

For Immediate Release

China Music Corporation and Tencent's QQ Music announce a strategic merger to jointly develop digital music business in China

Shenzhen, Guangzhou and Beijing, July 15, 2016 – China Music Corporation (“CMC”) and QQ Music under Tencent Holdings Limited (“Tencent”, SEHK stock code: 00700), today jointly announce a strategic merger of their digital music businesses aimed at providing superior online music streaming experiences to users, as well as fostering an industry structure built upon authorized music rights and a freemium business model in China.

The strategic merger combines Tencent's QQ Music service with CMC to form a new company, where Tencent will become the majority shareholder. Tencent will fully support the new company to develop its digital music business, paving the way for an initial public offering. Co-CEOs of CMC, Xie Guomin and Xie Zhenyu will become co-presidents of the new company. Tencent's vice president Pang Kar Shun, Cussion, will become CEO of the new company.

QQ Music, KuGou and Kuwo will continue to manage their existing brands and operations independently. Users can enjoy existing streaming services, and have access to a broad range of fun and innovative products provided across these platforms. The new company will promote a freemium model built upon authorized music rights, where users can enjoy free streaming with superior experiences and artists and record companies can be rewarded for their creativity through premium service offerings. This will foster an ecosystem that facilitates the healthy development of digital music and related businesses in China, fights piracy and benefits music lovers, composers, artists, record companies and distribution platforms.

Xie Guomin and Xie Zhenyu, co-presidents of the new company, said: “KuGou, Kuwo and QQ Music have built up a large licensed music library and created a rich digital music experience, winning the hearts of hundreds of millions of music fans in China. The three platforms will operate independently but leverage clear synergies that complement each other to further elevate the user experience. They will also advance efforts in intellectual property in the digital music sector, in order to create a win-win for content providers, music channels and users.”

Cussion Pang, CEO of the new company, said: “Following the merger, QQ Music, KuGou and Kuwo will operate their existing brands and businesses independently. This new company will serve an expanded user base, providing music fans with a broader selection of services. At the same time, we will actively explore innovative products and seek to grow the digital licensed music market through free streaming services, while providing a mutually beneficial environment for content creators, artists and record companies through premium services.”

Martin Lau, President of Tencent, said: “Inheriting the solid business foundations from both sides, the new company will be the flagship for Tencent's digital music and related businesses. I believe the new company will provide users a richer and more engaging music experience, and

support the healthy development of China's digital music industry built upon authorised music rights.”

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About Tencent

Tencent uses technology to enrich the lives of Internet users. Every day, hundreds of millions of people communicate, share experiences, consume information and seek entertainment through our integrated platforms. Tencent's diversified services include QQ, Weixin/ WeChat for communications; Qzone for social networking; QQ Game Platform for online games; QQ.com and Tencent News for information and Tencent Video for video content.

Tencent was founded in Shenzhen in 1998 and went public on the Main Board of the Hong Kong Stock Exchange in 2004. The Company is one of the constituent stocks of the Hang Seng Index. Tencent seeks to evolve with the Internet by investing in innovation, providing a mutually beneficial environment for partners, and staying close to users.

About China Music Corporation

China Music Corporation, which owns well-known music platforms KuGou, Kuwo and Rainbow Music, most music-oriented live broadcast platform Fanxing, Ocean Music and R2G, is one of China's largest and integrated internet music groups. With more than 12 years of operations and expertise in the field of digital music service and music copyrights administration and with 460 million monthly active users, CMC dedicates to provide users with full spectrum of music services, including streaming, downloading, online live broadcasts, karaoke and other music related services across all screens and terminals, including mobile phones, personal computers, television and other multi-media platforms.

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