



Decision CPC: 58/2021

Case Number: 08.05.001.021.047

## THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW

No. 83(I)/2014

### Notification of a concentration concerning the acquisition of the share capital of 1C Entertainment Spolka Akcyjna, by Tencent Holdings Limited, via Proxima Beta Europe B.V.

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou,	Chairperson
Mr. Panayiotis Ousta	Member
Mr. Aristos Aristeidou Palouzas	Member
Mr. Andreas Karydis	Member
Mr. Polynikis-Panagiotis Charalambides	Member

Date of Decision: 1<sup>st</sup> of September 2021

#### SUMMARY OF THE DECISION

On 30/07/2021, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of Tencent Holdings Limited (hereinafter “Tencent”) a notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the “Law”).

The notification concerns a concentration, according to which, Tencent, via Proxima Beta Europe B.V. (hereinafter “Proxima”) will acquire the 92,03% of the share capital of 1C Entertainment Spolka Akcyjna (hereinafter the “Target”).

The parties involved in the concentration are the following:

1. Proxima is a private limited liability company, duly registered in accordance with the laws of The Netherlands. It is a subsidiary of Proxima Beta Pte. Limited, which is ultimately controlled by Tencent Holdings Limited. It is active in the development, publishing, promotion and distribution of computer games and related products and provides IT services to consumers and businesses, in the possession of investments, etc.

Tencent is a portfolio limited liability company, duly registered in accordance with the laws of the Cayman Islands. Tencent, together with its subsidiaries (hereinafter the “Tencent Group”), has interests in the communications, news and entertainment sectors and is active in a wide range of Internet activities, including the provision of value-added services via the Internet and mobile telephony, internet and cloud advertising services and other related business services. Tencent Group’s business activities include the operation of online games and mobile platforms, the advertising, development and release of gaming software, and the operation of media platforms. In addition, Tencent Group invests in holding companies in various sectors and countries. In the field of game software, Tencent Group is involved in the development and release of games for various platforms, such as mobile devices, but also computers and consoles. The games in the Tencent Group portfolio cover all the major types and demographics of the gamers. Tencent Group publishes games developed by both the Group and third-party developers. The Tencent Group develops and markets the online multiplayer game League of Legends, which is played on computer platforms. Tencent Group trades western toys in China (eg Candy Crush, FIFA online and [.....]). In this context, Tencent Group has partnered with third-party game development studios to provide financial and strategic support, including capital. Tencent Group games are available to download on its online and mobile platforms, as well as on third-party platforms (eg AppleStore, Steam).

2. The Target is a limited liability company duly registered in accordance with Polish law. The Target, together with its subsidiaries (hereinafter the “Target Company Group”), is active in the video game industry. The activities of the Target Company group include the development of video games, the physical distribution of videogames and merchandise, as well as specialized videogame services provided to other videogame developers, ie game transfer and localization.

The Target Company Group is active in the videogame industry and has three business divisions:

- 1) distribution - physical and digital distribution of videogames and distribution of goods (merchandise),
- 2) specialized game services - services provided to other game developers, e.g. toy transfer, toy localization, quality assurance (QA), and
- 3) videogame publishing - game development, mainly for computers and consoles.

The concentration is based on Share Purchase Agreement dated 16/07/2021 (hereinafter "Agreement") between 1C Limited, 1C Entertainment ESOP Limited, Foksta Investment Limited, Mr Tomasz Nieszporski and Mr Artur Zurek, (the Sellers), and Proxima Beta Europe B.V (the Buyer). Based on this Agreement, Tencent, via Proxima Beta Europe B.V. will acquire the 92,03% of the share capital of the Target.

The Commission, taking into account the facts of the concentration, has concluded that this transaction constitutes a concentration within the meaning of section 6 (1)(a)(ii) of the Law, since it leads to a permanent change of control of the Target Company.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3 (2) (a) of the Law were satisfied and therefore the notified concentration was of major importance falling within the scope of the Law.

The relevant product/services and geographic market in this case were defined as the market of a) the release of computer games; (b) the release of games for consoles; (c) the release of games for mobile phones; and (d) the distribution of digital games in the territory of the Republic of Cyprus.

Based on the notification, Tencent operates in the same relevant product market as the Target in the Republic of Cyprus for the release of computer games. The combined market share of Tencent and the Target in the abovementioned relevant product market is [5-10]%. Therefore, there is no affected market in the horizontal activity of the participating companies in Cyprus.

Also, there is no vertical relationship between the activities of the participating companies in Cyprus.

Taking into account the above, the Commission concludes that in this concentration there is no affected market based on Annex I of the Law.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that there is no question of the creation or strengthening of a dominant position or the obstruction of competition.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

Loukia Christodoulou  
Chairperson of the  
Commission for the Protection of Competition