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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)

**ANNOUNCEMENT OF THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2014. The results have been audited by the Auditor in accordance with International Standards on Auditing. In addition, the results have also been reviewed by the Audit Committee.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended 31 December		
	2014	2013	Year-on-year change
	(RMB in millions, unless specified)		
Revenues	78,932	60,437	31%
Gross profit	48,059	32,659	47%
Operating profit	30,542	19,194	59%
Profit for the year	23,888	15,563	53%
Profit attributable to equity holders of the Company	23,810	15,502	54%
Non-GAAP profit attributable to equity holders of the Company ⁽¹⁾	24,224	16,975	43%
EPS ⁽²⁾ (RMB per share)			
- basic	2.579	1.693	52%
- diluted	2.545	1.660	53%
Non-GAAP EPS ⁽¹⁾⁽²⁾ (RMB per share)			
- basic	2.624	1.854	42%
- diluted	2.589	1.817	42%

	Unaudited				
	31	Three months ended			
	December	31	Year-	30	Quarter-
	2014	December	on-year	September	on-quarter
		2013	change	2014	change
		(RMB in millions, unless specified)			
Revenues	20,978	16,970	24%	19,808	6%
Gross profit	12,646	8,772	44%	12,641	0%
Operating profit	7,394	4,751	56%	7,515	-2%
Profit for the period	5,954	3,931	51%	5,676	5%
Profit attributable to equity holders of the Company	5,860	3,911	50%	5,657	4%
Non-GAAP profit attributable to equity holders of the Company ⁽¹⁾	6,723	4,440	51%	6,433	5%
EPS ⁽²⁾ (RMB per share)					
- basic	0.632	0.425	49%	0.612	3%
- diluted	0.625	0.418	50%	0.605	3%
Non-GAAP EPS ⁽¹⁾⁽²⁾ (RMB per share)					
- basic	0.725	0.483	50%	0.696	4%
- diluted	0.717	0.475	51%	0.688	4%

⁽¹⁾ Since the first quarter of 2014, we have included gains/losses on disposals of investee companies and businesses in the non-GAAP adjustments. Comparative figures have been restated to conform to the new presentation.

⁽²⁾ Since the second quarter of 2014, EPS has been stated after taking into account the effect of the Share Subdivision. Comparative figures have been restated on the assumption that the Share Subdivision had been effective in prior periods.

DIVIDEND

The Board has recommended the payment of a final dividend of HKD0.36 per share (2013: HKD1.20 per share before the effect of the Share Subdivision, or HKD0.24 per share after the effect of the Share Subdivision) for the year ended 31 December 2014, subject to the approval of the shareholders at the 2015 AGM. Such proposed dividend will be payable on 29 May 2015 to the shareholders whose names appear on the register of members of the Company on 20 May 2015.

BUSINESS REVIEW AND OUTLOOK

In 2014, the mobile Internet reshaped the Internet industry with rapid development of mobile game and entertainment activities, enhanced importance of mobile advertising, growing adoption of mobile payment and the emergence of O2O opportunities. The mobile game population grew as many smart phone users, including some who were previously not PC client game players, began playing casual or mid-core games. Mobile video and music became popular as users sought entertainment on-the-go. Mobile social advertising increased as advertisers incorporated social data for targeted advertising. Mobile payment adoption expanded significantly as a result of increased smart phone penetration, advanced mobile payment technologies and aggressive promotion efforts by leading Internet companies. The mobile Internet enabled an upsurge in O2O transactions across industry verticals such as restaurants, transportation and household services.

Market competition remained intense as major industry participants invested aggressively in areas including: (1) popular mobile applications, such as mobile utilities, mobile payment and O2O services; (2) digital content, such as online music and video copyrights; and (3) offline industries moving online, such as finance and healthcare.

Overall Financial Performance

Year Ended 31 December 2014

In 2014, revenues increased by 31% to RMB78,932 million. Excluding the eCommerce transactions business, revenues increased by 46% to RMB74,179 million.

- *VAS.* Revenues from our VAS business increased by 41% to RMB63,310 million. Our online game business achieved healthy growth in revenues, mainly driven by PC client games and smart phone games integrated with Mobile QQ and Weixin. Our social networks revenues grew significantly, driven by increased in-game item sales on mobile platforms. Subscription services also registered renewed revenue growth.
- *Online advertising.* Revenues from our online advertising business increased by 65% to RMB8,308 million, primarily driven by video advertising and performance-based social advertising on mobile. Video advertising benefited from underlying viewer growth. The growth in performance-based social advertising on mobile was mainly driven by Mobile Qzone and Weixin Official Accounts. Our strategic co-operation with JD.com also contributed to the growth of our online advertising business.

- *eCommerce transactions*. Revenues from our eCommerce transactions business decreased by 51% to RMB4,753 million. The decline mainly reflected a traffic shift to JD.com following our strategic transaction with JD.com in March 2014, and the repositioning of our Yixun business from principal to marketplace operations.

Profit attributable to equity holders of the Company increased by 54% to RMB23,810 million. Non-GAAP profit attributable to equity holders of the Company increased by 43% to RMB24,224 million.

Fourth Quarter of 2014

In the fourth quarter of 2014, revenues increased by 24% year-on-year to RMB20,978 million. Excluding the eCommerce transactions business, revenues increased by 50% year-on-year to RMB20,532 million.

- *VAS*. Revenues from our VAS business increased by 44% year-on-year to RMB17,137 million. Our online game business achieved healthy growth in revenues, mainly driven by PC client games and smart phone games integrated with Mobile QQ and Weixin. Our gross revenues generated from smart phone games integrated with Mobile QQ and Weixin amounted to approximately RMB3.8 billion. Our social networks revenues grew significantly, reflecting increased in-game item sales on mobile platforms and revenue growth in subscription services.
- *Online advertising*. Revenues from our online advertising business increased by 75% year-on-year to RMB2,627 million. The increase primarily flowed from video advertising and performance-based social advertising on mobile.
- *eCommerce transactions*. Revenues from our eCommerce transactions business decreased by 87% year-on-year to RMB446 million. The decline mainly reflected the traffic shift to JD.com and the repositioning of our Yixun business discussed above.

Profit attributable to equity holders of the Company increased by 50% year-on-year to RMB5,860 million. Non-GAAP profit attributable to equity holders of the Company increased by 51% year-on-year to RMB6,723 million.

Strategic Highlights

In 2014, we focused on our “Connection” strategy, linking our users with content, services and hardware to enhance their lives online and offline. Leveraging our core communications and social platforms, Weixin and Mobile QQ, we made significant progress in fostering a healthy mobile ecosystem which provides our users with an expanding range of products and services, taking advantage of our strengths such as unified login, users’ social graphs, multi-platform marketing capabilities, infrastructure support, payment solutions and insights into user needs.

During the year, we moved forward in monetising mobile Internet use, initially through smart phone games and performance-based social advertising. We invested heavily in content for businesses such as our literature service, music service, and video service, contributing to substantial traffic growth. Our portfolio of mobile utilities, including mobile security, browser and application store, achieved healthy market share gains. For example, YingYongBao became one of China’s leading Android application stores. We significantly expanded the user bases of our mobile payment platforms and we explored Internet finance opportunities with the launch of our wealth management platform and the inception of our bank affiliate, WeBank.

To complement our internal initiatives, we entered into a strategic transaction with JD.com to reposition our eCommerce business, and we continued to enrich our ecosystem by making strategic investments in and partnering with industry leaders, including 58.com, Dianping, Dididache and Koudai Gouwu.

- From consumers’ perspective, we believe these and other partnerships enable our users to benefit from an expanding range of high quality products and services.
- From partners’ perspective, we believe our user activity is starting to contribute materially to our partners’ long-term growth. For example, we believe we direct substantial volumes of traffic from our platforms to JD.com and 58.com.
- From our perspective, partnerships free up our internal resources to focus on the core strengths of our platforms, while enabling us to continue to benefit financially from the growth potential of the underlying industries via our significant equity stakes in partners.

In terms of balance sheet management, we established a USD5 billion global medium term note programme in April 2014 and subsequently issued various tranches of senior notes, with an aggregate principal amount of USD4.9 billion at the end of February 2015. We received a credit ratings upgrade from Moody's on our issuer and senior unsecured debt ratings from Baa1 to A3 in March 2014.

Divisional and Product Highlights

Operating Information

	As at 31 December 2014	As at 31 December 2013	Year- on-year change	As at 30 September 2014	Quarter- on- quarter change
		(in millions, unless specified)			
MAU of QQ	815.3	808.0	0.9%	819.8	-0.5%
Smart device MAU of QQ	576.1	434.8	32.5%	542.2	6.3%
PCU of QQ (for the quarter)	217.4	180.3	20.6%	216.5	0.4%
Combined MAU of Weixin and WeChat	500.0	355.0	40.8%	468.1	6.8%
MAU of Qzone	654.1	625.2	4.6%	628.9	4.0%
Smart device MAU of Qzone	539.8	416.2	29.7%	506.3	6.6%
Fee-based VAS registered subscriptions	83.7	88.6	-5.5%	88.7	-5.6%

Key Platforms

In 2014, QQ and Qzone benefited from significant growth in China's mobile user base, and consolidated their leading positions in communications and social networking.

- For QQ, smart device MAU increased by 33% year-on-year to 576 million at the end of 2014, while overall PCU increased by 21% year-on-year to 217 million. During the year, we enhanced user engagement on Mobile QQ as we improved its community and sharing functions. We also cultivated an ecosystem for Mobile QQ users by integrating with O2O and other new services, including those provided by our strategic partners, and introducing Mobile QQ Wallet.
- For Qzone, smart device MAU increased by 30% year-on-year to 540 million at the end of 2014. User activity and stickiness improved during the year, benefiting from enhanced features and improved user experience.

Combined MAU of Weixin and WeChat reached 500 million at the end of 2014, representing year-on-year growth of 41%.

- For Weixin, we strengthened user interaction and engagement with new features and services, and increased the adoption of Weixin Official Accounts.
- For WeChat, we continued to promote user engagement in selected overseas markets, especially emerging Asian markets.

The aggregate number of user accounts that have integrated bank cards with Mobile QQ Wallet and Weixin Payment exceeded 100 million as we enriched payment scenarios and launched initiatives to build user awareness and habit, such as Red Packet gifting.

Our online media platforms extended their leadership in China. Tencent News leveraged enhanced content, improved user experience and plug-ins to Mobile QQ and Weixin to achieve significant user growth and became the leading mobile news platform in China. Tencent Video improved its market position with a strong uplift in user base and traffic, thanks to enriched content and improved user experience.

VAS

In social networks, our business benefited from significant growth in in-game item sales on our mobile platforms, and higher subscription revenues as we enhanced the mobile privileges and mobile user experience for QQ Membership, Super VIP and Qzone subscription service. We also added more premium content for our literature, music and video subscription services.

In online games, we extended our leadership in the China market from PC to mobile.

- For PC client games, revenue increased in 2014 as we benefited from growth in major titles and launch of new titles. LoL delivered a robust performance with significant growth in users and revenues.
- For mobile games, we achieved strong revenue growth during 2014, becoming the largest publisher in China and one of the largest globally. Through the year, we diversified our portfolio of smart phone games from casual to mid-core and self-developed to third-party, enriching the choices available to users.

Looking ahead, we aim to diversify and capitalise on our strong title pipeline for PC and mobile games to penetrate into new genres and solidify our market leadership.

