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Tencent 腾讯
TENCENT HOLDINGS LIMITED
騰訊控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 700)

**UPDATE IN RELATION TO THE PROPOSED SPIN-OFF AND
SEPARATE LISTING OF
TENCENT MUSIC ENTERTAINMENT GROUP**

The Board is pleased to announce that the pricing of the Tencent Music ADSs was fixed on 11 December 2018 (New York time) and the trading in the ADSs on the NYSE will commence on 12 December 2018 (New York time).

The ADS Offer Price was fixed at US\$13.00 (equivalent to approximately HK\$101.74) per ADS.

Out of the 82,000,000 ADSs being offered under the Offering, 41,029,829 new ADSs will be sold by Tencent Music (representing approximately 2.51% of the issued share capital of Tencent Music as enlarged by the issue of new Class A Shares represented by ADSs before any exercise of the over-allotment option and assuming full subscription under the Concurrent Private Placement) and 40,970,171 ADSs will be sold by the Selling Shareholders. Tencent Music has granted the Underwriters an over-allotment option, exercisable within 30 days from the date of Tencent Music's final prospectus, to purchase up to 12,300,000

additional ADSs. Assuming the over-allotment option is not exercised and full subscription under the Concurrent Private Placement, the total gross proceeds of the Offering and Concurrent Private Placement are expected to be approximately US\$1.10 billion (equivalent to approximately HK\$8.61 billion) and the gross proceeds to Tencent Music from the sale of new ADSs are expected to be approximately US\$0.57 billion (equivalent to approximately HK\$4.46 billion). Each ADS will represent two Class A Shares.

DISTRIBUTION

In accordance with the requirements of PN15, the Board proposes to give due regard to the interests of the Shareholders by providing qualifying Shareholders with an assured entitlement of a certain number of Distribution ADSs and / or the payment of cash by way of the Distribution (subject to the consummation of the Proposed Spin-off and the satisfaction of applicable closing conditions). A non-qualifying Shareholder will not receive the Distribution ADSs, and subject to such non-qualifying Shareholder holding the required minimum number of Shares (such number to be determined by the Company) on the relevant record date, will instead receive cash in lieu of the relevant number of Distribution ADSs to which he/she/it would otherwise have been entitled. A resolution is expected to be passed by a committee appointed by the Board on 13 December 2018 for the purpose of making a declaration of a special dividend to be satisfied by way of the Distribution. Details of the terms of the Distribution have not yet been finalised as at the date of this announcement. It is expected that a further announcement on the terms of the Distribution will be made by the Company on 13 December 2018.

Shareholders should note that the Distribution is conditional upon completion of the Proposed Spin-off, which itself is conditional upon the satisfaction of certain conditions including, without limitation, market conditions. If the Proposed Spin-off does not proceed for any reason, the Distribution will not be made. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.

References are made to the Company's announcements dated 8 July 2018 and 3 December 2018 in respect of the Proposed Spin-off.

PRICING AND COMMENCEMENT OF TRADING ON THE NYSE

The Board is pleased to announce that the pricing of the Tencent Music ADSs was fixed on 11 December 2018 (New York time) and the trading in the ADSs on the NYSE will commence on 12 December 2018 (New York time).

The ADS Offer Price was fixed at US\$13.00 (equivalent to approximately HK\$101.74) per ADS. Out of the 82,000,000 ADSs being offered under the Offering, 41,029,829 new ADSs will be sold by Tencent Music (representing approximately 2.51% of the issued share capital of Tencent Music as enlarged by the issue of new Class A Shares represented by ADSs before any exercise of the over-allotment option and assuming full subscription under the Concurrent Private Placement) and 40,970,171 ADSs will be sold by the Selling Shareholders.

Tencent Music has granted the Underwriters an over-allotment option, exercisable within 30 days from the date of Tencent Music's final prospectus, to purchase up to 12,300,000 additional ADSs. Assuming the over-allotment option is not exercised and full subscription under the Concurrent Private Placement, the total gross proceeds of the Offering and Concurrent Private Placement are expected to be approximately US\$1.10 billion (equivalent to approximately HK\$8.61 billion) and the gross proceeds to Tencent Music from the sale of new ADSs are expected to be approximately US\$0.57 billion (equivalent to approximately HK\$4.46 billion). Each ADS will represent two Class A Shares.

