

For Immediate Release

Tencent in Negotiation with China Mobile on “161 Mobile Chat”

(Shenzhen — December 22, 2004) Tencent Holdings Limited (SEHK 700), a leading provider of Internet and mobile value-added services in China, is negotiating a new arrangement with China Mobile on a mobile value-added service called 161 Mobile Chat as the existing technical support agreement between the Group and China Mobile regarding the offering has been due for negotiation.

It is expected that if Tencent is able to conclude a new arrangement with China Mobile, Tencent will only be entitled to a pre-determined monthly maintenance fee, as opposed to the fee sharing arrangement under the existing agreement.

Taking into account Tencent’s net profit derived from 161 Mobile Chat in the recent months, the proposal under discussion and the possibility that the new arrangement may not be finalized, it is expected that Tencent’s monthly net profit derived from 161 Mobile Chat will be reduced by an amount in the region of RMB4 million. The Group’s net profit derived from 161 Mobile Chat represented 10% and 16%, respectively, of the Group’s net profit for the year ended 31 December 2003 and the half year ended 30 June 2004.

Chief Executive Officer of Tencent, Ma Huateng, said the company is proactively exploring alternative ways to cooperate with China Mobile for the 161 Mobile Chat offering and will disclose relevant information in due course. Meanwhile, the company will continue to develop new products and promote existing value-added services, including online games, online advertising and other value-added services and products to generate new sources of revenues and to minimize the financial impact.

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About Tencent Group

Tencent Group is a leading provider of Internet and mobile value-added services in China. The Group serves the largest instant messaging (IM) community in China as measured by registered IM user accounts. The Company's IM platform allows users to communicate in real-time across the Internet, and mobile and fixed line telecommunications networks using various terminal devices.

Tencent operates three principal lines of business: Internet value-added services, mobile and telecommunications value-added services and online advertising.

Shares of Tencent Holdings Limited are traded on the Main Board of the Stock Exchange of Hong Kong, under the stock code 700. For more information, please visit our corporate website at www.tencent.com.

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Important note:

This press release contains forward-looking statements relating to the business outlook, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realized in future. Underlying the forward-looking statements are a large number of risks and uncertainties. Further information regarding these risks and uncertainties is included in our other public disclosure documents.