Online Advertising

In 2014, our online advertising business benefited from revenue growth across the brand display and performance display categories. During the year, video advertising registered a robust revenue increase due to viewer traffic growth, including traffic arising from the Voice of China 3 program and FIFA World Cup content. We made significant progress in mobile advertising on Mobile Qzone and Weixin Official Accounts. Looking forward, we aim to allocate more inventory toward performance advertising, including inventory on Weixin Moments and YingYongBao. We continue to invest aggressively in video content to further build our traffic, including our recent exclusive partnerships with HBO and NBA.

eCommerce Transactions

Our eCommerce transaction business underwent a strategy transition subsequent to our strategic transaction with JD.com in March 2014. Shifting our traffic to JD.com led to a substantial reduction in our eCommerce revenues, costs, and losses. Looking forward, we believe the strategy transition enables us to benefit more efficiently from the growth of eCommerce in China via our significant equity stakes in best-in-class eCommerce companies such as JD.com, and via generating performance-based advertising revenues from eCommerce advertisers.

Outlook and Strategies for 2015

During 2015, in addition to developing our ongoing businesses, we intend to cultivate an increasingly vibrant mobile ecosystem, bringing our own and our partners' products and services to China consumers. Key aspects of cultivating this ecosystem include:

- Working with existing and prospective strategic partners in various verticals to deliver better O2O and transactional services to users;
- Developing our digital content businesses in partnership with key content providers, such as online literature authors, HBO, NBA, Sony Music, Warner Music, and YG Entertainment;
- Growing our performance-based advertising business by adding more mobile advertising inventory, enhancing advertiser tools, and expanding our advertiser base, all while balancing user experience; and
- Promoting use of our payment services through enriched payment scenarios.

MANAGEMENT DISCUSSION AND ANALYSIS

Adoption of Gross Revenue Recognition for Smart Phone Games

Starting from the fourth quarter of 2014, we recognise revenues from smart phone games on a gross basis, primarily to reflect changes in our co-operation models that resulted in us becoming the principal, rather than agent, for certain licensed games we publish on an exclusive basis. Correspondingly, we recorded revenue sharing with third-party developers and channel costs in costs of revenues, instead of treating them as contra-revenue items. For the fourth quarter of 2014, the change increased our revenues from smart phone games integrated with Mobile QQ and Weixin by RMB907 million, and related cost of revenues by the same amount. The change did not impact the Group's profits. We believe the change brings us closer into line with general industry practice.

Year Ended 31 December 2014 Compared to Year Ended 31 December 2013

The following table sets forth the comparative figures for the years ended 31 December 2014 and 2013:

	Year ended 31 December	
	2014	2013
	(RMB in millions)	
Revenues	78,932	60,437
Cost of revenues	<u>(30,873)</u>	<u>(27,778)</u>
Gross profit	48,059	32,659
Interest income	1,676	1,314
Other gains, net	2,759	904
Selling and marketing expenses	(7,797)	(5,695)
General and administrative expenses	<u>(14,155)</u>	<u>(9,988)</u>
Operating profit	30,542	19,194
Finance costs, net	(1,182)	(84)
Share of (losses)/profits of associates and joint ventures	<u>(347)</u>	<u>171</u>
Profit before income tax	29,013	19,281
Income tax expense	<u>(5,125)</u>	<u>(3,718)</u>
Profit for the year	<u>23,888</u>	<u>15,563</u>
Attributable to:		
Equity holders of the Company	23,810	15,502
Non-controlling interests	<u>78</u>	<u>61</u>
	<u>23,888</u>	<u>15,563</u>
Non-GAAP profit attributable to equity holders of the Company ⁽¹⁾	<u>24,224</u>	<u>16,975</u>

⁽¹⁾ Since the first quarter of 2014, we have included gains/losses on disposals of investee companies and businesses in the non-GAAP adjustments. Comparative figures have been restated to conform to the new presentation.

Revenues. Revenues increased by 31% to RMB78,932 million for the year ended 31 December 2014 from the year ended 31 December 2013. Excluding the eCommerce transactions business, revenues increased by 46% to RMB74,179 million. The following table sets forth our revenues by line of business for the years ended 31 December 2014 and 2013:

	Year ended 31 December			
	2014		2013	
	Amount	% of total revenues	Amount	% of total revenues
	(RMB in millions, unless specified)			
VAS	63,310	80%	44,985	75%
Online advertising	8,308	11%	5,034	8%
eCommerce transactions	4,753	6%	9,796	16%
Others	<u>2,561</u>	<u>3%</u>	<u>622</u>	<u>1%</u>
Total revenues	<u>78,932</u>	<u>100%</u>	<u>60,437</u>	<u>100%</u>

- Revenues from our VAS business increased by 41% to RMB63,310 million for the year ended 31 December 2014 from the year ended 31 December 2013. Online games revenues increased by 40% to RMB44,756 million. The increase was mainly driven by revenue growth from PC client games in China and international markets, as well as a significant increase in revenues from smart phone games integrated with Mobile QQ and Weixin, which were launched during 2013. Social networks revenues increased by 43% to RMB18,554 million. The increase was primarily driven by in-game item sales within mobile platforms and, to a lesser extent, by subscription revenues, which registered renewed growth due to the enhancement of our mobile privileges and mobile user experience for QQ Membership, Super VIP and Qzone subscription service.

- Revenues from our online advertising business increased by 65% to RMB8,308 million for the year ended 31 December 2014 from the year ended 31 December 2013. The increase mainly reflected: (1) revenue growth from video advertising due to more viewers; and (2) higher contributions from performance-based social advertising, especially on our mobile services such as Mobile Qzone and Weixin Official Accounts. The positive impact of our strategic co-operation with JD.com also contributed to the growth.
- Revenues from our eCommerce transactions business decreased by 51% to RMB4,753 million for the year ended 31 December 2014 from the year ended 31 December 2013. The decline mainly reflected a traffic shift to JD.com following our strategic transaction with JD.com in March 2014, and the repositioning of our Yixun business from principal to marketplace operations, resulting in a significant decline in revenues from principal eCommerce transactions.

Cost of revenues. Cost of revenues increased by 11% to RMB30,873 million for the year ended 31 December 2014 from the year ended 31 December 2013. The increase mainly reflected greater sharing and content costs, staff costs, as well as bandwidth and server custody fees, partially offset by a decline in cost of merchandise sold due to decreased revenues from principal eCommerce transactions. As a percentage of revenues, cost of revenues decreased to 39% for the year ended 31 December 2014 from 46% for the year ended 31 December 2013. Excluding the eCommerce transactions business, cost of revenues increased by 43% to RMB26,426 million. The following table sets forth our cost of revenues by line of business for the years ended 31 December 2014 and 2013:

	Year ended 31 December			
	2014		2013	
	Amount	% of segment revenues	Amount	% of segment revenues
	(RMB in millions, unless specified)			
VAS	20,619	33%	15,384	34%
Online advertising	4,660	56%	2,777	55%
eCommerce transactions	4,447	94%	9,239	94%
Others	1,147	45%	378	61%
Total cost of revenues	<u>30,873</u>		<u>27,778</u>	

- Cost of revenues for our VAS business increased by 34% to RMB20,619 million for the year ended 31 December 2014 from the year ended 31 December 2013. The increase was mainly driven by greater sharing and content costs, staff costs, as well as bandwidth and server custody fees.
- Cost of revenues for our online advertising business increased by 68% to RMB4,660 million for the year ended 31 December 2014 from the year ended 31 December 2013. The increase primarily reflected greater investment in video content and the acceleration of video content costs amortisation since the fourth quarter of 2013. Commissions payable to advertising agencies and staff costs also increased.
- Cost of revenues for our eCommerce transactions business decreased by 52% to RMB4,447 million for the year ended 31 December 2014 from the year ended 31 December 2013. The decrease was mainly driven by a decline in cost of merchandise sold due to lower revenues from principal eCommerce transactions.

Other gains, net. Other gains, net increased to RMB2,759 million for the year ended 31 December 2014 from RMB904 million for the year ended 31 December 2013. The increase primarily reflected: (1) an increase in net disposal gains related to investee companies and businesses mainly arising from our strategic transaction with JD.com and the sale of our equity interests in ChinaVision; and (2) the recognition of deemed disposal gains related to investee companies mainly arising from the merger of Kakao Corporation with a listed company, Daum Communications, and the IPO of JD.com. The increase was partly offset by higher impairment provision charges for selected investee companies.

Selling and marketing expenses. Selling and marketing expenses increased by 37% to RMB7,797 million for the year ended 31 December 2014 from the year ended 31 December 2013. The increase was mainly due to significant subsidy programs for users and merchants of Weixin Payment, notably for booking taxi rides, as well as increased advertising spending on products and platforms such as online games, online media, and mobile utilities. As a percentage of revenues, selling and marketing expenses increased to 10% for the year ended 31 December 2014 from 9% for the year ended 31 December 2013.

General and administrative expenses. General and administrative expenses increased by 42% to RMB14,155 million for the year ended 31 December 2014 from the year ended 31 December 2013. The increase was primarily due to higher research and development expenses and staff costs. As a percentage of revenues, general and administrative expenses increased to 18% for the year ended 31 December 2014 from 17% for the year ended 31 December 2013.

Finance costs, net. Finance costs, net increased to RMB1,182 million for the year ended 31 December 2014 from RMB84 million for the year ended 31 December 2013. The increase mainly reflected the recognition of foreign exchange losses due to exchange rate movements in the year ended 31 December 2014, compared to foreign exchange gains in the previous year, as well as higher interest expense as a result of an increase in amount of notes payable.

Income tax expense. Income tax expense increased by 38% to RMB5,125 million for the year ended 31 December 2014 from the year ended 31 December 2013. The increase primarily reflected higher profit before tax and an increase in deferred tax liabilities in respect of withholding taxes.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 54% to RMB23,810 million for the year ended 31 December 2014 from the year ended 31 December 2013. Non-GAAP profit attributable to equity holders of the Company increased by 43% to RMB24,224 million for the year ended 31 December 2014 from the year ended 31 December 2013.

Fourth Quarter of 2014 Compared to Fourth Quarter of 2013

The following table sets forth the comparative figures for the fourth quarter of 2014 and the fourth quarter of 2013:

	Unaudited	
	Three months ended	
	31 December	31 December
	2014	2013
	(RMB in millions)	
Revenues	20,978	16,970
Cost of revenues	<u>(8,332)</u>	<u>(8,198)</u>
Gross profit	12,646	8,772
Interest income	443	377
Other gains, net	343	405
Selling and marketing expenses	(2,063)	(2,033)
General and administrative expenses	<u>(3,975)</u>	<u>(2,770)</u>
Operating profit	7,394	4,751
Finance (costs)/income, net	(273)	6
Share of losses of associates and joint ventures	<u>(275)</u>	<u>(18)</u>
Profit before income tax	6,846	4,739
Income tax expense	<u>(892)</u>	<u>(808)</u>
Profit for the period	<u>5,954</u>	<u>3,931</u>
Attributable to:		
Equity holders of the Company	5,860	3,911
Non-controlling interests	<u>94</u>	<u>20</u>
	<u>5,954</u>	<u>3,931</u>
Non-GAAP profit attributable to equity holders of the Company ⁽¹⁾	<u>6,723</u>	<u>4,440</u>

⁽¹⁾ Since the first quarter of 2014, we have included gains/losses on disposals of investee companies and businesses in the non-GAAP adjustments. Comparative figures have been restated to conform to the new presentation.

