
**THIS CIRCULAR AND THE ENCLOSED FORM OF ELECTION
ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this Circular or the accompanying Form of Election or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all of your shares in Tencent Holdings Limited, you should at once hand this Circular and the accompanying Form of Election to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A Form of Election is enclosed with this Circular for use by Qualifying Shareholders (other than ADS Non-Qualifying Shareholders) holding 3,900 Shares or more, in connection with their claiming of their entitlements under the Distribution and electing to receive Distribution ADSs.

The Form of Election will not be sent to Qualifying Shareholders holding less than 3,900 Shares or to ADS Non-Qualifying Shareholders. Qualifying Shareholders holding less than 3,900 Shares and ADS Non-Qualifying Shareholders will receive this Circular for information purpose only.

Nothing in this Circular constitutes an offer of securities for sale in the U.S. or any other jurisdictions where it is unlawful to do so. The Distribution ADSs have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the U.S. or other jurisdictions, and the Distribution ADSs may not be offered or sold, directly or indirectly, within the U.S. or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.

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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)

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

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Definition | 1 |
| Letter from the Board | 5 |
| – Introduction | 5 |
| – Distribution ADSs | 6 |
| – Particulars of the Distribution | 6 |
| – Entitlements to Cash Payment | 8 |
| – Form of Election | 8 |
| – Action to be taken by Beneficial Owners | 10 |
| – Action to be taken by CCASS Investor Participants | 11 |
| – Transfer of Distribution ADSs to Qualifying Shareholders and Despatch of Cheques to Qualifying Shareholders and to ADS Non-Qualifying Shareholders | 11 |
| – Expected Timetable | 11 |
| – Overseas Shareholders and Stock Connect Investors | 12 |
| – General | 12 |

DEFINITION

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

| Term | Definition |
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| “ADS(s)” | American depository 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 Non-Qualifying Shareholders” | as defined in the section headed “PARTICULARS OF THE DISTRIBUTION - ADS Non-Qualifying Shareholders” |
| “ADS Offer Price” | US\$13.00 (equivalent to approximately HK\$101.74) per ADS, the initial public offer price of an ADS under the Offering |
| “Beneficial Owner(s)” | any beneficial owner(s) of Shares whose Shares are registered on the register of members of the Company in the name of a nominee, trustee, depository or any other authorised custodian or third party (including but not limited to HKSCC Nominees Limited in respect of Shares deposited in CCASS) |
| “Board” | the board of Directors |
| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| “CCASS Investor Participant” | a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation |
| “CCASS Participant” | a person admitted by Hong Kong Securities Clearing Company Limited as a participant of CCASS |
| “Circular” | this circular despatched to the Shareholders on 11 January 2019 in respect of the Distribution, which is accompanied by a Form of Election (if applicable) |
| “Class A Share(s)” | Class A ordinary share(s) of Tencent Music with par value of US\$0.000083 each and each share of which 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 |

DEFINITION

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| “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 |
| “Depository” | The Bank of New York Mellon |
| “Director(s)” | director(s) of the Company |
| “Distribution” | the special dividend of the Company, to be satisfied by the distribution of the Distribution ADSs and/or the payment of cash on and subject to the terms and conditions as set out in this Circular |
| “Distribution ADS(s)” | the ADS(s) to be distributed to Qualifying Shareholders (other than ADS Non-Qualifying Shareholders) pursuant to the Distribution and subject to certain resale restrictions as set out in the section headed “DISTRIBUTION ADSs” |
| “Distribution Compliance Period” | a period of 40 days commencing on the date of the last transfer of the Distribution ADSs to Qualifying Shareholders as notified by Tencent Music to the Depository |
| “DTC” | the Depository Trust Company |
| “Form(s) of Election” | the form(s) of election to be completed by Qualifying Shareholders (other than ADS Non-Qualifying Shareholders) who hold at least a Qualifying Lot pursuant to which such Qualifying Shareholders may elect to receive the Distribution ADSs or cash payment 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 PRC |
| “Intermediary” | in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant |
| “NYSE” | the New York Stock Exchange |
| “Offering” | the initial public offering of the ADSs in connection with the spin-off of the Company’s majority-owned online music entertainment business operated by Tencent Music |

