

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of 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)**

**CONNECTED TRANSACTION**  
**PURCHASE OF SHARES OF SANOOK**

The Board wishes to announce that on 26 August 2010, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Vendor.

Pursuant to the Share Purchase Agreement, the Purchaser has agreed to (i) purchase from the Vendor 2,496 Shares of Sanook, representing 49.92% of its outstanding share capital, and (ii) assume from the Vendor a 50% interest in the Shareholder Loan.

Upon closing of the transactions contemplated by the Share Purchase Agreement, the Parties and Sanook shall enter into the Shareholders Agreement, which sets out the rights and obligations of the Parties relating to the transfer and issuance of Shares and the management and operations of Sanook.

The Vendor currently holds 99.84% of the outstanding share capital of Sanook, and is a wholly-owned subsidiary of Naspers Limited. Naspers Limited is also the holding company of MIH China, a substantial shareholder of the Company. As such, under Chapter 14A of the Listing Rules, the Vendor is a connected person of the Company and entering into the Share Purchase Agreement constitutes a connected transaction. As one of the relevant percentage ratios prescribed under the Listing Rules exceeds 0.1% but is less than 5%, the connected transaction is exempt from independent shareholders' approval requirements but is subject to reporting and announcement requirements of the Listing Rules.

**THE SHARE PURCHASE AGREEMENT**

On 26 August 2010, the Purchaser and the Vendor entered into the Share Purchase Agreement.

## **Date of the Share Purchase Agreement**

26 August 2010

## **Parties**

- (1) the Purchaser, a wholly-owned subsidiary of the Company; and
- (2) the Vendor

## **The Transaction**

Pursuant to the Share Purchase Agreement, the Purchaser has agreed to (i) purchase from the Vendor 2,496 Shares of Sanook, representing 49.92% of its outstanding share capital, and (ii) assume from the Vendor a 50% interest in the Shareholder Loan.

The Purchaser will pay the Vendor an aggregate purchase price of US\$10,500,783 (HK\$81.70 million) for the 2,496 Shares and the 50% interest in the Shareholder Loan. The purchase price will be paid in cash and shall be satisfied by the internal resources of the Group.

The share capital of Sanook consists of Class A Shares and Class B Shares. The two classes of Shares are pari passu other than as highlighted below under the heading "Shareholder Rights".

The aggregate consideration of US\$10,500,783 (HK\$81.70 million) was determined after arm's length negotiations between the Parties with reference to factors such as Sanook's financial performance, market position and user traffic.

## **Closing**

Closing of the transaction is subject to certain closing conditions having been fulfilled or waived in accordance with the terms of the Share Purchase Agreement, including (among others):

- (a) the Parties having carried out and attended to all the relevant corporate procedures in order to complete the transactions contemplated by the Share Purchase Agreement;
- (b) the Parties having obtained all necessary governmental approvals and consents, if any;
- (c) the Purchaser being reasonably satisfied with the results of its legal, financial and operational due diligence review of Sanook;

- (d) the warranties made by the Vendor in the Share Purchase Agreement being true and correct as of the closing, and the Vendor having performed and complied with its obligations under the Share Purchase Agreement;
- (e) the Shareholders Agreement and certain other ancillary agreements having been entered into by the parties thereto, and an amended and restated articles of association of Sanook having been adopted;
- (f) no governmental authority or other person shall have challenged the transaction, and there being no law or regulation prohibiting or materially delaying the transaction; and
- (g) the Parties having agreed on a five-year business plan for Sanook.

Either Party may terminate the Share Purchase Agreement (i) by mutual consent, or (ii) if the closing conditions have not been fulfilled or waived by 31 October 2010. Closing of the transaction is expected to take place within the next several weeks.

### **Shareholder Rights**

Upon closing of the transaction, the Parties and Sanook shall enter into the Shareholders Agreement. The Shareholders Agreement sets out the rights and obligations of the Parties relating to the transfer and issuance of Shares and the management and operations of Sanook, including (without limitation):

- (a) the board of directors of Sanook shall be set at five members, two of whom shall be appointed by the Purchaser (as the primary holder of Class A Shares), two of whom shall be appointed by the Vendor (as the primary holder of Class B Shares) and one of whom shall be the chief executive officer of Sanook (unless otherwise agreed to by the Parties);
- (b) resolutions of the board of directors shall generally require the approval of both directors appointed by each of the Purchaser and the Vendor;
- (c) the Purchaser (as the primary holder of Class A Shares) shall have the right to propose candidates for chief executive officer of Sanook, and the Vendor (as the primary holder of Class B Shares) shall have the right to propose candidates for chief financial officer of Sanook; and
- (d) each of the Purchaser and the Vendor shall possess (i) pre-emptive rights with respect to new issuances of Shares by Sanook, and (ii) rights of first refusal with respect to proposed transfers of Shares.

## **INFORMATION REGARDING SANOOK**

Incorporated in Thailand in January 2000, Sanook aims to be a leading online service provider for Thai consumers with respect to entertainment, information, commerce and community services. Through its operating subsidiaries, Sanook currently engages in a variety of Internet-related businesses, including portal, Internet advertising, instant messaging, mobile value-added services, e-commerce, classifieds and casual games.

