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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 Codes: 700 (HKD counter) and 80700 (RMB counter))

ANNOUNCEMENT OF THE RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2024

The Board is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2024. The Interim Financial Information of the Group has been reviewed by the Auditor in accordance with International Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board, and by the Audit Committee.

FINANCIAL PERFORMANCE HIGHLIGHTS

	31 March 2024	Unaudited Three months ended			Quarter- on-quarter change
		31 March 2023	Year- on-year change	31 December 2023	
		(RMB in millions, unless specified)			
Revenues	159,501	149,986	6%	155,196	3%
Gross profit	83,870	68,182	23%	77,564	8%
Operating profit	52,556	38,042*	38%	41,401	27%
Profit for the period	42,651	26,394	62%	27,850	53%
Profit attributable to equity holders of the Company	41,889	25,838	62%	27,025	55%
EPS (RMB per share)					
– basic	4.479	2.725	64%	2.873	56%
– diluted	4.386	2.639	66%	2.807	56%
Non-IFRS operating profit	58,619	45,028*	30%	49,135	19%
Non-IFRS profit attributable to equity holders of the Company	50,265	32,538	54%	42,681	18%
Non-IFRS EPS (RMB per share)					
– basic	5.375	3.431	57%	4.537	18%
– diluted	5.263	3.353	57%	4.443	18%

* Since the fourth quarter of 2023, certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated accordingly. Please refer to Note 1 in the notes to the Interim Financial Information for details.

OPERATING INFORMATION

	As at 31 March 2024	As at 31 March 2023	Year- on-year change	As at 31 December 2023	Quarter- on-quarter change
Combined MAU of Weixin and WeChat	1,359	1,319	3%	1,343	1%
Mobile device MAU of QQ	553	597	-7%	554	-0.2%
Fee-based VAS registered subscriptions [#]	260	233	12%	244	7%

[#] Adjusted as the average daily number of subscriptions during the quarter

BUSINESS REVIEW AND OUTLOOK

During the first quarter of 2024, several of our leading games in China and internationally started to benefit from team reorganisations we put in place, resulting in an increase in games gross receipts and creating a foundation for our games revenue to resume growth in future quarters. We continue to cultivate high quality revenue streams including advertising in Video Accounts and Weixin Search, Mini Games platform service fees, and eCommerce technology service fees, contributing to our gross and operating profit growth outpacing our revenue growth. Executing on our commitment to return excess capital to shareholders, we stepped up our buyback plan, and are on track to repurchase over HKD100 billion of our shares in 2024, as well as paying an increased dividend, while investing in AI technology, platform enhancements and high production value content.

Below are some highlights from our key products and services for the reporting quarter:

- Video Accounts' total user time spent increased over 80% year-on-year. We strengthened Video Accounts' live streaming eCommerce ecosystem by diversifying merchandise categories and enabling more content creators to monetise through eCommerce activities.
- Mini Programs' total user time spent increased over 20% year-on-year. Daily activations for non-game Mini Programs grew at a double-digit rate year-on-year while gross receipts for Mini Games grew 30% year-on-year.
- Tencent Video released several popular self-commissioned drama series and animated series, such as Blossoms Shanghai, The Hunter and Perfect World Season 4, driving an 8% year-on-year increase in our long-form video subscriptions to 116 million¹.

¹ The average daily number of subscriptions for 1Q2024

- TME strengthened collaboration with Tencent Video and released an original soundtrack of a popular drama series, The Legend of Shen Li. Music subscriptions increased 20% year-on-year to 114 million².
- Our two flagship domestic games, Honour of Kings and Peacekeeper Elite, registered year-on-year growth in gross receipts in March 2024, as our new monetisation cadence and enhanced content design started to yield results.
- Several domestic games attained record high gross receipts during the quarter, including Fight of the Golden Spatula, CrossFire Mobile and Arena Breakout.
- Supercell's games achieved increases in usage and gross receipts; Brawl Stars DAU more than doubled year-on-year and gross receipts more than quadrupled year-on-year internationally.
- We upgraded our advertising technology platform to help advertisers establish advertising campaigns more effectively, and made generative AI-powered advertising creation tools available to all advertisers.
- We achieved rapid increases in number of users and average fund investments per user for our wealth management business, which is primarily engaged in distribution of low-risk money market funds.
- Domestic and international clients, especially from the media, entertainment and live streaming industries, increasingly adopted our integrated audio and video cloud solution, Tencent Cloud Media Services. IDC recognised Tencent Cloud Media Services as the market leader in China for the sixth consecutive year³.

² The average number of subscriptions as of the last day of each month during 1Q2024

³ Measured by Media Services revenue per IDC, 2018-2023

MANAGEMENT DISCUSSION AND ANALYSIS

First Quarter of 2024 Compared to First Quarter of 2023

The following table sets forth the comparative figures for the first quarter of 2024 and the first quarter of 2023:

	Unaudited	
	Three months ended	
	31 March 2024	31 March 2023
	(RMB in millions)	
Revenues	159,501	149,986
Cost of revenues	<u>(75,631)</u>	<u>(81,804)</u>
Gross profit	83,870	68,182
Selling and marketing expenses	(7,536)	(7,018)
General and administrative expenses	(24,809)	(24,642)
Other gains/(losses), net	<u>1,031</u>	<u>1,520*</u>
Operating profit	52,556	38,042*
Net gains/(losses) from investments and others	656	(576)*
Interest income	4,248	2,963*
Finance costs	(2,826)	(2,650)
Share of profit/(loss) of associates and joint ventures, net	<u>2,186</u>	<u>80</u>
Profit before income tax	56,820	37,859
Income tax expense	<u>(14,169)</u>	<u>(11,465)</u>
Profit for the period	<u>42,651</u>	<u>26,394</u>
Attributable to:		
Equity holders of the Company	41,889	25,838
Non-controlling interests	<u>762</u>	<u>556</u>
	<u>42,651</u>	<u>26,394</u>
Non-IFRS operating profit	<u>58,619</u>	<u>45,028*</u>
Non-IFRS profit attributable to equity holders of the Company	<u>50,265</u>	<u>32,538</u>

* Since the fourth quarter of 2023, certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated accordingly. Please refer to Note 1 in the notes to the Interim Financial Information for details.

Revenues. Revenues increased by 6% year-on-year to RMB159.5 billion for the first quarter of 2024. The following table sets forth our revenues by line of business for the first quarter of 2024 and the first quarter of 2023:

	Unaudited				
	Three months ended				
	31 March	31 March	Year-	31 March	31 March
	2024	2023	on-year	2024	2023
	Revenues			% of total revenues	
	(RMB in millions, unless specified)				
VAS	78,629	79,337	-0.9%	49%	53%
Online Advertising	26,506	20,964	26%	17%	14%
FinTech and Business Services	52,302	48,701	7%	33%	32%
Others	2,064	984	110%	1%	1%
Total revenues	<u>159,501</u>	<u>149,986</u>	6%	<u>100%</u>	<u>100%</u>

- Revenues from VAS decreased by 0.9% year-on-year to RMB78.6 billion for the first quarter of 2024. International Games gross receipts rose 34% year-on-year, due to resurgent popularity for Supercell’s games, in particular Brawl Stars, and user and gross receipts growth from PUBG Mobile. International Games revenues were up a lesser 3% year-on-year to RMB13.6 billion (stable year-on-year on a constant currency basis) due to the lengthy revenue deferral cycle for Supercell’s games. Domestic Games gross receipts returned to year-on-year growth, increasing by 3%, but Domestic Games revenues declined by 2% year-on-year to RMB34.5 billion due to revenue deferral. By title, revenue from Honour of Kings declined year-on-year against a high base from the Chinese New Year period last year, and revenue from Peacekeeper Elite declined year-on-year due to weak monetisable content in the second half of 2023. These declines were largely offset by contributions from recently launched games, including VALORANT and Lost Ark, alongside robust growth from Fight of the Golden Spatula. Social Networks revenues declined by 2% to RMB30.5 billion, reflecting increased revenues from music and long-form video subscriptions, Video Accounts live streaming services, and Mini Games platform service fees, versus decreased revenues from music-related and games-related live streaming services.