Revenues. Revenues increased by 24% to RMB20,978 million for the fourth quarter of 2014 from the fourth quarter of 2013. Excluding the eCommerce transactions business, revenues increased by 50% to RMB20,532 million. The following table sets forth our revenues by line of business for the fourth quarter of 2014 and the fourth quarter of 2013:

	Unaudited			
	Three months ended			
	31 December 2014		31 December 2013	
	% of total		% of total	
	Amount	revenues	Amount	revenues
	(RMB in millions, unless specified)			
VAS	17,137	82%	11,932	70%
Online advertising	2,627	12%	1,497	9%
eCommerce transactions	446	2%	3,324	20%
Others	<u>768</u>	<u>4%</u>	<u>217</u>	<u>1%</u>
Total revenues	<u>20,978</u>	<u>100%</u>	<u>16,970</u>	<u>100%</u>

- Revenues from our VAS business increased by 44% to RMB17,137 million for the fourth quarter of 2014 from the fourth quarter of 2013. Online game revenues increased by 41% to RMB11,964 million. The increase was primarily driven by significant growth in revenues from smart phone games integrated with Mobile QQ and Weixin, mainly reflecting our expanded user base, our enriched game portfolio and, to a lesser extent, the impact of the aforementioned adoption of gross revenue recognition. Revenues from PC client games also increased. Social networks revenues grew by 50% to RMB5,173 million. The increase was mainly driven by higher in-game item sales within mobile platforms, as well as by subscription revenues from our QQ Membership, Super VIP, Qzone and digital content subscription services. If gross revenue recognition for smart phone games is adopted for the fourth quarter of 2013, revenues from our VAS business, online games, and social networks would have increased by 42%, 39% and 48% respectively for the fourth quarter of 2014.
- Revenues from our online advertising business increased by 75% to RMB2,627 million for the fourth quarter of 2014 from the fourth quarter of 2013. The increase primarily reflected revenue growth in video advertising as a result of more viewers and enhanced revenues from performance-based social advertising on mobile driven by Mobile Qzone and Weixin Official Accounts.

- Revenues from our eCommerce transactions business decreased by 87% to RMB446 million for the fourth quarter of 2014 from the fourth quarter of 2013. The decline mainly reflected a traffic shift to JD.com following our strategic transaction with JD.com in March 2014, and the repositioning of our Yixun business from principal to marketplace operations.

Cost of revenues. Cost of revenues increased by 2% to RMB8,332 million for the fourth quarter of 2014 from the fourth quarter of 2013. The increase mainly reflected greater sharing and content costs, staff costs, as well as channel costs, largely offset by a significant decline in cost of merchandise sold due to decreased revenues from principal eCommerce transactions. As a percentage of revenues, cost of revenues decreased to 40% for the fourth quarter of 2014 from 48% for the fourth quarter of 2013. Excluding the eCommerce transactions business, cost of revenues increased by 60% to RMB8,069 million. The following table sets forth our cost of revenues by line of business for the fourth quarter of 2014 and the fourth quarter of 2013:

	Unaudited			
	Three months ended			
	31 December 2014		31 December 2013	
	Amount	% of revenues segment	Amount	% of revenues segment
	(RMB in millions, unless specified)			
VAS	6,168	36%	3,886	33%
Online advertising	1,577	60%	1,011	68%
eCommerce transactions	263	59%	3,164	95%
Others	324	42%	137	63%
Total cost of revenues	<u>8,332</u>		<u>8,198</u>	

- Cost of revenues for our VAS business increased by 59% to RMB6,168 million for the fourth quarter of 2014 from the fourth quarter of 2013. The increase was primarily driven by greater sharing and content costs, channel costs, and staff costs. If gross revenue recognition for smart phone games is adopted for the fourth quarter of 2013, cost of revenues for our VAS business would have increased by 52%.
- Cost of revenues for our online advertising business increased by 56% to RMB1,577 million for the fourth quarter of 2014 from the fourth quarter of 2013. The increase mainly reflected greater commissions payable to advertising agencies and staff costs.

— Cost of revenues for our eCommerce transactions business decreased by 92% to RMB263 million for the fourth quarter of 2014 from the fourth quarter of 2013. The decrease was primarily driven by a decline in cost of merchandise sold due to lower revenues from principal eCommerce transactions.

Other gains, net. Other gains, net decreased by 15% to RMB343 million for the fourth quarter of 2014 from the fourth quarter of 2013. In the fourth quarter of 2014, we recognised a deemed disposal gain from the merger of Kakao Corporation with Daum Communications, and higher impairment provision charges for selected investee companies.

Selling and marketing expenses. Selling and marketing expenses increased by 1% to RMB2,063 million for the fourth quarter of 2014 from the fourth quarter of 2013. The increase mainly reflected higher advertising spending on products and platforms such as Weixin Payment and online games, partly offset by decreases in promotional expenses related to WeChat, and advertising and fulfillment expenses related to our eCommerce transactions business. As a percentage of revenues, selling and marketing expenses decreased to 10% for the fourth quarter of 2014 from 12% for the fourth quarter of 2013.

General and administrative expenses. General and administrative expenses increased by 44% to RMB3,975 million for the fourth quarter of 2014 from the fourth quarter of 2013. The increase primarily reflected higher research and development expenses and staff costs. As a percentage of revenues, general and administrative expenses increased to 19% for the fourth quarter of 2014 from 16% for the fourth quarter of 2013.

Finance (costs)/income, net. We recorded finance costs, net of RMB273 million for the fourth quarter of 2014, compared to finance income, net of RMB6 million for the fourth quarter of 2013. The change mainly reflected higher interest expense as a result of an increase in amount of notes payable and the recognition of foreign exchange losses due to exchange rate movements in the fourth quarter of 2014.

Income tax expense. Income tax expense increased by 10% to RMB892 million for the fourth quarter of 2014 from the fourth quarter of 2013. In the fourth quarter of 2014, deferred tax liabilities in respect of withholding taxes increased. In addition, reversals of income tax expense were recorded as a result of the qualification to enjoy lower CIT rates for certain subsidiaries in China.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 50% to RMB5,860 million for the fourth quarter of 2014 from the fourth quarter of 2013. Non-GAAP profit attributable to equity holders of the Company increased by 51% to RMB6,723 million for the fourth quarter of 2014 from the fourth quarter of 2013.

Fourth Quarter of 2014 Compared to Third Quarter of 2014

The following table sets forth the comparative figures for the fourth quarter of 2014 and the third quarter of 2014:

	Unaudited	
	Three months ended	
	31 December	30 September
	2014	2014
	(RMB in millions)	
Revenues	20,978	19,808
Cost of revenues	<u>(8,332)</u>	<u>(7,167)</u>
Gross profit	12,646	12,641
Interest income	443	452
Other gains, net	343	118
Selling and marketing expenses	(2,063)	(1,906)
General and administrative expenses	<u>(3,975)</u>	<u>(3,790)</u>
Operating profit	7,394	7,515
Finance costs, net	(273)	(317)
Share of losses of associates and joint ventures	<u>(275)</u>	<u>(139)</u>
Profit before income tax	6,846	7,059
Income tax expense	<u>(892)</u>	<u>(1,383)</u>
Profit for the period	<u>5,954</u>	<u>5,676</u>
Attributable to:		
Equity holders of the Company	5,860	5,657
Non-controlling interests	<u>94</u>	<u>19</u>
	<u>5,954</u>	<u>5,676</u>
Non-GAAP profit attributable to equity holders of the Company ⁽¹⁾	<u>6,723</u>	<u>6,433</u>

⁽¹⁾ Since the first quarter of 2014, we have included gains/losses on disposals of investee companies and businesses in the non-GAAP adjustments. Comparative figures have been restated to conform to the new presentation.

Revenues. Revenues increased by 6% to RMB20,978 million for the fourth quarter of 2014 from the third quarter of 2014. Excluding the eCommerce transactions business, revenues increased by 6% to RMB20,532 million.

- Revenues from our VAS business increased by 7% to RMB17,137 million for the fourth quarter of 2014 from the third quarter of 2014. Online game revenues increased by 6% to RMB11,964 million. The increase was primarily driven by smart phone games integrated with Mobile QQ and Weixin, reflecting the impact of the aforementioned adoption of gross revenue recognition, new titles and the resumption of expansion pack launches following the integration of guest access options into our titles. Revenues from PC client games were affected by slower seasonality in China. Social networks revenues increased by 10% to RMB5,173 million, reflecting growth in in-game item sales on our mobile platforms. If gross revenue recognition for smart phone games is adopted for the third quarter of 2014, revenues from our VAS business, online games, and social networks would have increased by 3%, 2% and 7% respectively for the fourth quarter of 2014.
- Revenues from our online advertising business increased by 8% to RMB2,627 million for the fourth quarter of 2014 from the third quarter of 2014. In the fourth quarter of 2014, performance-based social advertising on mobile registered revenue growth, driven by Mobile Qzone and Weixin Official Accounts. Revenues from video advertising declined sequentially, as we benefited from airing the Voice of China 3 program and FIFA World Cup content in the previous quarter.
- Revenues from our eCommerce transactions business decreased by 3% to RMB446 million for the fourth quarter of 2014 from the third quarter of 2014. The decline mainly reflected lower revenues from principal eCommerce transactions.

Cost of revenues. Cost of revenues increased by 16% to RMB8,332 million for the fourth quarter of 2014 from the third quarter of 2014. Excluding the eCommerce transactions business, cost of revenues increased by 18% to RMB8,069 million.

- Cost of revenues for our VAS business increased by 16% to RMB6,168 million for the fourth quarter of 2014 from the third quarter of 2014. The increase was primarily driven by greater sharing and content costs, channel costs, and bandwidth and server custody fees. If gross revenue recognition for smart phone games is adopted for the third quarter of 2014, cost of revenues for our VAS business would have increased by 5%.

- Cost of revenues for our online advertising business increased by 34% to RMB1,577 million for the fourth quarter of 2014 from the third quarter of 2014. The increase mainly reflected growth in sharing costs related to social advertising on Weixin Official Accounts, video content costs, and staff costs.
- Cost of revenues for our eCommerce transactions business decreased by 24% to RMB263 million for the fourth quarter of 2014 from the third quarter of 2014. The decrease was primarily driven by a decline in cost of merchandise sold due to lower revenues from principal eCommerce transactions.

Selling and marketing expenses. Selling and marketing expenses increased by 8% to RMB2,063 million for the fourth quarter of 2014 from the third quarter of 2014. The increase primarily reflected seasonal promotions of online games and greater advertising spending on other products and platforms such as Weixin Payment.

General and administrative expenses. General and administrative expenses increased by 5% to RMB3,975 million for the fourth quarter of 2014 from the third quarter of 2014. The increase primarily reflected higher research and development expenses.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 4% to RMB5,860 million for the fourth quarter of 2014 from the third quarter of 2014. Non-GAAP profit attributable to equity holders of the Company increased by 5% to RMB6,723 million for the fourth quarter of 2014 from the third quarter of 2014.

Other Financial Information

	Year ended		Unaudited Three months ended		
	31 December 2014	2013	31 December 2014	30 September 2014	31 December 2013
	(RMB in millions, unless specified)				
EBITDA (a)	30,908	20,566	7,929	8,174	5,184
Adjusted EBITDA (a)	32,710	21,734	8,424	8,720	5,467
Adjusted EBITDA margin (b)	41%	36%	40%	44%	32%
Interest expense	866	394	264	266	105
Net cash (c)	22,758	36,218	22,758	21,283	36,218
Capital expenditures (d)	4,718	5,799	1,603	1,060	1,679

Note:

- (a) EBITDA consists of operating profit less interest income and other gains/losses, net, and plus depreciation of fixed assets and investment properties and amortisation of intangible assets. Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses.
- (b) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues.
- (c) Net cash represents period end balance and is calculated as cash and cash equivalents, term deposits, minus borrowings and notes payable.
- (d) Capital expenditures consist of additions (excluding business combinations) to fixed assets, construction in progress, land use rights and intangible assets (excluding game and other content licences).