DEFINITION

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| “PRC” | the People’s Republic of China, which for the purpose of this Circular, does not include Hong Kong, the Macau Special Administrative Region and Taiwan |
| “Qualifying Lot” | 3,900 Shares |
| “Qualifying Shareholder(s)” | Registered Shareholder(s) on the Record Date |
| “Record Date” | 4 January 2019, the date by reference to which entitlements to the Distribution are determined |
| “Registered Shareholder(s)” | Shareholder(s) whose name(s) appears on the register of members of the Company from time to time |
| “Regulation S” | Regulation S under the Securities Act |
| “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) |
| “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 Committee” | a committee formed by the board resolutions passed by the Board on 26 May 2018 comprising, as at the date of this Circular, 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 Connect” | Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect |
| “Stock Connect Investors” | the PRC southbound trading investors holding the Company’s securities through the Stock Connect |
| “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 |

DEFINITION

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| “Tencent Music Affiliate(s)” | (i) any person(s) 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 |
| “U.S.” | the United States of America (including its territories and dependencies, any state of the United States of America and the District of Columbia) |
| “US\$” | United States dollars, the lawful currency of the U.S. |
| “U.S. Person(s)” | as defined in Rule 902 under the Securities Act |

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

LETTER FROM THE BOARD

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)

Executive Directors:

Mr Ma Huateng (*Chairman*)
Mr Lau Chi Ping Martin

Non-Executive Directors:

Mr Jacobus Petrus (Koos) Bekker
Mr Charles St Leger Searle

Independent Non-Executive Directors:

Mr Li Dong Sheng
Mr Iain Ferguson Bruce
Mr Ian Charles Stone
Mr Yang Siu Shun

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

29/F., Three Pacific Place
No. 1 Queen's Road East
Wanchai
Hong Kong

11 January 2019

To the Shareholders

Dear Sir or Madam

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

INTRODUCTION

On 13 December 2018, the Company announced that the Offering and separate listing of Tencent Music on the NYSE had taken place on 12 December 2018 (New York time) and that the Spin-off Committee had 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.

The pricing of the Offering took place on 11 December 2018 (New York time), at the ADS Offer Price of US\$13.00 (equivalent to approximately HK\$101.74) per ADS. Trading in the ADSs on the NYSE commenced on 12 December 2018 (New York time). As at close of trading on Friday, 4 January 2019 (New York time), the price was US\$13.20 (equivalent to approximately HK\$103.30) per ADS.

This Circular sets out the procedures and conditions for obtaining the Distribution. The information in this Circular supersedes all prior announcements concerning the Distribution.

LETTER FROM THE BOARD

Unless the context otherwise requires, capitalised terms and expressions used in this Circular have the meanings given to them in the section headed “DEFINITION”.

DISTRIBUTION ADSs

The Distribution ADSs to be issued to Qualifying Shareholders will be subject to resale restrictions (as described below) until the end of the Distribution Compliance Period. At the end of the Distribution Compliance Period, the Distribution ADSs held by Qualifying Shareholders will automatically be replaced by ADSs that are fully fungible with the ADSs issued under the Offering and freely tradable on the NYSE.

Restrictions on sales of Distribution ADSs for 40 days after delivery

The Class A Shares underlying the Distribution ADSs and the Distribution ADSs have not been and will not be registered under the Securities Act and, therefore, the Distribution ADSs will be distributed only to Qualifying Shareholders who are non U.S. Persons in an offshore transaction in reliance on Regulation S.

In accordance with the requirements of U.S. securities laws, Qualifying Shareholders receiving the Distribution ADSs will not be permitted to offer, sell, pledge or otherwise transfer their Distribution ADSs within the U.S. or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S) during the Distribution Compliance Period. On the basis that the Distribution ADSs are transferred to the Qualifying Shareholders on 20 February 2019 (Hong Kong time), the Distribution Compliance Period will commence on 20 February 2019 and end on 31 March 2019 (Hong Kong time) (both dates inclusive).

Listing on the NYSE

Before the end of the Distribution Compliance Period, the Distribution ADSs (CUSIP number: 88034P208) will not be freely tradable on any stock exchange. At the end of the Distribution Compliance Period, the Distribution ADSs will automatically be replaced by ADSs that are fully fungible with the ADSs issued under the Offering and freely tradable on the NYSE. The ticker symbol of the ADSs (CUSIP number: 88034P109) on the NYSE is “TME”.

PARTICULARS OF THE DISTRIBUTION

Distribution ADSs

A Qualifying Shareholder (other than an ADS Non-Qualifying Shareholder) holding a whole multiple of a Qualifying Lot on the Record Date will pursuant to the Distribution be entitled to one Distribution ADS for every whole multiple of a Qualifying Lot held. Such Qualifying Shareholder may elect to receive the Distribution ADS(s) to which he/she/it is entitled, or, in lieu of such Distribution 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, i.e. HK\$101); with the exception of HKSCC Nominees Limited, such election by a Qualifying Shareholder shall apply to all (but not part) of the Distribution ADSs to which such Qualifying Shareholder is entitled.

