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Tencent 腾讯
TENCENT HOLDINGS LIMITED
騰訊控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 700)

**ANNOUNCEMENT OF THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021. The results have been audited by the Auditor in accordance with International Standards on Auditing. In addition, the results have also been reviewed by the Audit Committee.

FINANCIAL PERFORMANCE HIGHLIGHTS

	31 December 2021	31 December 2020	Unaudited Three months ended		Quarter- on-quarter change
			Year- on-year change	30 September 2021	
(RMB in millions, unless specified)					
Revenues	144,188	133,669	8%	142,368	1%
Gross profit	57,817	58,881	-2%	62,747	-8%
Operating profit	109,723	63,713	72%	53,137	106%
Profit for the period	95,705	59,369	61%	40,075	139%
Profit attributable to equity holders of the Company	94,958	59,302	60%	39,510	140%
EPS (RMB per share)					
– basic	9.957	6.240	60%	4.143	140%
– diluted	9.788	6.112	60%	4.074	140%
Non-IFRS operating profit	33,151	38,084	-13%	40,828	-19%
Non-IFRS profit attributable to equity holders of the Company	24,880	33,207	-25%	31,751	-22%
Non-IFRS EPS (RMB per share)					
– basic	2.609	3.494	-25%	3.329	-22%
– diluted	2.547	3.413	-25%	3.269	-22%

	Year ended 31 December		Year-
	2021	2020	on-year
	(RMB in millions, unless specified)		
			change
Revenues	560,118	482,064	16%
Gross profit	245,944	221,532	11%
Operating profit	271,620	184,237	47%
Profit for the year	227,810	160,125	42%
Profit attributable to equity holders of the Company	224,822	159,847	41%
EPS (RMB per share)			
– basic	23.597	16.844	40%
– diluted	23.164	16.523	40%
Non-IFRS operating profit	159,539	149,404	7%
Non-IFRS profit attributable to equity holders of the Company	123,788	122,742	1%
Non-IFRS EPS (RMB per share)			
– basic	12.992	12.934	–
– diluted	12.698	12.689	–

DIVIDENDS

Interim Dividend

On 23 December 2021, the Board resolved to declare a special interim dividend in the form of a distribution in specie of approximately 457 million Class A ordinary shares of JD.com indirectly held by the Company to the shareholders whose names appeared on the register of members of the Company on 25 January 2022 in proportion to their then respective shareholdings in the Company on the basis of 1 Class A ordinary share of JD.com for every 21 Shares held by the shareholders, being rounded down to the nearest whole number of Class A ordinary shares of JD.com.

Based on the closing price of HKD274 per Class A ordinary share of JD.com as traded on the Stock Exchange on 31 December 2021, the aggregate market value of the JD.com shares under the Distribution in Specie was approximately HKD125.3 billion.

The share certificates for the Distribution in Specie of JD.com Shares are expected to be dispatched to the qualifying shareholders in March 2022.

Final Dividend

The Board has recommended the payment of a final dividend of HKD1.60 per share (2020: HKD1.60 per share) for the year ended 31 December 2021, subject to the approval of the shareholders at the 2022 AGM. Such proposed dividend will be payable on 6 June 2022 to the shareholders whose names appear on the register of members of the Company on 25 May 2022.

OPERATING INFORMATION

	As at 31 December 2021	As at 31 December 2020	Year- on-year change	As at 30 September 2021	Quarter- on-quarter change
Combined MAU of					
Weixin and WeChat	1,268.2	1,225.0	3.5%	1,262.6	0.4%
Smart device MAU of QQ	552.1	594.9	-7.2%	573.7	-3.8%
Fee-based VAS registered subscriptions	236.3	219.5	7.7%	235.4	0.4%

BUSINESS REVIEW AND OUTLOOK

Strategic Progress and Outlook

2021 was a challenging year, in which we embraced changes and implemented certain measures that reinforced the Company's long-term sustainability, but had the effect of slowing our revenue growth. Despite financial headwinds, we continued to make strategic headway, including driving widespread adoption of our enterprise software and productivity tools, increasing content creation and consumption in our Video Accounts, and expanding our international games business. We believe the China Internet industry is structurally shifting to a healthier mode characterised by a re-focus on user value, technology innovation, and social responsibility. We are proactively adapting to the new environment by managing costs, increasing efficiency, sharpening our focus on key strategic areas, and repositioning ourselves for sustainable long-term growth. Below are some highlights from our key products and business lines during the reporting quarter:

Communication and Social

Weixin Video Accounts' time spent per user and total video views more than doubled year-on-year as we enriched content diversity and enhanced our product experience. Video Accounts Live Streaming achieved significant breakthroughs in user reach and engagement, exclusively hosting popular boy band Westlife's first-ever online concert, which drew 27 million viewers. While our current focus is primarily on user engagement, we believe Video Accounts will provide significant monetisation opportunities, including short video feeds advertisements, live streaming tipping and live streaming eCommerce. Weixin Mini Programs facilitated independent merchants to thrive within their own private domains, with their physical goods GMV doubling in 2021. Our Health Code has served 1.3 billion users making 180 billion visits, becoming the most-used ePass for verifying health and travel status during the pandemic.

QQ integrated Unreal Engine's graphics capabilities to enable real-time rendering and physics simulation, providing more attractive visuals and lifelike interactions for users. We are testing an application of Unreal Engine in Super QQ Show, which allows users to customise and dress up their 3D virtual avatars, for use in various social scenarios.

Digital Content

Our fee-based VAS subscriptions grew 8% year-on-year to 236 million. Tencent Video increased its subscription counts by 1% year-on-year to 124 million, and cemented its number one position in China with diversified content across animated series, drama series and sports. In view of the latest market conditions, we are implementing a cost optimisation process to reduce financial losses at Tencent Video while maintaining its leading position. For music, we grew subscription counts 36% year-on-year to 76 million, benefitting from expanded sales channels and high-quality content and services.

Domestic Games

We are cultivating our key IP franchises more deeply and broadly. For example, we are developing new games, animated series and a movie based on Honour of Kings' characters. We provided events tied into the Winter Olympics in Peacekeeper Elite, QQ Speed Mobile and QQ Dancer Mobile, delivering lifelike sports experience across multiple genres.

Our industry-leading efforts in restricting time spent and spending by Minors yielded effective results. In the fourth quarter of 2021, total time spent by Minors reduced by 88% year-on-year, and contributed 0.9% of the total time spent on our Domestic Games. Total grossing receipts from Minors reduced by 73% year-on-year, and contributed 1.5% of the total grossing receipts of our Domestic Games.

Looking ahead, we expect to fully digest the impact of Minor protection measures in the second half of 2022. We believe we will benefit from more new game launches when there are new releases of Banhao.

International Games

We achieved notable progress across different platforms and genres. Among international mobile games, we developed and operate 5 out of the top 10 titles measured by DAU. League of Legends' animated series, Arcane, topped Netflix's English-language TV series viewership chart during the week following its release. League of Legends World Championship consolidated its leadership as the world's most popular eSports tournament, attracting a record-high of approximately 74 million peak concurrent viewers for its Finals. Clash Royale released one of the biggest updates in its history, boosting daily active users and grossing receipts. We launched our global game publishing brand, Level Infinite, to support our studios and partners in delivering games to international gamers.

Going forward, we aim to grow further our existing titles via deepening market penetration, product enhancements and operational optimisation. In addition, we will continue to release new titles, which we expect to drive additional growth, particularly for 2023 and beyond.

Online Advertising

We continued to enhance our differentiated advertising solutions, while adapting to regulatory changes and the evolving macroeconomic environment. For the fourth quarter of 2021, Weixin's daily active advertisers expanded by over 30% year-on-year. Over one-third of Moments' advertising revenue was generated from advertisements using Mini Programs as landing pages and advertisements connecting users to customer service representatives via WeCom. We expect our advertising business to resume growth in late 2022, as we adapt to the new environment and further upgrade our advertising solutions.

FinTech

We strengthened our payment ecosystem by enhancing user security, upgrading transaction and customer management functions for SMEs, as well as reducing merchants' transaction friction via tools such as Weixin Pay Score. We now support digital yuan as an additional funding option within Weixin Pay, as part of the PBOC's digital yuan pilot phase.

Cloud and Other Business Services

For communication and collaboration SaaS, we upgraded the integration among WeCom, Tencent Meeting and Tencent Docs to provide enhanced solutions for enterprises. We also enabled differentiated CRM functions in WeCom via deepened connection with Weixin. While we are currently prioritising scale expansion before significant revenue generation, the monetisation success of critical enterprise SaaS such as CRM software in international markets, as well as the significant size and fast growth of domestic PaaS spending, validate the monetisation potential of critical enterprise SaaS in China.

In view of the changes in market environment, we are repositioning our focus for IaaS and PaaS from revenue growth at all costs to customer value creation and quality of growth. We believe that the change in focus will benefit our customers, as well as our margins, over the longer term.

