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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)

**DECLARATION OF A DISTRIBUTION
IN CONNECTION WITH THE SPIN-OFF AND
SEPARATE LISTING OF TENCENT MUSIC ENTERTAINMENT GROUP**

The Spin-off of Tencent Music and its listing on the NYSE took place on 12 December 2018 (New York time) at a final offer price under the Offering of US\$13.00 (equivalent to approximately HK\$101.74) per ADS.

The Board is pleased to announce that in giving due regard to the interests of the Shareholders as required under PN15, the Spin-off Committee has passed on 13 December 2018 a resolution to declare a special dividend of approximately HK\$250 million to the Shareholders by way of a distribution on the following basis:

- (i) A Qualifying Shareholder holding a whole multiple of 3,900 Shares on the Record Date will be entitled to a Distribution of one ADS for every whole multiple of 3,900 Shares held. Such Shareholder may elect to receive the ADS(s) to which they are entitled, or, in lieu of such ADS(s), a cash payment equal to the ADS Offer Price per ADS in Hong Kong dollars (rounded down to the nearest Hong Kong dollar); such election by a Qualifying Shareholder shall apply to all (but not part) of the ADSs to which such Shareholder is entitled.

- (ii) Fractional ADSs will not be distributed. A Qualifying Shareholder who holds Shares in excess of a whole multiple of 3,900 Shares will be entitled to a cash distribution of HK\$13 for every whole multiple of 500 Shares held in excess of the largest multiple of 3,900 Shares held on the Record Date.
- (iii) Qualifying Shareholders who hold less than 3,900 Shares and Non-Qualifying Shareholders will not be entitled to elect to receive ADSs, but will instead receive cash in lieu of the ADSs to which they would otherwise receive on the basis that for every 1,500 Shares held on the Record Date, such Shareholder will be entitled to a cash distribution of HK\$39, and for every additional whole multiple of 500 Shares held on the Record Date, such Shareholder will be entitled to receive an additional cash distribution of HK\$13.
- (iv) Any Shareholder who holds less than 1,500 Shares on the Record Date will not receive any cash distribution as entitlement to sums of less than HK\$39 will not be distributed and will be retained for the benefit of the Company.

References are made to the Company's announcements dated 8 July 2018, 3 December 2018 and 12 December 2018 in respect of the Spin-off.

ASSURED ENTITLEMENT

The Spin-off of Tencent Music and its listing on the NYSE took place on 12 December 2018 (New York time) at a final offer price under the Offering of US\$13.00 (equivalent to approximately HK\$101.74) per ADS.

The Board is pleased to announce that in giving due regard to the interests of the Shareholders as required under PN15, the Spin-off Committee has passed on 13 December 2018 a resolution to declare a special dividend of approximately HK\$250 million to the Shareholders by way of a distribution on the following basis:

- (i) A Qualifying Shareholder holding a whole multiple of a Qualifying Lot on the Record Date will be entitled to a Distribution of one ADS for every whole multiple of a Qualifying Lot held. Such Shareholder may elect to receive the ADS(s) to which they are entitled, or, in lieu of such ADS(s), a cash payment equal to the ADS Offer Price per ADS in Hong Kong dollars (rounded down to the nearest Hong Kong dollar); such election by a Qualifying Shareholder shall apply to all (but not part) of the ADSs to which such Shareholder is entitled.
- (ii) Fractional ADSs will not be distributed. A Qualifying Shareholder who holds Shares in excess of a whole multiple of a Qualifying Lot will be entitled to a cash distribution of HK\$13 for every whole multiple of 500 Shares held in excess of the largest multiple of a Qualifying Lot held on the Record Date.

- (iii) Qualifying Shareholders who hold less than a Qualifying Lot and Non-Qualifying Shareholders will not be entitled to elect to receive the ADSs, but will instead receive cash in lieu of the ADSs to which they would otherwise receive on the basis that for every 1,500 Shares held on the Record Date, such Shareholder will be entitled to a cash distribution of HK\$39, and for every additional whole multiple of 500 Shares held on the Record Date, such Shareholder will be entitled to receive an additional cash distribution of HK\$13.
- (iv) Any Shareholder who holds less than 1,500 Shares on the Record Date will not receive any cash distribution as entitlement to sums of less than HK\$39 will not be distributed and will be retained for the benefit of the Company.

Qualifying Shareholders

Qualifying Shareholders are the Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Shareholders who are, or who are acting for the account or benefit of, Non-Qualifying Shareholders.