LETTER FROM THE BOARD

Fractional Distribution 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 Qualifying Lots held on the Record Date.

ADS Non-Qualifying Shareholders

ADS Non-Qualifying Shareholders are:

- (i) 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 Distribution ADSs 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, Shareholders (including Beneficial Owners) who are located in the U.S. or who are U.S. Persons;
- (iii) 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.

ADS Non-Qualifying Shareholders will not be entitled to elect to receive Distribution ADSs.

Any ADS Non-Qualifying Shareholder who is a Registered Shareholder with a registered address located in the U.S. or who is a Tencent Music Affiliate will, for every 1,500 Shares held on the Record Date, receive a cash distribution of HK\$39, and will further receive an additional cash distribution of HK\$13 for every additional whole multiple of 500 Shares held on the Record Date. To the Company's knowledge, as at the Record Date, there was no such ADS Non-Qualifying Shareholder holding at least a Qualifying Lot that would be entitled to cash distribution on such basis.

An ADS Non-Qualifying Shareholder who is a Beneficial Owner would only be entitled to the cash distribution in lieu of the Distribution ADSs based upon the cash entitlement to be received by the Qualifying Shareholder who holds Shares on his/her/its behalf.

Qualifying Shareholders holding a Qualifying Lot or more who wish to receive cash payment only

If Qualifying Shareholders wish to receive cash payment in lieu of all the Distribution ADSs to which they would otherwise be entitled, they do not need to take any action. A Qualifying Shareholder who holds at least a Qualifying Lot and does not complete his/her/its Form of Election will be deemed to have elected for a cash payment calculated in accordance with the manner described in the section headed "PARTICULARS OF THE DISTRIBUTION - Distribution ADSs" above.

LETTER FROM THE BOARD

Qualifying Shareholders holding less than a Qualifying Lot

The Form of Election is being sent to, and needs only to be completed by, Qualifying Shareholders (other than ADS Non-Qualifying Shareholders) holding at least a Qualifying Lot. A Qualifying Shareholder holding less than a Qualifying Lot will receive cash payment provided that he/she/it held 1,500 Shares or more on the Record Date. Such Qualifying Shareholder will receive a cash distribution of HK\$39 for every whole multiple of 1,500 Shares held on the Record Date and HK\$13 for every additional whole multiple of 500 Shares held on the Record Date. Accordingly, Qualifying Shareholders holding less than 3,900 Shares will not receive the Form of Election and do not need to take any action.

ENTITLEMENTS TO CASH PAYMENT

Any Qualifying 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.

FORM OF ELECTION

A Form of Election is enclosed with this Circular for use by Qualifying Shareholders (other than ADS Non-Qualifying Shareholders) holding at least a Qualifying Lot, in connection with their claiming of their entitlements under the Distribution and electing to receive the Distribution ADSs.

Completing the Form of Election

The Form of Election has been individually prepared for each Qualifying Shareholder holding at least a Qualifying Lot and who, to the knowledge of the Company, is not resident or located in, or a citizen of the U.S. or any other territory where it would be unlawful to elect for the Distribution ADS(s) and/or to receive the Distribution ADS(s) at the time the instruction to elect was given. It sets out on the first page of the Form of Election the number of Distribution ADSs to which the relevant Qualifying Shareholder is entitled, calculated in the manner described in the section headed "PARTICULARS OF THE DISTRIBUTION - Distribution ADSs" above.

Qualifying Shareholders holding at least a Qualifying Lot who wish to receive their entitlements in the form of Distribution ADSs

Step 1: Required certification

A Qualifying Shareholder who wishes to receive the Distribution ADSs, in addition to certain other certifications and agreements in Section 1 of the Form of Election, must certify in the Form of Election that, among others, he/she/it is not located in the U.S. nor is he/she/it a U.S. Person and he/she/it may lawfully be offered, take up, obtain and receive the Distribution ADSs in the jurisdiction which he/she/it resides or he/she/it is currently located or he/she/it is a citizen of. For a Qualifying Shareholder who is holding Shares as a nominee, trustee, depository or any other authorised custodian,

LETTER FROM THE BOARD

such Qualifying Shareholder must also certify that he/she/it is not receiving the Distribution ADSs for the account or benefit of, any Beneficial Owner located in the U.S. or who is a U.S. Person, nor any person who is resident or located in, or a citizen of any territory where it would be unlawful to elect for the Distribution ADSs and/or receive the Distribution ADSs.