The following table reconciles our operating profit to our EBITDA and Adjusted EBITDA for the periods presented:

	Unaudited				
	Year ended		Three months ended		
	31 December	31 December	31 December	30 September	31 December
	2014	2013	2014	2014	2013
	(RMB in millions, unless specified)				
Operating profit	30,542	19,194	7,394	7,515	4,751
Adjustments:					
Interest income	(1,676)	(1,314)	(443)	(452)	(377)
Other (gains)/losses, net	(2,759)	(904)	(343)	(118)	(405)
Depreciation of fixed assets and investment properties	2,993	2,484	766	760	680
Amortisation of intangible assets	1,808	1,106	555	469	535
EBITDA	30,908	20,566	7,929	8,174	5,184
Equity-settled share-based compensation	1,802	1,168	495	546	283
Adjusted EBITDA	<u>32,710</u>	<u>21,734</u>	<u>8,424</u>	<u>8,720</u>	<u>5,467</u>

Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with IFRS, certain non-GAAP financial measures, including non-GAAP operating profit, non-GAAP operating margin, non-GAAP profit for the period, non-GAAP net margin, non-GAAP profit attributable to equity holders of the Company, non-GAAP basic EPS and non-GAAP diluted EPS, have been presented in this announcement. These unaudited non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of the Company's financial performance prepared in accordance with IFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies.

The Company's management believes that the non-GAAP financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain non-cash items and certain impact of M&A transactions. The following tables set forth the reconciliations of the Group's non-GAAP financial measures for the years ended 31 December 2014 and 2013, the fourth quarters of 2014 and 2013, and the third quarter of 2014 to the nearest measures prepared in accordance with IFRS:

Year ended 31 December 2014

	Adjustments							Non-GAAP ⁽¹⁾	
	As reported	Equity-settled share-based compensation	Cash-settled share-based compensation (a)	(Gains)/losses		Amortisation of intangible assets (c)	Impairment provision (d)		Special dividend income (e)
				on deemed disposals/ disposals (b)					
								(RMB in millions, unless specified)	
Operating profit	30,542	1,802	695	(5,111)	59	2,510	–	30,497	
Profit for the year	23,888	1,802	695	(5,038)	563	2,510	–	24,420	
Profit attributable to equity holders	23,810	1,770	637	(5,054)	555	2,506	–	24,224	
EPS ⁽²⁾ (RMB per share)									
- basic	2.579							2.624	
- diluted	2.545							2.589	
Operating margin	39%							39%	
Net margin	30%							31%	

Year ended 31 December 2013

	Adjustments							Non-GAAP ⁽¹⁾	
	As reported	Equity-settled share-based compensation	Cash-settled share-based compensation (a)	(Gains)/losses		Amortisation of intangible assets (c)	Impairment provision (d)		Special dividend income (e)
				on deemed disposals/ disposals (b)					
								(RMB in millions, unless specified)	
Operating profit	19,194	1,168	618	(272)	139	87	(438)	20,496	
Profit for the year	15,563	1,168	618	(88)	240	87	(438)	17,150	
Profit attributable to equity holders	15,502	1,155	547	(88)	210	87	(438)	16,975	
EPS ⁽²⁾ (RMB per share)									
- basic	1.693							1.854	
- diluted	1.660							1.817	
Operating margin	32%							34%	
Net margin	26%							28%	

Unaudited three months ended 31 December 2014

	Adjustments							Non-GAAP ⁽¹⁾
	As reported	(Gains)/losses						
		Equity-settled share-based compensation	Cash-settled share-based compensation	on deemed disposals/ disposals	Amortisation of intangible assets	Impairment provision	Special dividend income	
		(a)	(b)	(c)	(d)	(e)		
	(RMB in millions, unless specified)							
Operating profit	7,394	495	149	(1,153)	13	1,170	–	8,068
Profit for the period	5,954	495	149	(1,155)	228	1,170	–	6,841
Profit attributable to equity holders	5,860	488	136	(1,158)	227	1,170	–	6,723
EPS ⁽²⁾ (RMB per share)								
- basic	0.632							0.725
- diluted	0.625							0.717
Operating margin	35%							38%
Net margin	28%							33%

Unaudited three months ended 30 September 2014

	Adjustments							Non-GAAP ⁽¹⁾
	As reported	(Gains)/losses						
		Equity-settled share-based compensation	Cash-settled share-based compensation	on deemed disposals/ disposals	Amortisation of intangible assets	Impairment provision	Special dividend income	
		(a)	(b)	(c)	(d)	(e)		
	(RMB in millions, unless specified)							
Operating profit	7,515	546	152	(159)	15	195	–	8,264
Profit for the period	5,676	546	152	(162)	76	195	–	6,483
Profit attributable to equity holders	5,657	536	137	(162)	74	191	–	6,433
EPS ⁽²⁾ (RMB per share)								
- basic	0.612							0.696
- diluted	0.605							0.688
Operating margin	38%							42%
Net margin	29%							33%

Liquidity and Financial Resources

Our net cash positions as at 31 December 2014 and 30 September 2014 are as follows:

	Audited 31 December 2014 (RMB in millions)	Unaudited 30 September 2014
Cash and cash equivalents	42,713	33,454
Term deposits	<u>15,629</u>	<u>22,126</u>
	58,342	55,580
Borrowings	(8,722)	(8,247)
Notes payable	<u>(26,862)</u>	<u>(26,050)</u>
Net cash	<u>22,758</u>	<u>21,283</u>

As at 31 December 2014, the Group had net cash of RMB22,758 million. The sequential increase in net cash was primarily driven by free cash flow generated during the fourth quarter of 2014, partially offset by payments for investments in investee companies. Fair value of our stakes in listed investee companies (both associates and available-for-sale financial assets) totalled RMB60 billion as at 31 December 2014.

As at 31 December 2014, RMB7,796 million of our financial resources were held in deposits denominated in non-RMB currencies.

For the fourth quarter of 2014, the Group had free cash flow of RMB9,181 million. This was a result of net cash generated from operating activities of RMB10,679 million, offset by payments for capital expenditure of RMB1,498 million.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

		As at 31 December	
		2014	2013
	Note	RMB'Million	RMB'Million
ASSETS			
Non-current assets			
Fixed assets		7,918	8,693
Construction in progress		3,830	2,041
Investment properties		268	—
Land use rights		751	871
Intangible assets		9,304	4,103
Investments in associates	3(a)	51,131	10,867
Investments in redeemable preference shares of associates	3(b)	2,941	1,119
Investments in joint ventures		63	9
Deferred income tax assets		322	431
Available-for-sale financial assets	4	13,277	12,515
Prepayments, deposits and other assets		1,209	1,480
Term deposits		4,831	11,420
		<u>95,845</u>	<u>53,549</u>
Current assets			
Inventories		244	1,384
Accounts receivable	5	4,588	2,955
Prepayments, deposits and other assets		7,804	5,365
Term deposits		10,798	19,623
Restricted cash		9,174	4,131
Cash and cash equivalents		42,713	20,228
		<u>75,321</u>	<u>53,686</u>
Total assets		<u>171,166</u>	<u>107,235</u>

		As at 31 December	
		2014	2013
	Note	RMB'Million	RMB'Million
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		—	—
Share premium		5,131	2,846
Shares held for share award schemes		(1,309)	(871)
Other reserves		2,129	3,746
Retained earnings		<u>74,062</u>	<u>52,224</u>
		80,013	57,945
Non-controlling interests		<u>2,111</u>	<u>518</u>
Total equity		<u>82,124</u>	<u>58,463</u>
LIABILITIES			
Non-current liabilities			
Borrowings	7	5,507	3,323
Notes payable	8	25,028	9,141
Long-term payables		2,052	1,600
Deferred income tax liabilities		2,942	1,441
Deferred revenue		<u>3,478</u>	<u>—</u>
		39,007	15,505
Current liabilities			
Accounts payable	9	8,683	6,680
Other payables and accruals		19,123	10,246
Borrowings	7	3,215	2,589
Notes payable	8	1,834	—
Current income tax liabilities		461	1,318
Other tax liabilities		566	593
Deferred revenue		<u>16,153</u>	<u>11,841</u>
		50,035	33,267
Total liabilities		<u>89,042</u>	<u>48,772</u>
Total equity and liabilities		<u>171,166</u>	<u>107,235</u>
Net current assets		<u>25,286</u>	<u>20,419</u>
Total assets less current liabilities		<u>121,131</u>	<u>73,968</u>

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Year ended 31 December	
		2014	2013
		RMB'Million	RMB'Million
Revenues			
Value-added services		63,310	44,985
Online advertising		8,308	5,034
eCommerce transactions		4,753	9,796
Others		<u>2,561</u>	<u>622</u>
		78,932	60,437
Cost of revenues	11	<u>(30,873)</u>	<u>(27,778)</u>
Gross profit		48,059	32,659
Interest income		1,676	1,314
Other gains, net	10	2,759	904
Selling and marketing expenses	11	(7,797)	(5,695)
General and administrative expenses	11	<u>(14,155)</u>	<u>(9,988)</u>
Operating profit		30,542	19,194
Finance costs, net		(1,182)	(84)
Share of (losses)/profits of associates and joint ventures		<u>(347)</u>	<u>171</u>
Profit before income tax		29,013	19,281
Income tax expense	12	<u>(5,125)</u>	<u>(3,718)</u>
Profit for the year		<u>23,888</u>	<u>15,563</u>

		Year ended 31 December	
		2014	2013
	Note	RMB'Million	RMB'Million
Attributable to:			
Equity holders of the Company		23,810	15,502
Non-controlling interests		<u>78</u>	<u>61</u>
		<u>23,888</u>	<u>15,563</u>
Earnings per share for profit attributable to equity holders of the Company			
(in RMB per share)			Restated
- basic	13	<u>2.579</u>	<u>1.693</u>
- diluted	13	<u>2.545</u>	<u>1.660</u>
Dividend per share			
Final dividend proposed	14	<u>HKD0.36</u>	<u>HKD0.24</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Year ended 31 December	
	2014	2013
	RMB' Million	RMB' Million
Profit for the year	<u>23,888</u>	<u>15,563</u>
Other comprehensive income, net of tax:		
Items that may be subsequently reclassified to profit or loss		
Share of other comprehensive income of associates	81	48
Net (losses)/gains from changes in fair value of available-for-sale financial assets	(1,705)	2,825
Currency translation differences	<u>(289)</u>	<u>(60)</u>
	<u>(1,913)</u>	<u>2,813</u>
Total comprehensive income for the year	<u><u>21,975</u></u>	<u><u>18,376</u></u>
Attributable to:		
Equity holders of the Company	21,891	18,327
Non-controlling interests	<u>84</u>	<u>49</u>
	<u><u>21,975</u></u>	<u><u>18,376</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to equity holders of the Company							
	Share capital	Share premium	Shares held for share		Retained earnings	Total	Non-controlling interests	Total equity
			award schemes	Other reserves				
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Balance at 1 January 2014	—	2,846	(871)	3,746	52,224	57,945	518	58,463
Comprehensive income								
Profit for the year	—	—	—	—	23,810	23,810	78	23,888
Other comprehensive income:								
- share of other comprehensive income of associates	—	—	—	81	—	81	—	81
- net losses from changes in fair value of available-for-sale financial assets	—	—	—	(1,705)	—	(1,705)	—	(1,705)
- currency translation differences	—	—	—	(295)	—	(295)	6	(289)
Total comprehensive income for the year	—	—	—	(1,919)	23,810	21,891	84	21,975
Transactions with owners								
Capital injection	—	—	—	—	—	—	44	44
Employee share option schemes:								
- value of employee services	—	160	—	125	—	285	25	310
- proceeds from shares issued	—	299	—	—	—	299	—	299
Employee share award schemes:								
- value of employee services	—	1,350	—	135	—	1,485	7	1,492
- shares purchased for share award schemes	—	—	(529)	—	—	(529)	—	(529)
- vesting of awarded shares	—	(91)	91	—	—	—	—	—
Profit appropriations to statutory reserves	—	—	—	211	(211)	—	—	—
Repurchase and cancellation of shares	—	(61)	—	—	—	(61)	—	(61)
Dividends (Note 14)	—	—	—	—	(1,761)	(1,761)	(158)	(1,919)
Total contributions by and distributions to owners recognised directly in equity for the year	—	1,657	(438)	471	(1,972)	(282)	(82)	(364)
Non-controlling interests arising from business combinations (Note 15)	—	—	—	—	—	—	1,705	1,705
Equity interests in non-wholly owned subsidiaries diluted in relation to business combinations	—	—	—	468	—	468	—	468
Disposal of equity interests in non-wholly owned subsidiaries	—	—	—	230	—	230	4	234
Acquisition of additional equity interests in non-wholly owned subsidiaries	—	628	—	(1,224)	—	(596)	(118)	(714)
Put option granted to owners of the non-controlling interests lapsed	—	—	—	357	—	357	—	357
Total transactions with owners recognised directly in equity for the year	—	2,285	(438)	302	(1,972)	177	1,509	1,686
Balance at 31 December 2014	—	5,131	(1,309)	2,129	74,062	80,013	2,111	82,124