- Revenues from Online Advertising were RMB26.5 billion for the first quarter of 2024, up 26% year-on-year, driven by Video Accounts, Mini Programs, Official Accounts and Weixin Search, due to increased engagement and ongoing enhancement of our AI-powered advertising infrastructure. Advertising spending rose across all major categories except automotive, with notable growth from games, Internet services and consumer goods categories.
- Revenues from FinTech and Business Services increased by 7% year-on-year to RMB52.3 billion for the first quarter of 2024. FinTech Services revenues grew at a single-digit rate, primarily due to moderated growth in offline consumption spending and a decrease in withdrawal fee revenue, while wealth management services revenues experienced robust growth. Business Services achieved a teens year-on-year revenue growth rate, driven by higher cloud services revenues and increased eCommerce technology service fees within Video Accounts.

Cost of revenues. Cost of revenues for the first quarter of 2024 decreased by 8% year-on-year to RMB75.6 billion, driven by a reduction in content costs and cloud project deployment costs.

Gross profit. Gross profit for the first quarter of 2024 rose by 23% year-on-year to RMB83.9 billion, with gross margin expanding to 53% from 45% in the same period last year. The increase in gross profit was driven by the rapid growth of high-margin revenue streams, including Video Accounts and Weixin Search advertising revenues, Mini Games platform service fees, wealth management services revenues, and eCommerce technology service fees. Improved cost efficiency at our long-form video and cloud businesses also contributed to higher gross profit. The following table sets forth our gross profit and gross margin by line of business for the first quarter of 2024 and the first quarter of 2023:

	Unaudited				
	Three months ended				
	31 March	31 March	Year-	31 March	31 March
	2024	2023	on-year	2024	2023
	Gross profit/(loss)			Gross margin	
	(RMB in millions, unless specified)				
VAS	45,022	42,739	5%	57%	54%
Online Advertising	14,520	8,739	66%	55%	42%
FinTech and Business Services	23,851	16,801	42%	46%	34%
Others	477	(97)	NA	23%	(10%)
Total gross profit	<u>83,870</u>	<u>68,182</u>	23%	53%	45%

- Gross profit for VAS rose 5% year-on-year to RMB45.0 billion for the first quarter of 2024, with gross margin improving to 57% from 54% in the same period last year. The growth in segment gross profit was primarily driven by growth in subscription revenues, an increase in high-margin Mini Games platform service fees, and segment content cost and operating cost savings.
- Gross profit for Online Advertising increased by 66% year-on-year to RMB14.5 billion for the first quarter of 2024, with gross margin expanding to 55% from 42% in the same period last year. The increase in segment gross profit was primarily driven by growth in our Video Accounts and Weixin Search advertising revenues.
- Gross profit for FinTech and Business Services increased by 42% year-on-year to RMB23.9 billion for the first quarter of 2024, with gross margin expanding to 46% from 34% in the same period last year. The growth in segment gross profit was driven by increased contributions from high-margin wealth management services and eCommerce technology service fees, alongside enhanced monetisation of WeCom and other business services, coupled with increased cost efficiency in our cloud business.

Selling and marketing expenses. Selling and marketing expenses grew by 7% to RMB7.5 billion for the first quarter of 2024 on a year-on-year basis, driven by increased promotional and advertising efforts in support of new content releases. As a percentage of revenues, selling and marketing expenses remained broadly stable at 5% compared to the same quarter of 2023.

General and administrative expenses. General and administrative expenses increased by 1% year-on-year to RMB24.8 billion for the first quarter of 2024.

Interest income. Interest income increased by 43% year-on-year to RMB4.2 billion for the first quarter of 2024, driven by growth in cash reserves and higher interest yields.

Finance costs. Finance costs increased by 7% year-on-year to RMB2.8 billion for the first quarter of 2024 driven by higher interest expenses.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB2.2 billion for the first quarter of 2024, an increase from share of profits of RMB0.1 billion in the same period last year. Non-IFRS share of profits of associates and joint ventures improved to RMB5.5 billion for the first quarter of 2024, from share of losses of RMB0.1 billion in the same period last year. This improvement was mainly due to enhanced profitability at certain domestic associates, alongside reduced losses at certain overseas associates.

Income tax expense. Income tax expense rose by 24% year-on-year to RMB14.1 billion for the first quarter of 2024, primarily driven by operating profit growth and a higher provision for withholding taxes.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 62% year-on-year to RMB41.9 billion for the first quarter of 2024. Non-IFRS profit attributable to equity holders of the Company increased by 54% year-on-year to RMB50.3 billion for the first quarter of 2024.

First Quarter of 2024 Compared to Fourth Quarter of 2023

The following table sets forth the comparative figures for the first quarter of 2024 and the fourth quarter of 2023:

	Unaudited	
	Three months ended	
	31 March	31 December
	2024	2023
	(RMB in millions)	
Revenues	159,501	155,196
Cost of revenues	(75,631)	(77,632)
Gross profit	83,870	77,564
Selling and marketing expenses	(7,536)	(10,971)
General and administrative expenses	(24,809)	(27,175)
Other gains/(losses), net	1,031	1,983
Operating profit	52,556	41,401
Net gains/(losses) from investments and others	656	(6,730)
Interest income	4,248	3,917
Finance costs	(2,826)	(3,543)
Share of profit/(loss) of associates and joint ventures, net	2,186	2,463
Profit before income tax	56,820	37,508
Income tax expense	(14,169)	(9,658)
Profit for the period	42,651	27,850
Attributable to:		
Equity holders of the Company	41,889	27,025
Non-controlling interests	762	825
	42,651	27,850
Non-IFRS operating profit	58,619	49,135
Non-IFRS profit attributable to equity holders of the Company	50,265	42,681

Revenues. Revenues for the first quarter of 2024 increased by 3% to RMB159.5 billion on a quarter-on-quarter basis.

- Revenues from VAS increased by 14% to RMB78.6 billion. International Games revenues were RMB13.6 billion, down 3% quarter-on-quarter. Domestic Games revenues were RMB34.5 billion, up 28% quarter-on-quarter amid favorable seasonality during the Chinese New Year period. Social Networks revenues increased by 8% quarter-on-quarter to RMB30.5 billion driven by higher app-based game virtual item sales.
- Revenues from Online Advertising decreased by 11% quarter-on-quarter to RMB26.5 billion, due to a seasonal decrease in advertising activity around the Chinese New Year period.
- Revenues from FinTech and Business Services decreased by 4% quarter-on-quarter to RMB52.3 billion, reflecting seasonally lower Business Services revenues due to fewer cloud project deployments compared to the year-end period.

Cost of revenues. Cost of revenues were RMB75.6 billion for the first quarter of 2024, down 3% quarter-on-quarter, due to lower content costs and cloud project deployment costs, partially offset by higher channel and distribution costs.

Gross profit. Gross profit was RMB83.9 billion for the first quarter of 2024, up 8% quarter-on-quarter, primarily due to a higher contribution from high-margin Domestic Games revenues. Gross margin increased to 53% from 50% in the fourth quarter of 2023.

- Gross profit for VAS increased by 21% quarter-on-quarter to RMB45.0 billion, with gross margin rising to 57% from 54% in the fourth quarter of 2023. The increase in segment gross profit was driven by a seasonal increase in contribution from our high-margin Domestic Games revenues.
- Gross profit for Online Advertising decreased by 14% quarter-on-quarter to RMB14.5 billion, and gross margin was 55% compared to 57% in the fourth quarter of 2023. The decline in segment gross profit was due to the negative revenue seasonality discussed above.
- Gross profit for FinTech and Business Services was broadly stable at RMB23.9 billion, with gross margin improving to 46% from 44% in the fourth quarter of 2023.

Selling and marketing expenses. Selling and marketing expenses decreased by 31% quarter-on-quarter to RMB7.5 billion for the first quarter of 2024, against a high base due to new content releases in the fourth quarter of 2023.