Environmental, Social and Governance (“ESG”) Initiatives

We are committed to harnessing technology to build a sustainable future for our consumers, enterprises, and society at large.

Environment

We announced our commitment to achieve carbon neutrality in our own operations and supply chain, and to use green power for 100% of all electricity consumed by 2030. In our inaugural Tencent Carbon Neutrality Target and Roadmap Report, we outlined key approaches in reaching the net zero goal for scopes 1, 2 and 3. We will improve our power efficiency through technology innovations, increase our usage of renewable energy, actively participate in green power trading, and explore investments in renewable energy projects. We joined the Science-Based Carbon Targets initiative (SBTi) to facilitate the transition to a zero-carbon operation.

Social

In 2021, we established the Sustainable Social Value (SSV) Organisation and announced our commitment to common prosperity initiatives. We upgraded our charitable fundraising platform, extending the reach of our annual “99 Giving Day” to engage 69 million donations and 12,000 enterprises. Leveraging Internet of Things solutions and Weixin Mini Programs, we built a public emergency response platform which connects emergency control centres with volunteers and locates nearby Automated External Defibrillator equipment for offering first aid. We adapted many of our apps to provide elderly-oriented and barrier-free services for senior citizens. We set up dedicated funds to support basic scientific research, as well as critical healthcare and environmental technologies.

Governance

Supplementing risk management and internal control policies we already have in place, we enhanced our internal anti-trust compliance system in 2021, including establishing a dedicated compliance department, updating guidelines for all our businesses, and strengthening staff training. We also updated our policies on anti-money laundering and sanctions compliance to closely follow domestic and global regulatory requirements and trends. Our corporate culture supports diversity and inclusion. We collaborated with the United Nation Development Programme (UNDP) to produce videos and articles promoting women leadership in the technology industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended 31 December 2021 Compared to Year Ended 31 December 2020

The following table sets forth the comparative figures for the years ended 31 December 2021 and 2020:

	Year ended 31 December	
	2021	2020
	(RMB in millions)	
Revenues	560,118	482,064
Cost of revenues	(314,174)	(260,532)
Gross profit	245,944	221,532
Interest income	6,650	6,957
Other gains, net	149,467	57,131
Selling and marketing expenses	(40,594)	(33,758)
General and administrative expenses	(89,847)	(67,625)
Operating profit	271,620	184,237
Finance costs, net	(7,114)	(7,887)
Share of (loss)/profit of associates and joint ventures, net	(16,444)	3,672
Profit before income tax	248,062	180,022
Income tax expense	(20,252)	(19,897)
Profit for the year	227,810	160,125
Attributable to:		
Equity holders of the Company	224,822	159,847
Non-controlling interests	2,988	278
	227,810	160,125
Non-IFRS operating profit	159,539	149,404
Non-IFRS profit attributable to equity holders of the Company	123,788	122,742

Revenues. Revenues increased by 16% to RMB560.1 billion for the year ended 31 December 2021 on a year-on-year basis. The following table sets forth our revenues by line of business for the years ended 31 December 2021 and 2020:

	Year ended 31 December			
	2021		2020	
	Amount	% of total revenues	Amount	% of total revenues
	(RMB in millions, unless specified)			
VAS	291,572	52%	264,212	55%
Online Advertising	88,666	16%	82,271	17%
FinTech and Business Services	172,195	31%	128,086	27%
Others	7,685	1%	7,495	1%
Total revenues	<u>560,118</u>	<u>100%</u>	<u>482,064</u>	<u>100%</u>

- Revenues from VAS¹ increased by 10% to RMB291.6 billion for the year ended 31 December 2021 on a year-on-year basis. Domestic Games revenues grew by 6% to RMB128.8 billion, driven by games including Honour of Kings, Call of Duty Mobile and Moonlight Blade Mobile, partly offset by a decrease in revenues from DnF and Peacekeeper Elite. We implemented a comprehensive set of measures for the protection of Minors within our Domestic Games, which impacted revenue growth directly (less spending by Minors) and indirectly (developer resources focused on implementation of new measures). International Games revenues grew by 31% to RMB45.5 billion, due to robust performance of games including PUBG Mobile, Valorant, Brawl Stars and Clash of Clans. Social Networks revenues increased by 8% to RMB117.3 billion, driven by our Video Accounts live streaming service, video subscription service, and contribution from consolidation of HUYA Inc. since April 2020.

¹ From the third quarter of 2021, we disclose revenues from Domestic Games and International Games as new sub-segments under VAS, reflecting the increasing scale of our International Games business. Mobile games VAS revenues (including mobile games revenues attributable to our Social Networks business) increased by 12% year-on-year to RMB164.8 billion, while PC client games revenues grew by 2% year-on-year to RMB45.3 billion for the year ended 31 December 2021.

- Revenues from Online Advertising increased by 8% to RMB88.6 billion for the year ended 31 December 2021 on a year-on-year basis, with strong growth witnessed in the early half of the year, followed by significant slowdown and then decline in the latter half of the year as our advertisers and our own advertising services adapted to the new economic and regulatory environment, particularly in the third and fourth quarters. Online Advertising full year revenue growth reflected the relative resilience of the consumer staples category, as well as consolidation of Bitauto’s and Sogou’s advertising revenues, partly offset by headwinds from regulatory changes in advertiser categories including education, property and insurance, as well as by regulatory measures on the online advertising industry itself, such as limitations on launch screen advertisements. Social and Others Advertising revenues grew by 11% to RMB75.3 billion, driven by increased advertiser demand for Weixin properties. Media Advertising revenues decreased by 7% to RMB13.3 billion, mainly due to lower advertising revenues from our media platforms including Tencent News and Tencent Video amid the challenging macro environment and delays to content launches.
- Revenues from FinTech and Business Services increased by 34% to RMB172.2 billion for the year ended 31 December 2021 on a year-on-year basis. FinTech Services revenue growth primarily reflected increasing commercial payment volume. Business Services revenues increased rapidly year-on-year, due to digitalisation of traditional industries and videolisation of the Internet industry, as well as consolidation of Bitauto’s Business Services revenue since November 2020.

Cost of revenues. Cost of revenues increased by 21% to RMB314.2 billion for the year ended 31 December 2021 on a year-on-year basis, primarily driven by transaction costs to handle increased payment-related transaction volumes, content and infrastructure investments, cloud project deployment costs, as well as channel and distribution costs. As a percentage of revenues, cost of revenues increased to 56% for the year ended 31 December 2021 from 54% for the year ended 31 December 2020, reflecting our continuous investment in key strategic areas, as well as a revenue mix shift toward currently lower gross margin activities. The following table sets forth our cost of revenues by line of business for the years ended 31 December 2021 and 2020:

	Year ended 31 December			
	2021		2020	
	Amount	% of segment revenues	Amount	% of segment revenues
	(RMB in millions, unless specified)			
VAS	138,636	48%	121,287	46%
Online Advertising	48,072	54%	40,011	49%
FinTech and Business Services	120,799	70%	91,835	72%
Others	6,667	87%	7,399	99%
Total cost of revenues	<u>314,174</u>		<u>260,532</u>	

- Cost of revenues for VAS increased by 14% year-on-year to RMB138.6 billion for the year ended 31 December 2021, due to revenue sharing costs associated with our Video Accounts live streaming service, increased channel and content costs for games, as well as increased costs associated with the consolidation of HUYA Inc..
- Cost of revenues for Online Advertising increased by 20% year-on-year to RMB48.1 billion for the year ended 31 December 2021, driven by increased server and bandwidth costs including those associated with our Video Accounts service, as well as increased content costs, primarily for our Tencent Video and Tencent Sports services.
- Cost of revenues for FinTech and Business Services increased by 32% year-on-year to RMB120.8 billion for the year ended 31 December 2021, reflecting increased transaction costs due to payment volume growth, as well as our continuous investment in cloud computing talent and operations.

Other gains, net. We recorded net other gains of RMB149.5 billion for the year ended 31 December 2021, which were primarily non-IFRS adjustment items such as net gains on deemed disposals and disposals of certain investee companies (including a RMB78.2 billion gain from deemed disposal of JD.com), and net fair value gains from revaluation of certain investee companies, partly offset by impairment provisions against certain investee companies reflecting revisions of their financial outlooks and changes in their business environments.

Selling and marketing expenses. Selling and marketing expenses increased by 20% to RMB40.6 billion for the year ended 31 December 2021 on a year-on-year basis, reflecting greater marketing spending on games and Business Services, including those associated with the consolidation of recently acquired subsidiaries. As a percentage of revenues, selling and marketing expenses was 7% for the year ended 31 December 2021, broadly stable compared to the year ended 31 December 2020.

General and administrative expenses. General and administrative expenses increased by 33% to RMB89.8 billion for the year ended 31 December 2021 on a year-on-year basis, mainly driven by increased R&D expenses and staff costs, including higher share-based compensation expenses, reflecting unusually intense competition for talent in 2020 and 2021, which we expect to moderate in 2022. As a percentage of revenues, general and administrative expenses increased to 16% for the year ended 31 December 2021 from 14% for the year ended 31 December 2020.

