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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

**DEEMED DISPOSAL OF VOTING EQUITY INTEREST IN CONSORTIUM
IN CONNECTION WITH ACQUISITION OF
MAJORITY INTEREST IN SUPERCCELL OY**

During the period from 10 October 2016 to 12 October 2016, the Consortium, an indirectly wholly owned subsidiary of the Company, entered into the Subscription Agreements with the Co-Investors pursuant to which the Co-Investors committed to subscribe for New Consortium Shares for an aggregate consideration of US\$850,000,000, payable in cash. On 16 October 2016, the allocation of the New Consortium Shares among the Co-Investors was finalised, and it was determined that as a result of the Subscriptions, the Company's indirect voting equity interest in the Consortium will be 50% and the Co-Investors will collectively hold 50% of the voting equity interest in the Consortium. Consequently, the Consortium will cease to be a subsidiary of the Company.

As noted in the 21 June Announcement, the Subscriptions are being made for the purpose of forming the consortium for the Supercell Acquisition and proceeds from the Subscriptions will be applied to fund a portion of the Supercell Acquisition. The Company expects that the Consortium will complete the Supercell Acquisition through the Buyer on or around 27 October 2016. Following completion of the Supercell Acquisition, the Consortium will indirectly hold 76.9% of Supercell's Securities.

The Subscriptions and allotment of the New Consortium Shares are, in aggregate, a deemed disposal of the Company's indirect interest in the Consortium under Rule 14.29 of the Listing Rules. The highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscriptions, in aggregate, exceeds 5% and is lower than 25%. Accordingly, the Subscriptions constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE SUBSCRIPTIONS

During the period from 10 October 2016 to 12 October 2016, the Consortium entered into the Subscription Agreements with the Co-Investors pursuant to which the Co-Investors committed to subscribe for New Consortium Shares for an aggregate consideration of US\$850,000,000, payable in cash. On 16 October 2016, the allocation of the New Consortium Shares among the Co-Investors was finalised, and it was determined that as a result of the Subscriptions, the Company's indirect voting equity interest in the Consortium will be 50% and the Co-Investors will collectively hold 50% of the voting equity interest in the Consortium. Consequently, the Consortium will cease to be a subsidiary of the Company.

COMPLETION OF THE SUPERCCELL ACQUISITION

As noted in the 21 June Announcement, the Consortium was formed in consultation with Supercell for the purpose of acquiring an interest of up to approximately 84.3% of Supercell's Securities (excluding the Deferred Put Securities) and to provide the opportunity for potential parties to participate as co-investors in the Supercell Acquisition.

The Company expects that the Consortium will complete the Supercell Acquisition through the Buyer on or around 27 October 2016. It is intended that the Consortium, through the Buyer, will fund the Supercell Acquisition from the proceeds of the Subscriptions, funds to be contributed by the Company, drawdown from the Buyer's existing bank facilities and proceeds from the issue of non-voting preference shares in the Consortium. Following completion of the Supercell Acquisition, the Consortium will indirectly hold 76.9% of Supercell's Securities.

SUBSCRIPTION PARTICULARS

Consideration

The Board (including the independent non-executive directors of the Company) believes that the terms of each of the Subscriptions are on normal commercial terms and fair and reasonable, are consistent with the purpose of forming a consortium to complete the Supercell Acquisition and are in the interests of the shareholders of the Company as a whole.

The price in respect of each of the Subscriptions was determined through an arm's length negotiation process between the parties to the relevant Subscription Agreements on normal commercial terms, by reference to the value of the Sold Supercell Securities, the historical performance of Supercell and its growth prospects, and other relevant valuation benchmarks.

Information Relating to the Company and the Consortium

The Group is principally engaged in the provision of Internet value-added services and online advertising in the PRC. The Consortium is a Luxembourg Société Anonyme formed in June 2016 for the sole purpose of indirectly holding the Sold Supercell Securities on behalf of a consortium comprising the Company and other co-investors. The value of the total assets of the Consortium immediately prior to the date of this announcement is approximately US\$3.72 billion.

Information Relating to the Co-Investors

AVICT (HK) Limited is an overseas business platform of AVIC Capital and AVIC Trust, both being Chinese state-owned investment companies.

CITIC Capital MB Investment Limited is a limited liability exempted company incorporated under the laws of the Cayman Islands and is beneficially owned by CITIC Capital, an alternative investment management and advisory company whose core businesses include private equity, real estate, structured investment and finance, asset management and venture.

CNCB (Hong Kong) Investment Limited is an overseas subsidiary of China CITIC Bank. The business scope of CNCB (Hong Kong) Investment Limited covers investment, lending and the conduct of overseas licensed investment banking business and domestic equity investment fund management business via its own subsidiaries.