Sanook operates in a growing market, and necessary investments have been made to help Sanook maintain and expand its market position. Based on its unaudited consolidated financial statements, as at 31 March 2010 the consolidated total assets of Sanook were approximately THB153.47 million (HK\$37.75 million) and net liabilities (which includes the Shareholder Loan) were approximately THB1,361.05 million (HK\$334.82 million). The unaudited consolidated net profit of Sanook (after taxation and extraordinary items) for the fiscal year ended 31 March 2010 was approximately THB61.57 million (HK\$15.15 million), and the unaudited consolidated net loss (after taxation and extraordinary items) for the fiscal year ended 31 March 2009 was approximately THB177.02 million (HK\$43.55 million). The unaudited consolidated net profit of Sanook (before taxation and extraordinary items) for the fiscal year ended 31 March 2010 was approximately THB62.01 million (HK\$15.25 million), and the unaudited consolidated net loss (before taxation and extraordinary items) for the fiscal year ended 31 March 2009 was approximately THB177.02 million (HK\$43.55 million).

## **REASONS FOR THE TRANSACTION**

The Company is looking to expand its presence internationally, and believes that Thailand is a market with sufficient size and growth potential to justify having a direct long-term equity presence with a strategic partner. To date, the Company has seen a positive reaction by Thai users to certain of its services, including instant messaging and value-added Internet services, and believes its current presence in the Thai market can grow faster with a closer relationship with its local partner. An investment in Sanook also aligns well with the Company's long-term strategy to cooperate with top local Internet companies in emerging markets through strategic investment and partnership.

The Company believes that Sanook, as a leading local Internet company in Thailand, has the potential to be a good local partner in the Thai Internet market. With 10 years of operating experience in Thailand, Sanook has a solid understanding of the local industry and its customers. Currently, Sanook has a strong presence in areas such as portal, mobile value-added services and instant messaging. In addition, following the investment, the Company intends to work with Sanook to provide improved technical and operational support, thereby improving the quality of user experience offered to Sanook users.

The Board, including the independent non-executive directors, believes that the terms of the Share Purchase Agreement are on normal commercial terms and fair and reasonable, and the transactions contemplated under the Share Purchase Agreement are in the interests of the Company and the shareholders as a whole. Apart from Messrs. Antonie Andries Roux and Charles St Leger Searle, both of whom are executives of Naspers Limited or of its affiliates, none of the directors have any material interest in the transactions contemplated under the Share Purchase Agreement. Mr. Roux and Mr. Searle both abstained from voting on the resolutions approving the transaction.

## **CONNECTED TRANSACTION**

The Vendor is a wholly-owned subsidiary of Naspers Limited, the holding company of MIH China, a substantial shareholder of the Company. As such, under Chapter 14A of the Listing Rules, the Vendor is a connected person of the Company and entering into the Share Purchase Agreement constitutes a connected transaction of the Company.

As one of the relevant percentage ratios prescribed under Rule 14.07 of the Listing Rules exceeds 0.1% but is less than 5%, the connected transaction pursuant to the Share Purchase Agreement is exempt from independent shareholders' approval requirements but is subject to the reporting and announcement requirements of the Listing Rules. In accordance with Rule 14A.45 of the Listing Rules, details of the transaction as disclosed in this announcement will be included in the Company's next published annual report and accounts.

## **GENERAL**

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

## **DEFINITIONS**

<b>Term</b>	<b>Meaning</b>
“Board”	board of directors of the Company
“Class A Shares”	Class A Shares with par value of 10 THB in the share capital of Sanook
“Class B Shares”	Class B Shares with par value of 10 THB in the share capital of Sanook
“Company”	Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange

“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“holding company”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“MIH China”	MIH China (BVI) Limited, a limited liability company organized and existing under the laws of the British Virgin Islands, and a substantial shareholder of the Company
“Naspers Limited”	Naspers Limited, a limited liability company organized and existing under the laws of the Republic of South Africa
“Parties”	the Purchaser and the Vendor
“Purchaser”	New Kingdom Limited, a limited liability company organized and existing under the laws of the Hong Kong Special Administrative Region of the PRC, and a wholly-owned subsidiary of the Company
“PRC”	People’s Republic of China
“Sanook”	Mweb Holdings (Thailand) Limited, a limited liability company incorporated in Thailand
“Sanook Group”	Sanook and its subsidiaries
“Share(s)”	the share capital of Sanook, consisting of either Class A Shares or Class B Shares
“Share Purchase Agreement”	the share purchase agreement dated 26 August 2010 entered into between the Purchaser and the Vendor
“Shareholder Loan”	the aggregate amounts currently owed to the Vendor pursuant to loans and services provided to the Sanook Group

“Shareholders Agreement”	the shareholders’ agreement to be entered into between the Purchaser, the Vendor and Sanook at the closing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“THB”	Thai Baht, the lawful currency of Thailand
“US\$”	United States dollar, the lawful currency of the United States of America
“Vendor”	M-Web Thailand Holdings B.V., a limited liability company organized and existing under the laws of the Netherlands established by Naspers Limited for the purpose of holding its investment in Sanook
“%”	per cent

In this announcement, for reference purpose only, the conversion of US\$ into HK\$ is calculated by using an exchange rate of US\$1.00 to HK\$7.78, and the conversion of THB into HK\$ is calculated by using an exchange rate of THB 1.00 to HK\$0.246.

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

26 August 2010

As at the date of this announcement, the directors of the Company are:

*Executive Directors:* Ma Huateng, Lau Chi Ping Martin and Zhang Zhidong;

*Non-Executive Directors:* Antonie Andries Roux and Charles St Leger Searle; and

*Independent Non-Executive Directors:* Li Dong Sheng, Iain Ferguson Bruce and Ian Charles Stone.