Finance costs, net. Net finance costs decreased by 10% to RMB7.1 billion for the year ended 31 December 2021 on a year-on-year basis, primarily due to net exchange gains recognised for the year ended 31 December 2021 compared to net exchange losses for the year ended 31 December 2020, partly offset by the increase in interest expenses as a result of increased indebtedness.

Share of loss/profit of associates and joint ventures, net. We recorded share of losses of associates and joint ventures of RMB16.4 billion for the year ended 31 December 2021, compared to share of profits of RMB3.7 billion for the year ended 31 December 2020. Non-IFRS share of losses of associates and joint ventures were RMB1.0 billion for the year ended 31 December 2021, compared to non-IFRS share of profits of RMB6.7 billion for the year ended 31 December 2020, reflecting increased investments in community retail initiatives by certain associates, and losses recognised from an associate in the transportation services vertical.

Income tax expense. Income tax expense increased by 2% to RMB20.3 billion for the year ended 31 December 2021 on a year-on-year basis.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 41% to RMB224.8 billion for the year ended 31 December 2021 on a year-on-year basis. Non-IFRS profit attributable to equity holders of the Company increased by 1% to RMB123.8 billion for the year ended 31 December 2021.

Fourth Quarter of 2021 Compared to Fourth Quarter of 2020

The following table sets forth the comparative figures for the fourth quarter of 2021 and the fourth quarter of 2020:

	Unaudited	
	Three months ended	
	31 December	31 December
	2021	2020
	(RMB in millions)	
Revenues	144,188	133,669
Cost of revenues	(86,371)	(74,788)
Gross profit	57,817	58,881
Interest income	1,703	1,708
Other gains, net	86,199	32,936
Selling and marketing expenses	(11,616)	(10,033)
General and administrative expenses	(24,380)	(19,779)
Operating profit	109,723	63,713
Finance costs, net	(1,863)	(2,253)
Share of (loss)/profit of associates and joint ventures, net	(8,267)	1,618
Profit before income tax	99,593	63,078
Income tax expense	(3,888)	(3,709)
Profit for the period	95,705	59,369
Attributable to:		
Equity holders of the Company	94,958	59,302
Non-controlling interests	747	67
	95,705	59,369
Non-IFRS operating profit	33,151	38,084
Non-IFRS profit attributable to equity holders of the Company	24,880	33,207

Revenues. Revenues increased by 8% to RMB144.2 billion for the fourth quarter of 2021 on a year-on-year basis. The following table sets forth our revenues by line of business for the fourth quarter of 2021 and the fourth quarter of 2020:

	Unaudited			
	Three months ended			
	31 December 2021		31 December 2020	
	% of total		% of total	
	Amount	revenues	Amount	revenues
	(RMB in millions, unless specified)			
VAS	71,913	50%	66,979	50%
Online Advertising	21,518	15%	24,655	18%
FinTech and Business Services	47,958	33%	38,494	29%
Others	2,799	2%	3,541	3%
Total revenues	<u>144,188</u>	<u>100%</u>	<u>133,669</u>	<u>100%</u>

- Revenues from VAS² increased by 7% to RMB71.9 billion for the fourth quarter of 2021 on a year-on-year basis. Domestic Games revenues grew by 1% to RMB29.6 billion, driven by games including Honour of Kings, as well as recently launched titles such as Fight of The Golden Spatula and League of Legends: Wild Rift, partly offset by the decrease in revenues from Moonlight Blade Mobile and Peacekeeper Elite. International Games revenues grew by 34% to RMB13.2 billion, reflecting new content for Valorant and Clash Royale, a true-up adjustment to revenue of Supercell upon periodic review of our revenue deferral periods, and consolidation of Digital Extremes. Social Networks revenues grew by 4% to RMB29.1 billion, driven by our Video Accounts live streaming service, video and music subscription services.

² Mobile games VAS revenues (including mobile games revenues attributable to our Social Networks business) increased by 9% year-on-year to RMB40.0 billion, while PC client games revenues grew by 4% year-on-year to RMB10.6 billion for the fourth quarter of 2021.

- Revenues from Online Advertising decreased by 13% to RMB21.5 billion for the fourth quarter of 2021 on a year-on-year basis. The year-on-year decrease in Online Advertising revenues reflected weakness in advertiser categories including education, games and Internet services, partly offset by the consolidation of Sogou’s advertising revenue. Social and Others Advertising revenues decreased by 10% to RMB18.3 billion, primarily due to lower advertising revenues from our mobile advertising network and Weixin Moments. Media Advertising revenues decreased by 25% to RMB3.2 billion, reflecting lower advertising revenues from Tencent Video and Tencent News services.
- Revenues from FinTech and Business Services increased by 25% to RMB48.0 billion for the fourth quarter of 2021 on a year-on-year basis. FinTech Services revenue growth mainly reflected increasing commercial payment volume. Business Services revenue growth was primarily driven by increased use of our services by Internet services, public transportation and retail industries.

Cost of revenues. Cost of revenues increased by 15% to RMB86.4 billion for the fourth quarter of 2021 on a year-on-year basis, driven by transaction costs to handle increased payment-related transaction volumes, cloud project deployment costs, server and bandwidth costs, as well as content costs, partly offset by decreased channel and distribution costs. As a percentage of revenues, cost of revenues increased to 60% for the fourth quarter of 2021 from 56% for the fourth quarter of 2020, reflecting costs growing faster than revenues in certain businesses and our continued investment in key strategic areas. The following table sets forth our cost of revenues by line of business for the fourth quarter of 2021 and the fourth quarter of 2020:

	Unaudited			
	Three months ended			
	31 December 2021		31 December 2020	
	Amount	% of segment revenues	Amount	% of segment revenues
	(RMB in millions, unless specified)			
VAS	36,869	51%	32,512	49%
Online Advertising	12,338	57%	11,520	47%
FinTech and Business Services	34,942	73%	27,538	72%
Others	2,222	79%	3,218	91%
Total cost of revenues	<u>86,371</u>		<u>74,788</u>	

- Cost of revenues for VAS increased by 13% to RMB36.9 billion for the fourth quarter of 2021 on a year-on-year basis, mainly due to increased content and channel costs for games, as well as revenue sharing costs associated with our Video Accounts live streaming service.
- Cost of revenues for Online Advertising increased by 7% to RMB12.3 billion for the fourth quarter of 2021 on a year-on-year basis, driven by increased server and bandwidth costs including those associated with our Video Accounts service, as well as increased content costs, partly offset by decreased channel and distribution costs.
- Cost of revenues for FinTech and Business Services increased by 27% to RMB34.9 billion for the fourth quarter of 2021 on a year-on-year basis, reflecting increased transaction costs due to payment volume growth, and our continuous investment in cloud computing talent and operations.

Other gains, net. We recorded net other gains of RMB86.2 billion for the fourth quarter of 2021, which were primarily non-IFRS adjustment items such as net gains on deemed disposals and disposals of certain investee companies (including a RMB78.0 billion gain arising from the cessation of JD.com as an associate, due to the resignation of our board representative).

Selling and marketing expenses. Selling and marketing expenses increased by 16% to RMB11.6 billion for the fourth quarter of 2021 on a year-on-year basis, reflecting increased marketing spending on games partly offset by decreased spending on digital content services. As a percentage of revenues, selling and marketing expenses was 8% for the fourth quarter of 2021, broadly stable compared to the fourth quarter of 2020.

General and administrative expenses. General and administrative expenses increased by 23% to RMB24.4 billion for the fourth quarter of 2021 on a year-on-year basis, mainly driven by increased R&D expenses and staff costs, including higher share-based compensation expenses, reflecting unusually intense competition for talent in 2020 and 2021, which we expect to moderate in 2022. As a percentage of revenues, general and administrative expenses increased to 17% for the fourth quarter of 2021 from 15% for the fourth quarter of 2020.

Finance costs, net. Net finance costs decreased by 17% to RMB1.9 billion for the fourth quarter of 2021 on a year-on-year basis, primarily due to foreign exchange gains recognised this quarter compared to losses for the fourth quarter of 2020, partly offset by the increase in interest expenses as a result of increased indebtedness.

Share of loss/profit of associates and joint ventures, net. We recorded share of losses of associates and joint ventures of RMB8.3 billion for the fourth quarter of 2021, compared to share of profits of RMB1.6 billion for the fourth quarter of 2020. Non-IFRS share of losses of associates and joint ventures were RMB0.8 billion for the fourth quarter of 2021, compared to non-IFRS share of profits of RMB2.7 billion for the fourth quarter of 2020, reflecting increased investments in community retail initiatives by certain associates, and losses recognised from an associate in the transportation services vertical.

Income tax expense. Income tax expense increased by 5% to RMB3.9 billion for the fourth quarter of 2021 on a year-on-year basis.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 60% to RMB95.0 billion for the fourth quarter of 2021 on a year-on-year basis. Non-IFRS profit attributable to equity holders of the Company decreased by 25% to RMB24.9 billion for the fourth quarter of 2021 as costs and expenses generally increased faster than revenues, and as net associate contributions moved from profits to losses, for the reasons cited above.