General and administrative expenses. General and administrative expenses declined by 9% quarter-on-quarter to RMB24.8 billion for the first quarter of 2024, due to a decrease in compensation expenses, as well as lower travel expenses.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB2.2 billion for the first quarter of 2024, compared to share of profits of RMB2.4 billion for the previous quarter. Non-IFRS share of profits of associates and joint ventures increased to RMB5.5 billion for the first quarter of 2024, compared with share of profits of RMB4.5 billion for the previous quarter, due to enhanced profitability at certain domestic associates.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 55% quarter-on-quarter to RMB41.9 billion for the first quarter of 2024. Non-IFRS profit attributable to equity holders of the Company increased by 18% quarter-on-quarter to RMB50.3 billion for the first quarter of 2024.

Other Financial Information

	Unaudited		
	Three months ended		
	31 March	31 December	31 March
	2024	2023	2023
	(RMB in millions, unless specified)		
EBITDA (a)	65,094	53,983	52,656
Adjusted EBITDA (a)	69,259	59,494	57,811
Adjusted EBITDA margin (b)	43%	38%	39%
Interest and related expenses	3,044	3,015	2,800
Net cash/(debt) (c)	92,534	54,740	31,508
Capital expenditures (d)	14,359	7,524	4,411

Note:

- (a) EBITDA is calculated as operating profit minus other gains/(losses), net, and adding back depreciation of property, plant and equipment, investment properties as well as right-of-use assets, and amortisation of intangible assets and land use rights. Adjusted EBITDA is calculated as EBITDA plus equity-settled share-based compensation expenses.
- (b) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues.
- (c) Net cash/(debt) represents period end balance and is calculated as cash and cash equivalents, plus term deposits and others, minus borrowings and notes payable.
- (d) Capital expenditures consist of additions (excluding business combinations) to property, plant and equipment, construction in progress, investment properties, land use rights and intangible assets (excluding long-form video and music content, game licences and other content).

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

	Unaudited		
	Three months ended		
	31 March	31 December	31 March
	2024	2023	2023
	(RMB in millions, unless specified)		
Operating profit	52,556	41,401	38,042*
Adjustments:			
Other (gains)/losses, net	(1,031)	(1,983)	(1,520)*
Depreciation of property, plant and equipment and investment properties	5,091	5,117	5,073
Depreciation of right-of-use assets	1,550	1,544	1,599
Amortisation of intangible assets and land use rights	6,928	7,904	9,462
EBITDA	65,094	53,983	52,656
Equity-settled share-based compensation	4,165	5,511	5,155
Adjusted EBITDA	69,259	59,494	57,811

Non-IFRS Financial Measures

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

The Company's management believes that the non-IFRS 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 investment-related transactions. In addition, non-IFRS adjustments include relevant non-IFRS adjustments for the Group's major associates based on available published financials of the relevant major associates, or estimates made by the Company's management based on available information, certain expectations, assumptions and premises.

* Since the fourth quarter of 2023, certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated accordingly. Please refer to Note 1 in the notes to the Interim Financial Information for details.

The following tables set forth the reconciliations of the Group's non-IFRS financial measures for the first quarter of 2024 and 2023, the fourth quarter of 2023 to the nearest measures prepared in accordance with IFRS:

Unaudited three months ended 31 March 2024								
Adjustments								
As reported	Share-based compensation	Net (gains)/ losses from investee companies	Amortisation of intangible assets	Impairment provisions/ (reversals)	SSV & CPP	Income tax effects	Non-IFRS	
	(a)	(b)	(c)	(d)	(e)	(g)		
(RMB in millions, unless specified)								
Operating profit	52,556	4,694	-	1,249	-	120	-	58,619
Profit for the period	42,651	6,203	(1,476)	2,805	1,562	132	(535)	51,342
Profit attributable to equity holders	41,889	6,035	(1,449)	2,589	1,541	132	(472)	50,265
EPS (RMB per share)								
- basic	4.479							5.375
- diluted	4.386							5.263
Operating margin	33%							37%
Net margin	27%							32%

Unaudited three months ended 31 December 2023								
Adjustments								
As reported	Share-based compensation	Net (gains)/ losses from investee companies	Amortisation of intangible assets	Impairment provisions/ (reversals)	SSV & CPP	Others	Income tax effects	Non-IFRS
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
(RMB in millions, unless specified)								
Operating profit	41,401	5,732	-	1,564	-	437	1	49,135
Profit for the period	27,850	6,646	(94)	2,960	5,705	1,594	1	43,833
Profit attributable to equity holders	27,025	6,512	(55)	2,719	5,650	1,594	1	42,681
EPS (RMB per share)								
- basic	2.873							4.537
- diluted	2.807							4.443
Operating margin	27%							32%
Net margin	18%							28%

Unaudited three months ended 31 March 2023

	Adjustments								Non-IFRS
	As reported	Share-based compensation (a)	Net (gains)/ losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Others (f)	Income tax effects (g)	
	(RMB in millions, unless specified)								
Operating profit (Restated)*	38,042	5,844	-	998	-	135	9	-	45,028
Profit for the period	26,394	7,313	(5,224)	2,271	1,862	1,526	9	(706)	33,445
Profit attributable to equity holders	25,838	7,094	(5,224)	2,098	1,852	1,526	9	(655)	32,538
EPS (RMB per share)									
- basic	2.725								3.431
- diluted	2.639								3.353
Operating margin (Restated)*	25%								30%
Net margin	18%								22%

Note:

- (a) Including put options granted to employees of investee companies on their shares and shares to be issued under investee companies' share-based incentive plans which can be acquired by the Group, and other incentives
- (b) Including net (gains)/losses on deemed disposals/disposals of investee companies, fair value changes arising from investee companies, and other expenses in relation to equity transactions of investee companies
- (c) Amortisation of intangible assets resulting from acquisitions
- (d) Mainly including impairment provisions/(reversals) for associates, joint ventures, goodwill and other intangible assets arising from acquisitions
- (e) Mainly including donations and expenses incurred for the Group's SSV & CPP initiatives
- (f) Primarily non-recurring compliance-related costs and expenses incurred for certain litigation settlements of the Group and/or arising from investee companies
- (g) Income tax effects of non-IFRS adjustments

* Since the fourth quarter of 2023, certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated accordingly. Please refer to Note 1 in the notes to the Interim Financial Information for details.

Liquidity and Financial Resources

Our cash and debt positions as at 31 March 2024 and 31 December 2023 were as follows:

	Unaudited 31 March 2024	Audited 31 December 2023
	(RMB in millions)	
Cash and cash equivalents	161,023	172,320
Term deposits and others	284,245	231,038
	445,268	403,358
Borrowings	(201,191)	(197,356)
Notes payable	(151,543)	(151,262)
Net cash	92,534	54,740

As at 31 March 2024, the Group had net cash of RMB92.5 billion, compared to net cash of RMB54.7 billion as at 31 December 2023. The sequential improvement was primarily driven by free cash flow generation, partially offset by cash used for share repurchases.

For the first quarter of 2024, the Group generated free cash flow of RMB51.9 billion. This was a result of net cash flow generated from operating activities of RMB72.3 billion, partially offset by payments for capital expenditures of RMB15.2 billion, payments for media content of RMB3.7 billion, and payments for lease liabilities of RMB1.5 billion.

As at 31 March 2024, the fair value of our shareholdings⁴ in listed investee companies (excluding subsidiaries) was RMB522.4 billion, and the carrying book value of our unlisted investments was RMB328.8 billion.

