
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, 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 your shares in Tencent Holdings Limited, you should at once hand this circular together with the enclosed form of proxy 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.

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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)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of Tencent Holdings Limited (the “Company”) to be held at 3:00 p.m. on Wednesday, 14 May 2008 at Salon 4, JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong (“AGM”) is set out on pages 9 to 11 of this circular. Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

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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)
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Executive Directors:

Mr. Ma Huateng (*Chairman*)
Mr. Lau Chi Ping Martin
Mr. Zhang Zhidong

Non-executive Directors:

Mr. Antonie Andries Roux
Mr. Charles St Leger Searle

Independent Non-executive Directors:

Mr. Li Dong Sheng
Mr. Iain Ferguson Bruce
Mr. Ian Charles Stone

Registered office:

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

Principal place of business in

Hong Kong:

Room 3002, 30th Floor
Far East Finance Centre
16 Harcourt Road
Hong Kong

9 April 2008

To the Shareholders

Dear Sir or Madam

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting (“AGM”) of Tencent Holdings Limited (the “Company”) regarding (i) the granting to the directors of the Company (“Directors”) of general and unconditional mandates for the issue and repurchase of the securities of the Company; and (ii) the re-election of retiring Directors.

1. GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed for the shareholders to consider and, if thought fit, grant a general mandate to the Directors to exercise the power of the Company to allot, issue and deal with shares of HK\$0.0001 each in the capital of the Company (“Shares”) (the “Share Issue Mandate”). The Shares which may be allotted and issued pursuant to the Share Issue Mandate

LETTER FROM THE BOARD

are up to 20% of the issued share capital of the Company on the date of passing the resolution approving the Share Issue Mandate. In addition, an ordinary resolution will also be proposed for the shareholders to consider and, if thought fit, approve the extension of the Share Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Share Issue Mandate the number of Shares purchased under the Share Repurchase Mandate (referred to and as defined in section 2 below), if granted.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are respectively set out in Resolutions 5 and 7 in the notice of the AGM set out on pages 9 to 11 of this circular. The Share Issue Mandate will expire upon whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company (“the Articles”) or by law to be held; and (c) the date on which the authority given under the ordinary resolution approving the Share Issue Mandate is revoked or varied by an ordinary resolution of the shareholders of the Company.

2. GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed for the shareholders to consider and, if thought fit, grant a general mandate to the Directors to exercise the power of the Company to repurchase Shares (the “Share Repurchase Mandate”). The Shares which may be repurchased pursuant to the Share Repurchase Mandate are up to 10% of the issued share capital of the Company on the date of passing the resolution approving the Share Repurchase Mandate.

As at 7 April 2008, being the latest practicable date for ascertaining certain information in this circular prior to its publication (the “Latest Practicable Date”), the issued share capital of the Company comprised 1,793,147,080 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of passing the resolution approving the Share Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Share Repurchase Mandate on the date of passing the resolution approving the Share Repurchase Mandate will be 179,314,708 Shares, which represent 10% of the then issued share capital of the Company.

An explanatory statement, giving certain information regarding the Share Repurchase Mandate, is set out in Appendix I to this circular. The Share Repurchase Mandate will expire upon whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or by law to be held; and (c) the date on which the authority given under the ordinary resolution approving the Share Repurchase Mandate is revoked or varied by an ordinary resolution of the shareholders of the Company.

LETTER FROM THE BOARD

3. RE-ELECTION OF DIRECTORS

In accordance with Article 87 of the Articles, Messrs. Antonie Andries Roux and Li Dong Sheng would retire at the AGM and, being eligible, would offer themselves for re-election. Details of the Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

4. ANNUAL GENERAL MEETING

A notice convening the AGM to be held at Salon 4, JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 14 May 2008 at 3:00 p.m. is set out on pages 9 to 11 of this circular.

The procedure by which shareholders of the Company may demand a poll at any general meeting of the Company is set out in section 5 below.

A proxy form for use at the AGM is enclosed, a copy of which can also be obtained via the website of the Stock Exchange. Whether or not you are able to attend the AGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending in person and voting at the AGM or any adjourned meeting if you so wish.

5. RIGHT TO DEMAND A POLL

Pursuant to Article 66 of the Articles, at any general meeting, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than 10% of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all shares conferring that right.