Fourth Quarter of 2021 Compared to Third Quarter of 2021

The following table sets forth the comparative figures for the fourth quarter of 2021 and the third quarter of 2021:

	Unaudited	
	Three months ended	
	31 December	30 September
	2021	2021
	(RMB in millions)	
Revenues	144,188	142,368
Cost of revenues	(86,371)	(79,621)
Gross profit	57,817	62,747
Interest income	1,703	1,703
Other gains, net	86,199	22,984
Selling and marketing expenses	(11,616)	(10,435)
General and administrative expenses	(24,380)	(23,862)
Operating profit	109,723	53,137
Finance costs, net	(1,863)	(1,942)
Share of losses of associates and joint ventures, net	(8,267)	(5,668)
Profit before income tax	99,593	45,527
Income tax expense	(3,888)	(5,452)
Profit for the period	95,705	40,075
Attributable to:		
Equity holders of the Company	94,958	39,510
Non-controlling interests	747	565
	95,705	40,075
Non-IFRS operating profit	33,151	40,828
Non-IFRS profit attributable to equity holders of the Company	24,880	31,751

Revenues. Revenues increased by 1% to RMB144.2 billion for the fourth quarter of 2021 on a quarter-on-quarter basis.

- Revenues from VAS decreased by 4% to RMB71.9 billion for the fourth quarter of 2021. Domestic Games revenues decreased by 12% to RMB29.6 billion due to lower revenues from several of our existing games reflecting seasonally lower revenues in the fourth quarter as well as additional measures implemented in the quarter for the protection of Minors. This weakness was partly offset by revenue contributions from recently launched titles including League of Legends: Wild Rift and Fight of The Golden Spatula. International Games revenues increased by 16% to RMB13.2 billion, reflecting revenue growth from games such as Valorant, Brawl Stars, and Clash Royale, as well as a true-up adjustment to revenue of Supercell upon periodic review of our revenue deferral periods. Social Networks revenues decreased by 4% to RMB29.1 billion, due to the decrease in revenues from in-game item sales, partly offset by revenue growth from our Video Accounts live streaming service.
- Revenues from Online Advertising decreased by 4% to RMB21.5 billion for the fourth quarter of 2021, reflecting a slower-than-usual seasonal spending upturn in advertiser categories such as eCommerce and consumer staples, as well as weakness in categories such as Internet services, education, and games. Social and Others Advertising revenues decreased by 4% to RMB18.3 billion, reflecting lower advertising revenues from Weixin and QQ properties, as well as our mobile advertising network, partly offset by the consolidation of Sogou’s advertising revenue. Media Advertising revenues decreased by 8% to RMB3.2 billion, primarily due to lower advertising revenues from the Tencent Video service.
- Revenues from FinTech and Business Services increased by 11% to RMB48.0 billion for the fourth quarter of 2021, reflecting seasonally higher revenues from cloud services due to year-end project deployments, as well as higher revenues from payment services.

Cost of revenues. Cost of revenues increased by 8% to RMB86.4 billion for the fourth quarter of 2021 on a quarter-on-quarter basis, reflecting increased investment in Business Services, content costs, and transaction costs of FinTech services, partly offset by decreased channel and distribution costs. As a percentage of revenues, cost of revenues increased to 60% for the fourth quarter of 2021 from 56% for the third quarter of 2021, reflecting costs growing faster than revenues in certain businesses and seasonality.

- Cost of revenues for VAS increased by 4% to RMB36.9 billion for the fourth quarter of 2021 primarily due to increased content costs, including those associated with eSports events held in the quarter.
- Cost of revenues for Online Advertising increased by 2% to RMB12.3 billion for the fourth quarter of 2021, driven by increased bandwidth and server costs, including those associated with Video Accounts, partly offset by decreased channel and distribution costs as well as content costs.

- Cost of revenues for FinTech and Business Services increased by 13% to RMB34.9 billion for the fourth quarter of 2021, primarily due to increased investment in cloud computing talent and operations, costs associated with year-end cloud project deployments, as well as increased transaction costs due to payment volume growth.

Selling and marketing expenses. Selling and marketing expenses increased by 11% to RMB11.6 billion for the fourth quarter of 2021 on a quarter-on-quarter basis, due to increased marketing spending related to games (including expenses associated with the global launch of the Arcane animated series), and Business Services, partly offset by decreased spending on user acquisition for non-core areas.

General and administrative expenses. General and administrative expenses increased by 2% to RMB24.4 billion for the fourth quarter of 2021 on a quarter-on-quarter basis.

Share of losses of associates and joint ventures, net. We recorded share of losses of associates and joint ventures of RMB8.3 billion for the fourth quarter of 2021, compared to share of losses of RMB5.7 billion for the third quarter of 2021. Non-IFRS share of losses of associates and joint ventures were RMB0.8 billion for the fourth quarter of 2021, compared to non-IFRS share of losses of RMB0.3 billion for the third quarter of 2021, reflecting increased losses recognised from certain associates in verticals such as transportation services and local services.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 140% to RMB95.0 billion for the fourth quarter of 2021 on a quarter-on-quarter basis. Non-IFRS profit attributable to equity holders of the Company decreased by 22% to RMB24.9 billion for the fourth quarter of 2021.

Other Financial Information

	Unaudited			Year ended	
	Three months ended			Year ended	
	31 December	30 September	31 December	31 December	31 December
	2021	2021	2020	2021	2020
	(RMB in millions, unless specified)				
EBITDA (a)	36,568	42,683	42,872	173,173	170,680
Adjusted EBITDA (a)	42,267	49,257	46,533	194,798	183,314
Adjusted EBITDA margin (b)	29%	35%	35%	35%	38%
Interest and related expenses	2,188	2,092	1,766	7,918	7,449
Net (debt)/cash (c)	(20,243)	(26,146)	11,063	(20,243)	11,063
Capital expenditures (d)	11,661	7,061	9,659	33,392	33,960

Note:

- (a) EBITDA is calculated as operating profit minus interest income and 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 (debt)/cash 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 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			Year ended	
	31 December 2021	30 September 2021	31 December 2020	31 December 2021	31 December 2020
	(RMB in millions, unless specified)				
Operating profit	109,723	53,137	63,713	271,620	184,237
Adjustments:					
Interest income	(1,703)	(1,703)	(1,708)	(6,650)	(6,957)
Other gains, net	(86,199)	(22,984)	(32,936)	(149,467)	(57,131)
Depreciation of property, plant and equipment and investment properties	5,466	5,374	4,939	21,517	17,685
Depreciation of right-of-use assets	1,376	1,129	1,036	4,649	3,773
Amortisation of intangible assets and land use rights	7,905	7,730	7,828	31,504	29,073
EBITDA	36,568	42,683	42,872	173,173	170,680
Equity-settled share-based compensation	5,699	6,574	3,661	21,625	12,634
Adjusted EBITDA	42,267	49,257	46,533	194,798	183,314

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 M&A 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 fourth quarter of 2021 and 2020, the third quarter of 2021, and the years ended 31 December 2021 and 2020 to the nearest measures prepared in accordance with IFRS:

Unaudited three months ended 31 December 2021									
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	109,723	5,664	(100,349)	1,316	15,217	604	976	-	33,151
Profit for the period	95,705	7,880	(98,046)	3,340	15,573	604	1,568	(866)	25,758
Profit attributable to equity holders	94,958	7,776	(97,804)	3,010	15,573	604	1,567	(804)	24,880
EPS (RMB per share)									
- basic	9.957								2.609
- diluted	9.788								2.547
Operating margin	76%								23%
Net margin	66%								18%

Unaudited three months ended 30 September 2021

	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)	Income tax effects (g)	
	(RMB in millions, unless specified)							
Operating profit	53,137	6,652	(26,569)	1,149	6,389	70	–	40,828
Profit for the period	40,075	10,242	(26,781)	3,093	6,452	70	(633)	32,518
Profit attributable to equity holders	39,510	10,063	(26,491)	2,719	6,452	70	(572)	31,751
EPS (RMB per share)								
– basic	4.143							3.329
– diluted	4.074							3.269
Operating margin	37%							29%
Net margin	28%							23%

Unaudited three months ended 31 December 2020

	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)	Income tax effects (g)		
	(RMB in millions, unless specified)							
Operating profit	63,713	3,744	(34,652)	885	4,394	–	38,084	
Profit for the period	59,369	4,896	(36,149)	2,260	4,407	(329)	34,454	
Profit attributable to equity holders	59,302	4,735	(36,928)	1,926	4,407	(235)	33,207	
EPS (RMB per share)								
– basic	6.240						3.494	
– diluted	6.112						3.413	
Operating margin	48%						28%	
Net margin	44%						26%	

