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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 AND SIX MONTHS ENDED 30 JUNE 2024

The Board is pleased to announce the unaudited consolidated results of the Group for the three and six months ended 30 June 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

	30 June 2024	Unaudited Three months ended			Quarter- on-quarter change
		30 June 2023	Year- on-year change	31 March 2024	
		(RMB in millions, unless specified)			
Revenues	161,117	149,208	8%	159,501	1%
Gross profit	85,895	70,840	21%	83,870	2%
Operating profit	50,732	36,283*	40%	52,556	-3%
Profit for the period	48,366	27,023	79%	42,651	13%
Profit attributable to equity holders of the Company	47,630	26,171	82%	41,889	14%
EPS (RMB per share)					
– basic	5.112	2.761	85%	4.479	14%
– diluted	4.994	2.695	85%	4.386	14%
Non-IFRS operating profit	58,443	46,055*	27%	58,619	-0.3%
Non-IFRS profit attributable to equity holders of the Company	57,313	37,548	53%	50,265	14%
Non-IFRS EPS (RMB per share)					
– basic	6.151	3.962	55%	5.375	14%
– diluted	6.014	3.875	55%	5.263	14%

* 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.

	Unaudited		Year- on-year change
	Six months ended		
	30 June 2024	30 June 2023	
(RMB in millions, unless specified)			
Revenues	320,618	299,194	7%
Gross profit	169,765	139,022	22%
Operating profit	103,288	74,325*	39%
Profit for the period	91,017	53,417	70%
Profit attributable to equity holders of the Company	89,519	52,009	72%
EPS (RMB per share)			
– basic	9.590	5.486	75%
– diluted	9.377	5.334	76%
Non-IFRS operating profit	117,062	91,083*	29%
Non-IFRS profit attributable to equity holders of the Company	107,578	70,086	53%
Non-IFRS EPS (RMB per share)			
– basic	11.524	7.393	56%
– diluted	11.275	7.236	56%

* 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 30 June 2024	As at 30 June 2023	Year- on-year change	As at 31 March 2024	Quarter- on-quarter change
Combined MAU of Weixin and WeChat	1,371	1,327	3%	1,359	0.9%
Mobile device MAU of QQ	571	571	stable	553	3%
Fee-based VAS registered subscriptions [#]	263	234	12%	260	1%

[#] Adjusted as the average daily number of subscriptions during the quarter, since the first quarter of 2024

BUSINESS REVIEW AND OUTLOOK

Our second quarter 2024 results demonstrated the strengths of our platform plus content strategy. Our Domestic Games revenue resumed growth, and our International Games revenue accelerated growth, due to increased user engagement at several of our evergreen titles, and the successful launches of certain new games. Tencent Video achieved notable audience and subscriber growth with drama series developed from China Literature IP and produced internally. Looking forward, we continue to invest in our platforms and technologies including AI, enabling us to create new business value and better serve user needs.

Below are some highlights from our key products and services from recent months:

- Video Accounts' total user time spent substantially increased year-on-year, as we enhanced recommendation algorithms and provided more local content. We are strengthening our transaction capabilities in a systematic way, in order to deliver seamless shopping experiences to users and drive sales for merchants.
- Mini Programs' total user time spent increased over 20% year-on-year, benefitting from their robust commerce and content ecosystem. GMV facilitated by Mini Programs grew at a double-digit percentage rate year-on-year. Total gross receipts of Mini Games increased over 30% year-on-year.

- We upgraded and rebranded Tencent Channels, a community-based platform which grew out of QQ, enabling moderators to manage their channels via customisable tools, and users to interact via text, image and live streaming. Users can now join Tencent Channels from Weixin and from game apps, as well as from QQ.
- Tencent Video released several popular drama series, driving long-form video subscriptions growth of 13% year-on-year to 117 million¹. For example, “Joy of Life 2” (慶餘年第二季) and “The Legend of Shen Li” (與鳳行) were the first and second most watched drama series on China online video platforms during the first half of 2024². Both drama series were based on China Literature’s web novel IPs, produced by New Classics Media, and broadcast on Tencent Video.
- Tencent Music strengthened cooperation with labels and artists, released original soundtracks for Tencent Video popular drama series, and provided live music experiences through offline events and concert tours. Music subscriptions increased 18% year-on-year to 117 million³.
- We revitalised our flagship Domestic Games, Honour of Kings and Peacekeeper Elite, which each resumed year-on-year growth in gross receipts in the second quarter of 2024. Naruto Mobile reached a new milestone of 10 million monthly average DAU in May 2024. DnF Mobile, a newly released game, reactivated millions of IP fans and is retaining players well, positioning it to become our next evergreen major hit.
- Brawl Stars achieved a historical high quarterly average DAU and ranked third internationally among all mobile games measured by DAU⁴, benefitting from frequent content updates and social features. The game’s gross receipts grew more than tenfold year-on-year.
- We upgraded our advertising technology platform to analyse user interests over a longer time horizon and process signals more frequently, enabling us to gain deeper user insights and provide more relevant advertising recommendations.
- Leveraging our top-tier foundation model, Tencent Hunyuan, we released our AI assistant application, Yuanbao, to the public. Yuanbao possesses competitive strengths including accurate image understanding, advanced natural language processing, and AI search enhanced by our unique content ecosystem.

¹ The average daily number of subscriptions for the second quarter of 2024; year-on-year growth rate was calculated based on restated comparative figure

² By video views across all online platforms in China for the first half of 2024, according to Enlightent

³ The average number of subscriptions as of the last day of each month during the second quarter of 2024

⁴ By average DAU in the second quarter of 2024, according to Sensor Tower

MANAGEMENT DISCUSSION AND ANALYSIS

Second Quarter of 2024 Compared to Second Quarter of 2023

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

	Unaudited	
	Three months ended	
	30 June	30 June
	2024	2023
	(RMB in millions)	
Revenues	161,117	149,208
Cost of revenues	(75,222)	(78,368)
Gross profit	85,895	70,840
Selling and marketing expenses	(9,156)	(8,310)
General and administrative expenses	(27,491)	(25,419)
Other gains/(losses), net	1,484	(828)*
Operating profit	50,732	36,283*
Net gains/(losses) from investments and others	(654)	598*
Interest income	3,850	3,419*
Finance costs	(3,112)	(3,291)
Share of profit/(loss) of associates and joint ventures, net	7,718	1,159
Profit before income tax	58,534	38,168
Income tax expense	(10,168)	(11,145)
Profit for the period	48,366	27,023
Attributable to:		
Equity holders of the Company	47,630	26,171
Non-controlling interests	736	852
	48,366	27,023
Non-IFRS operating profit	58,443	46,055*
Non-IFRS profit attributable to equity holders of the Company	57,313	37,548

* 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 8% year-on-year to RMB161.1 billion for the second quarter of 2024. The following table sets forth revenues of the Group and its segments for the second quarter of 2024 and the second quarter of 2023:

	Unaudited				
	Three months ended				
	30 June	30 June	Year-	30 June	30 June
	2024	2023	on-year	2024	2023
	Revenues			% of total revenues	
	(RMB in millions, unless specified)				
VAS	78,822	74,211	6%	49%	50%
Online Advertising	29,871	25,003	19%	19%	17%
FinTech and Business Services	50,440	48,635	4%	31%	32%
Others	1,984	1,359	46%	1%	1%
The Group	<u>161,117</u>	<u>149,208</u>	8%	<u>100%</u>	<u>100%</u>

- Revenues from VAS increased by 6% year-on-year to RMB78.8 billion for the second quarter of 2024. International Games revenues were RMB13.9 billion, up by 9% in both reported and constant currency terms, primarily driven by a strong performance from PUBG Mobile and enhanced popularity for Supercell’s games. Gross receipts for International Games grew at a substantially faster rate than revenues. Domestic Games revenues resumed year-on-year growth, up by 9% to RMB34.6 billion, driven by increased revenue from VALORANT and the successful launch of DnF Mobile. Gross receipts growth for Domestic Games outpaced revenue growth. Social Networks revenues were RMB30.3 billion, up 2% year-on-year, supported by growth in music and long-form video subscription revenues, Mini Games platform service fees and app-based game virtual item sales, partially offset by a decline in music-related and games-related live streaming revenues.
- Revenues from Online Advertising were RMB29.9 billion for the second quarter of 2024, up 19% year-on-year, primarily driven by increased revenues from Video Accounts and long-form video. Revenue from our mobile ad network declined year-on-year, due to reduced advertising budgets from certain Internet services companies.

- Revenues from FinTech and Business Services increased by 4% year-on-year to RMB50.4 billion for the second quarter of 2024. FinTech Services revenue growth decelerated to a low single-digit percentage rate, impacted by further moderation in commercial payment revenue growth that reflected slow consumption spending, alongside a decline in consumer loan services revenue due to stronger risk control measures, while wealth management services revenues experienced double-digit percentage growth. Business Services revenues achieved a teens growth rate, driven by a rise in cloud services revenues, which included improved monetisation of WeCom, as well as higher eCommerce technology service fees within Video Accounts.

Cost of revenues. Cost of revenues for the second quarter of 2024 decreased by 4% year-on-year to RMB75.2 billion, due to lower long-form video content costs and live streaming revenue sharing costs, as well as optimised cloud project deployment costs.

Gross profit. Gross profit for the second quarter of 2024 rose by 21% year-on-year to RMB85.9 billion, driven by growth in high-margin revenue streams such as Domestic Games revenues, Video Accounts advertising revenues, Mini Games platform service fees, and eCommerce technology service fees within Video Accounts. Improved gross profit in our long-form video and cloud services businesses also contributed to overall gross profit growth. Gross margin expanded to 53%, up from 47% in the same period last year. The following table sets forth gross profit and gross margin of the Group and its segments for the second quarter of 2024 and the second quarter of 2023:

	Unaudited				
	Three months ended				
	30 June	30 June	Year-	30 June	30 June
	2024	2023	on-year	2024	2023
	Gross profit/(loss)			Gross margin	
	(RMB in millions, unless specified)				
VAS	44,965	40,045	12%	57%	54%
Online Advertising	16,621	12,236	36%	56%	49%
FinTech and Business Services	24,013	18,665	29%	48%	38%
Others	296	(106)	NA	15%	(8%)
The Group	<u>85,895</u>	<u>70,840</u>	21%	53%	47%

- Gross profit for VAS grew by 12% year-on-year to RMB45.0 billion, due primarily to increased Domestic Games revenues and Mini Games platform service fees. Gross margin improved to 57%, up from 54% in the same period last year.

- Gross profit for Online Advertising increased by 36% year-on-year to RMB16.6 billion, driven by revenue growth from Video Accounts and long-form video. Gross margin rose to 56% from 49% in the same period last year.
- Gross profit for FinTech and Business Services increased by 29% year-on-year to RMB24.0 billion, supported by higher revenue contributions from wealth management services and eCommerce technology service fees within Video Accounts, improved monetisation of WeCom and other business services, and enhanced cost efficiency in cloud services. Gross margin rose to 48% from 38% in the same period last year.

Selling and marketing expenses. Selling and marketing expenses grew by 10% year-on-year to RMB9.2 billion for the second quarter of 2024, reflecting increased promotional and advertising efforts to support new content releases. As a percentage of revenues, selling and marketing expenses remained broadly stable at 6% compared to the same quarter of 2023.

General and administrative expenses. General and administrative expenses rose by 8% year-on-year to RMB27.5 billion for the second quarter of 2024 due to increased R&D expenses, as well as higher staff costs, including performance-based rewards.

Interest income. Interest income increased by 13% year-on-year to RMB3.9 billion for the second quarter of 2024 driven by growth in cash reserves.

Finance costs. Finance costs decreased by 5% year-on-year to RMB3.1 billion for the second quarter of 2024 due to a reduced debt level.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB7.7 billion for the second quarter of 2024, an increase from share of profits of RMB1.2 billion in the same period last year. Non-IFRS share of profits of associates and joint ventures increased to RMB9.9 billion, up from share of profits of RMB3.9 billion in the same period last year. This growth was driven by improved performance at certain domestic associates and at certain overseas game studio associates.

Income tax expense. Income tax expense decreased by 9% year-on-year to RMB10.1 billion, primarily due to the high base in the same quarter last year resulting from an overseas subsidiary's deferred tax adjustment. Domestic corporate income tax expense in the second quarter of 2024 increased year-on-year.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 82% year-on-year to RMB47.6 billion for the second quarter of 2024. Non-IFRS profit attributable to equity holders of the Company increased by 53% year-on-year to RMB57.3 billion for the second quarter of 2024.

Second Quarter of 2024 Compared to First Quarter of 2024

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

	Unaudited	
	Three months ended	
	30 June	31 March
	2024	2024
	(RMB in millions)	
Revenues	161,117	159,501
Cost of revenues	(75,222)	(75,631)
Gross profit	85,895	83,870
Selling and marketing expenses	(9,156)	(7,536)
General and administrative expenses	(27,491)	(24,809)
Other gains/(losses), net	1,484	1,031
Operating profit	50,732	52,556
Net gains/(losses) from investments and others	(654)	656
Interest income	3,850	4,248
Finance costs	(3,112)	(2,826)
Share of profit/(loss) of associates and joint ventures, net	7,718	2,186
Profit before income tax	58,534	56,820
Income tax expense	(10,168)	(14,169)
Profit for the period	48,366	42,651
Attributable to:		
Equity holders of the Company	47,630	41,889
Non-controlling interests	736	762
	48,366	42,651
Non-IFRS operating profit	58,443	58,619
Non-IFRS profit attributable to equity holders of the Company	57,313	50,265

Revenues. Revenues for the second quarter of 2024 increased by 1% to RMB161.1 billion on a quarter-on-quarter basis.

- Revenues from VAS remained broadly stable quarter-on-quarter at RMB78.8 billion. International Games revenues were RMB13.9 billion, up 2% quarter-on-quarter, driven by Supercell’s games. Domestic Games revenues were RMB34.6 billion, stable quarter-on-quarter, with a new contribution from DnF Mobile and growth in Honour of Kings offsetting several other titles’ declines due to post Chinese New Year seasonality. Social Networks revenues decreased by 0.6% quarter-on-quarter to RMB30.3 billion due to lower revenues from music-related and games-related live streaming services.
- Revenues from Online Advertising rose by 13% quarter-on-quarter to RMB29.9 billion, primarily due to a seasonal uptick in advertising activity following the Chinese New Year holiday period.
- Revenues from FinTech and Business Services declined by 4% quarter-on-quarter to RMB50.4 billion, as lower revenues from FinTech Services were partially mitigated by higher revenues from Business Services.

Cost of revenues. Cost of revenues were RMB75.2 billion for the second quarter of 2024, down 0.5% quarter-on-quarter.

Gross profit. Gross profit was RMB85.9 billion for the second quarter of 2024, up 2% quarter-on-quarter driven by Online Advertising gross profit growth. Gross margin was 53%, stable quarter-on-quarter.

- Gross profit for VAS was RMB45.0 billion and gross margin was 57%, both remaining broadly stable from the previous quarter.
- Gross profit for Online Advertising rose by 14% quarter-on-quarter to RMB16.6 billion, primarily driven by the seasonal revenue upturn discussed above. Gross margin improved to 56% from 55% in the previous quarter.
- Gross profit for FinTech and Business Services increased by 0.7% quarter-on-quarter to RMB24.0 billion, with gross margin improving to 48% from 46% in the previous quarter.

Selling and marketing expenses. Selling and marketing expenses rose by 21% quarter-on-quarter to RMB9.2 billion for the second quarter of 2024, due to increased promotional activities for new game launches in domestic and international markets.

General and administrative expenses. General and administrative expenses increased by 11% quarter-on-quarter to RMB27.5 billion for the second quarter of 2024 mainly driven by higher R&D expenses.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB7.7 billion for the second quarter of 2024, compared to share of profits of RMB2.2 billion for the previous quarter. Non-IFRS share of profits of associates and joint ventures increased to RMB9.9 billion, compared to share of profits of RMB5.5 billion for the previous quarter, due to improved performance at certain domestic associates and at certain overseas game studio associates.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 14% quarter-on-quarter to RMB47.6 billion for the second quarter of 2024. Non-IFRS profit attributable to equity holders of the Company increased by 14% quarter-on-quarter to RMB57.3 billion for the second quarter of 2024.

Other Financial Information

	Unaudited			Unaudited	
	Three months ended			Six months ended	
	30 June 2024	31 March 2024	30 June 2023	30 June 2024	30 June 2023
	(RMB in millions, unless specified)				
EBITDA (a)	62,902	65,094	51,918	127,996	104,574
Adjusted EBITDA (a)	68,518	69,259	56,848	137,777	114,659
Adjusted EBITDA margin (b)	43%	43%	38%	43%	38%
Interest and related expenses	2,918	3,044	3,009	5,962	5,809
Net cash/(debt) (c)	71,757	92,534	17,717	71,757	17,717
Capital expenditures (d)	8,729	14,359	3,953	23,088	8,364

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			Unaudited	
	Three months ended			Six months ended	
	30 June	31 March	30 June	30 June	30 June
	2024	2024	2023	2024	2023
	(RMB in millions, unless specified)				
Operating profit	50,732	52,556	36,283*	103,288	74,325*
Adjustments:					
Other (gains)/losses, net	(1,484)	(1,031)	828*	(2,515)	(692)*
Depreciation of property, plant and equipment and investment properties	5,056	5,091	4,908	10,147	9,981
Depreciation of right-of-use assets	1,497	1,550	1,704	3,047	3,303
Amortisation of intangible assets and land use rights	7,101	6,928	8,195	14,029	17,657
EBITDA	62,902	65,094	51,918	127,996	104,574
Equity-settled share-based compensation	5,616	4,165	4,930	9,781	10,085
Adjusted EBITDA	68,518	69,259	56,848	137,777	114,659

* 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.

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, 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.

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

	Unaudited three months ended 30 June 2024								Non-IFRS
	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	
(a)	(b)	(c)	(d)	(e)	(f)	(g)			
	(RMB in millions, unless specified)								
Operating profit	50,732	6,213	-	1,305	-	190	3	-	58,443
Share of profit/(loss) of associates and joint ventures, net	7,718	926	(91)	1,313	20	-	-	-	9,886
Profit for the period	48,366	7,139	(3,672)	2,618	3,526	1,025	3	(561)	58,444
Profit attributable to equity holders	47,630	6,981	(3,726)	2,418	3,492	1,025	3	(510)	57,313
EPS (RMB per share)									
- basic	5.112								6.151
- diluted	4.994								6.014
Operating margin	31%								36%

Unaudited three months ended 31 March 2024

	Adjustments							
	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)	Income tax effects (g)	Non-IFRS
	(RMB in millions, unless specified)							
Operating profit	52,556	4,694	–	1,249	–	120	–	58,619
Share of profit/(loss) of associates and joint ventures, net	2,186	1,509	(459)	1,556	699	–	–	5,491
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%

Unaudited three months ended 30 June 2023

	Adjustments								
	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)	Non-IFRS
	(RMB in millions, unless specified)								
Operating profit (Restated)*	36,283	5,551	–	1,023	–	195	3,003	–	46,055
Share of profit/(loss) of associates and joint ventures, net	1,159	1,308	(81)	1,349	128	–	(1)	–	3,862
Profit for the period	27,023	6,859	(287)	2,372	210	369	3,002	(929)	38,619
Profit attributable to equity holders	26,171	6,661	(162)	2,187	193	369	3,002	(873)	37,548
EPS (RMB per share)									
– basic	2.761								3.962
– diluted	2.695								3.875
Operating margin (Restated)*	24%								31%

* 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.

Unaudited six months ended 30 June 2024

	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	103,288	10,907	-	2,554	-	310	3	-	117,062
Share of profit/(loss) of associates and joint ventures, net	9,904	2,435	(550)	2,869	719	-	-	-	15,377
Profit for the period	91,017	13,342	(5,148)	5,423	5,088	1,157	3	(1,096)	109,786
Profit attributable to equity holders	89,519	13,016	(5,175)	5,007	5,033	1,157	3	(982)	107,578
EPS (RMB per share)									
- basic	9.590								11.524
- diluted	9.377								11.275
Operating margin	32%								37%

Unaudited six months ended 30 June 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)*	74,325	11,395	-	2,021	-	330	3,012	-	91,083
Share of profit/(loss) of associates and joint ventures, net	1,239	2,777	(4,647)	2,622	1,749	-	(1)	-	3,739
Profit for the period	53,417	14,172	(5,511)	4,643	2,072	1,895	3,011	(1,635)	72,064
Profit attributable to equity holders	52,009	13,755	(5,386)	4,285	2,045	1,895	3,011	(1,528)	70,086
EPS (RMB per share)									
- basic	5.486								7.393
- diluted	5.334								7.236
Operating margin (Restated)*	25%								30%

* 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.

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

Liquidity and Financial Resources

Our cash and debt positions as at 30 June 2024 and 31 March 2024 were as follows:

	Unaudited 30 June 2024	Unaudited 31 March 2024
	(RMB in millions)	
Cash and cash equivalents	153,511	161,023
Term deposits and others	261,639	284,245
Borrowings	(205,408)	(201,191)
Notes payable	(137,985)	(151,543)
Net cash	<u>71,757</u>	<u>92,534</u>

As at 30 June 2024, the Group had net cash of RMB71.8 billion, compared to net cash of RMB92.5 billion as at 31 March 2024. The sequential decrease was primarily due to cash outflows associated with share repurchases and dividend payments for the year ended 31 December 2023 made during the quarter, which were largely funded by our free cash flow generation.

For the second quarter of 2024, the Group generated free cash flow of RMB40.4 billion. This was a result of net cash flow generated from operating activities of RMB54.1 billion, partially offset by payments for capital expenditures of RMB5.9 billion, payments for media content of RMB6.2 billion, and payments for lease liabilities of RMB1.6 billion.

As at 30 June 2024, the fair value of our shareholdings⁵ in listed investee companies (excluding subsidiaries) was RMB564.5 billion, and the carrying book value of our unlisted investments was RMB327.4 billion.

⁵ Including those held via special purpose vehicles, on an attributable basis

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2024

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2024	2023 Restated (Note 1)	2024	2023 Restated (Note 1)
		RMB'Million	RMB'Million	RMB'Million	RMB'Million
Revenues					
Value-added Services		78,822	74,211	157,451	153,548
Online Advertising		29,871	25,003	56,377	45,967
FinTech and Business Services		50,440	48,635	102,742	97,336
Others		1,984	1,359	4,048	2,343
	2	161,117	149,208	320,618	299,194
Cost of revenues	3	(75,222)	(78,368)	(150,853)	(160,172)
Gross profit		85,895	70,840	169,765	139,022
Selling and marketing expenses	3	(9,156)	(8,310)	(16,692)	(15,328)
General and administrative expenses	3	(27,491)	(25,419)	(52,300)	(50,061)
Other gains/(losses), net	4	1,484	(828)	2,515	692
Operating profit		50,732	36,283	103,288	74,325
Net gains/(losses) from investments and others	5	(654)	598	2	22
Interest income		3,850	3,419	8,098	6,382
Finance costs		(3,112)	(3,291)	(5,938)	(5,941)
Share of profit/(loss) of associates and joint ventures, net		7,718	1,159	9,904	1,239
Profit before income tax		58,534	38,168	115,354	76,027
Income tax expense	6	(10,168)	(11,145)	(24,337)	(22,610)
Profit for the period		48,366	27,023	91,017	53,417
Attributable to:					
Equity holders of the Company		47,630	26,171	89,519	52,009
Non-controlling interests		736	852	1,498	1,408
		48,366	27,023	91,017	53,417
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)					
– basic	7(a)	5.112	2.761	9.590	5.486
– diluted	7(b)	4.994	2.695	9.377	5.334

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2024**

	Unaudited		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Profit for the period	48,366	27,023	91,017	53,417
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	139	424	(198)	(238)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	17	(23)	(13)	(9)
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	(3)	1	(2)
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	12	17	22	39
Currency translation differences	(242)	17,560	(4,171)	16,360
Net movement in reserves for cash flow hedges	(921)	31	(1,703)	(1,120)
<i>Items that will not be subsequently reclassified to profit or loss</i>				
Share of other comprehensive income of associates and joint ventures	(379)	(743)	(499)	(897)
Loss from changes in fair value of assets held for distribution	-	-	-	(29,991)
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income	25,905	(20,673)	41,823	13,689
Currency translation differences	151	2,742	(312)	(104)
	24,682	(668)	34,950	(2,273)
Total comprehensive income for the period	73,048	26,355	125,967	51,144
Attributable to:				
Equity holders of the Company	71,703	24,416	123,376	48,028
Non-controlling interests	1,345	1,939	2,591	3,116
	73,048	26,355	125,967	51,144

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

		Unaudited	Audited
		30 June	31 December
		2024	2023
	Note	RMB'Million	RMB'Million
ASSETS			
Non-current assets			
Property, plant and equipment		57,195	53,232
Land use rights		23,479	17,179
Right-of-use assets		18,800	20,464
Construction in progress		13,463	13,583
Investment properties		659	570
Intangible assets		177,621	177,727
Investments in associates	9	262,961	253,696
Investments in joint ventures		7,221	7,969
Financial assets at fair value through profit or loss	10	206,848	211,145
Financial assets at fair value through other comprehensive income	11	253,436	213,951
Prepayments, deposits and other assets		27,746	28,439
Other financial assets		1,144	2,527
Deferred income tax assets		31,266	29,017
Term deposits		51,490	29,301
		1,133,329	1,058,800
Current assets			
Inventories		4,387	456
Accounts receivable	12	52,250	46,606
Prepayments, deposits and other assets		92,844	88,411
Other financial assets		5,437	5,949
Financial assets at fair value through profit or loss	10	8,864	14,903
Financial assets at fair value through other comprehensive income	11	850	–
Term deposits		200,090	185,983
Restricted cash		3,408	3,818
Cash and cash equivalents		153,511	172,320
		521,641	518,446
Total assets		1,654,970	1,577,246

		Unaudited	Audited
		30 June	31 December
		2024	2023
	Note	RMB' Million	RMB' Million
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		–	–
Share premium		32,957	37,989
Treasury shares		(3,664)	(4,740)
Shares held for share award schemes		(3,705)	(5,350)
Other reserves		(6,955)	(33,219)
Retained earnings		842,048	813,911
		860,681	808,591
Non-controlling interests		66,916	65,090
Total equity		927,597	873,681
LIABILITIES			
Non-current liabilities			
Borrowings	15	152,946	155,819
Notes payable	16	131,575	137,101
Long-term payables		13,315	12,169
Other financial liabilities		7,684	8,781
Deferred income tax liabilities		14,223	17,635
Lease liabilities		14,979	16,468
Deferred revenue		4,825	3,435
		339,547	351,408
Current liabilities			
Accounts payable	14	121,230	100,948
Other payables and accruals		69,693	76,595
Borrowings	15	52,462	41,537
Notes payable	16	6,410	14,161
Current income tax liabilities		17,046	17,664
Other tax liabilities		4,258	4,372
Other financial liabilities		3,784	4,558
Lease liabilities		5,999	6,154
Deferred revenue		106,944	86,168
		387,826	352,157
Total liabilities		727,373	703,565
Total equity and liabilities		1,654,970	1,577,246

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 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	-	-	-	-	-	89,519	89,519	1,498	91,017
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	-	-	-	-	(683)	-	(683)	(14)	(697)
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	(13)	-	(13)	-	(13)
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	40,093	-	40,093	1,752	41,845
– transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	1	-	1	-	1
– currency translation differences	-	-	-	-	(3,854)	-	(3,854)	(629)	(4,483)
– net movement in reserves for cash flow hedges	-	-	-	-	(1,687)	-	(1,687)	(16)	(1,703)
Total comprehensive income for the period	-	-	-	-	33,857	89,519	123,376	2,591	125,967
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings, net of tax	-	-	-	-	(2,765)	2,765	-	-	-
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	-	-	-	-	2,117	-	2,117	-	2,117
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	-	-	(516)	-	(516)	-	(516)
Transactions with equity holders									
Employee share option schemes:									
– value of employee services	-	1,183	-	-	25	-	1,208	21	1,229
– proceeds from shares issued, net of withholding individual income tax	-	1,014	-	-	-	-	1,014	-	1,014
Employee share award schemes:									
– value of employee services	-	7,554	-	-	820	-	8,374	171	8,545
– shares purchased/withheld for share award schemes	-	-	-	(994)	-	-	(994)	-	(994)
– vesting of awarded shares	-	(2,332)	-	2,332	-	-	-	-	-
Tax benefit from share-based payments	-	-	-	-	2	-	2	-	2
Profit appropriations to statutory reserves	-	-	-	-	17	(17)	-	-	-
Appropriations of risk reserve for material money market funds	-	-	-	-	138	(138)	-	-	-
Repurchase and cancellation of shares	-	(13,681)	4,740	-	-	(35,083)	(44,024)	-	(44,024)
Repurchase of shares (to be cancelled)	-	-	(3,664)	-	-	-	(3,664)	-	(3,664)
Cash dividends	-	-	-	-	-	(28,924)	(28,924)	(1,351)	(30,275)
Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	204	204
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	-	(4,200)	-	(4,200)	(1,418)	(5,618)
Dilution of interests in subsidiaries	-	-	-	-	(1,143)	-	(1,143)	1,241	98
Disposal of subsidiaries	-	-	-	-	-	-	-	11	11
Changes in put option liabilities in respect of non-controlling interests	-	-	-	-	(12)	-	(12)	-	(12)
Recognition of put option liabilities arising from business combinations	-	-	-	-	(5)	-	(5)	-	(5)
Transfer of equity interests of subsidiaries to non-controlling interests	-	1,230	-	307	(2,056)	-	(519)	356	(163)
Total transactions with equity holders in their capacity as equity holders for the period	-	(5,032)	1,076	1,645	(6,414)	(64,162)	(72,887)	(765)	(73,652)
Balance at 30 June 2024	-	32,957	(3,664)	(3,705)	(6,955)	842,048	860,681	66,916	927,597

Unaudited

	Attributable to equity holders of the Company								
	Share capital RMB' Million	Share premium RMB' Million	Treasury shares RMB' Million	Shares held	Other reserves RMB' Million	Retained earnings RMB' Million	Total RMB' Million	Non-controlling interests RMB' Million	Total equity RMB' Million
				for share award schemes 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	-	-	-	-	-	52,009	52,009	1,408	53,417
Other comprehensive income, net of tax:									
- share of other comprehensive income of associates and joint ventures	-	-	-	-	(1,121)	-	(1,121)	(14)	(1,135)
- 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	-	-	-	-	(9)	-	(9)	-	(9)
- net gains from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	12,680	-	12,680	1,048	13,728
- transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(2)	-	(2)	-	(2)
- currency translation differences	-	-	-	-	15,564	-	15,564	692	16,256
- net movement in reserves for cash flow hedges	-	-	-	-	(1,102)	-	(1,102)	(18)	(1,120)
Total comprehensive income for the period	-	-	-	-	(3,981)	52,009	48,028	3,116	51,144
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	-	-	-	-	18,096	(18,141)	(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	-	-	-	-	2,680	-	2,680	-	2,680
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	-	-	(116)	-	(116)	-	(116)
Transactions with equity holders									
Capital injections/(reductions)	-	-	-	-	-	-	-	(17)	(17)
Employee share option schemes:									
- value of employee services	-	826	-	-	44	-	870	38	908
- proceeds from shares issued	-	881	-	-	-	-	881	-	881
Employee share award schemes:									
- value of employee services	-	8,266	-	-	781	-	9,047	184	9,231
- shares withheld for share award schemes	-	-	-	(1,172)	-	-	(1,172)	-	(1,172)
- vesting of awarded shares	-	(901)	-	901	-	-	-	-	-
Tax benefit from share-based payments	-	-	-	-	20	-	20	-	20
Profit appropriations to statutory reserves	-	-	-	-	108	(108)	-	-	-
Repurchase and cancellation of shares	-	(14,879)	1,868	-	-	-	(13,011)	-	(13,011)
Repurchase of shares (to be cancelled)	-	-	(2,224)	-	-	-	(2,224)	-	(2,224)
Cash dividends	-	-	-	-	-	(20,586)	(20,586)	(276)	(20,862)
Dividends under distribution in specie	-	-	-	-	-	32,169	32,169	-	32,169
Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	182	182
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	-	288	-	288	(1,850)	(1,562)
Dilution of interests in subsidiaries	-	-	-	-	(128)	-	(128)	190	62
Disposal of subsidiaries	-	-	-	-	-	-	-	(66)	(66)
Changes in put option liabilities in respect of non-controlling interests	-	-	-	-	(109)	-	(109)	(16)	(125)
Recognition of put option liabilities arising from business combinations	-	-	-	-	(121)	-	(121)	-	(121)
Transfer of equity interests of subsidiaries to non-controlling interests	-	-	-	-	434	-	434	(434)	-
Total transactions with equity holders in their capacity as equity holders for the period	-	(5,807)	(356)	(271)	1,317	11,475	6,358	(2,065)	4,293
Balance at 30 June 2023	-	56,611	(2,224)	(4,497)	(22,850)	751,256	778,296	62,520	840,816

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'Million	RMB'Million
Net cash flows generated from operating activities	126,458	102,983
Net cash flows used in investing activities	(45,449)	(84,724)
Net cash flows used in financing activities	(99,781)	(37,596)
Net decrease in cash and cash equivalents	(18,772)	(19,337)
Cash and cash equivalents at beginning of the period	172,320	156,739
Exchange (losses)/gains on cash and cash equivalents	(37)	2,245
Cash and cash equivalents at end of the period	<u>153,511</u>	<u>139,647</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 and six months ended 30 June 2023:

Condensed consolidated income statement (extract)	Unaudited Three months ended 30 June 2023			Unaudited Six months ended 30 June 2023		
	As originally presented	Difference	Restated	As originally presented	Difference	Restated
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Revenues	149,208	–	149,208	299,194	–	299,194
Cost of revenues	(78,368)	–	(78,368)	(160,172)	–	(160,172)
Gross profit	70,840	–	70,840	139,022	–	139,022
Interest income	3,419	(3,419)	–	6,382	(6,382)	–
Selling and marketing expenses	(8,310)	–	(8,310)	(15,328)	–	(15,328)
General and administrative expenses	(25,419)	–	(25,419)	(50,061)	–	(50,061)
Other gains/(losses), net	(230)	(598)	(828)	714	(22)	692
Operating profit	40,300	(4,017)	36,283	80,729	(6,404)	74,325
Net gains/(losses) from investments and others	–	598	598	–	22	22
Interest income	–	3,419	3,419	–	6,382	6,382
Finance costs	(3,291)	–	(3,291)	(5,941)	–	(5,941)
Share of profit/(loss) of associates and joint ventures, net	1,159	–	1,159	1,239	–	1,239
Profit before income tax	38,168	–	38,168	76,027	–	76,027
Income tax expense	(11,145)	–	(11,145)	(22,610)	–	(22,610)
Profit for the period	27,023	–	27,023	53,417	–	53,417

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 and six months ended 30 June 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 and six months ended 30 June 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 and six months ended 30 June 2024 and 2023 is as follows:

	Unaudited					
	Three months ended 30 June 2024					
	VAS	Online	FinTech and	Business	Others	Total
	RMB'Million	Advertising	Services	Others	RMB'Million	RMB'Million
Segment revenues	78,822	29,871	50,440	1,984	161,117	
Gross profit	44,965	16,621	24,013	296	85,895	
Cost of revenues						
Depreciation	1,303	1,700	1,843	16	4,862	
Amortisation	3,833	2,040	38	468	6,379	
	Unaudited					
	Three months ended 30 June 2023					
	VAS	Online	FinTech and	Business	Others	Total
	RMB'Million	Advertising	Services	Others	RMB'Million	RMB'Million
Segment revenues	74,211	25,003	48,635	1,359	149,208	
Gross profit/(loss)	40,045	12,236	18,665	(106)	70,840	
Cost of revenues						
Depreciation	1,343	1,514	2,222	17	5,096	
Amortisation	4,685	2,396	41	504	7,626	

	Unaudited				
	Six months ended 30 June 2024				
	FinTech and				
	Online	Business			
	Advertising	Services	Others	Total	
	VAS	Advertising	Services	Others	Total
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Segment revenues	157,451	56,377	102,742	4,048	320,618
Gross profit	89,987	31,141	47,864	773	169,765
Cost of revenues					
Depreciation	2,623	3,337	3,839	27	9,826
Amortisation	7,966	3,481	76	1,090	12,613

	Unaudited				
	Six months ended 30 June 2023				
	FinTech and				
	Online	Business			
	Advertising	Services	Others	Total	
	VAS	Advertising	Services	Others	Total
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Segment revenues	153,548	45,967	97,336	2,343	299,194
Gross profit/(loss)	82,784	20,975	35,466	(203)	139,022
Cost of revenues					
Depreciation	2,746	2,958	4,541	33	10,278
Amortisation	10,497	5,245	82	698	16,522

3 Expenses by nature

	Unaudited		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Transaction costs (a)	32,160	32,561	66,763	65,832
Employee benefits expenses (b)	28,317	26,770	54,349	54,069
Content costs (excluding amortisation of intangible assets)	16,683	15,732	32,293	31,038
Amortisation of intangible assets (c)	7,085	8,175	13,982	17,617
Bandwidth and server custody fees (excluding depreciation of right-of-use assets)	6,517	5,590	12,815	11,856
Depreciation of property, plant and equipment, investment properties and right-of-use assets	6,553	6,612	13,194	13,284
Promotion and advertising expenses	6,366	5,571	11,354	9,835

Note:

- (a) Transaction costs primarily consist of bank handling fees, channel and distribution costs.
- (b) During the three and six months ended 30 June 2024, the Group had incurred expenses for the purpose of R&D of approximately RMB17,277 million and RMB32,955 million, respectively (three and six months ended 30 June 2023: RMB16,010 million and RMB31,191 million, respectively), which mainly comprised employee benefits expenses of approximately RMB14,051 million and RMB27,168 million, respectively (three and six months ended 30 June 2023: RMB13,233 million and RMB26,284 million, respectively).

No significant development expenses had been capitalised for the three and six months ended 30 June 2024 and 2023.

During the three and six months ended 30 June 2024, employee benefits expenses included the share-based compensation expenses of approximately RMB6,213 million and RMB10,907 million, respectively (three and six months ended 30 June 2023: RMB5,551 million and RMB11,395 million, respectively), which contained those incurred for employees related to SSV & CPP of approximately RMB15 million and RMB30 million, respectively (three and six months ended 30 June 2023: RMB17 million and RMB35 million, respectively).

- (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 and six months ended 30 June 2024, amortisation of media content was approximately RMB6,422 million and RMB12,702 million, respectively (three and six months ended 30 June 2023: RMB7,587 million and RMB16,391 million, respectively).

During the three and six months ended 30 June 2024, amortisation of intangible assets included the amortisation of intangible assets arising from acquisitions of approximately RMB1,305 million and RMB2,554 million, respectively (three and six months ended 30 June 2023: RMB1,023 million and RMB2,021 million, respectively).

- (d) During the three and six months ended 30 June 2024, expenses incurred related to SSV & CPP (excluding share-based compensation expenses) were approximately RMB190 million and RMB310 million, respectively (three and six months ended 30 June 2023: RMB195 million and RMB330 million, respectively).
- (e) During the three and six months ended 30 June 2024, non-recurring compliance-related costs and expenses incurred for certain litigation settlements in total were approximately RMB3 million and RMB3 million, respectively, which were included in “General and administrative expenses” (three and six months ended 30 June 2023: except for Tenpay-related fine as disclosed in Note 4, non-recurring compliance-related costs and expenses incurred for certain litigation settlements in total were approximately RMB8 million and RMB17 million, respectively, which were included in “General and administrative expenses”).

4 Other gains/(losses), net

	Unaudited		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
		Restated		Restated
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Subsidies and tax rebates	2,364	2,854	3,417	5,594
Tenpay-related fine	–	(2,995)	–	(2,995)
Others	(880)	(687)	(902)	(1,907)
	<u>1,484</u>	<u>(828)</u>	<u>2,515</u>	<u>692</u>

5 Net gains/(losses) from investments and others

	Unaudited		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
		Restated		Restated
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Net gains on disposals and deemed disposals of investee companies (a)	3,161	2,077	8,220	3,121
Net fair value gains/(losses) on FVPL ((b) and Note 10)	631	(3,088)	(2,223)	(3,012)
Other net fair value (losses)/gains (c)	(114)	1,449	(1,148)	1,241
Impairment provisions for investments in associates (Note 9(b))	(3,365)	(804)	(4,152)	(1,075)
Impairment (provisions)/reversals for investments in joint ventures and others	(106)	722	(147)	752
Impairment provisions for goodwill and other intangible assets arising from acquisitions	(35)	–	(70)	–
Donations (d)	(1,145)	(174)	(1,172)	(1,600)
Dividend income	234	331	524	427
Others	85	85	170	168
	<u>(654)</u>	<u>598</u>	<u>2</u>	<u>22</u>

Note:

- (a) The net disposal and deemed disposal gains of approximately RMB8,220 million recognised during the six months ended 30 June 2024 comprised the following:
- aggregate net gains of approximately RMB1,257 million (six months ended 30 June 2023: RMB1,752 million) on disposals and partial disposals of investee companies of the Group;
 - aggregate net gains of approximately RMB4,523 million (six months ended 30 June 2023: RMB1,936 million) on deemed disposals of investee companies of the Group; and
 - aggregate net gains of approximately RMB2,440 million (six months ended 30 June 2023: net losses of approximately RMB567 million) (Note 9) 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 and six months ended 30 June 2024, the net fair value gains/(losses) on FVPL mainly comprised net gains of approximately RMB536 million and net losses of approximately RMB2,465 million, respectively, as a result of changes in valuations of certain investee companies (three and six months ended 30 June 2023: net losses of approximately RMB3,344 million and RMB3,517 million, respectively).

- (c) During the three and six months ended 30 June 2024, the other net fair value losses mainly included net losses on other investment-related assets and liabilities of approximately RMB116 million and RMB1,157 million, respectively (three and six months ended 30 June 2023: net gains of approximately RMB1,473 million and RMB1,260 million, respectively).
- (d) During the three and six months ended 30 June 2024, donations mainly included approximately RMB835 million and RMB847 million for SSV & CPP of the Group, respectively (three and six months ended 30 June 2023: RMB174 million and RMB1,565 million, respectively).

6 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 and six months ended 30 June 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 and six months ended 30 June 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 and six months ended 30 June 2024 and 2023. The general PRC CIT rate was 25% for the three and six months ended 30 June 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 and six months ended 30 June 2024 and 2023. Moreover, according to announcement and circular issued by relevant government authorities, a subsidiary which was qualified as 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 and six months ended 30 June 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 and six months ended 30 June 2024 and 2023 is analysed as follows:

	Unaudited		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Current income tax	9,196	8,920	21,183	18,068
Deferred income tax	972	2,225	3,154	4,542
	10,168	11,145	24,337	22,610

7 **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		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
Profit attributable to equity holders of the Company (RMB'Million)	47,630	26,171	89,519	52,009
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	9,318	9,478	9,335	9,481
Basic EPS (RMB per share)	5.112	2.761	9.590	5.486

(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		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
Profit attributable to equity holders of the Company (RMB' Million)	47,630	26,171	89,519	52,009
Dilution effect arising from share-based awards granted by non wholly-owned subsidiaries and associates (RMB' Million)	(465)	(234)	(750)	(626)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB' Million)	47,165	25,937	88,769	51,383
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	9,318	9,478	9,335	9,481
Adjustments for share options and awarded shares (million shares)	127	147	131	153
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	9,445	9,625	9,466	9,634
Diluted EPS (RMB per share)	4.994	2.695	9.377	5.334

8 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 approved by the shareholders at the 2024 AGM. Such dividend amounted to HKD31,743 million (2023: HKD22,762 million) was paid during the six months ended 30 June 2024.

The Board did not declare any interim dividend for the six months ended 30 June 2024 and 2023.

9 Investments in associates

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RMB'Million	RMB'Million
Investments in associates		
– Listed entities (Note)	138,541	132,776
– Unlisted entities	124,420	120,920
	262,961	253,696

Note:

As at 30 June 2024, the fair value of the investments in associates consisting of directly and indirectly held listed equity interests was approximately RMB322,778 million (31 December 2023: RMB351,594 million).

Movement of investments in associates is analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'Million	RMB'Million
At beginning of period	253,696	246,043
Additions (a)	2,009	5,042
Transfers	1,070	(2,389)
Dilution gains/(losses) on deemed disposals (Note 5(a))	2,440	(567)
Share of profit/(loss) of associates, net	9,676	1,019
Share of other comprehensive income of associates	(699)	(1,138)
Share of other changes in net assets of associates	2,112	2,678
Dividends	(1,746)	(4,767)
Disposals	(1,202)	(1,812)
Impairment provisions, net ((b) and Note 5)	(4,152)	(1,075)
Currency translation differences	(243)	3,067
	<hr/>	<hr/>
At end of period	262,961	246,101
	<hr/> <hr/>	<hr/> <hr/>

Note:

- (a) During the six months ended 30 June 2024, the Group's additions mainly comprised new investments and additional investments in certain investee companies which are principally engaged in eCommerce, music and entertainment, and other Internet-related businesses.
- (b) During the six months ended 30 June 2024, an aggregate impairment loss of approximately RMB4,152 million (six months ended 30 June 2023: RMB1,075 million) had been recognised for investments in associates with impairment indicators, and the majority of these investments' recoverable amounts were determined using fair value less costs of disposal.

10 Financial assets at fair value through profit or loss

FVPL include the following:

	Unaudited 30 June 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Included in non-current assets:		
Investments in listed entities	11,845	11,495
Investments in unlisted entities	182,559	190,698
Treasury investments and others	12,444	8,952
	206,848	211,145
Included in current assets:		
Investments in listed entities	1	1
Treasury investments and others	8,863	14,902
	8,864	14,903
	215,712	226,048

Movement of FVPL is analysed as follows:

	Unaudited Six months ended 30 June 2024 RMB'Million	2023 RMB'Million
At beginning of period	226,048	234,048
Additions and transfers (a)	14,235	33,695
Changes in fair value (Note 5)	(2,223)	(3,012)
Disposals and others	(23,226)	(25,112)
Currency translation differences	878	6,782
At end of period	215,712	246,401

Note:

- (a) During the six months ended 30 June 2024, the Group's additions and transfers mainly comprised the following:
- (i) new investments and additional investments with an aggregate amount of approximately RMB17,579 million in treasury investments, investee companies which are principally online banks and investment funds, and others; and
 - (ii) transfers mainly comprised certain investments with an aggregate amount of approximately RMB2,158 million designated as FVOCI due to the conversion of preference shares into ordinary shares upon their IPOs.

11 Financial assets at fair value through other comprehensive income

FVOCI include the following:

	Unaudited 30 June 2024 RMB' Million	Audited 31 December 2023 RMB' Million
Included in non-current assets:		
Equity investments in listed entities	233,214	189,286
Equity investments in unlisted entities	18,236	22,671
Treasury investments	1,986	1,994
	<u>253,436</u>	<u>213,951</u>
Included in current assets:		
Treasury investments	850	–
	<u>254,286</u>	<u>213,951</u>

Movement of FVOCI is analysed as follows:

	Unaudited Six months ended 30 June	
	2024 RMB' Million	2023 RMB' Million
At beginning of period	213,951	185,247
Additions and transfers (a)	9,333	9,413
Changes in fair value	41,386	14,812
Disposals	(11,501)	(4,526)
Currency translation differences	1,117	8,143
At end of period	<u>254,286</u>	<u>213,089</u>

Note:

- (a) During the six months ended 30 June 2024, except as described in Note 10(a)(ii), the Group's additions and transfers mainly comprised certain new investments and additional investments with an aggregate amount of approximately RMB2,920 million in investee companies which are principally engaged in social media platform, sports equipment and apparel business, eCommerce and other Internet-related businesses.

12 Accounts receivable

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

	Unaudited 30 June 2024 RMB'Million	Audited 31 December 2023 RMB'Million
0 ~ 30 days	26,125	24,259
31 ~ 60 days	12,560	11,708
61 ~ 90 days	6,142	6,163
Over 90 days	7,423	4,476
	52,250	46,606

Accounts receivable balances as at 30 June 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.

13 Share-based payments

(a) Share option schemes

The Company has 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 30 June 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 options.

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		Unaudited		Total Number of options
	Scheme II		2023 Share Option Scheme		
	Average exercise price	Number of options	Average exercise price	Number of options	
At 1 January 2024	HKD185.65	17,318,327	HKD353.11	105,292,749	122,611,076
Granted	-	-	HKD291.20	10,679,485	10,679,485
Exercised	HKD185.65	(17,208,952)	HKD243.78	(2,878,482)	(20,087,434)
Lapsed/forfeited/waived	HKD185.65	(109,375)	HKD477.24	(1,399,780)	(1,509,155)
At 30 June 2024	-	-	HKD348.45	111,693,972	111,693,972
Exercisable as at 30 June 2024	-	-	HKD352.95	73,220,169	73,220,169

	Post-IPO Option		Unaudited		2023 Share Option Scheme		Total Number of options
	Scheme II		Post-IPO Option Scheme IV		Average exercise price	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	90,161,910	-	-	119,423,776
Granted	-	-	HKD375.60	3,659,925	-	-	3,659,925
Exercised	HKD145.81	(6,109,141)	HKD262.55	(752,225)	HKD261.61	(45,072)	(6,906,438)
Lapsed/forfeited	-	-	HKD453.51	(276,898)	HKD425.73	(73,380)	(350,278)
Transferred	-	-	HKD355.55	(92,792,712)	HKD355.55	92,792,712	-
At 30 June 2023	HKD185.59	23,152,725	-	-	HKD355.54	92,674,260	115,826,985
Exercisable as at 30 June 2023	HKD185.59	23,043,350	-	-	HKD352.94	49,285,296	72,328,646

During the six months ended 30 June 2024, no options were granted to any director of the Company (six months ended 30 June 2023: Nil).

(b) **Share award schemes**

As at 30 June 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 six months ended 30 June 2024 and 2023 are as follows:

	Number of awarded shares	
	Unaudited	
	Six months ended 30 June	
	2024	2023
At beginning of period	132,989,249	123,861,178
Granted	29,839,111	16,267,451
Lapsed/forfeited	(3,361,868)	(3,876,842)
Vested and transferred	(35,575,526)	(16,883,923)
At end of period	123,890,966	119,367,864
Vested but not transferred as at end of period	21,622	26,289

During the six months ended 30 June 2024, 105,760 awarded shares were granted to five independent non-executive directors of the Company (six months ended 30 June 2023: 74,542 awarded shares were granted to five independent non-executive directors of the Company).

14 Accounts payable

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

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RMB' Million	RMB' Million
0 ~ 30 days	114,386	94,537
31 ~ 60 days	3,833	3,099
61 ~ 90 days	214	528
Over 90 days	2,797	2,784
	121,230	100,948

15 Borrowings

	Unaudited 30 June 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)	109,753	109,782
Non-current portion of long-term RMB bank borrowings, unsecured (a)	43,170	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
Non-current portion of long-term EUR bank borrowings, secured (a)	2	6
Non-current portion of long-term EUR bank borrowings, unsecured (a)	1	3
	<u>152,946</u>	<u>155,819</u>
Included in current liabilities:		
USD bank borrowings, unsecured (b)	19,242	18,415
RMB bank borrowings, unsecured (b)	10,440	7,046
RMB bank borrowings, secured (b)	14	100
Current portion of long-term RMB bank borrowings, unsecured (a)	19,524	15
Current portion of long-term RMB bank borrowings, secured (a)	14	–
Current portion of long-term USD bank borrowings, unsecured (a)	3,207	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
Current portion of long-term EUR bank borrowings, unsecured (a)	4	4
Current portion of long-term EUR bank borrowings, secured (a)	3	4
	<u>52,462</u>	<u>41,537</u>
	<u><u>205,408</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 30 June 2024		Audited 31 December 2023	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB62,708	2.30% ~ 4.60%	RMB46,015	2.45% ~ 4.60%
USD bank borrowings	USD15,850	SOFR + CAS + 0.80% ~ 0.95%	USD17,750	SOFR + CAS + 0.80% ~ 0.95%
JPY bank borrowings	JPY433	0.11% ~ 1.86%	JPY894	0.00% ~ 1.86%
JPY bank borrowings	JPY304	TIBOR + 1.70%	JPY21	TIBOR + 1.70%
EUR bank borrowings	EUR1	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 aggregate principal amounts of short-term bank borrowings and applicable interest rates are as follows:

	Unaudited 30 June 2024		Audited 31 December 2023	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB10,496	1.70% ~ 3.45%	RMB7,160	1.60% ~ 3.48%
USD bank borrowings	USD2,700	SOFR + 0.40% ~ 0.50%	USD2,600	SOFR + 0.50% ~ 0.55%

16 Notes payable

	Unaudited 30 June 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD notes payable	<u>131,575</u>	<u>137,101</u>
Included in current liabilities:		
Current portion of long-term USD notes payable	<u>6,410</u>	<u>14,161</u>
	<u>137,985</u>	<u>151,262</u>

Note:

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

	Unaudited 30 June 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%
USD notes payable	USD19,450	1.375% ~ 4.700%	USD20,700	1.375% ~ 4.700%

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

17 Subsequent events

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

OTHER INFORMATION

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

During the six months ended 30 June 2024, the Company repurchased a total of 154,730,000 shares on the Stock Exchange for an aggregate consideration of approximately HKD52.3 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 six months ended 30 June 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
April	25,860,000	317.40	303.00	8,010,247,840.00
May	27,550,000	399.80	359.80	10,445,334,088.00
June	50,280,000	392.00	367.40	19,059,646,307.00
Total	<u>154,730,000</u>			<u>52,349,910,904.00</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 six months ended 30 June 2024.

Employee and Remuneration Policies

As at 30 June 2024, the Group had 105,506 employees (30 June 2023: 104,503). 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 six months ended 30 June 2024 was RMB54.3 billion (for the six months ended 30 June 2023: RMB54.1 billion).

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Group's unaudited Interim Financial Information for the three and six months ended 30 June 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

Code provision B.2.2 of the CG Code provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the Articles of Association, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation, provided that the chairman of the Board shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. In compliance with the provisions in the Articles of Association, Mr Charles St Leger Searle and Professor Ke Yang retired and were re-elected at the 2024 AGM. As the re-election of Mr Yang Siu Shun, who was re-elected in 2021, was not considered at the 2024 AGM, there is a deviation from code provision B.2.2 of the CG Code. Considering that the re-election of Mr Yang Siu Shun will be considered at the subsequent annual general meeting, the Board believes that such deviation from code provision B.2.2 of the CG Code does not have a material impact on the operation of the Company as a whole.

Save as disclosed above and those 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 30 June 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 appreciation to our entire staff and management team for their dedicated efforts in contributing to our ongoing success. I would also like to extend our sincere gratitude to our shareholders and stakeholders for their unwavering support and confidence in the Company.

Our commitment to our core principle of “Value for Users, Tech for Good” remains resolute. We will strive to continuously create value for our shareholders and society while actively promoting innovations, addressing community needs and contributing to a sustainable future for all.

By Order of the Board
Ma Huateng
Chairman

Hong Kong, 14 August 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 held on 14 May 2024
“AI”	artificial intelligence
“Articles of Association”	the fourth amended and restated articles of association of the Company adopted by special resolution passed on 14 May 2024
“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
“China Literature”	China Literature Limited, 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 Stock Exchange

Term	Definition
“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
“DnF Mobile”	Dungeon and Fighter Mobile
“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
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EPS”	earnings per share
“EUR”	the lawful currency of the 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
“GMV”	gross merchandise value
“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
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board
“Interim Financial Information”	the condensed consolidated interim financial statements for the six months ended 30 June 2024

Term	Definition
“International Games”	for the purpose of preparing financial and operating information, International Games refers to our games business other than our Domestic Games business
“IP”	intellectual property
“IPO”	initial public offering
“JPY”	the lawful currency of Japan
“LIBOR”	London InterBank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAU”	monthly active user accounts
“New Classics Media”	New Classics Media Holdings Limited, a wholly-owned subsidiary of China Literature principally engaged in production and distribution of television series, web series and films in the PRC
“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

Term	Definition
“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
“Tencent Music”	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
“Tenpay”	Tenpay Payment Technology Co., Ltd., a member of the Group operating in the Mainland of China and engaging in the provision of payment services
“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
“TIBOR”	Tokyo InterBank Offered Rate
“United States”	the United States of America
“USD”	the lawful currency of the United States
“VAS”	value-added services