Non-Qualifying Shareholders

Non-Qualifying Shareholders are the Shareholders (including beneficial owners) who are:

- (i) on the Record Date, resident or located in places outside Hong Kong in respect of which the Spin-off Committee considers the exclusion from receiving the ADSs under the Distribution to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place or the requirements of a regulatory body or stock exchange in that place, in accordance with Rule 13.36(2) of the Listing Rules;
- (ii) otherwise unable to make the certifications required in the Form of Election in order to be entitled to receive the Distribution ADSs; or
- (iii) Tencent Music Affiliates.

Since registration or filing or other procedures or formalities, subject to certain exceptions, would need to be carried out in relation to the Distribution to comply with the relevant securities legislation or regulation in the US, Non-Qualifying Shareholders are deemed to include, without limitation to the generality of the above, Shareholders (including beneficial owners) who are located in the US or who are US Persons.

The Company reserves the right to adopt the same approach in respect of any other jurisdiction(s) where the applicable laws of the relevant jurisdiction make it necessary or expedient to do so.

Circular and Form of Election

A Qualifying Shareholder holding a Qualifying Lot on the Record Date will be sent a Circular and a Form of Election. The Form of Election will set out the number of the Distribution ADSs to which the relevant Qualifying Shareholder is entitled. No Form of Election will be sent to any Shareholder who, to the knowledge of the Company, is located in the US or who is a US Person.

Any Non-Qualifying Shareholder who receives a Form of Election will be deemed to have received the Form of Election for information purpose only.

Qualifying Shareholders holding a Qualifying Lot who wish to receive cash

Any Qualifying Shareholder holding a Qualifying Lot on the Record Date who wishes to receive cash in lieu of all the Distribution ADSs to which he/she/it would otherwise be entitled do not need to take any action in respect of the Form of Election.

Qualifying Shareholders holding less than a Qualifying Lot

The Form of Election will only be sent to, and only needs to be completed by, a Qualifying Shareholder holding a Qualifying Lot on the Record Date. Qualifying Shareholders holding less than a Qualifying Lot on the Record Date and Non-Qualifying Shareholders will receive cash on the basis specified in this announcement.

Qualifying Shareholders holding a Qualifying Lot who wish to receive the Distribution ADSs

Any Qualifying Shareholder holding a Qualifying Lot on the Record Date who wishes to receive the Distribution ADSs must return a validly completed Form of Election. In addition to making certain other certifications and agreements in the Form of Election, a Qualifying Shareholder who wishes to receive the Distribution ADSs must certify in the Form of Election that he/she/it is not located in the US nor is he/she/it a US Person. For a Qualifying Shareholder who is holding Shares as a nominee, trustee, depository or any other authorised custodian, such Shareholder must also certify that he/she/it is not receiving the Distribution ADSs for the account

or benefit of, a beneficial owner located in the US or who is a US Person. A Shareholder who returns a Form of Election but fails to provide the aforementioned certifications will be deemed a Non-Qualifying Shareholder and will receive cash on the basis specified in this announcement.

Any Qualifying Shareholder holding a Qualifying Lot should note that he/she/it is able to receive the Distribution ADSs only if he/she/it specifies in the Form of Election information as to the details of his/her/its DTC participant account and/or the details of his/her/its broker or dealer who is a direct or indirect DTC participant, the details of that broker's/dealer's DTC participant name, account, and contact telephone number to which the Distribution ADSs can be credited and such broker or dealer accepts such Distribution ADSs for crediting. Information specified on a Form of Election must be complete and valid, failing which, the Qualifying Shareholder listed on that Form of Election will be deemed to have elected to receive cash in lieu of the Distribution ADSs to which he/she/it is entitled. Qualifying Shareholders who have elected to receive the Distribution ADSs must instruct and coordinate with their respective brokers/dealers on their elections and the settlement of their respective Distribution ADSs.

To be valid, the Form of Election, together with any power of attorney (where applicable) and/or other authority under which it is signed (where applicable) or notarially certified copy thereof, must be returned to the office of the Share Registrar no later than 4:30 p.m. on Tuesday, 29 January 2019. No acknowledgment of receipt of the Form of Election will be issued. A Qualifying Shareholder is deemed to have elected to receive cash in lieu of the Distribution ADSs to which he/she/it is entitled if such Qualifying Shareholder fails to return a valid Form of Election.

Any Form of Election will be treated as invalid if:

- it is incomplete; or
- it contains illegible writing; or
- the Shareholder is unable to provide the correct details of his/her/its broker or dealer (including details of the DTC participant, account and other information listed on the Form of Election) and the account to which the Distribution ADSs are to be credited; or
- the broker or dealer is not a direct or indirect DTC participant or refuses to accept the Distribution ADSs, such that the Distribution ADSs could not be credited for the account specified in the Form of Election.

