)
Total comprehensive income for the period attributable to equity holders of the company	89,242	28,080
Non-controlling interests	1,939	785

The Group of Tencent companies has audited profit to equity holders of a Company for the year which has ended 31 December 2019 was 93,310 million RMB, which is leading us to 19% increase while we compare it to the previous year result. Company non-IFRS profit attributable to equity holders for the year which had ended on 31 December 2019 was 94,351 million RMB, which is an increase equaling 22% if we compare it to the previous year. Detailed information we can see on the table 1.3

Table 1.3-End year data of 2019 (data in millions)

	31 December 2019	31 December 2019	Year-on year change	30 September 2019	Quarter-on quarter change
Combined MAU of Weixin and WeChat	1,164.8	1,097.6	6.1%	1,151	1.2%
Smart device MAU of QQ	647.0	699.8	-7.5%	653.4	-1%
Free-based VAS registred subscriptions	180.1	160.3	12.4%	170.6	5,6%

On the table 1.4 we could see how revenue of the company divided by the activities.

VAS means mobile, computer and browser games of the company and social networks revenue.

Table 1.4 – Company revenues divided into segments

	Amount	% of total revenues
VAS	291,572	52%
Online advertising	88,666	16%
FinTech and business services	172,195	31%
Others	7,685	1%

Now I think we should say a few words about the segments which gave the most revenue. VAS revenues has increased by 10% which is up to 291,6 billion RMB for the data at the ended of a year 2021 on a year-on-year basis. While the revenue of domestic games grew by 6% which is leading us up to 128.8 billion RMB, This segment has been driven by such games as Honour of Kings, Call of Duty Mobile and Moonlight Blade Mobile, but still there was a slight revenue decrease for the games: DnF and Peacekeeper Elite. Revenue of Tencent games on the international markets grew by 31% and now their revenue is 45.5 billion RMB, great revenue growth had been shown by PUBG Mobile, Valorant, Brawl Stars and Clash of Clans. While at that time a Social Network revenue has increased in 8% up to 117.3 billion RMB, leader in this sphere were video accounts streaming services, video subscription services, and the biggest number of contribution to a profit has been made from consolidation of streaming service HUYA since April 2020.

Revenues of Tencent from FinTech and Business Service sector has increased by 34% up to 172.2 billion RMB for the time of the year end. Revenue growth of FinTech Service primarily reflected on an increase of commercial payment volumes. Business Service revenue has increased rapidly on year-on-year basis mostly due to a digitalisation for traditional industry and rapid videolisation of an Internet, and also due to consolidation of Bitauto Business Service revenue since the period of November 2020.

2.3 Analysis of Products Specifics of Tencent

Tencent QQ which was launched in 1999 was the first and most famous product of Tencent, also QQ is the most popular instant messaging platform on the market of China.

In December of 2010, Tencent QQ already had a 647.6 million active users, and this made QQ-the largest online community in a whole world in 2010. An instant messaging service itself is free for all, but as of 2006 the feature of mobile messaging is charging a fee. Tencent had tried to create a QQ International app, international version of a QQ chat that is letting you to chat with mainland, also QQi app is downloadable for Windows and mac. Tencent had launched Qzone in 2005- social network which was integrated an ecosystem of QQ. Qzone later became among the largest of the Chinas social network and it had 645 million unique users in 2014. WeChat as a mobile application including an instant messaging, containing feature of text and voice message. Its also one of the most popular applications for an overseas Chinese community of Chinese and Malaysia. In 2017, WeChat had a fail to on an international market. [28] By 2010, Tencent instant QQ already had a large user base. Company has realized that smartphones are able to disrupt their status quo, Tencent CEO Ma Huateng had thought about an investment on replacement of QQ instant message app. WeChat has been launched in an October of 2010 it was produced by Tencent research and development center in Guangzhou. The app was created and launched in 2011 and created by Zhang Ailong and was named "WeChat". WeChat was slow to implement its user base to new app and was missing some of the key features anyway, app received a huge growth of userbase which was followed by the implementation of walkie-talkie voice messaging in May of 2011. By the 2012, user number of the app has reached 100 million. During the period of 12th Five-Year Plan (2011-2015), government of China actively supported e-commerce, and at the time WeChat had introduced a lot of new features in 2013 and it it was supporting payments and commerce, which were widely since the launch of this feature and made WeChat an app suitable for everything all in one. By the time of 2016, WeChat already had 889 million active users per months, finally by the time of 2019 WeChat users per months estimated to grow up to 1 billion people. In January of 2022, WeChat had a bit over a 1.2 billion active users of the app. WeChat Pay had been launched in 2013, and total number of the app users had reached 400 million users, and 90 percent of them are from China. In 2016 Facebook Messenger and WhatsApp, which were the main competitor had roughly about a billion active users per months, but still they didn't offer