	Attributable to equity holders of the Company							
	Share capital	Share premium	Shares held for share		Retained earnings	Total	Non-controlling interests	Total equity
			award schemes	Other reserves				
RMB' Million	RMB' Million	RMB' Million	RMB' Million	RMB' Million	RMB' Million	RMB' Million	RMB' Million	
Balance at 1 January 2013	–	2,880	(667)	816	38,269	41,298	850	42,148
Comprehensive income								
Profit for the year	–	–	–	–	15,502	15,502	61	15,563
Other comprehensive income:								
- share of other comprehensive income of associates	–	–	–	48	–	48	–	48
- net gains from changes in fair value of available-for-sale financial assets	–	–	–	2,825	–	2,825	–	2,825
- currency translation differences	–	–	–	(48)	–	(48)	(12)	(60)
Total comprehensive income for the year	–	–	–	2,825	15,502	18,327	49	18,376
Transaction with owners								
Capital injection	–	–	–	–	–	–	5	5
Employee share option schemes:								
- value of employee services	–	58	–	62	–	120	9	129
- proceeds from shares issued	–	308	–	–	–	308	–	308
Employee share award schemes:								
- value of employee services	–	999	–	36	–	1,035	4	1,039
- shares purchased for share award schemes	–	–	(278)	–	–	(278)	–	(278)
- vesting of awarded shares	–	(74)	74	–	–	–	–	–
Profit appropriations to statutory reserves	–	–	–	79	(79)	–	–	–
Repurchase and cancellation of shares	–	(1,325)	–	–	–	(1,325)	–	(1,325)
Dividends	–	–	–	–	(1,468)	(1,468)	(77)	(1,545)
Total contributions by and distributions to owners recognised directly in equity for the year	–	(34)	(204)	177	(1,547)	(1,608)	(59)	(1,667)
Non-controlling interests arising from business combinations	–	–	–	–	–	–	2	2
Non-controlling interests arising from disposal of a subsidiary	–	–	–	–	–	–	(247)	(247)
Acquisition of additional equity interests in non-wholly owned subsidiaries	–	–	–	(72)	–	(72)	(77)	(149)
Total transactions with owners recognised directly in equity for the year	–	(34)	(204)	105	(1,547)	(1,680)	(381)	(2,061)
Balance at 31 December 2013	–	2,846	(871)	3,746	52,224	57,945	518	58,463

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Year ended 31 December	
	2014	2013
	RMB' Million	RMB' Million
Net cash flows generated from operating activities	32,711	24,374
Net cash flows used in investing activities	(28,388)	(19,134)
Net cash flows generated from financing activities	<u>18,350</u>	<u>1,708</u>
Net increase in cash and cash equivalents	22,673	6,948
Cash and cash equivalents at beginning of the year	20,228	13,383
Exchange losses on cash and cash equivalents	<u>(188)</u>	<u>(103)</u>
Cash and cash equivalents at end of the year	<u>42,713</u>	<u>20,228</u>
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	15,235	11,093
Term deposits and highly liquid investments with initial term within three months	<u>27,478</u>	<u>9,135</u>
	<u>42,713</u>	<u>20,228</u>

Note:

1 General information, basis of preparation and presentation

The Company was incorporated in the Cayman Islands. The shares of the Company have been listed on the main board of the Stock Exchange since 16 June 2004.

The Company is an investment holding company. The Group is principally engaged in the provision of VAS, online advertising services and eCommerce transactions services to users in the PRC.

The consolidated financial statements for the year ended 31 December 2014 of the Group have been approved by the Board on 18 March 2015.

The consolidated financial statements of the Group have been prepared in accordance with IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments.

The following amendments to standards and interpretation have been adopted by the Group for the first time for the financial year beginning on 1 January 2014. The adoption of these amendments to standards and interpretation does not have any significant impact on the consolidated financial statements of the Group.

Amendments to IFRS 10, 12 and IAS 27	Consolidation for investment entities
Amendment to IAS 32 IFRIC 21	Financial instruments: Presentation Levies

A number of new standards and amendments to standards are not effective for the financial year beginning 1 January 2014, and have not been early adopted by the Group in preparing the consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

Amendment to IFRS 11	Joint arrangements
Amendments to IFRS 10 and IAS 28	the sale or contribution of assets between an investor and its associate or joint venture
IFRS 15	Revenue from contracts with customers
IFRS 9	Financial instruments

2 Segment information

The Group has following reportable segments for the years ended 31 December 2014 and 2013:

- VAS;
- Online advertising;
- eCommerce transactions; and
- Others

Others segment of the Group comprises provision of trademark licensing, software development services, software sales and other services.

There were no material inter-segment sales during the years ended 31 December 2014 and 2013. The revenues from external customers reported to the chief operating decision-makers are measured in a manner consistent with that applied in the consolidated income statement.

The segment information provided to the chief operating decision-makers for the reportable segments for the years ended 31 December 2014 and 2013 is as follows:

	Year ended 31 December 2014				
	VAS	Online advertising	eCommere transactions	Others	Total
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Segment revenues	<u>63,310</u>	<u>8,308</u>	<u>4,753</u>	<u>2,561</u>	<u>78,932</u>
Gross profit	<u>42,691</u>	<u>3,648</u>	<u>306</u>	<u>1,414</u>	<u>48,059</u>
Depreciation	1,919	158	15	23	2,115
Amortisation	232	1,374	–	–	1,606
Share of (losses)/profits of associates and joint ventures	<u>(26)</u>	<u>(166)</u>	<u>(336)</u>	<u>181</u>	<u>(347)</u>
	Year ended 31 December 2013				
	VAS	Online advertising	eCommerce transactions	Others	Total
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Segment revenues	<u>44,985</u>	<u>5,034</u>	<u>9,796</u>	<u>622</u>	<u>60,437</u>
Gross profit	<u>29,601</u>	<u>2,257</u>	<u>557</u>	<u>244</u>	<u>32,659</u>
Depreciation	1,656	138	16	19	1,829
Amortisation	336	514	–	–	850
Share of profits/(losses) of associates and joint ventures	<u>128</u>	<u>(27)</u>	<u>(53)</u>	<u>123</u>	<u>171</u>

3 Interests in associates

	As at 31 December	
	2014	2013
	RMB'Million	RMB'Million
Investments in associates (a)		
- Listed shares	32,064	1,426
- Unlisted shares	<u>19,067</u>	<u>9,441</u>
	51,131	10,867
Investments in redeemable preference shares of associates (b)	<u>2,941</u>	<u>1,119</u>
	<u>54,072</u>	<u>11,986</u>

Note:

(a) Investments in associates

	2014	2013
	RMB'Million	RMB'Million
At beginning of the year	10,867	6,310
Additions ((i), (ii), (iii), (iv), (v), (vi), (vii), (viii) and (ix))	40,628	4,534
Deemed disposal gains	2,402	–
Share of (losses)/profits of associates	(346)	213
Share of other comprehensive income of associates	81	48
Disposal of associates	(278)	(152)
Impairment provision (x)	(1,638)	(44)
Dividends from associates	(148)	(42)
Currency translation differences	<u>(437)</u>	<u>–</u>
At end of the year	<u>51,131</u>	<u>10,867</u>

- (i) In March 2014, the Group entered into a series of agreements (including a share subscription agreement, a call option agreement and certain equity transfer and asset transfer agreements) with JD.com (“JD.com Pre-IPO Subscription”), an online direct sales company operating in the PRC, to purchase 351,678,637 ordinary shares of JD.com, representing approximately 15.0% of the outstanding JD.com ordinary shares immediately after the completion of the JD.com Pre-IPO Subscription, at an aggregate consideration of cash, certain eCommerce related businesses (Note 10(b)(i)) and assets of the Group, and 9.9% equity interests of Yixun, with a call option granted to acquire the remaining equity interests held by the Group in Yixun at the higher of RMB800 million and the then fair value of the interests.

In addition, the Group also entered into a strategic co-operation agreement (“SCA”) with JD.com that the Group would offer level 1 access points at Weixin and Mobile QQ, and other key platform support to JD.com. The fair market value of the support to be provided to JD.com under the SCA is accounted for as deferred revenue of the Group and the amount is recognised over the duration of the SCA.

On 22 May 2014, the American depository shares of JD.com began to be listed on NASDAQ (the “JD.com IPO”), and the Group further subscribed 5.0% of JD.com’s equity capital, on a fully-diluted basis, at a cash consideration of approximately USD1,325 million (equivalent to RMB8,161 million).

On 2 December 2014, the Group further acquired 0.45% of JD.com’s equity capital on a fully-diluted basis at a cash consideration of approximately USD150 million (equivalent to RMB920 million). As of 31 December 2014, the Group’s equity interests of JD.com were approximately 17.88% on a fully-diluted basis.

The total consideration paid for the investment in JD.com is approximately RMB17,879 million.

- (ii) In March 2014, the Group entered into an agreement with E-House to acquire from E-House approximately 15.0% of equity interests of Leju, on a fully-diluted basis, at a cash consideration of USD180 million (equivalent to approximately RMB1,102 million). On 22 April 2014, the shares of Leju began to be listed on the New York Stock Exchange and the Group subscribed additional shares of Leju at a cash consideration of USD20 million (equivalent to approximately RMB125 million). As a result, the Group’s equity interests of Leju were approximately 15.0%, on a fully-diluted basis.

The total consideration of the investment in Leju is approximately RMB1,227 million.

- (iii) In April 2014, the Group entered into an agreement to subscribe approximately 11.28% of the total issued share capital of NavInfo at a total consideration of RMB1,173 million. NavInfo provides digital maps, telematics and dynamic traffic information services as well as geography-related business intelligence solutions in the PRC.
- (iv) In June 2014, the Group entered into an agreement with 58.com to subscribe 19.9% of its total equity capital, on a fully-diluted basis, at a consideration of approximately USD736 million (equivalent to approximately RMB4,541 million). In September 2014, the Group further subscribed 4.1% of its total equity capital, on a fully-diluted basis, at a total consideration of USD140 million (equivalent to approximately RMB863 million). As a result, the Group’s equity interests in 58.com were approximately 24.0%, on a fully-diluted basis. 58.com operates an online classified listings platform in the PRC.

The total consideration of the investment made in 58.com is approximately RMB5,404 million.

