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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)

US\$600,000,000 3.375% SENIOR NOTES DUE 2018

Reference is made to the announcement of the Company dated 28 August 2012 in relation to its proposal to conduct an international offering of Notes to certain professional investors.

The Board is pleased to announce that on 28 August 2012 (New York time), the Company entered into a Purchase Agreement with Goldman Sachs, Deutsche Bank, Barclays, Citigroup, Credit Suisse, J.P. Morgan and ANZ (collectively, the “Initial Purchasers”).

The estimated net proceeds of the Notes Issue, after deduction of underwriting fees, discounts, commissions and other estimated expenses payable in connection with the Notes Issue, will amount to approximately US\$593,826,000.

A listing eligibility letter has been received for the listing and quotation of the Notes on the Stock Exchange. Admission of the Notes to the official list of the Stock Exchange and quotation of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

INTRODUCTION

Reference is made to the announcement of the Company dated 28 August 2012 in relation to its proposal to conduct an international offering of Notes to certain professional investors.

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THE PURCHASE AGREEMENT

Date

28 August 2012

Parties to the Purchase Agreement

- (a) The Company as the issuer of the Notes; and
- (b) each of the Initial Purchasers.

Goldman Sachs, Deutsche Bank and Barclays are the joint global coordinators, and Goldman Sachs, Deutsche Bank, Barclays, Citigroup, Credit Suisse, J.P. Morgan and ANZ are the joint bookrunners and the joint lead managers in respect of the Notes Issue.

To the Company's best knowledge, information and belief, having made all reasonable enquiries, the Initial Purchasers are independent third parties and are not connected persons of the Company.

The Notes to be issued by the Company have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States. The Notes will only be offered (i) in the United States to qualified institutional buyers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or in transactions not subject to the registration requirements of the U.S. Securities Act and (ii) in offshore transactions in compliance with Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong or be placed to any connected person of the Company.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, the Company will issue US\$600,000,000 3.375% senior notes that will mature on 5 March 2018.

Offer Price

The offer price of the Notes will be 99.771% of the total principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 3.375% per annum, payable semi-annually in arrears on 5 March and 5 September of each year, beginning 5 March 2013.

Payment

All payments due under, and all claims arising out of or pursuant to, the Notes and/or the Indenture from or against the Company shall be payable and settled in U.S. dollars only.

Ranking of the Notes

The Notes are general obligations of the Company. The Notes are: (1) senior in right of payment to all of the Company's existing and future indebtedness expressly subordinated in right of payment to the Notes; (2) ranked at least equal in right of payment with all of the Company's existing and future unsecured and unsubordinated indebtedness (subject to any priority rights pursuant to applicable law); (3) effectively subordinated to all of the Company's existing and future secured indebtedness, to the extent of the value of the assets serving as security therefor; and (4) structurally subordinated to all existing and future indebtedness and other liabilities of the Company and its Controlled Entities.

Events of Default

The events of default under the Indenture include, among others, default in the payment of principal, premium or interest, and default in the performance or breach of certain covenants under the Indenture or the Notes.

If an event of default occurs, the principal amount of the Notes and any accrued and unpaid interest thereon will become due and payable immediately, subject to certain notice provisions in certain circumstances.

Covenants

The Notes and the Indenture will limit the Company's ability to, among other things, incur liens and consolidate, merge or sell all or substantially all of its assets in certain circumstances.

Redemption

The Company may, at any time upon giving not less than 30 days' nor more than 60 days' notice to holders of the Notes (which notice shall be irrevocable), redeem the Notes, in whole or in part, at a redemption amount equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the Make Whole Amount, plus, in each case, accrued and unpaid interest, if any, to, but not including, the date fixed for redemption; provided that the principal amount of a Note remaining outstanding after redemption in part shall be US\$200,000 or an integral multiple of US\$1,000 in excess thereof.

Listing

A listing eligibility letter has been received for the listing and quotation of the Notes on the Stock Exchange. Admission of the Notes to the official list of the Stock Exchange and quotation of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

Rating

The Notes have received a rating of "Baa1" by Moody's Investors Services, Inc. and "BBB+" by Standard & Poor's Ratings Services, a division of McGraw-Hill Companies, Inc..

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

Term	Definition
“ANZ”	Australia and New Zealand Banking Group Limited
“Barclays”	Barclays Bank PLC
“Board”	the board of Directors
“Citigroup”	Citigroup Global Markets Inc.
“Company”	Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman Islands and whose Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlled Entities”	has the meaning ascribed to it in the Indenture
“Credit Suisse”	Credit Suisse Securities (Europe) Limited
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch
“Director(s)”	director(s) of the Company
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C.
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Indenture”	the written agreement between the Company as issuer of the Notes and Deutsche Bank Trust Company Americas as trustee of the Notes, pursuant to which the Notes will be issued
“J.P. Morgan”	J.P. Morgan Securities plc
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Make Whole Amount”	an amount determined on the fifth business day before the redemption date by the Calculation Agent (as defined in the Indenture) to be equal to the sum of (i) the present value of the principal amount of the Notes of the relevant series to be redeemed, assuming a scheduled repayment thereof on the date of Stated Maturity (as defined in the Indenture), plus (ii) the present value of the remaining scheduled payments of interest to and including the date of Stated Maturity, in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield (as defined in the Indenture) plus 30 basis points
“Notes”	US\$600,000,000 3.375% senior notes due 2018 to be issued by the Company
“Notes Issue”	the issue of Notes by the Company
“Purchase Agreement”	the purchase agreement dated 28 August 2012 entered into between the Company and the Initial Purchasers in relation to the Notes Issue
“Share(s)”	the ordinary share(s) with par value of HK\$0.0001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

By Order of the Board
Ma Huateng
Chairman

29 August 2012

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 Director:

Charles St Leger Searle; and

Independent Non-Executive Directors:

Li Dong Sheng, Iain Ferguson Bruce and Ian Charles Stone.

This announcement 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 these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.