LETTER FROM THE BOARD

6. RECOMMENDATION

The Directors believe that the grant of the Share Issue Mandate and the Share Repurchase Mandate and the re-election of Directors to be proposed at the AGM are in the best interests of the Company and its shareholders. Accordingly, the Board of Directors recommends you to vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully
Ma Huateng
Chairman

APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

This Explanatory Statement includes information required under Rule 10.06(1)(b) of the Listing Rules to be given to the shareholders of the Company in connection with the proposed share repurchase mandate to be granted to the Directors.

(a) Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their fully-paid up shares on the Stock Exchange subject to certain restrictions.

(b) Shareholders' approval

The Listing Rules provide that all on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by specific approval of a particular transaction or by a general mandate to the directors of the company to make such repurchases.

(c) Exercise of the Share Repurchase Mandate

As at the Latest Practicable Date, there were 1,793,147,080 ordinary Shares in issue. Subject to the passing of the ordinary resolution approving the Share Repurchase Mandate and on the basis that no further Shares are issued and no Shares are repurchased prior to the AGM, the Directors would be authorised under the Share Repurchase Mandate to repurchase a maximum of 179,314,708 Shares, which represent 10% of the then issued share capital of the Company.

(d) Reasons for the Repurchase of Shares

The Directors believe that the Share Repurchase Mandate is in the best interest of the Company and its shareholders. Repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per Share. The Directors are seeking the grant of a general mandate to repurchase Shares to give the Company flexibility to do so if and when appropriate. The timing and the number(s), the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

(e) Source of Funds

Repurchases must be made out of funds which are legally available for such purpose in accordance with all applicable laws of the Cayman Islands and the Company's memorandum of association and the Articles. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company.

There could be adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the financial year ended 31 December 2007) in the event that the proposed share

APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or its gearing level.

(f) Share Prices

The highest and lowest prices at which the Shares had been traded on the Stock Exchange in each of the past twelve months to the Latest Practicable Date were as follows:

	Share Prices (per Share)	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2007		
April	28.10	23.50
May	34.15	26.65
June	33.85	29.90
July	38.70	32.00
August	40.50	28.50
September	50.50	38.50
October	72.80	43.85
November	67.20	46.15
December	60.40	51.50
2008		
January	62.20	39.70
February	53.05	45.90
March	50.00	34.00
April (up to the Latest Practicable Date)	49.90	44.50

(g) Undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands. The Directors have also undertaken not to repurchase any Shares if there is less than a minimum of 25% of the total issued share capital of the Company in public hands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, currently intends to sell the Shares to the Company or its subsidiaries in the event that the Share Repurchase Mandate is approved by the shareholders.

APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell the Shares to the Company, or has undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

(h) Hong Kong Code on Takeovers and Mergers

Pursuant to Rule 32 of the Hong Kong Code on Takeovers and Mergers (the “Code”), if as a result of a share repurchase, a shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for Shares under Rule 26 of the Code.

As at the Latest Practicable Date, MIH China (BVI) Limited (formerly known as MIH QQ (BVI) Limited) (“MIH”) was interested in 630,240,380 Shares, representing approximately 35.15% of the issued share capital of the Company. In the event that the Directors exercised the Share Repurchase Mandate in full, the shareholding of MIH in the Company would be increased to approximately 39.05% of the issued share capital of the Company. The increase of MIH’s proportionate interest in the Company will be treated as an acquisition for the purpose of the Code. Accordingly, MIH or a group of shareholders acting in concert with it could obtain or consolidate control of the Company and, when exceeding the 2% creeper, become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. Save as disclosed herein, the Directors are not aware of any consequences which may arise under the Code if the Share Repurchase Mandate is exercised. The Directors have no present intention to exercise the Share Repurchase Mandate to such an extent as would trigger the application of the Code in the manner described above.

(i) Shares purchased by the Company

In the six months immediately preceding the Latest Practicable Date, the Company has purchased a total of 2,772,600 Shares on the Stock Exchange, details of which are as follows:

Date of repurchases	Number of Securities purchased	Price Per Shares	
		Highest Price Paid	Lowest Price Paid
		<i>HK\$</i>	<i>HK\$</i>
1. 20 March 2008	1,500,000	39.90	35.95
2. 1 April 2008	1,272,600	45.50	44.60

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the six months preceding the Latest Practicable Date.

