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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)

DISCLOSEABLE TRANSACTION

**ACQUISITION OF ADDITIONAL EQUITY VOTING INTEREST IN
THE CONSORTIUM HOLDING A MAJORITY INTEREST IN
SUPERCELL OY**

Reference is made to the voluntary announcement of the Company dated 23 September 2019 regarding the Company's intention to acquire additional equity voting interest in the Consortium.

The Board is pleased to announce that on 21 October 2019, the Company, through its wholly-owned subsidiary, acquired 44,000 Consortium Shares and increased its equity voting interest in the Consortium from 50% to 51.2%. Following the acquisition, the Consortium became a subsidiary of the Company and the financial results, assets and liabilities of the Consortium will be consolidated into the financial statements of the Group.

The Company indirectly acquired 44,000 Consortium Shares by converting the entire principal outstanding and relevant interest under the US\$40 million Convertible Bond issued by the Consortium into Consortium Shares.

The Consortium is a Luxembourg Société Anonyme formed in June 2016 for the sole purpose of the Supercell Acquisition. The Consortium currently holds indirectly a 81.4% interest in Supercell on behalf of a consortium comprising the Company and other co-investors. Prior to the Conversion, the Company held indirectly a 50% equity voting interest in the Consortium.

Supercell is a company incorporated in Finland and is a developer of mobile games for both tablets and smartphones on Apple's iOS and Google's Android operating systems. Since its founding in 2010, Supercell has brought five major games to market – Brawl Stars, Clash of Clans, Clash Royale, Boom Beach and Hay Day.

Pursuant to Rule 14.28 of the Listing Rules, 100% of the total assets, revenue and profits of the Consortium has been applied to the calculation of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules). Since the highest of the applicable percentage ratios exceeds 5% and is lower than 25%, the Conversion constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the voluntary announcement of the Company dated 23 September 2019 regarding the Company's intention to acquire additional equity voting interest in the Consortium.

TRANSACTION PARTICULARS

The Board is pleased to announce that on 21 October 2019, the Company, through its wholly-owned subsidiary, acquired 44,000 Consortium Shares and increased its equity voting interest in the Consortium from 50% to 51.2%. Following the acquisition, the Consortium became a subsidiary of the Company and the financial results, assets and liabilities of the Consortium will be consolidated into the financial statements of the Group.

The Company indirectly acquired 44,000 Consortium Shares by converting the entire principal outstanding and relevant interest under the US\$40 million Convertible Bond issued by the Consortium into Consortium Shares. The Convertible Bond was issued to partially finance the Supercell Acquisition. Under the terms of the Convertible Bond, the Company, through its wholly-owned subsidiary, may convert all or part of the Convertible Bond into Consortium Shares at US\$1,000 per Consortium Share at any time during a period of 10 business days following 19 October 2019.

The fixing of the Conversion Price was agreed between the Consortium and the Company at the time the Convertible Bond was issued on 19 October 2016.

The Board believes that the Conversion terms are fair and reasonable and in the interests of the Company and its shareholders as a whole. The purpose of the Conversion is to enable the Company to more cost-effectively finance the Consortium's indebtedness, and the Conversion will result in the Company consolidating the financial results, assets and liabilities of the Consortium into the financial statements of the Group.

INFORMATION RELATING TO THE COMPANY

The Group is principally engaged in the provision of Internet value-added services and online advertising services to users in the PRC.

INFORMATION RELATING TO THE CONSORTIUM

The Consortium is a Luxembourg Société Anonyme formed in June 2016 for the sole purpose of the Supercell Acquisition. The Consortium currently holds indirectly a 81.4% interest in Supercell on behalf of a consortium comprising the Company and other co-investors. Prior to the Conversion, the Company held indirectly a 50% equity voting interest in the Consortium.

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Set out below are certain audited consolidated financial information (prepared in accordance with IFRS) of the Consortium for the financial years ended 31 December 2017 and 31 December 2018, and as at 31 December 2018.

	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>US\$'000</i>	<i>US\$'000</i>
Loss before taxation	(241,951)	(501,560)
Loss after taxation	(327,080)	(535,956)
		As at 31 December 2018
		<i>US\$'000</i>
Total Assets		11,089,821
Net Assets		3,896,605

GENERAL

To the best of the Board's knowledge, information and belief having made all reasonable enquiries, each of the other shareholders of the Consortium and each of their respective ultimate beneficial owners is a third party independent of and not connected with the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 14.28 of the Listing Rules, 100% of the total assets, revenue and profits of the Consortium has been applied to the calculation of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules). Since the highest of the applicable percentage ratios exceeds 5% and is lower than 25%, the Conversion constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITION

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

Term	Definition
“Board”	the board of directors of the Company
“business day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Luxembourg, New York and Hong Kong
“Company”	Tencent Holdings Limited, a limited liability company organised and existing under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange
“Consortium”	Halti S.A., the consortium company formed under the laws of Luxembourg for the sole purpose of the Supercell Acquisition
“Consortium Shares”	ordinary voting shares in the capital of the Consortium, each of which entitles the holder to one vote
“Conversion”	the conversion of the entire principal outstanding and relevant interest under the Convertible Bond into 44,000 Consortium Shares
“Conversion Price”	US\$1,000 per Consortium Share
“Convertible Bond”	the US\$40 million convertible bond instrument bearing an interest of 5% per annum issued by the Consortium to a wholly-owned subsidiary of the Company on 19 October 2016
“Group”	the Company and its subsidiaries
“IFRS”	International Financial Reporting Standards

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supercell”	Supercell Oy, a private company incorporated in Finland
“Supercell Acquisition”	the acquisition of a majority interest in Supercell completed on 26 October 2016
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
Ma Huateng
Chairman

21 October 2019

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, Yang Siu Shun and Ke Yang.