Year ended 31 December 2021

	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	271,620	22,222	(165,632)	4,651	25,028	674	976	-	159,539
Profit for the year	227,810	30,816	(167,471)	12,272	25,541	674	1,568	(3,291)	127,919
Profit attributable to equity holders	224,822	30,070	(166,661)	10,848	25,534	674	1,567	(3,066)	123,788
EPS (RMB per share)									
– basic	23.597								12.992
– diluted	23.164								12.698
Operating margin	48%								28%
Net margin	41%								23%

Year ended 31 December 2020

	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)	Income tax effects (g)		
	(RMB in millions, unless specified)							
Operating profit	184,237	13,745	(63,299)	3,299	11,422	-	149,404	
Profit for the year	160,125	17,089	(69,348)	7,723	12,684	(1,290)	126,983	
Profit attributable to equity holders	159,847	16,228	(69,473)	6,387	10,673	(920)	122,742	
EPS (RMB per share)								
– basic	16.844						12.934	
– diluted	16.523						12.689	
Operating margin	38%						31%	
Net margin	33%						26%	

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) 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) Mainly including expenses incurred for regulatory fines in the Mainland of China and certain litigation settlements
- (g) Income tax effects of non-IFRS adjustments

Liquidity and Financial Resources

Our cash and debt positions as at 31 December 2021 and 30 September 2021 were as follows:

	Audited 31 December 2021	Unaudited 30 September 2021
	(RMB in millions)	
Cash and cash equivalents	167,966	170,873
Term deposits and others	113,320	118,609
	281,286	289,482
Borrowings	(155,939)	(167,551)
Notes payable	(145,590)	(148,077)
Net debt	<u>(20,243)</u>	<u>(26,146)</u>

As at 31 December 2021, the Group had net debt of RMB20.2 billion, compared to net debt of RMB26.1 billion as at 30 September 2021. The sequential improvement was mainly due to free cash flow generation and on-market divestitures of certain listed securities, partly offset by our strategic investments in other companies.

For the fourth quarter of 2021, the Group had free cash flow of RMB33.5 billion. This was a result of net cash flow generated from operating activities of RMB51.3 billion, offset by payments for capital expenditures of RMB7.5 billion, payments for media content of RMB8.8 billion, and payments for lease liabilities of RMB1.5 billion.

As at 31 December 2021, the fair value of our shareholdings³ in listed investee companies (excluding subsidiaries) was RMB982.8 billion.

³ Including those held via special purpose vehicles, on an attributable basis.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December	
	Note	2021	2020
		RMB' Million	RMB' Million
Revenues			
Value-added Services		291,572	264,212
Online Advertising		88,666	82,271
FinTech and Business Services		172,195	128,086
Others		7,685	7,495
	2	<u>560,118</u>	482,064
Cost of revenues	4	<u>(314,174)</u>	<u>(260,532)</u>
Gross profit		245,944	221,532
Interest income		6,650	6,957
Other gains, net	3	149,467	57,131
Selling and marketing expenses	4	(40,594)	(33,758)
General and administrative expenses	4	(89,847)	(67,625)
Operating profit		271,620	184,237
Finance costs, net		(7,114)	(7,887)
Share of (loss)/profit of associates and joint ventures, net		(16,444)	3,672
Profit before income tax		248,062	180,022
Income tax expense	5	<u>(20,252)</u>	<u>(19,897)</u>
Profit for the year		<u>227,810</u>	<u>160,125</u>
Attributable to:			
Equity holders of the Company		224,822	159,847
Non-controlling interests		2,988	278
		<u>227,810</u>	<u>160,125</u>
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)			
– basic	6(a)	<u>23.597</u>	<u>16.844</u>
– diluted	6(b)	<u>23.164</u>	<u>16.523</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Year ended 31 December	
	2021	2020
	RMB'Million	RMB'Million
Profit for the year	227,810	160,125
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	125	334
Transfer of share of other comprehensive loss/(income) to profit or loss upon disposal and deemed disposal of associates and joint ventures	8	(3)
Currency translation differences	(19,392)	(7,262)
Other fair value gains/(losses)	2,796	(1,552)
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	387	–
Gain from changes in fair value of assets held for distribution	5,380	–
Net (losses)/gains from changes in fair value of financial assets at fair value through other comprehensive income	(16,166)	130,525
Currency translation differences	(558)	(1,285)
Other fair value gains	–	291
	(27,420)	121,048
Total comprehensive income for the year	200,390	281,173
Attributable to:		
Equity holders of the Company	200,323	277,834
Non-controlling interests	67	3,339
	200,390	281,173

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

		As at 31 December	
		2021	2020
	Note	RMB' Million	RMB' Million
ASSETS			
Non-current assets			
Property, plant and equipment		61,914	59,843
Land use rights		17,728	16,091
Right-of-use assets		20,468	12,929
Construction in progress		5,923	4,939
Investment properties		517	583
Intangible assets		171,376	159,437
Investments in associates	8	316,574	297,609
Investments in joint ventures		6,614	7,649
Financial assets at fair value through profit or loss	9	192,184	165,944
Financial assets at fair value through other comprehensive income	10	250,257	213,091
Prepayments, deposits and other assets		37,177	24,630
Other financial assets		1,261	4
Deferred income tax assets		26,068	21,348
Term deposits		19,491	31,681
		1,127,552	1,015,778
Current assets			
Inventories		1,063	814
Accounts receivable	11	49,331	44,981
Prepayments, deposits and other assets		65,390	40,321
Other financial assets		1,749	1,133
Financial assets at fair value through profit or loss	9	10,573	6,593
Term deposits		83,813	68,487
Restricted cash		2,476	2,520
Cash and cash equivalents		167,966	152,798
Assets held for distribution		102,451	–
		484,812	317,647
Total assets		1,612,364	1,333,425

		As at 31 December	
		2021	2020
	Note	RMB' Million	RMB' Million
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		–	–
Share premium		67,330	48,793
Shares held for share award schemes		(4,843)	(4,412)
Other reserves		73,901	121,139
Retained earnings		669,911	538,464
		<u>806,299</u>	<u>703,984</u>
Non-controlling interests		<u>70,394</u>	<u>74,059</u>
Total equity		<u>876,693</u>	<u>778,043</u>
LIABILITIES			
Non-current liabilities			
Borrowings	14	136,936	112,145
Notes payable	15	145,590	122,057
Long-term payables		9,966	9,910
Other financial liabilities		5,912	9,254
Deferred income tax liabilities		13,142	16,061
Lease liabilities		16,501	10,198
Deferred revenue		4,526	6,678
		<u>332,573</u>	<u>286,303</u>
Current liabilities			
Accounts payable	13	109,470	94,030
Other payables and accruals		60,582	54,308
Borrowings	14	19,003	14,242
Current income tax liabilities		12,506	12,134
Other tax liabilities		2,240	2,149
Other financial liabilities		3,554	5,567
Lease liabilities		5,446	3,822
Deferred revenue		87,846	82,827
Dividends payable for distribution in specie	7(b)	102,451	–
		<u>403,098</u>	<u>269,079</u>
Total liabilities		<u>735,671</u>	<u>555,382</u>
Total equity and liabilities		<u>1,612,364</u>	<u>1,333,425</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to equity holders of the Company							Total equity RMB'Million
	Share capital RMB'Million	Share premium RMB'Million	Shares held for share		Retained earnings RMB'Million	Total RMB'Million	Non-controlling interests RMB'Million	
			award schemes RMB'Million	Other reserves RMB'Million				
Balance at 1 January 2021	-	48,793	(4,412)	121,139	538,464	703,984	74,059	778,043
Comprehensive income								
Profit for the year	-	-	-	-	224,822	224,822	2,988	227,810
Other comprehensive income, net of tax:								
- share of other comprehensive income of associates and joint ventures	-	-	-	512	-	512	-	512
- transfer of share of other comprehensive loss to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	-	8	-	8	-	8
- gain from changes in fair value of assets held for distribution	-	-	-	5,380	-	5,380	-	5,380
- net losses from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	(15,073)	-	(15,073)	(1,093)	(16,166)
- currency translation differences	-	-	-	(18,032)	-	(18,032)	(1,918)	(19,950)
- other fair value gains, net	-	-	-	2,706	-	2,706	90	2,796
Total comprehensive income for the year	-	-	-	(24,499)	224,822	200,323	67	200,390
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings	-	-	-	(22,393)	22,393	-	-	-
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	-	-	-	(35)	35	-	-	-
Share of other changes in net assets of associates and joint ventures	-	-	-	8,429	-	8,429	1	8,430
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	-	(5,089)	-	(5,089)	-	(5,089)