the most of services provided by WeChat. In a second quarter of 2017, WeChat media advertisement revenues were 900 million dollars, at that time Facebook revenues were 9.3 billion dollars, and from the social media adverts they had received 98% of their revenues.

Tencent Games is video games publisher owned by the Tencent Interactive Entertainment. Tencent Games were founded in two thousand and three and it is aiming on an online game industry. Tencent fully owns four game dev studios: TiMi Studio from Shenzhen; Lightspeed & Quantum Studio also from Shenzhen; Aurora Studio of Shanghai; and Morefun Studio based in Shenzhen. This studios produce browser and mobile games and most of them are exclusives for China. In 2004, Tencent had relised their first game QQ Tang. This game is based on their own platform QQ. This game had also been followed by a different versions of games based on QQ platform: Dungeon Fighter Online; QQ Fantasy; Xunxian; QQ Sanguo; QQ Huaxia; QQ Dancer and a lot-lot more of low-quality games made in few days by 2 people, but still has a lot of variants of micro-transactions [29]

In 2008, Tencent had established a Lightspeed & Quantum studios. In 2015, they had released a multiplayer battle game Honor of Kings and it is exclusively available for China, and by 2017 it was most popular and highest in revenue game of all the time and the most downloaded app worldwide.[30]

In 2017 Tencent had also released a global version this game and named it- Arena of Valor. During 2011, Tencent had firstly started to host tournaments to a massive online games like Call of Duty Online, League of Legends- the game which later became fully owned by a Tencent.[31] Tencent partly owns all of the famous battle royale games like Fortnite, PlayerUnknown's Battlegrounds, Escape from Tarkov and owns Ring of Elysium. In 2016, Tencent had started to develop gaming console TGP Box. And in 2022 Tencent is about to release portable mini console.

TGP BOX is officaly called “the Blade”. It is build on an Intel hardware. Console runs on Windows 10 and has a built-in TGP Box mode. This console is importing many of Tencent games: League of Legends, FIFA Online 3, NBA 2K, Monster Hunter, Need for Speed, and PlayerUnknown's Battlegrounds. Tencent is hoping to bring up third-party develop games for their consoles. In 2017, Tencent had entered co-operation with a

producers of PUBG corporation and the goal of this agreement was obtaining an exclusive rights of operatin Playerunknown's Battlegrounds insode China. In April of 2017, Tencent had being unveiling their new gaming platform- WeGame was meant to be hosting games, contents, and service all over the globe and aiming to provide gaming information, purchase, download, live streams and a community servicing, creation of open ecosystems for a gaming. WeGame was meant to be an upgraded version for a Tencent Gaming Platform which is obtaining more than 200 million active monthly users, while their main competitor-Steam had only 125 million. Tencent Gaming Platform has more than 4.5 billion downloads from the Tencent market store.