The latest time for submission of the Forms of Election will not be valid if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 29 January 2019. In which case, the deadline for the submission of the Forms of Election will be 4:30 p.m. on the same Hong Kong business day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on 29 January 2019. In which case, the deadline for the submission of the Forms of Election will be rescheduled to 4:30 p.m. on the next Hong Kong business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.

Despatch of cheques

Cheques for all cash payments are expected to be despatched by ordinary post to the address specified in the register of members, at the risk of the relevant Shareholder, on Wednesday, 20 February 2019.

Qualifying Shareholders holding Shares as trustees and beneficial owners

Any Qualifying Shareholder who holds Shares as a nominee, trustee or registered holder in any other capacity will not be treated differently from any other registered holders. Any beneficial owner of Shares which is registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to the Distribution. Any such person may consider whether he/she/it wishes to arrange for the registration of the relevant Shares in the name of the beneficial owner prior to ex-entitlement of the Distribution, however, any costs, taxes or duties associated therewith or arising therefrom will be borne solely by such Shareholder.

Restrictions on sales of the Distribution ADSs for 40 days after delivery

In accordance with the requirements of US securities laws, Qualifying Shareholders receiving the Distribution ADSs will not be permitted to sell, transfer or otherwise dispose of their Distribution ADSs during the period of 40 days commencing on the date of the last issuance of the Distribution ADSs to Qualifying Shareholders. After the expiry of that 40-day period, the Distribution ADSs held by Qualifying Shareholders will be tradable on the NYSE on the same basis as the ADSs issued under the Offering.

Holding of the Distribution ADSs through the DTC

The Distribution ADSs are to be held electronically in book entry form through the facilities of the DTC directly in the name of a Qualifying Shareholder who has elected to receive the Distribuion ADSs (only if such Qualifying Shareholder is a participant in the DTC) or indirectly through the Qualifying Shareholder's account at a broker/dealer or other financial institution which is a direct or indirect participant in the DTC.

After the 40-day period as set out above, at the direction of Tencent Music and the Company, the DTC will credit the account of (i) a Qualifying Shareholder (if such Qualifying Shareholder is a participant in the DTC) or (ii) the broker/dealer or other financial institution which is a direct or indirect participant in the DTC designated by such Qualifying Shareholder, with the number of the Distribution ADSs to which such Qualifying Shareholder is entitled and has elected to receive.

Any Qualifying Shareholder holding a Qualifying Lot should note that he/she/it is able to receive the Distribution ADSs only if he/she/it can provide the details of his/her/its DTC participant account or the details of his/her/its broker/dealer or other financial institution who is a direct or indirect DTC participant, the details of that broker's/dealer's or other financial institution's DTC participant name, account, and contact telephone number to which the Distribution ADSs can be credited and such broker/dealer or other financial institution accepts such Distribution ADSs for crediting.

Qualifying Shareholders who have elected to receive the Distribution ADSs must instruct and coordinate with their respective brokers/dealers or other financial institutions on their elections and the settlement of their respective Distribution ADSs.

Distribution ADSs

The Distribution ADSs are listed on the NYSE. The ticker symbol of Tencent Music on the NYSE is "TME".

EXPECTED TIMETABLE FOR THE DISTRIBUTION

The expected timetable for the Distribution is as follows:

All time and dates referred to below are Hong Kong time unless otherwise indicated.

Events

Dealings in the ADSs on the NYSE commenced at ^{Note} ... 10 p.m. on Wednesday,
12 December 2018

Latest day for dealing in Shares on
a cum-entitlement basis Thursday, 27 December 2018

First day of dealing in Shares on
an ex-entitlement basis Friday, 28 December 2018

Latest time for lodging transfers of Shares

cum-entitlement to the Distribution 4:30 p.m. on Wednesday,
2 January 2019

Register of members of the Company closes from ... Thursday, 3 January 2019 to
Friday, 4 January 2019
(both days inclusive)

Record Date for determining the entitlement to
the Distribution Friday, 4 January 2019

Register of members re-opens on Monday, 7 January 2019

Despatch of Circular and the Form of Election on Friday, 11 January 2019

Latest time for lodging the Form of Election 4:30 p.m. on Tuesday,
29 January 2019

Distribution of the Distribution ADSs on Wednesday, 20 February 2019

Despatch of cheques for cash on Wednesday, 20 February 2019

Note:

Dealings in the ADSs on the NYSE commenced at 9:00 a.m. on 12 December 2018 (New York time).