Attributable to equity holders of the Company

	Shares held for share					Total	Non- controlling interests	Total equity
	Share capital	Share premium	award schemes	Other reserves	Retained earnings			
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Transactions with equity holders								
Capital injection	-	-	-	-	-	-	612	612
Employee share option schemes:								
– value of employee services	-	1,661	-	53	-	1,714	54	1,768
– proceeds from shares issued	-	1,043	-	-	-	1,043	-	1,043
Employee share award schemes:								
– value of employee services	-	18,347	-	611	-	18,958	543	19,501
– shares withheld for share award schemes	-	-	(2,827)	-	-	(2,827)	-	(2,827)
– vesting of awarded shares	-	(2,090)	2,090	-	-	-	-	-
Tax benefit from share-based payments	-	-	-	462	-	462	-	462
Profit appropriations to statutory reserves	-	-	-	669	(669)	-	-	-
Repurchase and cancellation of shares	-	(2,170)	-	-	-	(2,170)	-	(2,170)
Cash dividends	-	-	-	-	(12,683)	(12,683)	(1,015)	(13,698)
Dividends distribution in specie (Note 7(b))	-	-	-	-	(102,451)	(102,451)	-	(102,451)
Distributions from a non wholly-owned subsidiary	-	-	-	-	-	-	(1,401)	(1,401)
Non-controlling interests arising from business combinations	-	-	-	-	-	-	1,289	1,289
Disposal and deemed disposal of subsidiaries	-	-	-	-	-	-	(33)	(33)
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	(4,305)	-	(4,305)	(4,616)	(8,921)
Dilution of/changes in interests in subsidiaries	-	-	-	205	-	205	736	941
Changes in put option liabilities in respect of non-controlling interests	-	-	-	1,483	-	1,483	88	1,571
Lapses of put option liabilities in respect of non-controlling interests	-	-	-	783	-	783	-	783
Recognition of put option liabilities arising from business combinations	-	-	-	(1,289)	-	(1,289)	-	(1,289)
Transfer of equity interests of subsidiaries to non-controlling interests	-	1,746	306	(2,323)	-	(271)	10	(261)
Total transactions with equity holders at their capacity as equity holders for the year	-	18,537	(431)	(3,651)	(115,803)	(101,348)	(3,733)	(105,081)
Balance at 31 December 2021	-	67,330	(4,843)	73,901	669,911	806,299	70,394	876,693

Attributable to equity holders of the Company

	Share capital	Share premium	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
Balance at 1 January 2020	–	35,271	(4,002)	16,786	384,651	432,706	56,118	488,824
Comprehensive income								
Profit for the year	–	–	–	–	159,847	159,847	278	160,125
Other comprehensive income, net of tax:								
– share of other comprehensive income/ (loss) of associates and joint ventures	–	–	–	347	–	347	(13)	334
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates	–	–	–	(3)	–	(3)	–	(3)
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	127,873	–	127,873	2,652	130,525
– currency translation differences	–	–	–	(9,016)	–	(9,016)	469	(8,547)
– other fair value losses, net	–	–	–	(1,214)	–	(1,214)	(47)	(1,261)
Total comprehensive income for the year	–	–	–	117,987	159,847	277,834	3,339	281,173
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings	–	–	–	(5,151)	5,151	–	–	–
Share of other changes in net assets of associates and joint ventures	–	–	–	3,320	–	3,320	(2)	3,318
Transfer of share of other changes in net assets of associates to profit or loss upon disposal and deemed disposal	–	–	–	(154)	–	(154)	–	(154)

Attributable to equity holders of the Company

	Share capital	Share premium	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
Transactions with equity holders								
Capital injection	-	-	-	-	-	-	314	314
Employee share option schemes:								
– value of employee services	-	1,768	-	60	-	1,828	62	1,890
– proceeds from shares issued	-	1,716	-	-	-	1,716	-	1,716
Employee share award schemes:								
– value of employee services	-	9,720	-	413	-	10,133	433	10,566
– shares withheld for share award schemes	-	-	(1,865)	-	-	(1,865)	-	(1,865)
– vesting of awarded shares	-	(1,209)	1,209	-	-	-	-	-
Tax benefit from share-based payments	-	-	-	588	-	588	-	588
Profit appropriations to statutory reserves	-	-	-	736	(736)	-	-	-
Dividends	-	-	-	-	(10,449)	(10,449)	(1,176)	(11,625)
Non-controlling interests arising from business combinations	-	-	-	-	-	-	12,459	12,459
Disposal and deemed disposal of subsidiaries	-	-	-	-	-	-	15	15
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	(2,795)	-	(2,795)	(3,180)	(5,975)
Dilution of/changes in interests in subsidiaries	-	-	-	(684)	-	(684)	1,407	723
Changes in put option liability in respect of non-controlling interests	-	-	-	(765)	-	(765)	(293)	(1,058)
Recognition of put option liabilities arising from business combinations	-	-	-	(2,730)	-	(2,730)	-	(2,730)
Transfer of equity interests of subsidiaries to non-controlling interests	-	1,527	246	(6,472)	-	(4,699)	4,563	(136)
Total transactions with equity holders at their capacity as equity holders for the year	-	13,522	(410)	(11,649)	(11,185)	(9,722)	14,604	4,882
Balance at 31 December 2020	-	48,793	(4,412)	121,139	538,464	703,984	74,059	778,043

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Year ended 31 December	
	2021	2020
	RMB' Million	RMB' Million
Net cash flows generated from operating activities	175,186	194,119
Net cash flows used in investing activities	(178,549)	(181,955)
Net cash flows generated from financing activities	21,620	13,647
Net increase in cash and cash equivalents	18,257	25,811
Cash and cash equivalents at beginning of the year	152,798	132,991
Exchange losses on cash and cash equivalents	(3,089)	(6,004)
Cash and cash equivalents at end of the year	<u>167,966</u>	<u>152,798</u>

Note:

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 consolidated financial statements of the Group have been prepared in accordance with all applicable IFRSs. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of FVPL, FVOCI, dividends payable for distribution in specie, certain other financial assets and liabilities, which are carried at fair value.

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2021:

Amendments to IFRS 9, IAS 39, Interest rate benchmark (IBOR) reform – phase 2
IFRS 7, IFRS 4 and IFRS 16

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures. The Group has floating rate debts, linked to USD LIBOR, including borrowings and senior notes, whose cash flows are hedged by using interest rate swaps. The LIBOR benchmark in which the Group continues to have hedging instrument is USD LIBOR. It is expected that the transition out of USD LIBOR hedging derivatives will be completed before 30 June 2023, and no significant impact arose as a result of applying those amendments during the year ended 31 December 2021.

2 Segment information

The Group has the following reportable segments for the years ended 31 December 2021 and 2020:

- 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 years ended 31 December 2021 and 2020. The revenues from external customers reported to the chief operating decision-makers are measured in a manner consistent with that applied in the consolidated income statement.

The segment information provided to the chief operating decision-makers for the reportable segments for the years ended 31 December 2021 and 2020 is as follows:

	Year ended 31 December 2021				
	VAS RMB'Million	Online Advertising RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	<u>291,572</u>	<u>88,666</u>	<u>172,195</u>	<u>7,685</u>	<u>560,118</u>
Gross profit	<u>152,936</u>	<u>40,594</u>	<u>51,396</u>	<u>1,018</u>	<u>245,944</u>
Cost of revenues					
Depreciation	5,797	5,322	10,268	106	21,493
Amortisation	<u>18,740</u>	<u>7,810</u>	<u>72</u>	<u>1,973</u>	<u>28,595</u>
	Year ended 31 December 2020				
	VAS RMB'Million	Online Advertising RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	<u>264,212</u>	<u>82,271</u>	<u>128,086</u>	<u>7,495</u>	<u>482,064</u>
Gross profit	<u>142,925</u>	<u>42,260</u>	<u>36,251</u>	<u>96</u>	<u>221,532</u>
Cost of revenues					
Depreciation	5,006	3,331	9,170	87	17,594
Amortisation	<u>17,771</u>	<u>6,628</u>	<u>30</u>	<u>2,329</u>	<u>26,758</u>

3 Other gains, net

	2021 RMB'Million	2020 RMB'Million
Net gains on disposals and deemed disposals of investee companies (a)	118,051	24,390
Net fair value gains on FVPL (b)	47,560	37,257
Impairment provision for investee companies, goodwill and other intangible assets arising from acquisitions (c)	(25,028)	(11,422)
Subsidies and tax rebates	8,888	7,922
Net fair value gains on other financial instruments	157	1,652
Donations (d)	(2,050)	(2,600)
Dividend income	660	1,765
Others	1,229	(1,833)
	<u>149,467</u>	<u>57,131</u>

Note:

- (a) The disposal and deemed disposal gains of approximately RMB118,051 million recognised during the year ended 31 December 2021 mainly comprised the following:
- net gains of approximately RMB18,646 million (2020: RMB15,492 million) on dilution of the Group's equity interests in certain associates due to new equity interests being issued by these associates (Note 8). These investee companies are principally engaged in games development, finance, online video-sharing platform, eCommerce and Internet-related businesses; and
 - aggregated net gains of approximately RMB99,405 million (2020: RMB8,898 million) on disposals, partial disposals or other deemed disposals of various investments of the Group, mainly comprised the following:
 - (i) step down gain of approximately RMB78.0 billion arising from the investment in JD.com, details of which are explained in Note 8(b)(i);
 - (ii) step down gain of approximately RMB11.6 billion arising from the transfer of an investee company engaged in games development from associate to FVOCI as a result of retirement of board representatives (Note 10(a)(v)); and
 - (iii) step up gain of approximately RMB3,807 million arising from the completion of privatisation of Sogou, an investment transferred from investment in an associate to a subsidiary (Note 16).
- (b) During the year ended 31 December 2021, the net fair value gains on FVPL comprised net gains of approximately RMB47,424 million (2020: RMB37,257 million) as a result of increase in valuations of certain investee companies, and approximately RMB136 million associated with treasury investments (2020: nil).