This gaming platform is supporting Chinese and all of the global users with a single store for everybody and it went online on the 1 of September 2017, Tencent is focusing on PC and single-player games and never meant to be host to a web or mobile games, and will be providing a support to little indie production companies. The company had been promising to launch a lot of famous titles including Stardew Valley, Rocket League, Portal Knights, Minecraft, Cities: Skylines, and were promising one hundred seventy games by an end of a year 2017. There were a lot of expectations that WeGame is able to grow into a huge global store with their newly created focuses on a Western users, combining with a massive buy powers of an Asian gamers.[32] Tencent had also planned to increase advert revenues through an artificial intelligence and the branding of virtual costume in a video games.

On eighteenth of March, 2019 Tencent had announced that TiMi Studios, owned by them would be a developers of Call of Duty: Mobile, series created by the Activision. Mobile game has been released on the first of October, 2019. In first five days the game had acheived 35 million downloads and had over 2 million dollars in revenues. PUBG Mobile and its Chinese version had being on a top of a global mobile games by their revenues, they had ranked a combined 232 million dollars of sales as for March 2020 this is because of covid era and turn of people to an online entertainment.

PUBG which was originally a battle royale developed by the Korean company Bluehole and the mobile version of the game has been developed and marketed by Tencent and their subsidiaries. Mobile PUBG was licensed by the Bluehole company. In

a July of 2022 Bloomberg reported about Sony and Tencent which were interested in buy out of Leyou-company known for development and publishing of Warframe, and Athlon Games. On a 24th of August due to reports Tencent were close up to an acquisition of Leyou.[33] Also Tencent had made an investments into a lots of the non-Chinese game companies. With this investments Tencent is considering to be the largest video gaming company in the world [34].

Here is the list of Tencent investments:

- Tencent fully owns Riot Games- developers of Valorant and League of Legends from the U.S
- Tencent fully owns Funcom- a publisher from Norway.
- Tencent fully owns a Swedish developer Sharkmob, which was founded in 2017 by ex-Ubisoft developers.
- Tencent owns 80% of the Grinding Gear Games from New Zeland, the developers of Path of Exile franchise.
- Tencent owns approximately 84% of mobile game developer from Finland Supercell, the makers of famous mobile online games Clash of Clans and Clash Royale.
- Tencent owns a 40% of American company Epic Games, known for creation of games engine base and the developers of a popular among kids game- Fortnite
- Tencent owns 20% ownership of Marvelous- Japanese publisher and developer which is owning G-Mode and the intellectual properties of Data East which are: BurgerTime, Joe & Mac, and Magical Drop franchises.
- Tencent owns 5% of Century Huatong from China, which is operating games which were developed by FunPlus. [35].
- Also Tencent own 17.66% of South Korean mobile game developer Netmarble.
- Approximately 15% of Glu Mobile belongs to Tencent
- Tencent owns 9% of developer from the United Kingdom Frontier Developments
- Also 5% of American Activision-Blizzard
- 5% of Swedish publisher Paradox Interactive belongs to Tencent
- Tencent owns 5% of France's Ubisoft they purchased it from Vivendi following its failed attempt to buy Ubisoft in March 2018[36]

- Owning of 1.5% of South Korean company Bluehole, known as the publisher of PlayerUnknown's Battlegrounds. And this allowed Tencent to be exclusive rights owner of the game for China and mobile version
- Tencent is a major owner of Switzerland-based mobile game developer Miniclip
- They are an investors of Japanese developer PlatinumGames
- Also Tencent invested in Reddit

In April of 2009, Tencent had organized a launch of iTQQ- "smart interactive television service" partnered with TCL. In 2015, Tencent was launching Tencent Pictures- film distribution and production company which is trying to create and distribute films based on books, comics, animated series and some of the video games.[37] The same year, Tencent was launching Tencent Penguin Pictures which goal is minor investments in a small dramas and soap operas. On 21 of March 2012, Tencent had launched a Tencent Comic, which had later become largest animation platform of China. In September of 2017, Tencent made an announcement about their plans of introducing Chinese comics to a global market, their first target was North America. Tencent is working with a San Francisco based publisher- Tapas Media, their goal is English-language release of the most popular online titles of China. [38]

In 2014, Tencent had established an exclusive for China distribution agreements with a few of the largest musical producers: Sony, Warner Music Group and YG Entertainment [39] and later, in 2017 they had signed a huge deal with a Universal Music Group gaining an exclusive rights to stream their music in China. They had also come into a partnership with Alibaba about their share of rights for music-streaming, the aim of a deal is a protection of licensed streaming services together with development of fast-growing streaming market of China. Due to this deal- Alibaba will be gaining stream rights for music by international labels, which were already signed with Tencent, while returning for an offered rights to a huge catalogues for music of Chinese and Japanese origin.

