

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)

**NOTIFICATION OF SANCTIONS FROM CHINA MOBILE
TO SHENZHEN TENCENT COMPUTER
SYSTEMS COMPANY LIMITED**

Tencent Computer received a notice on 9 September 2004 from China Mobile that China Mobile was imposing sanctions upon Tencent Computer for certain audio contents offered by Tencent Computer on the Channel being in violation of the content requirements stipulated by China Mobile. Sanctions of China Mobile imposed on Tencent Computer included temporary suspension of all services offered on the Channel and temporary suspension of approval for any application from Tencent Computer to offer new mobile application services. The Group is taking remedial actions to comply with the requirements of China Mobile. This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Tencent Computer received a notice on 9 September 2004 from China Mobile that China Mobile was imposing sanctions upon Tencent Computer for certain audio contents offered by Tencent Computer on the Channel being in violation of the content requirements stipulated by China Mobile.

The sanctions that China Mobile imposed on Tencent Computer are summarized as follows:

- China Mobile has temporarily suspended the services offered on the Channel from 11 August 2004 and Tencent Computer is required to take remedial actions and submit a report. The resumption of the services offered on the Channel is subject to China Mobile's satisfactory review of Tencent Computer's remedial actions; and
- commencing 15 August 2004, China Mobile temporarily suspended any approval for any Tencent Computer's application to offer new services and launch joint marketing activities on China Mobile's existing platforms for 3 months and also any Tencent Computer's application to offer services on new platforms of China Mobile for 6 months.

The Group is taking remedial actions to comply with the requirements of China Mobile. Given that the other 20 channels operated by Tencent Computer for the provision of mobile IVR services are not affected by the sanctions imposed by China Mobile and that the revenues from the Channel did not constitute a material portion of the Group's total mobile and telecommunications value-added services revenues reported for the three and six months ended 30 June 2004, the Board considers that the suspension of services offered on the Channel will not have a material impact on the Group's overall operations.

TERMS USED IN THIS ANNOUNCEMENT

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

the "Board"	means	the board of directors of the Company;
the "Channel"	means	one mobile IVR services channel operated by Tencent Computer in respect of which China Mobile has temporarily suspended its services from 11 August 2004;
"China Mobile"	means	China Mobile Communications Corporation;
the "Company"	means	Tencent Holdings Limited;
the "Group"	means	the Company, its subsidiaries and companies consolidated for accounting purposes;
"IVR"	means	Interactive Voice Response, a software application that accepts a combination of voice telephone input and touchtone keypad selection and provides appropriate responses in the forms of voice messages, facsimiles, callback or e-mails;
"Listing Rules"	means	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
the "PRC"	means	the People's Republic of China; and
"Tencent Computer"	means	深圳市騰訊計算機系統有限公司 (Shenzhen Tencent Computer Systems Company Limited), a company established in the PRC with limited liability and a member of the Group.

By Order of the Board
Ma Huateng
Chairman

Hong Kong, 10 September 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.