⁴ Including those held via special purpose vehicles, on an attributable basis

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2024

		Unaudited	
		Three months ended 31 March	
		2024	2023
			Restated (Note 1)
	Note	RMB'Million	RMB'Million
Revenues			
Value-added Services		78,629	79,337
Online Advertising		26,506	20,964
FinTech and Business Services		52,302	48,701
Others		2,064	984
	2	<u>159,501</u>	149,986
Cost of revenues	3	<u>(75,631)</u>	(81,804)
Gross profit		83,870	68,182
Selling and marketing expenses	3	(7,536)	(7,018)
General and administrative expenses	3	(24,809)	(24,642)
Other gains/(losses), net	4	<u>1,031</u>	1,520
Operating profit		52,556	38,042
Net gains/(losses) from investments and others	5	656	(576)
Interest income		4,248	2,963
Finance costs		(2,826)	(2,650)
Share of profit/(loss) of associates and joint ventures, net	6	<u>2,186</u>	80
Profit before income tax		56,820	37,859
Income tax expense	7	<u>(14,169)</u>	(11,465)
Profit for the period		<u>42,651</u>	<u>26,394</u>
Attributable to:			
Equity holders of the Company		41,889	25,838
Non-controlling interests		<u>762</u>	556
		<u>42,651</u>	<u>26,394</u>
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)			
– basic	8(a)	<u>4.479</u>	<u>2.725</u>
– diluted	8(b)	<u>4.386</u>	<u>2.639</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2024**

	Unaudited	
	Three months ended 31 March	
	2024	2023
	RMB'Million	RMB'Million
Profit for the period	42,651	26,394
Other comprehensive income, net of tax:		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	(337)	(662)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	(30)	14
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	1	1
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	10	22
Currency translation differences	(3,929)	(1,200)
Net movement in reserves for cash flow hedges	(782)	(1,151)
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	(120)	(154)
Loss from changes in fair value of assets held for distribution	–	(29,991)
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	15,918	34,362
Currency translation differences	(463)	(2,846)
	10,268	(1,605)
Total comprehensive income for the period	52,919	24,789
Attributable to:		
Equity holders of the Company	51,673	23,612
Non-controlling interests	1,246	1,177
	52,919	24,789

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024**

		Unaudited	Audited
		31 March	31 December
		2024	2023
	Note	RMB'Million	RMB'Million
ASSETS			
Non-current assets			
Property, plant and equipment		54,627	53,232
Land use rights		23,644	17,179
Right-of-use assets		19,077	20,464
Construction in progress		12,528	13,583
Investment properties		582	570
Intangible assets		177,946	177,727
Investments in associates	10	250,954	253,696
Investments in joint ventures		8,017	7,969
Financial assets at fair value through profit or loss	11	215,660	211,145
Financial assets at fair value through other comprehensive income	12	229,747	213,951
Prepayments, deposits and other assets		27,800	28,439
Other financial assets		1,241	2,527
Deferred income tax assets		30,536	29,017
Term deposits		30,613	29,301
		1,082,972	1,058,800
Current assets			
Inventories		1,055	456
Accounts receivable	13	52,412	46,606
Prepayments, deposits and other assets		87,761	88,411
Other financial assets		5,942	5,949
Financial assets at fair value through profit or loss	11	10,568	14,903
Term deposits		241,510	185,983
Restricted cash		3,434	3,818
Cash and cash equivalents		161,023	172,320
		563,705	518,446
Total assets		1,646,677	1,577,246

		Unaudited	Audited
		31 March	31 December
		2024	2023
	Note	RMB' Million	RMB' Million
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		–	–
Share premium		28,989	37,989
Treasury shares		(4,549)	(4,740)
Shares held for share award schemes		(4,798)	(5,350)
Other reserves		(28,070)	(33,219)
Retained earnings		857,015	813,911
		848,587	808,591
Non-controlling interests		68,182	65,090
Total equity		916,769	873,681
LIABILITIES			
Non-current liabilities			
Borrowings	16	153,185	155,819
Notes payable	17	130,974	137,101
Long-term payables		12,658	12,169
Other financial liabilities		8,150	8,781
Deferred income tax liabilities		16,762	17,635
Lease liabilities		15,238	16,468
Deferred revenue		4,378	3,435
		341,345	351,408
Current liabilities			
Accounts payable	15	112,520	100,948
Other payables and accruals		64,230	76,595
Borrowings	16	48,006	41,537
Notes payable	17	20,569	14,161
Current income tax liabilities		21,623	17,664
Other tax liabilities		4,620	4,372
Other financial liabilities		4,871	4,558
Lease liabilities		6,036	6,154
Deferred revenue		106,088	86,168
		388,563	352,157
Total liabilities		729,908	703,565
Total equity and liabilities		1,646,677	1,577,246

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2024

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Shares held for share award schemes RMB'Million	Other reserves RMB'Million	Retained earnings RMB'Million	Total RMB'Million	Non- controlling interests RMB'Million	Total equity RMB'Million
Balance at 1 January 2024	-	37,989	(4,740)	(5,350)	(33,219)	813,911	808,591	65,090	873,681
Comprehensive income									
Profit for the period	-	-	-	-	-	41,889	41,889	762	42,651
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	-	-	-	-	(449)	-	(449)	(8)	(457)
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	(30)	-	(30)	-	(30)
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	14,862	-	14,862	1,066	15,928
– transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	1	-	1	-	1
– currency translation differences	-	-	-	-	(3,833)	-	(3,833)	(559)	(4,392)
– net movement in reserves for cash flow hedges	-	-	-	-	(767)	-	(767)	(15)	(782)
Total comprehensive income for the period	-	-	-	-	9,784	41,889	51,673	1,246	52,919
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings, net of tax	-	-	-	-	(1,268)	1,268	-	-	-
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	(15)	15	-	-	-
Share of other changes in net assets of associates and joint ventures	-	-	-	-	1,282	-	1,282	-	1,282
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	-	-	(505)	-	(505)	-	(505)
Transactions with equity holders									
Employee share option schemes:									
– value of employee services	-	550	-	-	12	-	562	10	572
– proceeds from shares issued, net of withholding individual income tax	-	422	-	-	-	-	422	-	422
Employee share award schemes:									
– value of employee services	-	3,220	-	-	301	-	3,521	69	3,590
– shares purchased/withheld for share award schemes	-	-	-	(496)	-	-	(496)	-	(496)
– vesting of awarded shares	-	(741)	-	741	-	-	-	-	-
Tax benefit from share-based payments	-	-	-	-	10	-	10	-	10
Profit appropriations to statutory reserves	-	-	-	-	17	(17)	-	-	-
Appropriations of risk reserve for material money market funds	-	-	-	-	51	(51)	-	-	-
Repurchase and cancellation of shares	-	(13,681)	4,740	-	-	-	(8,941)	-	(8,941)
Repurchase of shares (to be cancelled)	-	-	(4,549)	-	-	-	(4,549)	-	(4,549)
Cash dividends	-	-	-	-	-	-	-	(509)	(509)
Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	117	117
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	-	132	-	132	(789)	(657)
Dilution of interests in subsidiaries	-	-	-	-	(405)	-	(405)	377	(28)
Disposal of subsidiaries	-	-	-	-	-	-	-	11	11
Changes in put option liabilities in respect of non-controlling interests	-	-	-	-	12	-	12	1	13
Transfer of equity interests of subsidiaries to non-controlling interests	-	1,230	-	307	(4,259)	-	(2,722)	2,559	(163)
Total transactions with equity holders in their capacity as equity holders for the period	-	(9,000)	191	552	(4,129)	(68)	(12,454)	1,846	(10,608)
Balance at 31 March 2024	-	28,989	(4,549)	(4,798)	(28,070)	857,015	848,587	68,182	916,769