In a December of 2017 Tencent Music Entertainment together with had Spotify agreed to swap their 10% stake and were investing in each other businesses so this had formed a powerful alliance in music industry industry[40]

In March of 2020, Tencent has been able to buy out 10% stake of Vivendi in Universal Music Group, which is a world's largest music label. Adding to this- it received an option of buying 10% more on the conditions they had previously.[41] In June of 2020, Tencent had bought 1.6% stake of the Warner Music Group when it had launched an IPO that month. Tencent currently owning Tencent Video a streaming website, which is also controlling streaming platform number one in China- Huya Live and it is currently a stakeholder of Chinese live-streaming platforms like DouYu, Kuaishou and bilibili. In March of 2020, Tencent had started testing a Trovo Live, service for worldwide users. And this platform is now actively gaining users from Russia due to paycuts from Twitch.tv. Since June 2020, Tencent owns Malaysian Video service Iflix.

In a September of 2005, company had been launching PaiPai.com. This is a C2C site for auctions. Moreover, they had launched an online payment system which should have been a competitor to PayPal and support all type of payment and it was named TenPay. [42] Responding to a dominance of Alibaba on domestic market Tencent tried to make their own e-commerce platforms. In 2014 they bought a 15 percent of JD.com. According to an agreement, JD would be receiving an exclusive rights of access to WeChat and QQ platforms. On May of 2014, JD was the first ever e-commerce company from China to be listed on a NASDAQ stock exchange. [43] Later JD had made an announcement that they have to stop a support of their service on Paipai.com because they were unable to deal with the sales of fake goods. 3-month later Paipai was shut down. JD had made a relaunchment of PaiPai.com as PaiPai Second Hand aimed to compete with Alibaba's Xianyu on the enormously big second-hand market of China. [44]

In 2017 company was working with a Central Bank of China for development of a central payment clearing platform which should have been used for an online payment. In a March of 2006, company subsidiary had launched their own internet search engine-Soso.com. On the 1 October 2012, this website was 33rd among the most visited in the world and 11th among the most visited ones in China [56] In a year 2008, Tencent had been releasing their own media player QQ player-available for free. This year they had also launched a new web browser- Tencent Traveler. By 2008 it has become China third most-popular browser.

In 2017, Tencent had a huge launch of their own credit system- Tencent Credit, Their main competitor- Sesame Credit has the same features and operated by Alibaba. Later Tencent has created 3 healthcare systems- WeChat Intelligent Healthcare, Tencent Doctorwork, and an AI Medical Innovation System. [45]

Tencent is operating the first online insurance agency platform in China- WeSure. Later this company started to collaborate with a domestic insurance company Ping An Insurance.[47] In a late April of 2017, company had announced a launch of their virtual reality headset in 2017. In March of 2020, innovation lab has been launched by Huawei and Tencent and they are aiming to participate in a development of a cloud-based gaming platform. With the further explorations of possibilities in an artificial intelligence sphere and a virtual reality elements of the games. [46]

During coronavirus pandemic, Tencent has sent 1.2 million face masks for medical staff in America who was at the time combating the virus. [49] On 26 of May 2020, Tencent made an announcement that they were planning to invest about 500 billion yuan in a next five years to build up a new digital infrastructure with a major hi-tech initiatives that should bolster Beijing efforts of driving economy recovery during post-Covid 19 era. In June of 2020, Tencent being unveiling their plans for building an urban developed "Net City", this should be a development, equivalent in size to Monaco, but in Shenzhen. Inside of it there is a prioritization of pedestrians, green spaces and usage of self-driving vehicles. Due to plans it should include corporate offices, schools, flats, sports facilities, parks and a retailing spaces, its all according to architect of the project. [46]