Greater Global Investments Limited (a British Virgin Islands company) is a wholly owned subsidiary of Zheng Hong Capital Management Company Limited (a Cayman Islands company) which is owned by Jumbo Sheen Enterprises Group Ltd., a large enterprise group, and CT Bright Capital Company Limited.

HundredsCell Investment Co., Limited is an investment special purpose vehicle based in Hong Kong, managed by Hundreds Capital, a Beijing based private equity firm with investments primarily in the PRC and Pagoda Investment, a Cayman Islands based private equity firm with investments primarily in the PRC.

SinoRock Star II Limited is incorporated in the British Virgin Islands and is an indirect wholly owned subsidiary of Sino-Rock Investment Management Company Limited, whose largest shareholder is China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC. SinoRock Star II Limited is principally engaged in investment activities.

SPDBI Royale (Cayman) Limited is affiliated with SPDB International Holdings Limited, an investment company wholly owned by Shanghai Pudong Development Bank.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Co-Investors and each of their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

The Subscriptions and allotment of the New Consortium Shares are, in aggregate, a deemed disposal of 50% of the Company's indirect interest in the Consortium under Rule 14.29 of the Listing Rules. The highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscriptions, in aggregate, exceeds 5% and is lower than 25%. Accordingly, the Subscriptions constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

There is no assurance that the completion of the Subscriptions and the Supercell Acquisition will take place or as to when it may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in the securities of the Company.

DEFINITION

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

Term	Definition
“21 June Announcement”	the discloseable transaction announcement made by the Company dated 21 June 2016 relating to the entering into of the Share Purchase Agreement
“Board”	the board of directors of the Company
“Buyer”	a company established under the laws of Luxembourg and wholly owned by the Consortium
“Co-Investors”	collectively, AVICT (HK) Limited, CITIC Capital MB Investment Limited, CNCB (Hong Kong) Investment Limited, Greater Global Investments Limited, HundredsCell Investment Co., Limited, SinoRock Star II Limited and SPDBI Royale (Cayman) Limited, and each a Co-Investor
“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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consortium”	Halti S.A., the consortium company established under the laws of Luxembourg formed for the purpose of the Supercell Acquisition
“Deferred Put Option”	put option available to management and employee shareholders of Supercell to defer the sale of certain of their respective Supercell Vested Securities under the Share Purchase Agreement and the right instead to sell to the Buyer such Deferred Put Securities over three years from 29 July 2018 under the terms of the Share Purchase Agreement

“Deferred Put Securities”	certain of the Supercell Vested Securities held by participating management and employee shareholders of Supercell, which will be sold under the Deferred Put Option
“Group”	the Company and its subsidiaries
“Incentive Securities”	collectively, options to acquire Supercell ordinary shares and restricted share units of Supercell
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Consortium Shares”	ordinary voting shares in the capital of the Consortium to be issued in connection with the Subscriptions
“PRC”	the People’s Republic of China
“Sellers”	SoftBank Group Capital Limited and Kahon 3 Oy, management and employee shareholders of Supercell and certain former Supercell employees
“Share Purchase Agreement”	the conditional Share Purchase Agreement dated 21 June 2016 and entered into among the Company, the Buyer, the Sellers and Supercell
“Sold Supercell Securities”	vested ordinary shares in the capital of Supercell and vested Incentive Securities totaling 76.9% of Supercell’s Securities, excluding, for the avoidance of doubt, the Deferred Put Securities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	subscriptions for New Consortium Shares in accordance with the terms of each of the Subscription Agreements
“Subscription Agreements”	the subscription agreements made between the Consortium and each of the Co-Investors pursuant to which the Consortium will issue certain New Consortium Shares to the applicable Co-Investor
“Supercell”	Supercell Oy, a private company incorporated in Finland
“Supercell Acquisition”	the acquisition of the Sold Supercell Securities as contemplated in the Share Purchase Agreement

“Supercell Vested Securities”	ordinary shares in the capital of Supercell and vested Incentive Securities
“Supercell’s Securities”	collectively, the (i) Supercell Vested Securities, (ii) Supercell ordinary shares issuable upon the exercise or settlement of unvested Incentive Securities and (iii) restricted share units of Supercell available for grant pursuant to Supercell’s current equity incentive plans (but excluding any un-granted restricted share units that are reserved for future grants under any equity incentive plans adopted pursuant to the Share Purchase Agreement)
“US\$”	United States dollar, the lawful currency of the United States of America

By Order of the Board
Ma Huateng
Chairman

16 October 2016

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.