Please note that the timetable is subject to change. If there are changes to the above timetable, the Company will publish an announcement to inform the Shareholders.

FIXING OF RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

Based on the expected timetable of the Distribution, the register of members of the Company will be closed from Thursday, 3 January 2019 to Friday, 4 January 2019 (both days inclusive) for the purpose of determining the Distribution, and will be re-opened on Monday, 7 January 2019. No transfer of the Shares may be registered during such book close period.

In order to qualify for the Distribution, all transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar not later than 4:30 p.m. on Wednesday, 2 January 2019.

GENERAL

Qualifying Shareholders are reminded that whether or not it is to their advantage to elect to receive the Distribution in cash in lieu of the Distribution ADSs depends upon their own individual circumstances and preference, and the decision in this regard and all effects resulting therefrom are the responsibility of each individual Qualifying Shareholder.

This announcement is not, and does not form part of, an offer to sell or solicitation of an offer to purchase or subscribe for any securities of Tencent Music in Hong Kong, the US or any other jurisdiction, and neither this announcement, nor any part of it, shall form the basis of, or be relied on in connection with, any investment decision relating to securities of Tencent Music. The ADSs referred to in this announcement have not been and will not be registered under the Securities Act, and may not be offered or sold unless registered or an exemption from registration is available.

DEFINITION

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

| Term | Definition |
|--------------------|--|
| “ADS(s)” | American depositary shares 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 are 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 |
| “Circular” | a shareholders’ circular containing the detailed terms and conditions of the Distribution and the detailed procedures and certification requirements for accepting the Distribution, which will accompany the Form of Election |
| “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 |
| “control(s)” | the power to direct the management and policies of the person in question, whether through the ownership of voting securities, by contract, or otherwise and “controlled” shall be construed accordingly |
| “Director(s)” | director(s) of the Company |

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|-----------------------|--|
| “Distribution” | the proposed special dividend of the Company, to be satisfied by the distribution of the Distribution ADSs and/or the payment of cash to Qualifying Shareholders on and subject to the terms and conditions set out in this announcement and to be set out in the Circular |
| “Distribution ADSs” | the ADSs to be distributed to Qualifying Shareholders pursuant to the Distribution |
| “DTC” | the Depositary Trust Company |
| “Form(s) of Election” | the form of election to be completed by Qualifying Shareholders who hold a Qualifying Lot pursuant to which such Qualifying Shareholder may elect to receive the Distribution ADSs or cash in lieu of all the Distribution ADSs to which they are entitled |
| “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 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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| “Non-Qualifying Shareholder(s)” | (i) the Shareholders (including beneficial owners) on the Record Date who are resident or located in places outside Hong Kong in respect of which the Spin-off Committee considers the exclusion from receiving the ADSs under the Distribution to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place; (ii) without limitation to the generality of the foregoing, the Shareholders (including beneficial owners) who are located in the US or who are US Persons; (iii) the Shareholders (including beneficial owners) who are otherwise unable to make the certifications required in the Form of Election in order to be entitled to receive the Distribution ADSs; or (iv) any Tencent Music Affiliates |
| “NYSE” | the New York Stock Exchange |
| “Offering” | the initial public offering of the ADSs in connection with the Spin-off |
| “PN15” | Practice Note 15 of the Listing Rules |
| “Qualifying Lot” | 3,900 Shares |
| “Qualifying Shareholder(s)” | the Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Shareholders who are, or who are acting for the account or benefit of, Non-Qualifying Shareholders |
| “Record Date” | 4 January 2019, the date by reference to which entitlements to the Distribution are determined |
| “Securities Act” | the United States Securities Act of 1933, as amended |
| “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) |

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| “Share Registrar” | the branch share registrar of the Company, namely Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Spin-off” | the spin-off listing of the Company’s majority-owned online music entertainment business operated by Tencent Music involving the Offering and the separate listing of the ADSs on the NYSE |
| “Spin-off Committee” | a committee formed by the board resolutions passed by the Board on 26 May 2018 comprising of, as at the date of this announcement, Lau Chi Ping Martin, James Gordon Mitchell and Lo Shek Hon John, with authority to, among other things, consider the declaration, and to determine the terms of, the Distribution and to take all necessary steps to implement the Distribution |
| “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 |
| “Tencent Music Affiliate(s)” | (i) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, Tencent Music; or (ii) an executive officer, a director, or a large shareholder that is in a relationship of control with Tencent Music |
| “US” | the United States of America |

“US\$” United States dollars, the lawful currency of the US
“US Person(s)” as defined in Rule 902 under the Securities Act

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

By order of the Board
Ma Huateng
Chairman

13 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.