2.4 Corporate governance of Tencent, subsidiaries and research

The largest shareholder of Tencent is - Prosus, which is currently owns 30.99% of shares. But still the founder of the company Ma Huateng himself owns a significant stake. Tencent corporation is headquartered in a Tencent Binhai Mansion which is situated in Shenzhen. Also Tencent has their offices in Beijing, Shanghai, Chengdu, and finally Guangzhou. [47] Corporation has a unitary board which consists of a company co-founder, CEO, and finally chairman Ma Huateng, who sometimes calls himself- Pony Ma. Also there is executive director and he is a president of Tencent- Martin Lau. Also

corporation has a non-executive directors, they are: Jacobus Bekker and Charles Searle from Prosus, and an independent non-executive directors: Li Dongsheng, Iain Bruce, Ian Stone, Yang Siushun.

Tencent is an owner of at least four fully-owned foreign enterprises and also they have nearly twenty subsidiaries. Web- browser Tencent Traveler and all of the later versions of QQ IM, with some of the mobile software are controlled by the subsidiary. It is located on a Southern District of Hi-Tech Park in Shenzhen. Company is also a holder of number of patents which are related to the instant messaging apps and and online gaming.[48]

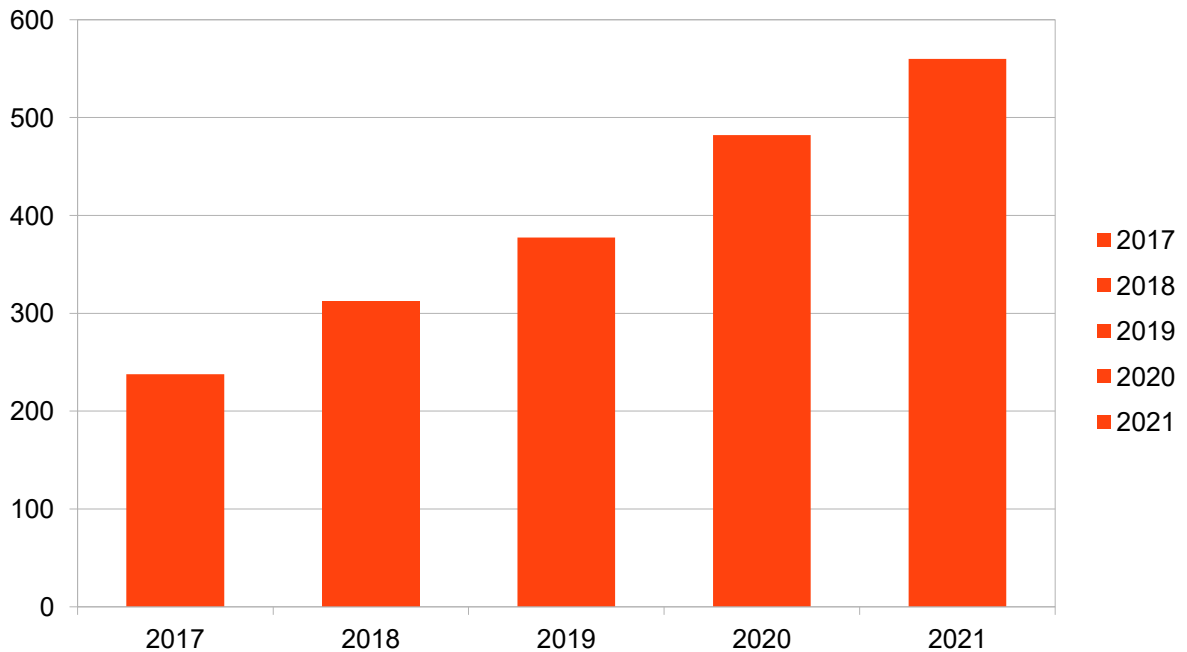
In 2007, Tencent had made an investment of 100 million RMB in the establishment of their own Research Institute, and finally it became the first researching center in China, which is fully dedicated to studying of Internet technologies. Its campuses are also located in cities as Beijing, Shanghai, and surely Shenzhen. [48]