- (v) In January 2014, the Group entered into an agreement to subscribe approximately 680 million newly issued ordinary shares of CSC, represents approximately 9.9% of the then issued share capital of CSC, at a cash consideration of HKD1,497 million (equivalent to approximately RMB1,177 million). In addition, the Group had a call option to subscribe further approximately 245 million new shares of CSC within 2 years after its initial investment made in CSC. During the year ended 31 December 2014, the Group exercised the call option at a total consideration of HKD823 million (equivalent to approximately RMB654 million). As a result, the Group held approximately 925 million shares in aggregate in CSC, which represents approximately 11.55% of issued share capital of CSC. CSC is a developer and operator of large scale integrated logistics and trade centers in the PRC.

The total consideration of the investment made in CSC is approximately RMB1,831 million.

- (vi) In March 2014, the Group entered into a series of agreements, and upon the completion in August 2014, the Group started to own, in aggregate, approximately 28.0% of the total outstanding shares of Netmarble Games. Netmarble Games is an online and mobile games developer and publisher in Korea.

The total consideration of the investment in Netmarble Games is KRW533,000 million (equivalent to approximately RMB3,231 million).

- (vii) The Group, together with a number of independent third parties, established a privately owned commercial bank, named as WeBank in Qianhai Region of Shenzhen. The Group own 30.0% of total issued share capital of WeBank, and the total cost of its investment in WeBank is RMB900 million.

- (viii) In November 2014, the Group entered into an agreement to acquire approximately 23.0% of the total issued share capital of CITIC Capital at a total consideration of HKD2,040 million (equivalent to approximately RMB1,616 million). CITIC Capital is an investment management and advisory company.

- (ix) In addition to the above, the Group also acquired some other associates, and made additional investments into existing associates, for an aggregate consideration of RMB7,367 million during the year ended 31 December 2014. These investee companies are principally engaged in O2O daily life information business, mobile games business and other Internet-related businesses.

- (x) During the year ended 31 December 2014, the Group made an aggregate impairment provision of RMB1,638 million (2013: RMB44 million) against the carrying amounts of its investments in certain associates, based on the result of impairment assessment performed on the carrying amounts of these investments with reference to their business performance and their underlying recoverable amount.

(b) Investments in redeemable preference shares of associates

The Group held certain redeemable preference shares of the associates, which are principally engaged in online community services, online games development and other Internet-related businesses. The redemption prices of the relevant shares are agreed at not less than their original subscription prices.

In August 2014, the Group subscribed for minority interest in a company providing mobile Internet platform services, at a total consideration of USD145 million (equivalent to approximately RMB893 million).

During the year ended 31 December 2014, the Group made an impairment provision of approximately RMB321 million (2013: RMB17 million) for the investments in redeemable preference shares of certain associates based on the impairment assessment made with reference to the business performance and recoverable amount of these investments.

4 Available-for-sale financial assets

	As at 31 December	
	2014	2013
	RMB'Million	RMB'Million
Available-for-sale financial assets		
Listed equity interests (a)	3,631	6,245
Unlisted equity interest	<u>9,646</u>	<u>6,270</u>
	<u>13,277</u>	<u>12,515</u>

Movement in the unlisted interests is analysed as follows:

	As at 31 December	
	2014	2013
	RMB'Million	RMB'Million
At beginning of the year	6,270	1,550
Additions (b)	2,753	3,890
Transfer to investments in associates	(71)	—
Changes in fair value	1,146	856
Impairment provision (c)	(369)	(26)
Currency translation differences	<u>(83)</u>	<u>—</u>
At end of the year	<u>9,646</u>	<u>6,270</u>

Note:

- (a) The losses from changes in fair value recognised for the listed interests during the year ended 31 December 2014 were RMB2,866 million (2013: gains from changes in fair value were RMB2,162 million).
- (b) The Group acquired certain unlisted interests or made additional investments in existing unlisted interests for an aggregate consideration of RMB2,753 million during the year ended 31 December 2014. They are principally engaged in the provision of O2O and other Internet-related businesses.
- (c) During the year ended 31 December 2014, the Group made an impairment provision of RMB369 million (2013: RMB26 million) against the carrying amount of its investments in certain unlisted available-for-sale financial assets, with reference to their business performance and their assessed recoverable amount.

5 Accounts receivable

Accounts receivable and their ageing analysis are as follows:

	As at 31 December	
	2014	2013
	RMB'Million	RMB'Million
0 - 30 days	2,032	1,537
31 - 60 days	1,464	827
61 - 90 days	667	369
Over 90 days	<u>425</u>	<u>222</u>
	<u>4,588</u>	<u>2,955</u>

Receivable balances as at 31 December 2014 mainly represented amounts due from telecommunications operators, including China Mobile, China Unicom, China Telecom and their respective branches, subsidiaries and affiliates and other third party platform providers, as well as brand display advertising customers mainly located in the PRC.

The telecommunications operators and other third party platform providers usually settle the amounts due by them within a period of 30 to 120 days and 60 days, respectively. Online advertising customers, which are mainly advertising agencies related to brand display advertising business, are usually granted a credit period of 90 days after full execution of the contracted advertisement orders.

6 Share option and share award schemes

(a) Share option schemes

The Company has adopted several share option schemes for the purpose of providing incentives and rewards to its directors, executives or officers, employees, consultants and other eligible persons:

(i) Pre-IPO Option Scheme

As at the listing of the Company on 16 June 2004, all options under the Pre-IPO Option Scheme had been granted. The Pre-IPO Option Scheme expired on 31 December 2011.

(ii) Post-IPO Option Scheme I

Post-IPO Option Scheme I was terminated upon the adoption of the Post-IPO Option Scheme II.

(iii) Post-IPO Option Scheme II

Pursuant to the Post-IPO Option Scheme II, the Board may, at its discretion, grant options to any eligible person to subscribe for shares in the Company. The Post-IPO Option Scheme II shall be valid and effective for a period of ten years commencing on its date of adoption.

(iv) Post-IPO Option Scheme III

Pursuant to the Post-IPO Option Scheme III, the Board may, at its discretion, grant options to any eligible person (any senior executive or senior officer, director of any member of the Group or any invested entity and any consultant, advisor or agent of any member of the Board) to subscribe for shares in the Company. The Post-IPO Option Scheme III shall be valid and effective for a period of ten years commencing on its date of adoption.

Upon the Share Subdivision becoming effective, pro-rata adjustments have been made to the exercise prices and the number of outstanding share options, so to give the participants the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Post-IPO Option Scheme I		Post-IPO Option Scheme II		Post-IPO Option Scheme III		Total No. of options
	Average exercise price	No. of options	Average exercise price	No. of options	Average exercise price	No. of options	
At 1 January 2014 (1)	HKD11.25	819,266	HKD75.69	12,648,005	HKD158.50	1,000,000	14,467,271
Granted before the Share Subdivision (1)	–	–	HKD572.60	2,307,500	–	–	2,307,500
Granted after the Share Subdivision (2)	–	–	HKD123.67	2,213,700	–	–	2,213,700
Exercised before the Share Subdivision (1)	HKD11.25	(819,224)	HKD46.54	(2,896,392)	–	–	(3,715,616)
Exercised after the Share Subdivision (2)	–	–	HKD10.18	(22,790,915)	–	–	(22,790,915)
Lapsed before the Share Subdivision (1)	HKD14.53	(42)	HKD116.38	(600,000)	–	–	(600,042)
Lapsed after the Share Subdivision (2)	–	–	HKD90.82	(286,350)	–	–	(286,350)
Effect of Share Subdivision (3)		–		<u>45,836,452</u>		<u>4,000,000</u>	<u>49,836,452</u>
At 31 December 2014 (2)	–	–	HKD57.36	<u>36,432,000</u>	HKD31.70	<u>5,000,000</u>	<u>41,432,000</u>
Exercisable as at 31 December 2014 (2)	–	–	HKD18.07	<u>12,527,595</u>	–	–	<u>12,527,595</u>
At 1 January 2013 (1)	HKD11.13	4,596,489	HKD65.50	20,633,097	HKD158.50	1,000,000	26,229,586
Exercised (1)	HKD11.10	(3,777,146)	HKD45.33	(7,584,724)	–	–	(11,361,870)
Lapsed (1)	HKD5.51	(77)	HKD125.67	(400,368)	–	–	(400,445)
At 31 December 2013 (1)	HKD11.25	<u>819,266</u>	HKD75.69	<u>12,648,005</u>	HKD158.50	<u>1,000,000</u>	<u>14,467,271</u>
Exercisable as at 31 December 2013 (1)	HKD11.25	<u>819,266</u>	HKD53.99	<u>7,896,272</u>	–	–	<u>8,715,538</u>

Note:

- (1) The numbers of shares and average exercise price were presented as before the effect of the Share Subdivision.
- (2) The numbers of shares and average exercise price were presented as after the effect of the Share Subdivision.
- (3) It represented the effects of adjustments made to the numbers of shares as a result of the Share Subdivision.

During the year ended 31 December 2014, 1,000,000 share options (before the effect of the Share Subdivision) were granted to an executive director of the Company (2013: no share option was granted to any director of the Company).

(b) Share award schemes

The Company has adopted the Share Award Schemes, both of which are administered by an independent trustee appointed by the Group. The vesting period of the awarded share is determined by the Board.

Upon the Share Subdivision became effective, pro-rata adjustments have been made to the number of outstanding awarded shares, so as to give the participants the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision.

Movements in the number of shares held for the Share Award Schemes and awarded shares for the years ended 31 December 2014 and 2013 are as follows:

	Number of shares held for the Share Award Schemes	Number of awarded shares	Total
At 1 January 2014 (i)	1,435,659	18,065,996	19,501,655
Purchased and withheld before the Share Subdivision (i)	31,583	—	31,583
Purchased and withheld after the Share Subdivision (ii)	5,277,362	—	5,277,362
Allotted after the Share Subdivision (ii)	19,520,635	—	19,520,635
Granted before the Share Subdivision (i)	(1,183,445)	1,183,445	—
Granted after the Share Subdivision (ii)	(26,602,842)	26,602,842	—
Lapsed before the Share Subdivision (i)	461,220	(461,220)	—
Lapsed after the Share Subdivision (ii)	4,730,292	(4,730,292)	—
Vested and transferred before the Share Subdivision (i)	—	(226,797)	(226,797)
Vested and transferred after the Share Subdivision (ii)	—	(32,644,148)	(32,644,148)
Effect of Share Subdivision (iii)	<u>2,980,068</u>	<u>74,245,696</u>	<u>77,225,764</u>
At 31 December 2014 (ii)	<u>6,650,532</u>	<u>82,035,522</u>	<u>88,686,054</u>
Vested but not transferred as at 31 December 2014 (ii)			<u>28,160</u>
At 1 January 2013 (i)	405,230	18,944,442	19,349,672
Purchased and withheld (i)	999,306	—	999,306
Allotted (i)	4,058,740	—	4,058,740
Granted (i)	(5,188,175)	5,188,175	—
Lapsed (i)	1,160,558	(1,160,558)	—
Vested and transferred (i)	<u>—</u>	<u>(4,906,063)</u>	<u>(4,906,063)</u>
At 31 December 2013 (i)	<u>1,435,659</u>	<u>18,065,996</u>	<u>19,501,655</u>
Vested but not transferred as at 31 December 2013 (i)			<u>—</u>

Note:

- (i) The numbers of shares were presented as before the effect of the Share Subdivision.
- (ii) The numbers of shares were presented as after the effect of the Share Subdivision.
- (iii) It represented the effects of adjustments made to the numbers of shares as a result of the Share Subdivision.

During the year ended 31 December 2014, 25,000 awarded shares (before the effect of the Share Subdivision) were granted to three independent non-executive directors of the Company (2013: no awarded share was granted to any director of the Company).