Any Qualifying Shareholder who does not provide the requisite certification in the form specified in the paragraph above will not be entitled to receive his/her/its entitlement under the Distribution in the form of Distribution ADSs but will instead receive cash payment in lieu of all the Distribution ADSs he/she/it is entitled as if he/she/it has elected to receive cash payment. HKSCC Nominees Limited shall be treated as a Qualifying Shareholder (and not an ADS Non-Qualifying Shareholder), provided that Distribution ADSs may only be elected on behalf of Beneficial Owners who are not ADS Non-Qualifying Shareholders.

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

A Qualifying Shareholder holding at least a Qualifying Lot is only able to receive Distribution ADSs if he/she/it specifies in Section 2b of the Form of Election information as to the details of (1) his/her/its DTC participant account or (2) his/her/its broker or dealer or other financial institution who is a direct or indirect DTC participant, including details of that broker's or dealer's or other financial institution's DTC participant name, account to which the Distribution ADSs can be credited, contact person's name and contact telephone number. Furthermore, a Qualifying Shareholder is only able to receive Distribution ADSs if the broker or dealer or other financial institution specified by the relevant Qualifying Shareholder accepts such Distribution ADSs for crediting. Information required in the Form of Election in respect of a Qualifying Shareholder's DTC participant account or the account of his/her/its broker or dealer or other financial institution which is a direct or indirect DTC participant must be completed and be valid, failing which such Qualifying Shareholder will be deemed to have elected to receive cash payment in lieu of the Distribution ADSs to which he/she/it is entitled. **Qualifying Shareholders who have elected to receive Distribution ADSs must instruct and coordinate with their respective brokers or dealers or other financial institutions on their elections and the settlement of their respective Distribution ADSs.**

Any Form of Election will be treated as invalid if:

- a. it is incomplete; or
- b. it contains illegible writing; or
- c. the Shareholder is unable to provide the correct details of his/her/its DTC participant account or (as the case may be) his/her/its broker or dealer or other financial institution (including details of the DTC participant account to which the Distribution ADSs are to be credited and other information required by the Form of Election); or

LETTER FROM THE BOARD

- d. the broker or dealer or other financial institution is not a direct or indirect DTC participant or refuses to accept the Distribution ADSs, such that the Distribution ADSs could not be credited to the account specified in Section 2b of the Form of Election.

If a Form of Election is treated as invalid, the relevant Qualifying Shareholder will be deemed to have elected to receive cash payment in lieu of all the Qualifying Shareholder's entitlement to the Distribution ADSs.

Step 2: Return of the completed and signed Form of Election

The Form of Election must be completed and signed in accordance with the instructions printed thereon and in this Circular and lodged with the Share Registrar, namely, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on 29 January 2019. No acknowledgement of receipt of the Form of Election will be issued.

If a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning is in force in Hong Kong:

- a. at any local time before 12:00 noon and no longer in force after 12:00 noon on 29 January 2019, the deadline for the submission of the Form of Election will be 4:30 p.m. on the same day; or
- b. at any local time between 12:00 noon and 4:30 p.m. on 29 January 2019, the deadline for the submission of the Form 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.

No elections may, after the relevant Forms of Election are signed and lodged with the Share Registrar, be in any way withdrawn, revoked, superseded or altered without the agreement of the Company. **If any Qualifying Shareholder does not complete and return the Form of Election before the time stated above, he/she/it will receive cash payment in lieu of the Distribution ADSs to which he/she/it would otherwise have been entitled.**

Questions regarding completion of the Form of Election

Should you have any queries on the Form of Election, you should contact the Share Registrar at its hotline at (852) 2862 8646 during normal business hours between 9:00 a.m. and 4:30 p.m. from 11 January 2019 to 29 January 2019. You should note, however, that the Share Registrar cannot advise on the merits of the Distribution or on your election for Distribution ADSs.

ACTION TO BE TAKEN BY BENEFICIAL OWNERS

Any Beneficial Owner who wishes to receive Distribution ADSs should contact his/her/its respective Intermediary to make arrangements and provide the Intermediary with instructions so that the Qualifying Shareholder holding the Shares for the Beneficial Owner will be able to provide the requisite certification (in the form of the Qualifying Shareholder making the certification in Section

LETTER FROM THE BOARD

1 of the Form of Election). Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “EXPECTED TIMETABLE” below and otherwise in accordance with the requirements of the Intermediary, in order to allow the Intermediary sufficient time to ensure that such instructions and/or arrangements are given effect.

ACTION TO BE TAKEN BY CCASS INVESTOR PARTICIPANTS

Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in the Distribution should be dealt with.