CHAPTER 3. CHALLENGES AND PROSPECTS OF THE TNC DEVELOPMENT, THE CASE OF TENCENT

3.1 The Secret of Rapid Growth of the Tencent TNC

On this diagram we see that revenue of Tencent is constantly growing. And company is in a great position where they are spending their budget wisely and been saved from drastic financial losses. Moreover Communist party of China actively supports heir large transnational companies, and Tencent gets a huge part of this support, which is involving not only a financial backup. This should be in conclusion but for some unknown reason I want to write it here. Company’s future is bright and there are nothing which could prevent them from becoming a global super-power and media dealer number one not only in China but in a whole world. If they would need it for some reason. Because Chinese movies for example are able to make a lot more money than Hollywood blockbusters, even though they are only shown in China and awful reviews. Mobile games of Tencent are world leaders, definetly not by the means of quality but bringing them enormous sums of money.

Diagram 1.1 – Revenue growth from 2017 to 2021



4.2

Weirdly most of Tencent software and services somewhat similar to the ones that already on the market and operated by somehow possible competitors, or only one. Alibaba is a rivalry company and all the time they are meeting up as competitors and it doesn't matter are we talking about second-hand sales or music live-streaming. Founder of Tencent- Huateng Ma once said, "copy is not an evil." Former of one of Tencent competitors- SINA.com, Wang Zhidong once said "Pony Ma is a notorious king of copying." Also Jack Ma been talking about this. And he said- "The problem with Tencent is the lack of innovation; all of their products are copies." [49]

Central bank of China had signed cooperation agreement with an Ant Group, the fintech affiliate of Alibaba, it is aimed to build up a platform for a digital currency which will be in total control of China government. Chinese government has been developing their own electronic yuan, or in other words e-CNY, since 2014 and it was aimed to replace some part of the cash flows which is in circulation. For its official launch, the digital cash of China would be first of them which could be used for a retail payments on domestic market before it would be used abroad as the Chinese authorities would have wanted. According to the Global Times- the two sides will be promoting and developing e-CNY it would be- Ant's database, Ocean Base, adding their mobile platform called mPaaS. [55]

For the last three years the bank of China had also been working with Tencent. Together they were developing the first iteration e-CNY. This information had been recently disclosed by a few major financial service providers of China. This disclosure suggests that the company had been working closely with the bank regulator despite Tencent was having some governmental intensive anti-monopoly comitee investigation on them. [56]

Analysts think that the bank of China is in need of serious support from a local fintech giants and their help to build up an infrostructure and use of their distribution channels for the national virtual currency. Also this may lead to a potential easier implementation of the system through Tencent and Alibaba subsidiaries and services. Initiative of e-CNY is believed to be tested in Beijing, Shanghai and Shenzhen.

3.2 Controversies in the Tencent Corporation Development

During 2015, famous security testing companies AV-Comparatives, AV-TEST and a Virus Bulletin removed Tencent products out of software whitelist. Products which were supplied by Tencent for testing were optimizing system which made their software less exploitable during the benchmarks but still was providing a great scope for an exploits delivery.[50] Furthermore, the settings of software were detrimental to a users protection. Later Tencent was also accused actively cheating during the anti-malware tests.

For the date of 19th National Congress of Chinese Communist Party, our company had released a small mobile game by the name "Clap for Xi Jinping: An Awesome Speech" in this game players should generate as many claps as they could, during 19 seconds for a supreme party leader. And in 2019, Tencent had partnered with Publicity Department of Chinese Communist Party and the People's Daily with the goal of developing "patriotic games." [51]

WeChat was accused of blocking TikTok vids and the censorship of possibly political sensitive content. In an April of 2018, Douyin had sued Tencent and they were accused of spreading fake and potentially damaging information on Tencent WeChat platform, in the end Douyin demanded 1 million RMB as a compensation for this.