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Shares held for share award schemes	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Balance at 1 January 2023	–	62,418	(1,868)	(4,226)	(40,914)	705,981	721,391	61,469	782,860
Comprehensive income									
Profit for the period	–	–	–	–	–	25,838	25,838	556	26,394
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	–	–	–	–	(811)	–	(811)	(5)	(816)
– loss from changes in fair value of assets held for distribution	–	–	–	–	(29,991)	–	(29,991)	–	(29,991)
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	14	–	14	–	14
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	33,644	–	33,644	740	34,384
– transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	–	–	–	–	1	–	1	–	1
– currency translation differences	–	–	–	–	(3,955)	–	(3,955)	(91)	(4,046)
– net movement in reserves for cash flow hedges	–	–	–	–	(1,128)	–	(1,128)	(23)	(1,151)
Total comprehensive income for the period	–	–	–	–	(2,226)	25,838	23,612	1,177	24,789
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	–	–	–	19,561	(19,606)	(45)	–	(45)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	68	(68)	–	–	–
Share of other changes in net assets of associates and joint ventures	–	–	–	–	1,391	–	1,391	–	1,391
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	–	–	–	–	(3)	–	(3)	–	(3)
Transactions with equity holders									
Capital injection	–	–	–	–	–	–	–	3	3
Employee share option schemes:									
– value of employee services	–	472	–	–	22	–	494	19	513
– proceeds from shares issued	–	470	–	–	–	–	470	–	470
Employee share award schemes:									
– value of employee services	–	4,209	–	–	357	–	4,566	81	4,647
– shares withheld for share award schemes	–	–	–	(966)	–	–	(966)	–	(966)
– vesting of awarded shares	–	(780)	–	780	–	–	–	–	–
Tax benefit from share-based payments	–	–	–	–	1	–	1	–	1
Profit appropriations to statutory reserves	–	–	–	–	102	(102)	–	–	–
Repurchase and cancellation of shares	–	(4,364)	1,868	–	–	–	(2,496)	–	(2,496)
Repurchase of shares (to be cancelled)	–	–	(1,541)	–	–	–	(1,541)	–	(1,541)
Cash dividends	–	–	–	–	–	–	–	(257)	(257)
Dividends under distribution in specie	–	–	–	–	–	32,169	32,169	–	32,169
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	91	91
Acquisition of additional equity interests in non wholly-owned subsidiaries	–	–	–	–	33	–	33	(38)	(5)
Dilution of interests in subsidiaries	–	–	–	–	(115)	–	(115)	101	(14)
Changes in put option liabilities in respect of non-controlling interests	–	–	–	–	(99)	–	(99)	(14)	(113)
Recognition of put option liabilities arising from business combinations	–	–	–	–	(121)	–	(121)	–	(121)
Transfer of equity interests of subsidiaries to non-controlling interests	–	–	–	–	(258)	–	(258)	258	–
Total transactions with equity holders in their capacity as equity holders for the period	–	7	327	(186)	(78)	32,067	32,137	244	32,381
Balance at 31 March 2023	–	62,425	(1,541)	(4,412)	(22,201)	744,212	778,483	62,890	841,373

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2024**

	Unaudited	
	Three months ended 31 March	
	2024	2023
	RMB' Million	RMB' Million
Net cash flows generated from operating activities	72,350	62,297
Net cash flows used in investing activities	(67,924)	(65,199)
Net cash flows (used in)/generated from financing activities	(15,511)	359
Net decrease in cash and cash equivalents	(11,085)	(2,543)
Cash and cash equivalents at beginning of the period	172,320	156,739
Exchange losses on cash and cash equivalents	(212)	(868)
Cash and cash equivalents at end of the period	<u>161,023</u>	<u>153,328</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General information, basis of preparation and presentation

The Company was incorporated in the Cayman Islands with limited liability. 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 FinTech and Business Services.

The Interim Financial Information is presented in RMB, unless otherwise stated.

The Interim Financial Information has not been audited but has been reviewed by the Auditor.

The Interim Financial Information has been prepared in accordance with IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards, as set out in the 2023 annual report of the Company (the “2023 Financial Statements”).

Except as described below, the accounting policies and method of computation used in the preparation of the Interim Financial Information are generally consistent with those used in the 2023 Financial Statements in all material aspects, which have been prepared in accordance with IFRS Accounting Standards under the historical cost convention, as modified by the revaluation of FVPL, FVOCI, certain other financial assets and liabilities, which are carried at fair values.

Taxes on income for the interim period are accrued using the estimated tax rates that would be applicable to expected total annual assessable profit.

As disclosed in Note 2.2(a) to the 2023 Financial Statements, the Group changed the presentation of the consolidated income statement during the three months ended 31 December 2023. “Interest income” and “Net gains/(losses) from investments and others” had been reclassified from above to below the operating profit line. Historical comparative figures have been restated accordingly.

The following table shows the amounts of restatement relating to changes in the presentation of the condensed consolidated income statement for the three months ended 31 March 2023:

Condensed consolidated income statement (extract)	Unaudited Three months ended 31 March 2023		
	As originally presented RMB'Million	Difference RMB'Million	Restated RMB'Million
Revenues	149,986	–	149,986
Cost of revenues	(81,804)	–	(81,804)
Gross profit	68,182	–	68,182
Interest income	2,963	(2,963)	–
Selling and marketing expenses	(7,018)	–	(7,018)
General and administrative expenses	(24,642)	–	(24,642)
Other gains/(losses), net	944	576	1,520
Operating profit	40,429	(2,387)	38,042
Net gains/(losses) from investments and others	–	(576)	(576)
Interest income	–	2,963	2,963
Finance costs	(2,650)	–	(2,650)
Share of profit/(loss) of associates and joint ventures, net	80	–	80
Profit before income tax	37,859	–	37,859
Income tax expense	(11,465)	–	(11,465)
Profit for the period	26,394	–	26,394

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of these amendments to standards does not have significant impact on the Interim Financial Information.

2 Segment information and revenues

The Group has the following reportable segments for the three months ended 31 March 2024 and 2023:

- VAS;
- Online Advertising;
- FinTech and Business Services; and
- Others.

The “Others” business segment consists of the financials of investment in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities.

There were no material inter-segment sales during the three months ended 31 March 2024 and 2023. The revenues from external customers reported to the chief operating decision-makers are measured in a manner consistent with that applied in the condensed consolidated income statement.

The segment information provided to the chief operating decision-makers for the reportable segments for the three months ended 31 March 2024 and 2023 is as follows:

	Unaudited				
	Three months ended 31 March 2024				
	VAS	Online	FinTech and	Others	Total
	RMB'Million	Advertising	Business	RMB'Million	RMB'Million
		RMB'Million	Services		
			RMB'Million		
Segment revenues	78,629	26,506	52,302	2,064	159,501
Gross profit	45,022	14,520	23,851	477	83,870
Cost of revenues					
Depreciation	1,320	1,637	1,996	11	4,964
Amortisation	4,133	1,441	38	622	6,234

	Unaudited				
	Three months ended 31 March 2023				
	VAS	Online	FinTech and	Others	Total
	RMB'Million	Advertising	Business	RMB'Million	RMB'Million
		RMB'Million	Services		
			RMB'Million		
Segment revenues	79,337	20,964	48,701	984	149,986
Gross profit/(loss)	42,739	8,739	16,801	(97)	68,182
Cost of revenues					
Depreciation	1,403	1,444	2,319	16	5,182
Amortisation	5,812	2,849	41	194	8,896

3 Expenses by nature

	Unaudited	
	Three months ended 31 March	
	2024	2023
	RMB'Million	RMB'Million
Transaction costs (a)	34,603	33,271
Employee benefits expenses (b)	26,032	27,299
Content costs (excluding amortisation of intangible assets)	15,610	15,306
Amortisation of intangible assets (c)	6,897	9,442
Bandwidth and server custody fees (excluding depreciation of right-of-use assets)	6,298	6,266
Depreciation of property, plant and equipment, investment properties and right-of-use assets	6,641	6,672
Promotion and advertising expenses	4,988	4,264

Note:

- (a) Transaction costs primarily consist of bank handling fees, channel and distribution costs.
- (b) During the three months ended 31 March 2024, the Group had incurred expenses for the purpose of R&D of approximately RMB15,678 million (three months ended 31 March 2023: RMB15,181 million), which mainly comprised employee benefits expenses of approximately RMB13,117 million (three months ended 31 March 2023: RMB13,051 million).

No significant development expenses had been capitalised for the three months ended 31 March 2024 and 2023.

During the three months ended 31 March 2024, employee benefits expenses included the share-based compensation expenses of approximately RMB4,694 million (three months ended 31 March 2023: RMB5,844 million), which contained those incurred for employees related to SSV & CPP of approximately RMB15 million (three months ended 31 March 2023: RMB18 million).

- (c) Amortisation charges of intangible assets are mainly in respect of media content including long-form video and music content, game licenses, and other content. During the three months ended 31 March 2024, amortisation of media content was approximately RMB6,280 million (three months ended 31 March 2023: RMB8,804 million).

During the three months ended 31 March 2024, amortisation of intangible assets included the amortisation of intangible assets arising from acquisitions of approximately RMB1,249 million (three months ended 31 March 2023: RMB998 million).

- (d) During the three months ended 31 March 2024, expenses incurred related to SSV & CPP (excluding share-based compensation expenses) were approximately RMB120 million (three months ended 31 March 2023: RMB135 million).
- (e) During the three months ended 31 March 2024, non-recurring compliance-related costs and expenses incurred for certain litigation settlements in total were Nil (three months ended 31 March 2023: RMB9 million, which were included in "General and administrative expenses").

