

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules, is set out here to illustrate the effect of the Offering on (a) the basic earnings per share of the Group for the year ended 31 December 2003 as if it had taken place on 1 January 2003 and (b) the net tangible assets of the Group as at 31 March 2004 as if it had taken place on 31 March 2004.

The pro forma financial information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the basic earnings per share and the financial position of the Group following the Offering.

A. UNAUDITED PRO FORMA BASIC EARNINGS PER SHARE

Net profit for the year ended 31 December 2003 (RMB'000)	322,196
Weighted average number of Shares outstanding during 2003 (note)	1,321,151,000
Shares to be issued under the Offering (excluding any Shares which may be issued under the Over-allotment Option)	420,160,500
	<u>1,741,311,500</u>
Unaudited pro forma basic earnings per Share	<u>HK\$0.17 RMB0.19</u>

Note:

The unaudited pro forma basic earnings per Share is calculated by dividing the historical net profit of the Group for the year ended 31 December 2003 by the weighted average number of Shares outstanding during 2003 adjusted retrospectively as if the effect of the share splits mentioned in notes 24(g) and 24(i) of the Accountants' Report and Shares to be issued under the Offering, taking no account for any shares which may be issued upon the exercise of the Over-allotment Option and any options which have been granted under the Pre-IPO Share Option Scheme, had taken place on 1 January 2003.

B. UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following statement of unaudited pro forma net tangible assets of the Group is based on the audited consolidated net assets of the Group as at 31 March 2004, as shown in the accountants' report, the text of which is set out in Appendix I to this prospectus and adjusted as follows:

	Audited net tangible assets of the Group as at 31 March 2004	Estimated net proceeds from the Offering	Unaudited Pro Forma net tangible assets	Unaudited Pro Forma net tangible assets per Share	
	RMB'000	RMB'000 (Note 1)	RMB'000	RMB (Note 2)	HK\$ (Note 2)
Based on an Offer Price of HK\$2.77 per Share ..	<u>550,326</u>	<u>1,134,720</u>	<u>1,685,046</u>	<u>1.00</u>	<u>0.95</u>
Based on an Offer Price of HK\$3.70 per Share ..	<u>550,326</u>	<u>1,532,347</u>	<u>2,082,673</u>	<u>1.24</u>	<u>1.17</u>

Notes:

- The estimated net proceeds from the Offering are based on the Offer Price of HK\$2.77/HK\$3.70 per Share, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the Shares which may be issued pursuant to any exercise of Over-allotment Option or pursuant to any exercise of options which have been granted under the Pre-IPO Share Option Scheme or which may be granted under the Share Option Scheme. If the Over-allotment Option is exercised in full, the unaudited pro forma net tangible asset value per Share will be increased correspondingly.

2. The unaudited pro forma net tangible asset value per Share is arrived at after the adjustments referred to in the following paragraph and on the basis that 1,680,641,260 Shares are in issue taking no account for any shares which may be issued upon the exercise of the Over-allotment Option and any options which has been granted under the Pre-IPO Share Option Scheme.

Shares in issue at 31 March 2004	1,260,480,760
Shares to be issued under the Offering	<u>420,160,500</u>
Total shares already issued and to be issued under the Offering (excluding any Shares which may be issued under the Over-allotment Option and the Pre-IPO Share Option Scheme)	<u><u>1,680,641,260</u></u>

C. COMFORT LETTER ON PRO FORMA FINANCIAL INFORMATION

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The Directors
Tencent Holdings Limited
Goldman Sachs (Asia) L.L.C.

7 June 2004

Dear Sirs

Tencent Holdings Limited

We report on the unaudited pro forma basic earnings per Share and unaudited pro forma adjusted net tangible assets of Tencent Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out in Parts A and B of this Appendix in connection with the international placing and Hong Kong public offering (the “Offering”) of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Offering might have affected the relevant financial information of the Group for the year ended 31 December 2003 and as at 31 March 2004.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 21 of Appendix 1A and paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work with reference to the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work, which involved no independent examination of any the underlying financial information, consisted primarily of comparing the unadjusted financial

information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company.

Our work does not constitute an audit or review in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants, and accordingly, we do not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information has been prepared on the bases set out in Parts A and B of this Appendix for illustrative purpose only and, because of its nature, it may not be indicative of:

- the basic earnings per share of the Group for any future periods, or
- the financial position of the Group at any future date.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29 of the Listing Rules.

Yours faithfully

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong