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*Unless otherwise defined in this announcement, terms defined in the prospectus of Tencent Holdings Limited (the “Company”) dated June 7, 2004 (the “Prospectus”) have the same meanings when used in this announcement.*

**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)**

**EXERCISE OF THE OVER-ALLOTMENT OPTION**

The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by Goldman Sachs (Asia) L.L.C. (“Goldman Sachs”) on behalf of the International Purchasers on July 5, 2004 in respect of 63,024,000 additional Shares (the “Over-allotment Shares”). The Over-allotment Shares will be returned and redelivered to Advance Data Services Limited (“Advance Data Services”) pursuant to the stock borrowing arrangements between Advance Data Services and Goldman Sachs to cover over-allocations of Shares in the International Placing.

The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by Goldman Sachs on behalf of the International Purchasers on July 5, 2004 in respect of the Over-allotment Shares (representing approximately 15% of Shares initially offered under the Offering). An aggregate of 63,024,000 Over-allotment Shares will be issued by the Company at HK\$3.70 per Share (exclusive of brokerage fee, Stock Exchange trading fee, SFC transaction levy and investor compensation levy), being the Offer Price per Share under the Offering. Goldman Sachs has borrowed 63,024,000 Shares from Advance Data Services pursuant to the stock borrowing arrangements between Advance Data Services and Goldman Sachs to cover over-allocations of Shares in the International Placing. The Over-allotment Shares will be returned and redelivered to Advance Data Services following their issuance.

The shareholding structure of the Company immediately before and after the issue of the Over-allotment Shares is as follows:

Shareholders	Before the issue of the Over-allotment Shares		After the issue of the Over-allotment Shares	
	Number of Shares	Approximate percentage of issued share capital	Number of Shares	Approximate percentage of issued share capital
MIH QQ (BVI) Limited	630,240,380	37.50%	630,240,380	36.14%
Advance Data Services Limited <sup>(1)</sup>	242,483,080	14.43%	242,483,080	13.91%
Best Update International Limited	108,085,530	6.43%	108,085,530	6.20%
Other shareholders <sup>(2)</sup>	279,671,770	16.64%	279,671,770	16.04%
Public shareholders	420,160,500	25.00%	483,184,500	27.71%
Total	<u>1,680,641,260</u>	<u>100.00%</u>	<u>1,743,665,260</u>	<u>100.00%</u>

*Notes:*

- (1) Includes the 63,024,000 Shares lent by Advance Data Services to Goldman Sachs pursuant to the stock borrowing arrangements referred to in this announcement.
- (2) "Other shareholders" refer to the wholly owned holding companies of the Founders (other than Ma Huateng and Zhang Zhidong, whose shareholding interests in the Company are held through Advance Data Services and Best Update International Limited, respectively).

The Over-allotment Shares represent approximately 3.75% of the existing issued share capital of the Company and approximately 3.61% of the issued share capital of the Company as enlarged by the issue of the Over-allotment Shares. The Listing Committee of the Stock Exchange has already granted the listing of and permission to deal in the Over-allotment Shares. The Over-allotment Shares are expected to be issued on July 8, 2004, subject to satisfaction of certain conditions set out in the International Purchase Agreement dated June 11, 2004 between the Company and the International Purchasers.

The Company will receive additional net proceeds of approximately HK\$223 million from the issue of the Over-allotment Shares and, as stated in the Prospectus, such proceeds may be used as additional working capital.

By order of the Board  
**Ma Huateng**  
Chairman

Hong Kong, July 6, 2004

*As at the date of this announcement, the Directors of the Company are Ma Huateng, Zhang Zhidong, Antonie Andries Roux, Charles St Leger Searle, Li Dong Sheng, Iain Ferguson Bruce and Ian Charles Stone.*

Please also refer to the published version of this announcement in SCMP (Business).