4 Other gains/(losses), net

	Unaudited	
	Three months ended 31 March	
	2024	2023
		Restated
	RMB'Million	RMB'Million
Subsidies and tax rebates	1,053	2,740
Others	(22)	(1,220)
	<u>1,031</u>	<u>1,520</u>

5 Net gains/(losses) from investments and others

	Unaudited	
	Three months ended 31 March	
	2024	2023
		Restated
	RMB'Million	RMB'Million
Net gains on disposals and deemed disposals of investee companies (a)	5,059	1,044
Net fair value (losses)/gains on FVPL ((b) and Note 11)	(2,854)	76
Net fair value losses on other financial instruments (c)	(1,034)	(208)
Impairment provisions for investments in associates (Note 10(b))	(787)	(271)
Impairment (provisions)/reversals for investments in joint ventures and others	(41)	30
Impairment provisions for goodwill and other intangible assets arising from acquisitions	(35)	–
Donations (d)	(27)	(1,426)
Dividend income	290	96
Others	85	83
	<u>656</u>	<u>(576)</u>

Note:

- (a) The net disposal and deemed disposal gains of approximately RMB5,059 million recognised during the three months ended 31 March 2024 comprised the following:
- aggregate net gains of approximately RMB761 million (three months ended 31 March 2023: net losses of approximately RMB76 million) on disposals and partial disposals of investee companies of the Group;
 - aggregate net gains of approximately RMB3,982 million (three months ended 31 March 2023: RMB964 million) on deemed disposals of investee companies of the Group; and

- aggregate net gains of approximately RMB316 million (three months ended 31 March 2023: RMB156 million) on dilution of the Group’s equity interests in certain associates due to new equity interests being issued by these associates.
- (b) During the three months ended 31 March 2024, the net fair value losses on FVPL mainly comprised net losses of approximately RMB3,001 million as a result of changes in valuations of certain investee companies (three months ended 31 March 2023: RMB173 million).
- (c) During the three months ended 31 March 2024, the net fair value losses on other financial instruments mainly included net losses of approximately RMB1,041 million as a result of changes in valuations of investment-related financial instruments (three months ended 31 March 2023: RMB213 million).
- (d) During the three months ended 31 March 2024, donations mainly included approximately RMB12 million for SSV & CPP of the Group (three months ended 31 March 2023: RMB1,391 million).

6 Share of profit/(loss) of associates and joint ventures, net

During the three months ended 31 March 2024, it represented the Group’s share of its associates and joint ventures’ post-acquisition profit or loss, including share of their impairment provisions for investee companies, goodwill and other intangible assets arising from acquisitions of approximately RMB699 million (three months ended 31 March 2023: RMB1,621 million), amortisation of intangible assets arising from acquisitions of approximately RMB1,556 million (three months ended 31 March 2023: RMB1,273 million), share-based compensation expenses of approximately RMB1,509 million (three months ended 31 March 2023: RMB1,469 million) and other net gains from investee companies of approximately RMB459 million (three months ended 31 March 2023: RMB4,566 million).

7 Income tax expense

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 three months ended 31 March 2024 and 2023.

(b) Hong Kong profits tax

Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the three months ended 31 March 2024 and 2023.

(c) PRC CIT

PRC CIT had been provided for at applicable tax rates under the relevant regulations of the PRC after considering the available preferential tax benefits from refunds and allowances, and on the estimated assessable profit of entities within the Group established in the Mainland of China for the three months ended 31 March 2024 and 2023. The general PRC CIT rate was 25% for the three months ended 31 March 2024 and 2023.

Certain subsidiaries of the Company in the Mainland of China were approved as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the three months ended 31 March 2024 and 2023. Moreover, according to announcement and circular issued by relevant government authorities, a subsidiary which was qualified as a national key software enterprise was subject to a preferential corporate income tax rate of 10%.

In addition, certain subsidiaries of the Company were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries located in certain areas of the Mainland of China upon fulfillment of certain requirements of the respective local governments.

(d) Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including the United States, Europe, Asia and South America, had been calculated on the estimated assessable profit for the three months ended 31 March 2024 and 2023 at the respective rates prevailing in the relevant jurisdictions, which were not higher than 35%.

(e) Withholding tax

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company established in the Mainland of China to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong, under the double taxation arrangement between the Mainland of China and Hong Kong, the relevant withholding tax rate applicable to such foreign investor will be reduced from 10% to 5% subject to the fulfillment of certain conditions.

Dividends distributed from certain jurisdictions that the Group's entities operate in are also subject to withholding tax at respective applicable tax rates.

The income tax expense of the Group for the three months ended 31 March 2024 and 2023 is analysed as follows:

	Unaudited	
	Three months ended 31 March	
	2024	2023
	RMB'Million	RMB'Million
Current income tax	11,987	9,148
Deferred income tax	2,182	2,317
	14,169	11,465

8 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 (excluding shares held for share award schemes and treasury shares) during the period.

	Unaudited	
	Three months ended 31 March	
	2024	2023
Profit attributable to equity holders of the Company (RMB'Million)	41,889	25,838
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	9,352	9,483
Basic EPS (RMB per share)	4.479	2.725

(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), which is determined under the treasury stock method.

In addition, the profit attributable to equity holders of the Company (numerator) has been adjusted by the effect of the share-based awards granted by the Company's non wholly-owned subsidiaries and associates, excluding those which have anti-dilutive effect on the Group's diluted EPS.

	Unaudited	
	Three months ended 31 March	
	2024	2023
Profit attributable to equity holders of the Company (RMB' Million)	41,889	25,838
Dilution effect arising from share-based awards granted by non wholly-owned subsidiaries and associates (RMB' Million)	(291)	(351)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB' Million)	41,598	25,487
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	9,352	9,483
Adjustments for share options and awarded shares (million shares)	132	174
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	9,484	9,657
Diluted EPS (RMB per share)	4.386	2.639

9 Dividends

A final dividend in respect of the year ended 31 December 2023 of HKD3.40 per share (2022: HKD2.40 per share) was proposed pursuant to a resolution passed by the Board on 20 March 2024 and subject to the approval of the shareholders at the 2024 AGM. This proposed dividend is not reflected as dividend payable in the Interim Financial Information.

The Board did not declare any interim dividend for the three months ended 31 March 2024 and 2023.

10 Investments in associates

	Unaudited 31 March 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Investments in associates		
– Listed entities (Note)	132,628	132,776
– Unlisted entities	118,326	120,920
	250,954	253,696

Note:

As at 31 March 2024, the fair value of the investments in associates consisting of directly and indirectly held listed equity interests was approximately RMB300,800 million (31 December 2023: RMB351,594 million).

Movement of investments in associates is analysed as follows:

	Unaudited Three months ended 31 March	
	2024 RMB'Million	2023 RMB'Million
At beginning of period	253,696	246,043
Additions	144	2,418
Transfers (a)	(3,991)	(1,945)
Dilution gains on deemed disposals	316	156
Share of profit/(loss) of associates, net	2,093	7
Share of other comprehensive income of associates	(455)	(816)
Share of other changes in net assets of associates	1,277	1,389
Dividends	(275)	(195)
Disposals	(645)	(631)
Impairment provisions, net ((b) and Note 5)	(787)	(271)
Currency translation differences	(419)	(496)
At end of period	250,954	245,659

Note:

- (a) During the three months ended 31 March 2024, the Group's transfers mainly comprised investment in an associate of approximately RMB2,977 million transferred to FVPL due to resignation of the board representative.
- (b) During the three months ended 31 March 2024, an aggregate impairment loss of approximately RMB787 million (three months ended 31 March 2023: RMB271 million) had been recognised for associates with impairment indicators, and the majority of these associates' recoverable amounts were determined using fair value less costs of disposal.