TRANSFER OF DISTRIBUTION ADSs TO QUALIFYING SHAREHOLDERS AND DESPATCH OF CHEQUES TO QUALIFYING SHAREHOLDERS AND TO ADS NON-QUALIFYING SHAREHOLDERS

The expected date for the transfer of the Distribution ADSs under the Distribution is 20 February 2019. The expected date for the despatch of cheques to Qualifying Shareholders receiving cash payment and to ADS Non-Qualifying Shareholders is 20 February 2019.

On 20 February 2019, at the direction of Tencent Music and the Company, it is expected that the Depository will deliver to the account of (i) the Qualifying Shareholder (if the Qualifying Shareholder is a participant in DTC) or (ii) the broker or dealer or other financial institution which is a direct or indirect participant in DTC designated by the Qualifying Shareholder, in either case as specified in the completed Form of Election, the number of Distribution ADSs to which such Qualifying Shareholder is entitled and has elected to receive.

EXPECTED TIMETABLE

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|--|------------------------------|
| Despatch of this Circular and the Form of Election | 11 January 2019 |
| Latest time for lodging the Form of Election | 4:30 p.m. on 29 January 2019 |
| Transfer of the Distribution ADSs to Qualifying Shareholders who have elected to receive Distribution ADSs | 20 February 2019 |
| Despatch of cheques to Qualifying Shareholders and to ADS Non-Qualifying Shareholders | 20 February 2019 |

All times above refer to Hong Kong local time.

If there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning in force at any time prior to 4:30 p.m. on 29 January 2019, the deadline for lodging of the Form of Election may be changed. Further information is set out in the section headed “FORM OF ELECTION” above.

The timetable is subject to change and any such change will be published in a further announcement.

LETTER FROM THE BOARD

OVERSEAS SHAREHOLDERS AND STOCK CONNECT INVESTORS

Where a listed issuer proposes to distribute securities to its shareholders, it may exclude relevant overseas shareholders in circumstances where the directors consider the exclusion to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place where such shareholder is located or the requirements of the regulatory body or stock exchange in such place.

After making the relevant enquiries, since registration or filing or other procedures or formalities, subject to certain exceptions, would be required to be carried out in relation to the distribution of the Distribution ADSs to comply with the relevant securities legislation or regulation in the U.S., the Spin-off Committee has formed the view that it would be expedient to exclude from the distribution of the Distribution ADSs the Shareholders with registered address in such jurisdiction.

As at the date of this Circular, pursuant to Article 24 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Programme (《內地與香港股票市場交易互聯互通機制登記、存管、結算業務實施細則》), if the Stock Connect Investors receive any securities not listed on the Stock Exchange, they will not be allowed to buy or sell such securities through the Stock Connect. Considering the practical difficulty of the Stock Connect Investors in realising the benefit of the Distribution ADSs and as there are no facilities for the Stock Connect Investors to open or arrange the opening on their behalf of DTC accounts (as required to receive Distribution ADSs), Stock Connect Investors will not be able to elect to receive Distribution ADSs and so will only receive the cash distribution calculated in accordance with the manner described in the section headed “PARTICULARS OF THE DISTRIBUTION - Distribution ADSs” above. This arrangement is in accordance with Question No. 4 of the Frequently Asked Questions Series 29 released by the Stock Exchange on 17 November 2014 and last updated on 13 July 2018.

A Shareholder with an address outside Hong Kong should consult his/her/its own professional advisers as to whether or not he/she/it is permitted to receive the Distribution ADSs pursuant to the Distribution or if any governmental or other consent is required or other formalities are required to be observed and whether there are any other restrictions in relation to the future sale of any Distribution ADSs or ADSs. An overseas Qualifying Shareholder residing in a jurisdiction where it would be illegal for him/her/it to elect for or to receive the Distribution ADSs under the Distribution will be deemed to have received the Form of Election for information purpose only.

GENERAL

Qualifying Shareholders and Beneficial Owners are reminded that whether or not it is to their advantage to elect to receive the Distribution in cash payment in lieu of the Distribution ADSs depends on their own individual circumstances and preferences; and the decision in this regard and all effects resulting therefrom are the responsibility of each individual Qualifying Shareholder and Beneficial Owner. The effect on the tax position of any Shareholder will depend on that Shareholder's particular circumstances. Qualifying Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive cash payment or Distribution ADSs is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

LETTER FROM THE BOARD

This Circular and the Form of Election are not, and do 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 U.S. or any other jurisdictions, and this Circular and the Form of Election, or any part of them, shall not form the basis of, or be relied on in connection with, any investment decision relating to any securities of Tencent Music.

If you are in any doubt as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

Yours faithfully
Ma Huateng
Chairman