

China's Alibaba, Tencent unit fined under anti-monopoly law

December 14 2020, by Zen Soo



In this May 27, 2016, file photo, a man talks on his phone as a woman rides on an electric bike past a company logo at the Alibaba Group headquarters in Hangzhou in eastern China's Zhejiang province. China's market regulator on Monday, Dec. 14, 2020 said it fined Alibaba Group and a Tencent Holdings-backed company for failing to seek approval before proceeding with some acquisitions. (AP Photo/Ng Han Guan, File)

China's market regulator on Monday said it fined Alibaba Group and a Tencent Holdings-backed company for failing to seek approval before proceeding with some acquisitions.

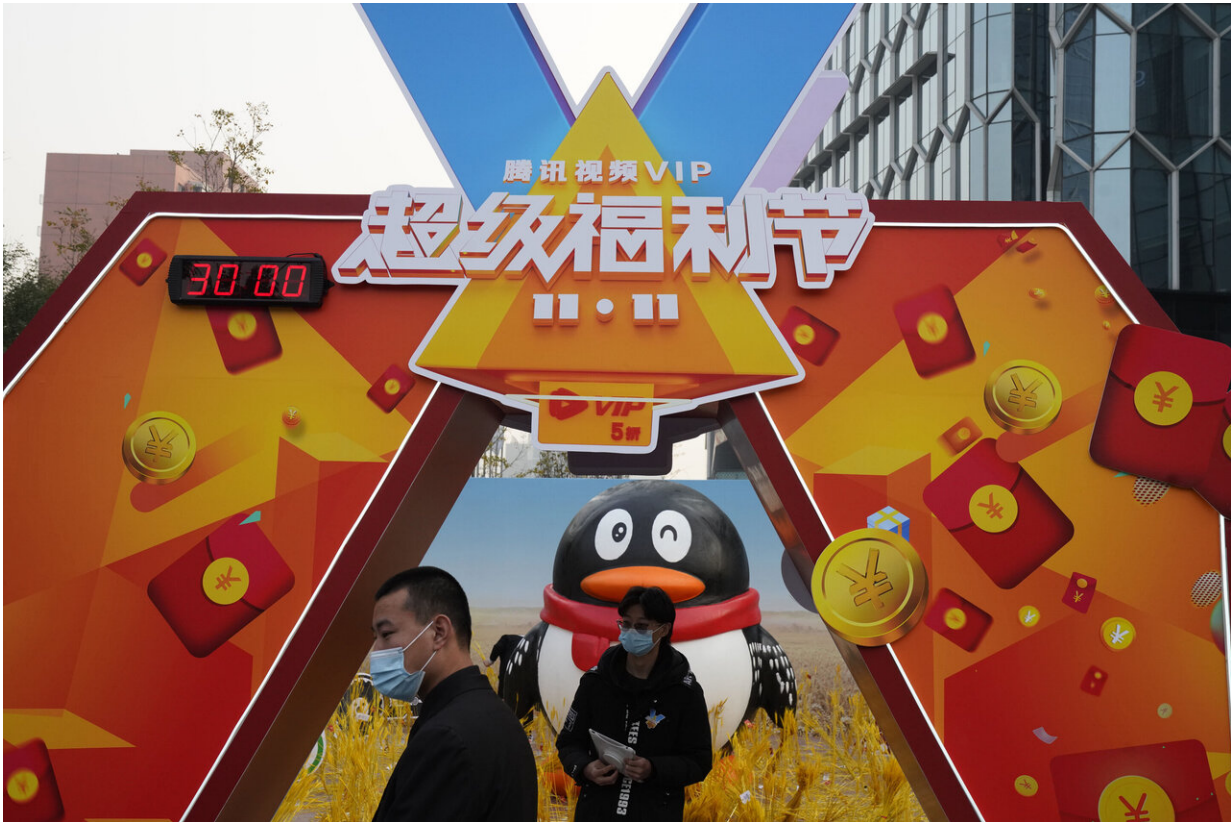
It also is launching a review of a merger of two online streaming platforms in the latest tightening of controls over the internet sector.

In a statement, China's State Administration for Market Regulation said Monday that it fined Alibaba 500,000 yuan (\$76,500) for increasing its stake in department store company Intime Retail Group to 73.79% in 2017 without seeking approval.

China Literature, an online publisher and e-book company spun off by Tencent, was fined the same amount for also not seeking approval for its acquisition of New Classics Media. Separately, Shenzhen Hive Box, backed by Chinese courier firm SF Express, was censured over its acquisition of China Post Smart Logistics.

China's market regulator is also reviewing the merger of two major Chinese game streaming platforms, DouYu International Holdings and Huya Inc. Tencent, the world's largest gaming company that owns stakes in both firms, is leading the deal and would have controlled 67.5% of voting shares in the merged business.

The moves come amid stepped up scrutiny of monopolistic behavior by internet companies. Last month, China released draft regulations to clamp down on anti-competitive practices in the industry, such as signing exclusive agreements with merchants and the use of subsidies to squeeze out competitors.



Workers wearing masks stand near a promotional booth for Tencent video in Beijing on Nov. 11, 2020. China's market regulator on Monday, Dec. 14, 2020 said it fined Alibaba Group and a Tencent Holdings-backed company for failing to seek approval before proceeding with some acquisitions. It also is launching a review of a merger of two online streaming platforms in the latest tightening of controls over the internet sector. (AP Photo/Ng Han Guan)

"We hope that operators realize that the anti-monopoly law applies to all entities," the regulator said in a separate statement.

"Platform companies are not outside the anti-monopoly law. Internet platform companies should strictly abide by anti-monopoly laws and regulations and maintain fair market competition," it said.

Stock prices for Alibaba and Tencent both fell about 2.6% on Monday.

E-commerce giant Alibaba acquired InTime Retail to help it combine e-commerce and offline retail, while China Literature bought New Classics Media to expand its content offerings.

Alibaba and Tencent, operator of the popular WeChat messaging service, are among China's biggest technology companies.

Both companies did not immediately respond to requests for comment.

China's tightening control of internet companies mirrors a similar focus on technology companies in the U.S., where lawmakers and regulators are probing companies like Facebook and Google over anti-competitive practices. Earlier this month, the Federal Trade Commission accused Facebook of buying up its rivals to quash them and wipe out competition. The FTC called for Facebook's acquisitions of WhatsApp and Instagram to be unwound.

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