7 Borrowings

	As at 31 December	
	2014	2013
	RMB'Million	RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD bank borrowings		
- Unsecured (a)	<u>5,507</u>	<u>3,323</u>
Included in current liabilities:		
RMB bank borrowings		
- Unsecured	125	150
USD bank borrowings		
- Unsecured (b)	1,836	2,134
Current portion of long-term USD bank borrowings		
- Unsecured (a)	<u>1,254</u>	<u>305</u>
	<u>3,215</u>	<u>2,589</u>
	<u>8,722</u>	<u>5,912</u>

Note:

- (a) The aggregate principal amount of long-term USD bank borrowings was USD1,105 million (2013: USD595 million). Applicable interest rates are at LIBOR plus 1.35% to 1.75% (2013: 1.05% to 1.97%) per annum.
- (b) The aggregate principal amount of short-term USD bank borrowings was USD300 million. Applicable interest rates are at LIBOR plus 0.85% to 1.00% per annum.

8 Notes payable

	Maturity	Interest rate per annum	Principal amount	As at 31 December	
				2014 RMB'Million	2013 RMB'Million
2011 Notes (a)	2016	4.625%	USD600 million	3,651	3,638
2012 Notes (b)	2018	3.375%	USD600 million	3,649	3,668
2013 Notes (c)	2015	1.860%	USD300 million	1,834	1,835
2014 Notes I ((d) (i))	2017	2.000%	USD500 million	3,042	—
2014 Notes II ((d) (i))	2019	3.375%	USD2,000 million	12,169	—
2014 Notes III ((d) (ii))	2020	3.200%	HKD2,000 million	1,574	—
2014 Notes IV ((d) (iii))	2020	2.900%	HKD1,200 million	943	—
				<u>26,862</u>	<u>9,141</u>

Note:

- (a) On 12 December 2011, the Company issued long-term notes (the “2011 Notes”) and the 2011 Notes are listed on Singapore Exchange Securities Trading Limited.
- (b) On 5 September 2012, the Company issued another long-term notes (the “2012 Notes”) and the 2012 Notes are listed on the Stock Exchange.
- (c) On 10 September 2013, the Company issued another long-term notes (the “2013 Notes”) and the 2013 Notes are non-publicly issued.
- (d) On 10 April 2014, the Company established a Global Medium Term Note Programme (the “Programme”) under which it may issue medium term notes, in series of aggregate principal amount of up to USD5,000 million (or its equivalent in other currencies) to professional investors. These notes will be issued in series with different issue dates and terms and may be denominated in any currency subject to compliance with all relevant laws, regulations and directives. The Programme is listed on the Stock Exchange. The Company utilises the Programme as a platform to enhance its flexibility and efficiency for future funding or capital management from a medium to long term prospective.

- (i) On 29 April 2014, the Company issued two tranches of senior notes under the Programme with an aggregate principal amount of USD2,500 million, comprising USD500 million senior notes due 2017 (the “2014 Notes I”) and USD2,000 million senior notes due 2019 (the “2014 Notes II”). The net proceeds from the issuance of the 2014 Notes I and the 2014 Notes II amounted to approximately USD2,488 million (equivalent to approximately RMB15,306 million), after deduction of underwriting fees, discounts and commissions but not other expenses payable in connection with the issuance. Both of the 2014 Notes I and 2014 Notes II are listed on the Stock Exchange.
- (ii) On 16 May 2014, the Company issued the third tranche of senior notes under the Programme (the “2014 Notes III”). The net proceeds from the issuance of the 2014 Notes III amounted to approximately HKD1,998 million (equivalent to approximately RMB1,588 million), after deduction of underwriting fees, discounts and commissions but not other expenses payable in connection with the issuance. The 2014 Notes III are listed on the Stock Exchange.
- (iii) On 21 October 2014, the Company issued another tranche of senior notes under the Programme (the “2014 Notes IV”). The net proceeds from the issuance of the 2014 Notes IV amounted to approximately HKD1,196 million (equivalent to approximately RMB948 million) after deduction of underwriting fees, discounts and commissions but not other expenses payable in connection with the issuance.

There is no security or pledge offered by the Group for issuing these notes.

9 Accounts payable

Accounts payable and their ageing analysis are as follows:

	As at 31 December	
	2014	2013
	RMB' Million	RMB' Million
0 - 30 days	5,775	4,063
31 - 60 days	936	1,147
61 - 90 days	618	366
Over 90 days	<u>1,354</u>	<u>1,104</u>
	<u><u>8,683</u></u>	<u><u>6,680</u></u>

10 Other gains, net

	2014	2013
	RMB'Million	RMB'Million
Impairment provision for investees (a)	(2,437)	(87)
Dividend income	144	509
Gains on disposals/deemed disposals of investees and businesses (b)	5,111	267
Subsidies and tax rebates	392	368
Donation to Tencent Charity Funds	(300)	(124)
Others	<u>(151)</u>	<u>(29)</u>
	<u>2,759</u>	<u>904</u>

Note:

- (a) The impairment provision for investees recognised in “Other gains, net” included impairment provision for investment in associates and redeemable preference shares of associates of RMB1,959 million (2013: RMB61 million) and impairment provision for Available-for-sale financial assets of RMB478 million (2013: RMB26 million).
- (b) The disposal gains recognised in “Other gains, net” are mainly for:
- (i) The disposal of certain eCommerce related business (“Transferred Business”) of the Group, which forms a part of the consideration made for the investment in JD.com (Note 3(a)(i)) amounted to RMB1,942 million, being the difference between the consideration for the Transferred Business and the net asset value of the Transferred Business upon completion of the disposal of the Transferred Business.
 - (ii) In May 2014, Kakao Corporation, an associate of the Group, entered into an agreement to merge with Daum Communications, where Daum Communications is the surviving corporation. Daum Communications is listed on the Korea Securities Dealers Automated Quotation (KOSDAQ) market of the Korea Exchange and runs a portal website in Korea named www.daum.net. The merger transaction was completed in October 2014. As a result of the transaction, the Group’s interest in the merged entity is diluted and a gain amounting to RMB1,176 million was recognised in the consolidated income statement.

11 Expenses by nature

	2014	2013
	RMB'Million	RMB'Million
Employee benefits expenses (a)	15,451	10,364
Content costs and agency fees	10,963	7,977
Cost of merchandise sold	4,334	8,991
Bandwidth and server custody fees	4,255	3,037
Channel costs	2,031	1,716
Promotion and advertising expenses	5,833	3,894
Depreciation of fixed assets (a)	2,989	2,484
Amortisation of intangible assets (b)	1,808	1,106
Operating lease rentals in respect of office buildings	997	867
Travelling and entertainment expenses	480	422
Auditor's remuneration	23	18

Note:

- (a) Research and development expenses for the year ended 31 December 2014 were RMB7,581 million (2013: RMB5,095 million) which included employee benefits expenses of RMB6,022 million (2013: RMB4,000 million) and depreciation of fixed assets of RMB639 million (2013: RMB533 million). No development expenses had been capitalised for the years ended 31 December 2014 and 2013.
- (b) Included the amortisation charge for intangible assets in respect of licenses and licensed online contents.

12 Income Tax expenses

Income tax expense is recognised based on management's best knowledge of the income tax rates expected for the financial year.

(a) Cayman Islands and British Virgin Islands Corporate Income Tax

The Group was not subject to any taxation in the Cayman Islands and the British Virgin Islands for the years ended 31 December 2014 and 2013.

(b) Hong Kong Profits Tax

Hong Kong profits tax provision has been provided at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2014 and 2013.

(c) PRC Corporate Income Tax

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC for the years ended 31 December 2014 and 2013, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances.

Pursuant to the PRC Corporate Income Tax Law promulgated by the Tenth National People's Congress on 16 March 2007 (the "CIT Law"), the CIT rate is 25% for domestic and foreign enterprise in 2014.

In 2014, certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprise, and accordingly, they were subject to a reduced preferential CIT rate of 15% for a 3-year period from 2014 to 2016 according to the applicable CIT Law. Moreover, one of these subsidiaries was further approved as a national key software enterprise, and accordingly, its CIT rates for 2013 and 2014 were further reduced to the preferential rate of 10%.

In addition, according to relevant tax circulars issued by the PRC tax authorities, certain subsidiaries of the Company are entitled to other tax concessions and they are exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years, commencing either from the first year of commercial operation or from the first year of profitable operation, after offsetting tax losses generated in prior years.

(d) United States Corporate Income Tax

United States CIT provision was provided for the years ended 31 December 2014 and 2013 for the entities within the Group which were incorporated in the United States with estimated assessable profits, at applicable tax rate of 36%.

(e) Corporate Income Tax in other countries

CIT provision has been provided for the years ended 31 December 2014 and 2013 for the entities within the Group which were incorporated in Europe, East Asia and South America to the extent that there were estimated assessable profits under these jurisdictions, at applicable tax rates ranging from 12.5% to 35%.

(f) PRC withholding tax

According to applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong and meets the conditions or requirements under the double taxation arrangement entered into between the Mainland China and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. Hence, the Group used 5% to accrue the withholding tax for certain Hong Kong intermediate holding companies which are expected to fulfill the aforesaid conditions.

The income tax expense of the Group for the years ended 31 December 2014 and 2013 are analysed as follows:

	2014	2013
	RMB'Million	RMB'Million
Current tax	3,169	3,607
Deferred income tax	<u>1,956</u>	<u>111</u>
	<u>5,125</u>	<u>3,718</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended 31 December 2014 and 2013, being the tax rate of the major subsidiaries of the Group before enjoying preferential tax treatments. The difference is analysed as follows:

	2014	2013
	RMB'Million	RMB'Million
Profit before income tax	29,013	19,281
Share of losses/(profits) of associates and joint ventures	<u>347</u>	<u>(171)</u>
	<u>29,360</u>	<u>19,110</u>
Tax calculated at a tax rate of 25%	7,340	4,777
Effects of different tax rates applicable to different subsidiaries of the Group	(4,038)	(1,657)
Effects of tax holiday on assessable profits of subsidiaries	(828)	(317)
Income not subject to tax	-	(125)
Expenses not deductible for tax purposes	698	358
Withholding tax on earnings expected to be remitted by PRC subsidiaries	1,480	347
Unrecognised deferred income tax assets	470	315
Others	<u>3</u>	<u>20</u>
Income tax expense	<u>5,125</u>	<u>3,718</u>

13 Earnings per share

(a) Basic

Basic EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	2014	2013
Profit attributable to equity holders of the Company (RMB' Million)	<u>23,810</u>	<u>15,502</u>
Weighted average number of ordinary shares in issue (Note) (million shares)	<u>9,231</u>	<u>9,158</u>
Basic EPS (Note) (RMB per share)	<u>2.579</u>	<u>1.693</u>

Note:

Weighted average number of ordinary shares in issue and basic EPS were stated after taking into account the effect of the Share Subdivision. Comparative figures have also been restated on the assumption that the Share Subdivision had been effective in prior year.

(b) Diluted

The share options and awarded shares granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and awarded shares granted by the Company (collectively forming the denominator for computing the diluted EPS), taking into account the effect of the Share Subdivision. No adjustment is made to earnings (numerator).

In addition, the share options and restricted shares granted by the Company's non-wholly owned subsidiaries and associates should also have potential dilutive effect on the EPS. During the year ended 31 December 2014, these share options and restricted shares had either anti-dilutive effect or insignificant dilutive effect to the Group.

	2014	2013
Profit attributable to equity holders of the Company (RMB' Million)	<u>23,810</u>	<u>15,502</u>
Weighted average number of ordinary shares in issue (Note) (million shares)	9,231	9,158
Adjustments for share options (Note) (million shares)	36	83
Adjustments for awarded shares (Note) (million shares)	<u>90</u>	<u>100</u>
Weighted average number of ordinary shares for the calculation of diluted EPS (Note) (million shares)	<u>9,357</u>	<u>9,341</u>
Diluted EPS (Note) (RMB per share)	<u>2.545</u>	<u>1.660</u>

Note:

Weighted average number of ordinary shares in issue, adjustments for share options and awarded shares, weighted average number of ordinary shares for the calculation of diluted EPS and diluted EPS were stated after taking into account the effect of the Share Subdivision. Comparative figures have been restated on the assumption that the Share Subdivision had been effective in prior year.