ASSURED ENTITLEMENT

In accordance with the requirements of PN15, the Board proposes to give due regard to the interests of the Shareholders by providing qualifying Shareholders with an assured entitlement of a certain number of Distribution ADSs and / or the payment of cash by way of the Distribution (subject to the consummation of the Proposed Spin-off and the satisfaction of applicable closing conditions). A non-qualifying Shareholder will not receive the Distribution ADSs, and subject to such non-qualifying Shareholder holding the required minimum number of Shares (such number to be determined by the Company) on the relevant record date, will instead receive cash in lieu of the relevant number of Distribution ADSs to which he/she/it would otherwise have been entitled. A resolution is expected to be passed by a committee appointed by the Board on 13 December 2018 for the purpose of making a declaration of a special dividend to be satisfied by way of the Distribution.

Details of the terms of the Distribution have not yet been finalised as at the date of this announcement. It is expected that a further announcement on the terms of the Distribution will be made by the Company on 13 December 2018.

Shareholders should note that the Distribution is conditional upon completion of the Proposed Spin-off, which itself is conditional upon the satisfaction of certain conditions including, without limitation, market conditions. If the Proposed Spin-off does not proceed for any reason, the Distribution will not be made. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.

DEFINITION

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

Term	Definition
“ADS(s)”	American depositary shares to be issued pursuant to a deposit agreement between Tencent Music and The Bank of New York Mellon, each representing two Class A Shares in Tencent Music, which will be listed on the NYSE
“ADS Offer Price”	US\$13.00 (equivalent to approximately HK\$101.74), the initial public offer price of an ADS under the Offering
“Board”	the board of Directors
“Class A Share(s)”	Class A ordinary share(s) with par value of US\$0.000083 each of Tencent Music (each Class A Share is entitled to one vote)
“Company”	Tencent Holdings Limited, a limited liability company organised and existing under the laws of the Cayman Islands and whose Shares are listed on the Stock Exchange
“Concurrent Private Placement”	the purchase by the Company (subject to the completion of the Offering) of a certain number of Class A Shares with an aggregate value of up to HK\$250 million, calculated based on the ADS Offer Price
“Director(s)”	director(s) of the Company
“Distribution”	the proposed special dividend of the Company, to be satisfied by the distribution in specie of ADSs and / or the payment of cash to qualifying Shareholders

“Distribution ADSs”	the ADSs to be distributed to qualifying Shareholders pursuant to the Distribution
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“NYSE”	the New York Stock Exchange
“Offering”	the initial public offering of ADSs in connection with the Proposed Spin-off
“PN15”	Practice Note 15 of the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Spin-off”	the proposed spin-off listing of the Company’s majority-owned online music entertainment business operated by Tencent Music involving the Offering and the proposed separate listing of the ADSs on the NYSE
“Securities Act”	the United States Securities Act of 1933, as amended
“Selling Shareholders”	the shareholders of Tencent Music who proposed to sell certain number of ADSs in connection with the Proposed Spin-off
“Share(s)”	ordinary share(s) of HK\$0.00002 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tencent Music”	Tencent Music Entertainment Group, an exempted limited liability company incorporated in the Cayman Islands
“Underwriters”	the underwriters to the Offering
“US\$”	the United States dollars, the lawful currency of the United States of America
“%”	per cent

For illustrative purpose of this announcement, US\$1 = HK\$7.8259.

By Order of the Board
Ma Huateng
Chairman

12 December 2018

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Ma Huateng and Lau Chi Ping Martin;

Non-Executive Directors:

Jacobus Petrus (Koos) Bekker and Charles St Leger Searle; and

Independent Non-Executive Directors:

Li Dong Sheng, Iain Ferguson Bruce, Ian Charles Stone and Yang Siu Shun.