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED AT THE AGM

The particulars of the Directors proposed to be re-elected at the AGM are as follows:

1. **Antonie Andries Roux**

Antonie Andries Roux, age 50, has been a non-executive Director since 10 December 2002. Mr. Roux is currently Chief Executive Officer of Internet Operations for the MIH group companies, a position he has held since 2002. Mr. Roux joined the Naspers group in 1979 and was a founding member of M-Net in 1985. In 1997, he was appointed Chief Executive Officer of M-Web South Africa. Currently, Mr. Roux serves on the boards of directors of a number of companies that are subsidiaries of or associated companies with MIH, including Sportsen, Mweb (Thailand) Limited and M-Web Holdings (Pty) Limited. Mr. Roux has more than 28 years of experience in the telecommunications industry.

Mr. Roux is related to MIH, the controlling shareholder of the Company; otherwise, as at the Latest Practicable Date, Mr. Roux does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company and does not hold any interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance. There is no service contract between the Company and Mr. Roux. Mr. Roux's term is for one year but is subject to retirement and re-election at annual general meetings of the Company in accordance with the Articles. Mr. Roux as a non-executive director is not entitled to any director's fee.

Save as disclosed herein, there is no information that should be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) and there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

2. **Li Dong Sheng**

Li Dong Sheng, age 51, has been an independent non-executive Director since April 2004. Mr. Li is the Chairman and CEO of TCL Corporation, the Chairman of the Hong Kong listed TCL Multimedia Technology Holdings Limited and the Chairman of the Hong Kong listed TCL Communication Technology Holdings Limited, all of which produce consumer electronic products. Mr. Li graduated from Huanan Polytechnic University in 1982 with a Bachelor degree in radio technology and has more than 13 years of experience in the information technology field.

As at the Latest Practicable Date, Mr. Li does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company and Mr. Li has personal interests of 100,000 share options of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is no service contract between the Company and Mr. Li. Mr. Li's term is for one year but is subject to retirement and re-election at annual general meetings of the Company in accordance with the Articles. Mr. Li is entitled to a director's fee of HK\$300,000 per annum for the year 2007, which is determined with reference to his duties and responsibilities with the Company.

Save as disclosed herein, there is no information that should be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) and there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

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)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Tencent Holdings Limited (the “Company”) will be held at Salon 4, JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 14 May 2008 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2007.
2. To declare a final dividend.
3. To re-elect Directors and authorize the Board of Directors to fix the Directors’ remuneration.
4. To re-appoint Auditors and authorize the Board of Directors to fix their remuneration.

As special business, to consider and if thought fit, to pass with or without modification the following resolutions as Ordinary Resolutions:

5. **“That:**
 - (a) subject to paragraph (c), a general mandate be and is hereby unconditionally granted to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to allot, issue and dispose of additional shares in the Company and to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers;
 - (b) the mandate in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal value of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the mandate in paragraph (a), otherwise than pursuant to (i) a Rights Issue, or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the

NOTICE OF ANNUAL GENERAL MEETING

Company or (iii) any scrip dividend or similar arrangement pursuant to the articles of association of the Company from time to time, shall not exceed twenty per cent (20%) of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution and the said mandate shall be limited accordingly; and

(d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong).”

6. **“That:**

(a) a general mandate be and is hereby unconditionally granted to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to purchase or otherwise acquire shares of HK\$0.0001 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the aggregate nominal amount of shares so purchased or otherwise acquired shall not exceed ten per cent (10%) of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution; and

(b) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or by law to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
7. “That, conditional upon the passing of Resolutions 5 and 6 set out in the Notice convening this Meeting, the aggregate nominal amount of the shares which are purchased or otherwise acquired by the Company pursuant to Resolution 6 shall be added to the aggregate nominal amount of the shares which may be issued pursuant to Resolution 5.”

By Order of the Board
Ma Huateng
Chairman

9 April 2008

Notes:

1. The register of members will be closed from Thursday, 8 May 2008 to Wednesday, 14 May 2008, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming Annual General Meeting and to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 7 May 2008.
2. Any member entitled to attend and vote at the Annual General Meeting convened by the above notice (or at any adjournment thereof) is entitled to appoint one or, if he holds two or more shares, more person(s) as his proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.