14 Dividends

A final dividend in respect of the year ended 31 December 2014 of HKD0.36 per share (2013: HKD1.20 per share before the effect of the Share Subdivision, or HKD0.24 per share after the effect of the Share Subdivision) was proposed pursuant to a resolution passed by the Board on 18 March 2015 and subject to the approval of the shareholders at the 2015 AGM. This proposed dividend is not reflected as dividend payable in the consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2015.

15 Business combinations

(a) Acquisition of online literature business

During the year ended 31 December 2014, the Group completed a series of acquisitions to expand its scale of operation and market presence in the online literature business.

In December 2014, the Group, directly and indirectly through a non-wholly-owned subsidiary, China Reading Limited, acquired entire equity interest in several related entities engaging in the online literature business in the PRC (“Acquired Business”), from certain independent third parties (“Acquisition”).

The goodwill of RMB3,748 million arising from the Acquisition is attributable to the acquired customer base and economies of scale expected to be derived from combining the operations of the Group and the Acquired Business. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for the Acquired Business, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	RMB'Million
Consideration:	
Cash consideration	2,556
Certain equity interests of a non-wholly owned subsidiary	429
	<u>2,985</u>
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	666
Other current assets	426
Intangible assets (mainly include trademarks, licences, copyrights and contractual customer relationship)	1,119
Fixed assets	28
Other non-current assets	106
Accounts payable	(219)
Convertible bonds	(489)
Other liabilities	(599)
Non-controlling interests	(53)
Deferred income tax liabilities	(241)
Total identifiable net assets	<u>744</u>
Non-controlling interests	(1,507)
Goodwill	3,748
	<u>2,985</u>

Acquisition-related costs were not significant and have been charged to general and administrative expenses in the consolidated income statement for the year ended 31 December 2014.

The fair value of the acquired identifiable intangible assets of RMB915 million (including trademarks, licences and contractual customer relationship) is provisional, pending the completion of valuations assessed on these assets.

The revenue and the results contributed by the Acquired Business to the Group for the period since the date of acquisition were insignificant to the Group. The Group's revenue and results for the period would not be materially different if the Acquisition had occurred on 1 January 2014.

(b) Other acquisitions

During the year ended 31 December 2014, the Group also acquired and obtained control of certain entities that engaging in software development of cyber security, online games and online literature.

The aggregate considerations paid for these acquisitions were RMB231 million, fair value of net assets acquired, non-controlling interests and goodwill recognised were RMB195 million, RMB145 million and RMB181 million, respectively.

The revenues and results contributed by these acquired entities for the period since respective acquisition dates were insignificant to the Group.

16 Subsequent events

Completion of USD2,000 million Issue of Notes under the Programme

On 5 February 2015, the Company issued two tranches senior notes under the Programme with an aggregate principal amount of USD2 billion, comprising USD1.1 billion senior notes due 2020 (the "2015 Notes I") and USD900 million notes due 2025 (the "2015 Notes II"). The 2015 Notes I bear an interest at 2.875% per annum and the 2015 Notes II bear an interest at 3.800% per annum. The net proceeds from the issue of these two tranches of senior notes amounted to approximately USD1.987 billion (equivalent to approximately RMB12.194 billion), after deduction of underwriting fees, discounts and commissions but not other expenses payable in connection with the issuance. Both of the 2015 Notes I and 2015 Notes II are listed on the Stock Exchange.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2014, the Company repurchased 153,000 shares, which was adjusted to 765,000 shares after the Share Subdivision, on the Stock Exchange for an aggregate consideration of approximately HKD76.7 million before expenses. The repurchased shares were subsequently cancelled. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

Month of purchase in 2014	Before Share Subdivision			After Share Subdivision			Aggregate consideration paid
	No. of shares purchased	Purchase consideration per share		No. of shares purchased	Purchase consideration per share		
		Highest price paid	Lowest price paid		Highest price paid	Lowest price paid	
		HKD	HKD		HKD	HKD	HKD
April	153,000	503.5	499.0	765,000	100.7	99.8	76,736,584

Save as disclosed above and in the “Financial Information” section, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2014.

Closure of Register of Members

(a) Entitlement to Attend and Vote at the 2015 AGM

The register of members will be closed from Monday, 11 May 2015 to Wednesday, 13 May 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the 2015 AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 8 May 2015.

(b) Entitlement to the Proposed Final Dividend

The register of members will be closed from Tuesday, 19 May 2015 to Wednesday, 20 May 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 18 May 2015.

Employee and Remuneration Policies

As at 31 December 2014, the Group had 27,690 employees (2013: 27,492). The number of employees employed by the Group varies from time to time depending on needs and employees are remunerated based on industry practice.

The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds and in-house training programs, discretionary bonuses, share awards and share options may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for the year ended 31 December 2014 was RMB15,451 million (2013: RMB10,364 million).

Audit Committee

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee, together with the Auditor, has reviewed the Group's audited financial statements for the year ended 31 December 2014.

Auditor's Procedures Performed on this Results Announcement

The figures in respect of the announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

Compliance with the Corporate Governance Code

Save as disclosed in the 2013 annual report and the 2014 interim report of the Company, none of the directors of the Company is aware of any information which would reasonably indicate that the Company has not, for any part of the year ended 31 December 2014, complied with the CG Code.

As to the deviation from code provisions A.2.1 and A.4.2 of the CG Code, the Board will continue to review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

Publication of the Annual Results, Annual Report and Corporate Governance Report

All the financial and other related information of the Company required by the Listing Rules will be published on the website of each of the Stock Exchange (www.hkexnews.hk) and the Company (www.tencent.com) in due course.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders and stakeholders for their full and continued confidence and support. I also wish to extend my appreciation to our staff at every level and our committed management team for their contributions in delivering the remarkable success. Looking ahead, we will continue to build a prosperous Internet ecosystem to enhance our users' lives online and offline.

By Order of the Board
Ma Huateng
Chairman

Hong Kong, 18 March 2015

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

Executive Directors:

Ma Huateng and Lau Chi Ping Martin;

Non-Executive Directors:

Jacobus Petrus (Koos) Bekker and 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 realised 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.

DEFINITION

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

Term	Definition
“2015 AGM”	the annual general meeting of the Company to be held on 13 May 2015
“58.com”	58.com Inc., a company incorporated under the laws of the Cayman Islands whose American depositary shares are listed on the New York Stock Exchange
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the auditor of the Company
“Board”	the board of directors of the Company
“CG Code”	the corporate governance code provisions set out in Appendix 14 to the Listing Rules
“China Mobile”	China Mobile Communications Corporation
“China Telecom”	China Telecommunications Corporation
“China Unicom”	China United Network Communications Group Company Limited
“ChinaVision”	ChinaVision Media Group Limited (currently known as Alibaba Pictures Group Limited), a limited liability company incorporated under the laws of Bermuda and the shares of which are listed on the Stock Exchange
“CIT”	corporate income tax
“CITIC Capital”	CITIC Capital Holdings Limited, a limited liability company incorporated under the laws of Hong Kong
“Company”	Tencent Holdings Limited, a limited liability company organised and existing under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange

“CSC”	China South City Holdings Limited, a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Stock Exchange
“Daum Communications”	Daum Communications Corporation (currently known as Daum Kakao Corporation), a company incorporated under the laws of Korea and the shares of which are listed on the Korea Securities Dealers Automated Quotation (KOSDAQ) market of the Korea Exchange
“Dianping”	Dianping Holdings Ltd., a limited liability company incorporated under the laws of Cayman Islands
“Dididache”	Xiaoju Science and Technology Limited, a limited liability company incorporated under the laws of Cayman Islands
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“E-House”	E-House (China) Holdings Limited, a limited liability company incorporated under the laws of Cayman Islands whose American depositary shares are listed on the New York Stock Exchange
“EPS”	earnings per share
“GAAP”	Generally Accepted Accounting Principles
“Group”	the Company and its subsidiaries
“HBO”	Home Box Office, Inc.
“HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region, the PRC
“IAS”	International Accounting Standards
“IFRIC”	International Financial Reporting Standards Interpretations Committee
“IFRS”	International Financial Reporting Standards
“IPO”	initial public offering

“JD.com”	JD.com, Inc., a limited liability company incorporated under the laws of Cayman Islands whose American depositary shares are listed on NASDAQ
“Korea”	the Republic of Korea
“Koudai Gouwu”	Koudai Corporation, a limited liability company incorporated under the laws of the Cayman Islands
“KRW”	Korean Won, the lawful currency of Korea
“Leju”	Leju Holdings Limited, a limited liability company incorporated under the laws of Cayman Islands whose American depositary shares are listed on the New York Stock Exchange
“LIBOR”	London InterBank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LoL”	League of Legends
“M&A”	mergers and acquisitions
“Mail.ru”	Mail.ru Group Limited, a limited liability company incorporated under the laws of British Virgin Islands whose global depositary receipts are traded on the London Stock Exchange
“MAU”	monthly active user accounts
“Moody’s”	Moody’s Investors Service, Inc.
“NASDAQ”	NASDAQ Global Select Market
“NBA”	the National Basketball Association
“Netmarble Games”	Netmarble Games Corporation (formerly known as CJ Games Corporation), a company incorporated under the laws of Korea
“NavInfo”	NavInfo Co., Ltd., a limited liability company incorporated under the laws of the PRC and the shares of which are listed on the Shenzhen Stock Exchange
“O2O”	online to offline

“PC”	personal computer
“PCU”	peak concurrent user accounts
“Post-IPO Option Scheme I”	the Post-IPO Share Option Scheme adopted by the Company on 24 March 2004
“Post-IPO Option Scheme II”	the Post-IPO Share Option Scheme adopted by the Company on 16 May 2007
“Post-IPO Option Scheme III”	the Post-IPO Share Option Scheme adopted by the Company on 13 May 2009
“PRC” or “China”	the People’s Republic of China
“Pre-IPO Option Scheme”	the Pre-IPO Share Option Scheme adopted by the Company on 27 July 2001
“RMB”	the lawful currency of the PRC
“Share Award Schemes”	the share award scheme adopted by the Company on 13 December 2007, as amended, and the share award scheme adopted by the Company on 13 November 2013
“Share Subdivision”	with effect from 15 May 2014, each existing issued and unissued share of HKD0.0001 each in the share capital of the Company was subdivided into five subdivided shares of HKD0.00002 each, after passing of an ordinary resolution at the annual general meeting of the Company held on 14 May 2014 and the Stock Exchange granting the listing of, and permission to deal in, the subdivided shares
“Sogou”	Sogou Inc., a limited liability company incorporated under the laws of Cayman Islands
“Sony Music”	Sony Music Entertainment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tencent Charity Fund”	a charity fund established by the Group
“United States”	the United States of America
“USD”	the lawful currency of the United States

“VAS”	value-added services
“Voice of China 3”	the third season of The Voice of China (中國好聲音), a Chinese reality talent show
“Warner Music”	Warner Music Group Corp., a limited liability company incorporated under the laws of the state of Delaware, United States
“WeBank”	Shenzhen WeBank Limited
“YG Entertainment”	Y.G. Entertainment Inc., an entertainment company incorporated under the laws of Korea
“Yixun”	Shanghai Icton E-Commerce Development Company Limited (上海易迅電子商務發展有限公司), a company incorporated under the laws of the PRC, a subsidiary of the Group