11 Financial assets at fair value through profit or loss

FVPL include the following:

	Unaudited 31 March 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Included in non-current assets:		
Investments in listed entities	13,740	11,495
Investments in unlisted entities	190,259	190,698
Treasury investments and others	11,661	8,952
	<u>215,660</u>	<u>211,145</u>
Included in current assets:		
Investments in listed entities	1	1
Treasury investments and others	10,567	14,902
	<u>10,568</u>	<u>14,903</u>
	<u>226,228</u>	<u>226,048</u>

Movement of FVPL is analysed as follows:

	Unaudited Three months ended 31 March	
	2024	2023
	RMB'Million	RMB'Million
At beginning of period	226,048	234,048
Additions and transfers (a)	11,690	12,002
Changes in fair value (Note 5)	(2,854)	76
Disposals and others	(8,515)	(6,591)
Currency translation differences	(141)	(2,924)
	<u>226,228</u>	<u>236,611</u>

Note:

- (a) During the three months ended 31 March 2024, except as described in Note 10(a), the Group's additions and transfers mainly comprised new investments and additional investments with an aggregate amount of approximately RMB7,215 million in treasury investments, investee companies which are principally investment funds and online banks, and others.

12 Financial assets at fair value through other comprehensive income

FVOCI include the following:

	Unaudited 31 March 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Equity investments in listed entities	210,417	189,286
Equity investments in unlisted entities	17,273	22,671
Treasury investments	2,057	1,994
	229,747	213,951

Movement of FVOCI is analysed as follows:

	Unaudited Three months ended 31 March	
	2024 RMB'Million	2023 RMB'Million
At beginning of period	213,951	185,247
Additions and transfers (a)	3,799	6,027
Changes in fair value	15,586	35,595
Disposals	(3,710)	(1,050)
Currency translation differences	121	(1,632)
At end of period	229,747	224,187

Note:

- (a) During the three months ended 31 March 2024, the Group's additions and transfers mainly comprised certain new investments and additional investments with an aggregate amount of approximately RMB1,525 million in investee companies which are principally engaged in social media platform, sports equipment and apparel business and other Internet-related businesses.

13 Accounts receivable

Accounts receivable and their ageing analysis, based on recognition date, are as follows:

	Unaudited	Audited
	31 March	31 December
	2024	2023
	RMB'Million	RMB'Million
0 ~ 30 days	23,142	24,259
31 ~ 60 days	15,452	11,708
61 ~ 90 days	7,308	6,163
Over 90 days	6,510	4,476
	52,412	46,606

Accounts receivable balances as at 31 March 2024 and 31 December 2023 mainly represented amounts due from online advertising customers and agents, FinTech and cloud customers, content production related customers, and third party platform providers.

Some online advertising customers and agents are usually granted with a credit period within 30 to 90 days immediately following the month-end in which the relevant obligations under the relevant contracted advertising orders are delivered. Third party platform providers usually settle the amounts due by them within 60 days. Other customers, mainly including content production related customers and FinTech and cloud customers, are usually granted with a credit period within 90 days.

14 Share-based payments

(a) Share option schemes

The Company had adopted six share option schemes, namely, the Pre-IPO Option Scheme, the Post-IPO Option Scheme I, the Post-IPO Option Scheme II, the Post-IPO Option Scheme III, the Post-IPO Option Scheme IV and the 2023 Share Option Scheme.

The Pre-IPO Option Scheme, the Post-IPO Option Scheme I, the Post-IPO Option Scheme II and the Post-IPO Option Scheme III expired on 31 December 2011, 23 March 2014, 16 May 2017 and 13 May 2019, respectively. Upon the expiry of these schemes, no further options would be granted under these schemes, but the options granted prior to such expiry continued to be valid and exercisable in accordance with provisions of the schemes. As at 31 March 2024, there were no outstanding share options exercisable under the Pre-IPO Option Scheme, the Post-IPO Option Scheme I, the Post-IPO Option Scheme II and the Post-IPO Option Scheme III.

The Post-IPO Option Scheme IV had been terminated upon the completion of the transfer of the outstanding share options of the Post-IPO Option Scheme IV to the 2023 Share Option Scheme in accordance with the circular of the Company dated 24 April 2023.

In respect of the 2023 Share Option Scheme, the Board may, at its discretion, grant options to any qualifying participant to subscribe for shares in the Company, subject to the terms and conditions stipulated therein. The exercise price must be in compliance with the requirements under the Listing Rules. In addition, the option vesting period is determined by the Board provided that it is not later than the last day of a 10-year period after the date of grant of option.

The Company allowed certain of the grantees under the Post-IPO Option Scheme II, the Post-IPO Option Scheme IV and the 2023 Share Option Scheme to surrender their rights to receive a portion of the underlying shares (with equivalent fair value) to set off against the exercise consideration and/or individual income tax payable when they exercised their options.

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

	Post-IPO Option Scheme II		Unaudited 2023 Share Option Scheme		Total Number of options
	Average exercise price	Number of options	Average exercise price	Number of options	
	At 1 January 2024	HKD185.65	17,318,327	HKD353.11	
Granted	-	-	HKD291.20	10,679,485	10,679,485
Exercised	HKD185.65	(17,208,952)	HKD232.33	(202,231)	(17,411,183)
Lapsed/forfeited/waived	HKD185.65	(109,375)	HKD501.76	(1,072,154)	(1,181,529)
At 31 March 2024	-	-	HKD346.17	114,697,849	114,697,849
Exercisable as at 31 March 2024	-	-	HKD357.90	57,731,594	57,731,594

	Post-IPO Option Scheme II		Unaudited Post-IPO Option Scheme IV		Total Number of options
	Average exercise price	Number of options	Average exercise price	Number of options	
	At 1 January 2023	HKD177.28	29,261,866	HKD354.26	
Granted	-	-	HKD375.60	3,659,925	3,659,925
Exercised	HKD131.00	(4,307,036)	HKD272.37	(263,538)	(4,570,574)
Lapsed/forfeited	-	-	HKD462.71	(214,340)	(214,340)
At 31 March 2023	HKD185.27	24,954,830	HKD355.08	93,343,957	118,298,787
Exercisable as at 31 March 2023	HKD185.27	24,845,455	HKD352.92	48,377,555	73,223,010

During the three months ended 31 March 2024, no options were granted to any director of the Company (three months ended 31 March 2023: Nil).

(b) Share award schemes

As at 31 March 2024, the Company had only one effective share award scheme, being the 2023 Share Award Scheme (effective since 17 May 2023), which was administered by an independent trustee appointed by the Group. The vesting period of the awarded share is determined by the Board.

Movements in the number of awarded shares for the three months ended 31 March 2024 and 2023 are as follows:

	Number of awarded shares	
	Unaudited	
	Three months ended 31 March	
	2024	2023
At beginning of period	132,989,249	123,861,178
Granted	29,839,111	16,267,451
Lapsed/forfeited	(1,843,076)	(2,050,561)
Vested and transferred	(15,506,422)	(13,831,033)
At end of period	145,478,862	124,247,035
Vested but not transferred as at end of period	2,315,562	23,677

During the three months ended 31 March 2024, 105,760 awarded shares were granted to five independent non-executive directors of the Company (three months ended 31 March 2023: 74,542 awarded shares were granted to five independent non-executive directors of the Company).

15 Accounts payable

Accounts payable and their ageing analysis, based on invoice date, are as follows:

	Unaudited	Audited
	31 March	31 December
	2024	2023
	RMB'Million	RMB'Million
0 ~ 30 days	106,962	94,537
31 ~ 60 days	2,899	3,099
61 ~ 90 days	229	528
Over 90 days	2,430	2,784
	112,520	100,948

16 Borrowings

	Unaudited 31 March 2024 RMB' Million	Audited 31 December 2023 RMB' Million
Included in non-current liabilities:		
Non-current portion of long-term USD bank borrowings, unsecured (a)	109,973	109,782
Non-current portion of long-term RMB bank borrowings, unsecured (a)	43,184	46,000
Non-current portion of long-term JPY bank borrowings, unsecured (a)	20	26
Non-current portion of long-term JPY bank borrowings, secured (a)	2	2
Non-current portion of long-term EUR bank borrowings, secured (a)	4	6
Non-current portion of long-term EUR bank borrowings, unsecured (a)	2	3
	<u>153,185</u>	<u>155,819</u>
Included in current liabilities:		
USD bank borrowings, unsecured (b)	19,204	18,415
RMB bank borrowings, unsecured (b)	10,905	7,046
RMB bank borrowings, secured (b)	124	100
THB bank borrowings, unsecured (b)	9	–
JPY bank borrowings, unsecured (b)	3	–
Current portion of long-term RMB bank borrowings, unsecured (a)	14,531	15
Current portion of long-term RMB bank borrowings, secured (a)	14	–
Current portion of long-term USD bank borrowings, unsecured (a)	3,193	15,936
Current portion of long-term JPY bank borrowings, unsecured (a)	14	16
Current portion of long-term JPY bank borrowings, secured (a)	1	1
Current portion of long-term EUR bank borrowings, unsecured (a)	4	4
Current portion of long-term EUR bank borrowings, secured (a)	4	4
	<u>48,006</u>	<u>41,537</u>
	<u><u>201,191</u></u>	<u><u>197,356</u></u>

Note:

- (a) The aggregate principal amounts of long-term bank borrowings and applicable interest rates are as follows:

	Unaudited 31 March 2024		Audited 31 December 2023	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB57,729	2.30% ~ 4.60%	RMB46,015	2.45% ~ 4.60%
USD bank borrowings	USD15,950	SOFR + CAS + 0.80% ~ 0.95%	USD17,750	SOFR + CAS + 0.80% ~ 0.95%
JPY bank borrowings	JPY766	0.11% ~ 1.86%	JPY894	0.00% ~ 1.86%
JPY bank borrowings	JPY18	TIBOR + 1.70%	JPY21	TIBOR + 1.70%
EUR bank borrowings	EUR2	1.00% ~ 2.10%	EUR2	1.00% ~ 2.54%

The zero interest rate of JPY borrowings was due to the special interest exemption for COVID-19 by Tokyo Metropolitan Government.

- (b) The principal amounts of main short-term bank borrowings and applicable interest rates are as follows:

	Unaudited 31 March 2024		Audited 31 December 2023	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB11,116	1.60% ~ 3.65%	RMB7,160	1.60% ~ 3.48%
USD bank borrowings	USD2,700	SOFR + 0.50%	USD2,600	SOFR + 0.50% ~ 0.55%

The remaining short-term bank borrowings were bank overdrafts carried at fixed rates.

17 Notes payable

	Unaudited 31 March 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD notes payable	<u>130,974</u>	<u>137,101</u>
Included in current liabilities:		
Current portion of long-term USD notes payable	<u>20,569</u>	<u>14,161</u>
	<u>151,543</u>	<u>151,262</u>

Note:

The aggregate principal amounts of notes payable and applicable interest rates are as follows:

	Unaudited 31 March 2024		Audited 31 December 2023	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
USD notes payable	USD750	Term SOFR + CAS + 0.910%	USD750	Term SOFR + CAS + 0.910%
USD notes payable	USD20,700	1.375% ~ 4.700%	USD20,700	1.375% ~ 4.700%

All of these notes payable issued by the Group were unsecured.

18 Subsequent events

There were no material subsequent events during the period from 1 April 2024 to the approval date of the Interim Financial Information.

OTHER INFORMATION

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

During the three months ended 31 March 2024, the Company repurchased a total of 51,040,000 shares on the Stock Exchange for an aggregate consideration of approximately HKD14.8 billion before expenses. The repurchased shares were subsequently cancelled. The repurchase was effected for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

Month of purchase in the three months ended 31 March 2024	No. of shares purchased	Purchase consideration per share		Aggregate consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
January	34,110,000	304.40	271.20	9,824,604,509.00
March	16,930,000	308.60	282.80	5,010,078,160.00
Total	<u>51,040,000</u>			<u>14,834,682,669.00</u>

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 listed securities during the three months ended 31 March 2024.

Employee and Remuneration Policies

As at 31 March 2024, the Group had 104,787 employees (31 March 2023: 106,221). 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 programmes, 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 three months ended 31 March 2024 was RMB26.0 billion (for the three months ended 31 March 2023: RMB27.3 billion).

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Group's unaudited Interim Financial Information for the three months ended 31 March 2024. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

Compliance with the Corporate Governance Code

Save as disclosed in the corporate governance report in the 2023 annual 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 complied with the code provisions as set out in the CG Code during the period from 1 January 2024 to 31 March 2024.

As to the deviation from code provisions B.2.2 (regarding the retirement and re-election of directors) and C.2.1 (regarding the segregation of the roles of chairman and chief executive) 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.

APPRECIATION

On behalf of the Board, I would like to express our profound gratitude to our entire staff and management team for their exceptional commitment and contributions that have resulted in our resilient and sustainable performance amid ongoing challenges. I would also like to extend our sincere appreciation to our shareholders and stakeholders for their continuous support and confidence in the Company.

Our commitment to the principle of “Value for Users, Tech for Good” remains unwavering. We will continue to create value for our shareholders and the community, and do our utmost in fostering innovations, addressing societal needs and contributing to a sustainable future for all.

By Order of the Board
Ma Huateng
Chairman

Hong Kong, 14 May 2024

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

Executive Director:

Ma Huateng;

Non-Executive Directors:

Jacobus Petrus (Koos) Bekker and Charles St Leger Searle; and

Independent Non-Executive Directors:

Li Dong Sheng, Ian Charles Stone, Yang Siu Shun, Ke Yang and Zhang Xiulan.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, 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 the future. Underlying these forward-looking statements are a lot 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 shall have the following meanings:

Term	Definition
“2023 Share Award Scheme”	the share award scheme adopted by the Company on 17 May 2023, as amended from time to time
“2023 Share Option Scheme”	the share option scheme adopted by the Company on 17 May 2023, as amended from time to time
“2024 AGM”	the annual general meeting of the Company to be held on 14 May 2024 or any adjournment thereof
“AI”	artificial intelligence
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the auditor of the Company
“Board”	the board of directors of the Company
“CAS”	credit adjustment spread, which is a fixed spread adjustment incorporated to bridge the gap between LIBOR and SOFR in order to minimise the economic impact of the transfer from a LIBOR-based debt to a SOFR-based debt
“CG Code”	the corporate governance code as set out in Appendix C1 to the Listing Rules
“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
“DAU”	daily active user accounts
“Domestic Games”	for the purpose of preparing financial and operating information, Domestic Games refers to our games business in the PRC, excluding Hong Kong, the Macao Special Administrative Region and Taiwan, China

Term	Definition
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EPS”	earnings per share
“EUR”	the lawful currency of European Union
“FinTech”	financial technology
“FVOCI”	financial assets at fair value through other comprehensive income
“FVPL”	financial assets at fair value through profit or loss
“Group”	the Company and its subsidiaries
“HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region, the PRC
“IAS”	International Accounting Standards
“IDC”	International Data Corporation
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board
“Interim Financial Information”	the condensed consolidated interim financial statements for the three months ended 31 March 2024
“International Games”	for the purpose of preparing financial and operating information, International Games refers to our games business other than our Domestic Games business
“IPO”	initial public offering
“JPY”	the lawful currency of Japan
“LIBOR”	London InterBank Offered Rate

Term	Definition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAU”	monthly active 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
“Post-IPO Option Scheme IV”	the Post-IPO Share Option Scheme adopted by the Company on 17 May 2017
“PRC” or “China”	the People’s Republic of China
“PRC CIT”	PRC corporate income tax as defined in the “Corporate Income Tax Law of the People’s Republic of China”
“Pre-IPO Option Scheme”	the Pre-IPO Share Option Scheme adopted by the Company on 27 July 2001
“PUBG”	PlayerUnknown’s Battlegrounds
“R&D”	research and development
“RMB”	the lawful currency of the PRC
“SOFR”	Secured Overnight Financing Rate
“SSV & CPP”	Sustainable Social Value and Common Prosperity Programmes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supercell”	Supercell Oy, a non wholly-owned subsidiary of the Company which is a private company incorporated in Finland

Term	Definition
“Term SOFR”	the term SOFR reference rate administered by CME Group Benchmark Administration Limited for the relevant period published by CME Group Benchmark Administration Limited
“THB”	the lawful currency of the Kingdom of Thailand
“TIBOR”	Tokyo InterBank Offered Rate
“TME”	Tencent Music Entertainment Group, a non wholly-owned subsidiary of the Company which is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the New York Stock Exchange and the Stock Exchange
“United States”	the United States of America
“USD”	the lawful currency of the United States
“VAS”	value-added services