In Summer of 2018, it was time for Tencent to fill in a lawsuit against Toutiao and Douyin companies in a Beijing court, the allegations were: repeated defamation of Tencent; constant spreading of the negative news: damage to reputation. This time Tencent was the one who has been seeking 1million RMB in compensation and demanded apologies.[56] In response to this Toutiao had filed a complaint the following day against a Tencent company accusing them in unfair competition and seeking not only apologies but for 90 million RMB.

In October of 2019, Blitzchung controversy erupted when professional video gamer, Ng Wai Chung, known by his in-game name Blitzchung, won a tournament in the game Hearthstone and used post-tourney victory interview to make a statement in support of Hong Kong protests, which are highly politically sensitive to China and potentially embarrassing to Chinese Communist Party. Blizzard- owner of the game and operator of

the tournament, responded by revoking his prize money and banning him from any further tournaments for a year, which they had later partially rescinded under great public pressure of following widely publicized boycott campaign among general public, a letter of objection from multiple US Senators and Representatives, and the revocation of a major sponsorship by Mitsubishi. Tencent owns 5% stake in Blizzard and it, as well as Chinese government, appearing to have pressured Blizzard of punish Blitzchung for making statements that caused the government of China to lose face. But still Tim Sweeney who is a CEO and a founding member of Epic Games, had tweeted that in his company they would never be following lawsuits and be punishing anybody for expression of their opinions, and it doesn't matter for him that Tencent owns a 40% of Epic Games [53].

He said,- "That will never happen on my watch as the founder, CEO, and controlling shareholder," also he said that Epic Games is a company from America and it would never compromise on the questions of free speech in a name of favor with authorities of Chins to the maximization of their profits there.

Later, there was another China related controversy influencing the freedom of speech in the West were related to the protests in Hong Kong, Tencent made an announcement that they would be stopping their broadcast of Houston Rockets games in China. This was caused by the tweet of Daryl Morey, who was at the time a general manager of Houston Rockets team, In his tweets he supported the Hong Kong protestors. Even though his tweet was deleted pretty fast, but internet remembers anything, and the NBA authorities were spend months by attempting to control the damage they received in China.[53]

CONCLUSION

Tencent is the example of company which looks successful in every sphere. World situation is dictating rules to business now. And with coronavirus situation a lot of companies losing money markets end so on. But Tencent is working with online services mostly so if world would still be wearing masks and sitting at home Tencent would have prosper future as we see in the financial results for 2020. Moreover, if world would get back to offline nothing bad would happen with the company. They were rapidly growing for last 20 years and no scandals or critic let company down, moreover they achieved more in this 20 years than most of the companies with 100+ years history. For me it is showing that company strategy is working and being in top of expensive companies is not the end of the highway for this company and they are able to achieve spot number 1. So 2020 gave even more significant boost for the company in development and specifying the predictions- in 2021 situation with coronavirus still was a concern but still Tencent had made even more money and became more engaged company. Then we have a few opportunities. Therefore I think I should make some of the forecasts for a company future. Long story short- everything would be great. Online era is alive and humanity leans more and more towards total digitalization and Tencent would be a leader in this digitalization race of 21st century. Is there any American or European company with such rapid growth tempo and future perspectives. But there is definitely one thing which Tencent could be afraid of- sanctions from Usa and European Union. A lot of things are now leaning toward a special operation of China towards Taiwan. And if this will happen, I still don't believe in sanctions which could make China and their TNCs weaker. But maybe I am wrong. So in potentially good situation for company- it is keeping growth and becoming more and more needed for humanity. All of this online focus will give Tencent advantage over the other companies which started later and system which made company one of the biggest in 20 years- would make it the best in 10 years. Wouldn't it be nice to have Viber, Appstore, Steam, Spotify, Netflix and monobank in one place?

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