- (c) The impairment provision for investee companies, goodwill and other intangible assets arising from acquisitions mainly comprised the following:

	2021	2020
	RMB' Million	RMB' Million
Investments in associates (Note 8(c))	15,391	5,254
Investments in joint ventures and others	924	1,388
Goodwill and other intangible assets arising from acquisitions	8,713	4,780
	25,028	11,422

- (d) The donations mainly include RMB1,600 million of charity funds and RMB450 million for SSV & CPP.

4 Expenses by nature

	2021	2020
	RMB' Million	RMB' Million
Transaction costs (a)	129,136	107,628
Employee benefits expenses (b)	95,523	69,638
Content costs (excluding amortisation of intangible assets)	66,911	58,285
Amortisation of intangible assets (c)	31,430	29,073
Promotion and advertising expenses	31,335	26,596
Bandwidth and server custody fees (excluding depreciation of right-of-use assets)	27,260	21,876
Depreciation of property, plant and equipment, investment properties and right-of-use assets	26,166	21,458

Note:

- (a) Transaction costs primarily consist of bank handling fees, channel and distribution costs.
- (b) During the year ended 31 December 2021, the Group incurred expenses for the purpose of R&D of approximately RMB51,880 million (2020: RMB38,972 million), which comprised employee benefits expenses of approximately RMB42,958 million (2020: RMB31,643 million).

During the year ended 31 December 2021, employee benefits expenses included the share-based compensation expenses of approximately RMB22,222 million (2020: RMB13,745 million), which contained those incurred for SSV & CPP of approximately RMB21 million (2020: nil).

No significant development expenses had been capitalised for the years ended 31 December 2021 and 2020.

- (c) Amortisation charges of intangible assets are mainly in respect of media content including video and music content, game licenses, and other content. During the year ended 31 December 2021, amortisation of media content was approximately RMB28,393 million (2020: RMB26,620 million).

During the year ended 31 December 2021, amortisation of intangible assets included the amortisation of intangible assets resulting from business combinations of approximately RMB4,651 million (2020: RMB3,299 million).

- (d) During the year ended 31 December 2021, expenses incurred for SSV & CPP (excluding share-based compensation expenses) were approximately RMB224 million (2020: nil).
- (e) During the year ended 31 December 2021, expenses incurred for regulatory fines in the Mainland of China and certain litigation settlements were approximately RMB976 million (2020: nil), of which approximately RMB630 million (2020: nil) were included in “Other gains, net”.

5 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 years ended 31 December 2021 and 2020.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2021 and 2020.

(c) PRC CIT

PRC CIT has 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 years ended 31 December 2021 and 2020. The general PRC CIT rate is 25% in 2021 and 2020.

Certain subsidiaries of the Group 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 years ended 31 December 2021 and 2020. Moreover, according to the announcement and circular issued by relevant government authorities, a subsidiary was qualified as national key software enterprise and subject to a preferential corporate income tax rate of 10%.

In addition, certain subsidiaries of the Company are entitled to other tax concessions, mainly including the preferential policy of “2-year exemption and 3-year half rate concession” and 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 year at the respective rates prevailing in the relevant jurisdictions, ranging from 12.5% to 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 fulfilment 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 is analysed as follows:

	2021	2020
	RMB'Million	RMB'Million
Current income tax	26,039	19,499
Deferred income tax	(5,787)	398
	<u>20,252</u>	<u>19,897</u>

6 Earnings per share

(a) Basic

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

	2021	2020
Profit attributable to equity holders of the Company (RMB'Million)	<u>224,822</u>	<u>159,847</u>
Weighted average number of ordinary shares in issue (million shares)	<u>9,528</u>	<u>9,490</u>
Basic EPS (RMB per share)	<u>23.597</u>	<u>16.844</u>

(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).

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

	2021	2020
Profit attributable to equity holders of the Company (RMB' Million)	224,822	159,847
Dilution effect arising from share-based awards issued by non wholly-owned subsidiaries and associates (RMB' Million)	<u>(217)</u>	<u>(403)</u>
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB' Million)	<u><u>224,605</u></u>	<u><u>159,444</u></u>
Weighted average number of ordinary shares in issue (million shares)	9,528	9,490
Adjustments for share options and awarded shares (million shares)	<u>168</u>	<u>160</u>
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	<u><u>9,696</u></u>	<u><u>9,650</u></u>
Diluted EPS (RMB per share)	<u><u>23.164</u></u>	<u><u>16.523</u></u>

7 Dividends

(a) Final dividends

The final dividends amounting to HKD15,238 million (2020: HKD11,378 million) were paid during the year ended 31 December 2021.

A final dividend in respect of the year ended 31 December 2021 of HKD1.60 per share (2020: HKD1.60 per share) was proposed pursuant to a resolution passed by the Board on 23 March 2022 and subject to the approval of the shareholders at the 2022 AGM. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

(b) Interim dividend by way of distribution in specie

As announced on 23 December 2021 (the “Declaration Date”), the Company resolved to declare a special interim dividend in the form of a distribution in specie of approximately 457 million Class A ordinary shares of JD.com to the shareholders whose names appeared on the register of members of the Company on 25 January 2022 in proportion to their then respective shareholdings in the Company on the basis of 1 Class A ordinary share of JD.com for every 21 Shares held by the shareholders, being rounded down to the nearest whole number of Class A ordinary shares of JD.com and fractional entitlements to the JD.com Shares will be distributed in the form of cash-in-lieu payment, except that the net proceeds of less than HKD100 will not be distributed. Accordingly, approximately 457 million Class A ordinary shares of JD.com are expected to be distributed (“JD.com Shares to be distributed”), representing approximately 14.7% of the total number of issued shares of JD.com as at the Declaration Date.

These JD.com Shares to be distributed (Note 8(b)) are classified and presented as “Assets held for distribution” upon the Declaration Date.

Dividends payable for distribution in specie of approximately RMB97.1 billion was recognised on the Declaration Date and measured at fair value using the market price of the JD.com Shares to be distributed. Subsequent changes in the fair value of the said dividends payable as a result of the changes in the fair value of the JD.com Shares to be distributed was recognised in equity as an adjustment to the amount of the dividend distribution until its settlement. Fair value changes on the dividends payable amounting to approximately RMB5.4 billion were recognised in equity since the Declaration Date up to 31 December 2021. As at 31 December 2021, the amount of dividends payable for distribution in specie was approximately RMB102.5 billion.

The share certificates for the Distribution in Specie of JD.com Shares are expected to be dispatched to the qualifying shareholders in March 2022.

8 Investments in associates

	As at 31 December	
	2021	2020
	RMB'Million	RMB'Million
Investments in associates		
– Listed entities (Note)	200,785	171,048
– Unlisted entities	115,789	126,561
	316,574	297,609

Note:

As at 31 December 2021, the fair value of the investments in associates consisting of directly and indirectly held listed equity interests was approximately RMB634,661 million (31 December 2020: RMB981,902 million).

Movement of investments in associates is analysed as follows:

	2021 RMB'Million	2020 RMB'Million
At beginning of the year	297,609	213,614
Additions (a)	51,288	37,651
Transfers (b)	(19,731)	33,585
Dilution gains on deemed disposal (Note 3(a))	18,646	15,492
Share of (loss)/profit of associates	(16,592)	3,748
Share of other comprehensive income of associates	508	363
Share of other changes in net assets of associates	8,430	3,310
Dividends	(1,407)	(344)
Disposals	(3,238)	(2,227)
Impairment provision, net (c)	(15,391)	(5,254)
Currency translation differences	(3,548)	(2,329)
	<hr/>	<hr/>
At end of the year	316,574	297,609
	<hr/> <hr/>	<hr/> <hr/>

Note:

- (a) During the year ended 31 December 2021, the Group's additions to investments in associates mainly comprised the following:
- (i) a consortium (the "UMG Consortium") formed together with Tencent Music Entertainment Group ("TME"), a non wholly-owned subsidiary of the Company, and certain global financial investors to acquire additional 10% equity interests in Universal Music Group ("UMG") from its parent company, Vivendi S.A.. The Group's additional investment in the UMG Consortium amounted to approximately EUR975 million (equivalent to approximately RMB7,792 million), and the investment remained as an associate;
 - (ii) the Group acquired additional ordinary shares of an existing investee, which is engaged in eCommerce at a cash consideration of approximately RMB3,554 million. Upon completion of the additional investment, the Group's equity interests in the investee have been increased from 5.23% to 6.26%. Since there is no change in the assessment of significant influence, this investment continues to be considered as an associate of the Group;
 - (iii) the Group acquired 27% shares of a new investee engaged in games development at a cash consideration of approximately USD540 million (equivalent to approximately RMB3,474 million);
 - (iv) the Group acquired additional ordinary shares of an existing investee, which is engaged in games development at a cash consideration of approximately RMB2,795 million. Upon completion of the additional investment, the Group's equity interests in the investee have been increased from 5% to 10%. Since there is no change in the assessment of significant influence, this investment continues to be considered as an associate of the Group; and

- (v) new associates and additional investments in existing associates with an aggregate amount of approximately RMB33,673 million during the year ended 31 December 2021 are principally engaged in games development, eCommerce platform and other Internet-related businesses.
- (b) During the year ended 31 December 2021, transfers mainly comprised the following:
- (i) the entire investment in JD.com of the Group with a carrying value of approximately RMB39.0 billion was transferred from investment in an associate to financial instruments as a result of resignation of board representative and the Group irrevocably designated it as FVOCI (Note 10(a)(iv)) with step down gain of approximately RMB78.0 billion recognised in “Other gains, net” (Note 3(a));
 - (ii) investment in an existing associate engaged in games development of approximately RMB6.6 billion transferred to FVOCI (Note 10(a)(v)) as a result of retirement of board representative; and
 - (iii) investments in associates of approximately RMB33,982 million transferred from FVPL mainly due to conversion of the redeemable instruments into ordinary shares upon their IPOs or obtaining board representatives.
- (c) During the year ended 31 December 2021, an aggregate impairment loss of approximately RMB15,391 million (2020: RMB5,254 million) has been recognised for associates with impairment indicators. The majority of these associates’ recoverable amounts were determined using fair value less costs of disposal.

9 Financial assets at fair value through profit or loss

FVPL include the following:

	As at 31 December	
	2021	2020
	RMB’Million	RMB’Million
Included in non-current assets:		
Investments in listed entities	19,802	23,554
Investments in unlisted entities	163,382	133,506
Treasury investments and others	9,000	8,884
	192,184	165,944
Included in current assets:		
Investments in listed entities	4	10
Treasury investments and others	10,569	6,583
	10,573	6,593
	202,757	172,537

Movement of FVPL is analysed as follows:

	2021	2020
	RMB'Million	RMB'Million
At beginning of the year	172,537	135,936
Additions and transfers ((a) and Note 8(b))	23,240	21,960
Changes in fair value (Note 3)	47,560	37,257
Disposals and others	(34,282)	(13,314)
Currency translation differences	(6,298)	(9,302)
	<hr/>	<hr/>
At end of the year	202,757	172,537
	<hr/> <hr/>	<hr/> <hr/>

Note:

- (a) During the year ended 31 December 2021, the Group's additions and transfers mainly comprised the following:
- (i) an additional investment in a social network platform of approximately USD531 million (equivalent to approximately RMB3,432 million);
 - (ii) new investments and additional investments with an aggregate amount of approximately RMB80,946 million in listed and unlisted entities. These companies are principally engaged in express delivery, Internet platform, retail, eCommerce, technology and other Internet-related businesses. None of the above investment was individually significant that triggers any disclosure requirements pursuant to Chapter 14 of the Listing Rules at the time of inception; and
 - (iii) except as described in Note 8(b), transfers also mainly comprised certain investments with an aggregate amount of approximately RMB27,233 million designated as FVOCI due to the conversion of preferred shares into ordinary shares upon their IPOs.

10 Financial assets at fair value through other comprehensive income

FVOCI include the following:

	As at 31 December	
	2021	2020
	RMB'Million	RMB'Million
Equity investments in listed entities	227,788	199,465
Equity investments in unlisted entities	22,392	13,626
Treasury investments	77	–
	<u>250,257</u>	<u>213,091</u>

Movement of FVOCI is analysed as follows:

	2021	2020
	RMB'Million	RMB'Million
At beginning of the year	213,091	81,721
Additions and transfers (a)	93,211	16,474
Changes in fair value	(16,834)	131,655
Disposals	(33,555)	(6,957)
Currency translation differences	(5,656)	(9,802)
At end of the year	<u>250,257</u>	<u>213,091</u>

Note:

- (a) During the year ended 31 December 2021, except as described in Note 9(a)(iii), the Group's additions and transfers mainly comprised the following:
- an additional investment in an eCommerce entity of approximately JPY72,406 million (equivalent to approximately RMB4,294 million);
 - a new investment in a games development entity of approximately RMB2,616 million;
 - new investments and additional investments with an aggregate amount of approximately RMB23,473 million. These companies are principally engaged in publishing, Internet platform, technology, property management and other Internet-related businesses;
 - transfer from investment in an associate in relation to the Class A ordinary shares of JD.com held by the Group to the extent of approximately RMB15.2 billion (Note 8(b)(i)) (other than those held by the Group for the Distribution in Specie of approximately RMB97.1 billion that were classified as "Assets held for distribution"); and
 - an existing investee company engaged in games development with carrying value of approximately RMB6.6 billion transferred from investment in an associate to FVOCI due to retirement of board representative, resulting in step down gain of approximately RMB11.6 billion (Note 3(a)(ii)).

11 Accounts receivable

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

	As at 31 December	
	2021	2020
	RMB'Million	RMB'Million
0 ~ 30 days	21,639	19,708
31 ~ 60 days	13,255	10,867
61 ~ 90 days	6,105	4,506
Over 90 days	8,332	9,900
	<u>49,331</u>	<u>44,981</u>

Receivable balances as at 31 December 2021 and 31 December 2020 mainly represented amounts due from online advertising customers and agencies, FinTech and cloud customers, content production related customers, and third party platform providers.

Some online advertising customers and agencies are usually granted with a credit period within 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.

12 Share-based payments

(a) Share option schemes

The Company has adopted five 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 and the Post-IPO Option Scheme IV.

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 December 2021, there were no outstanding options exercisable of the Pre-IPO Option Scheme, the Post-IPO Option Scheme I and the Post-IPO Option Scheme III.

In respect of the Post-IPO Option Scheme IV which continues to be in force, the Board may, at its discretion, grant options to any qualifying participants to subscribe for shares in the Company, subject to the terms and conditions stipulated therein. The exercise price must be in compliance with the requirement 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 7-year period for the Post-IPO Option Scheme IV after the date of grant of option.

During the year ended 31 December 2021, the Company allowed certain grantees under the Post-IPO Option Scheme II and the Post-IPO Option Scheme IV to surrender their rights to receive a portion of the underlying shares (with equivalent fair value) to set off against the exercise price 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		Post-IPO Option Scheme IV		Total No. of options
	Average exercise price	No. of options	Average exercise price	No. of options	
At 1 January 2021	HKD205.36	37,435,134	HKD380.50	67,806,750	105,241,884
Granted	-	-	HKD587.26	16,785,250	16,785,250
Exercised	HKD189.79	(2,278,079)	HKD321.25	(2,556,236)	(4,834,315)
Lapsed/forfeited	HKD124.30	(10,938)	HKD429.76	(346,483)	(357,421)
At 31 December 2021	HKD206.40	<u>35,146,117</u>	HKD424.63	<u>81,689,281</u>	<u>116,835,398</u>
Exercisable as at 31 December 2021	HKD206.36	<u>35,024,304</u>	HKD381.54	<u>30,418,848</u>	<u>65,443,152</u>
At 1 January 2020	HKD185.86	50,358,800	HKD375.36	61,738,193	112,096,993
Granted	-	-	HKD396.39	9,318,989	9,318,989
Exercised	HKD129.34	(12,919,216)	HKD321.74	(2,737,705)	(15,656,921)
Lapsed/forfeited	HKD175.14	(4,450)	HKD364.34	(512,727)	(517,177)
At 31 December 2020	HKD205.36	<u>37,435,134</u>	HKD380.50	<u>67,806,750</u>	<u>105,241,884</u>
Exercisable as at 31 December 2020	HKD200.96	<u>30,654,571</u>	HKD376.39	<u>20,038,030</u>	<u>50,692,601</u>

During the year ended 31 December 2021, 3,374,630 options (2020: 4,399,815 options) were granted to an executive director of the Company, out of which 843,657 options were voluntarily waived in February 2022.

As a result of the Distribution in Specie (Note 7(b)), pursuant to the scheme rules of the Post-IPO Option Scheme II and the Post-IPO Option Scheme IV, adjustments had been made to the exercise price of the outstanding share options thereunder as at the Ex-dividend Date. Please refer to the announcement of the Company dated 14 March 2022 for details.

(b) Share award schemes

The Company has adopted the Share Award Schemes as of 31 December 2021, which are administered by an independent trustee appointed by the Group. The vesting period of the awarded shares is determined by the Board.

Movements in the number of awarded shares for the years ended 31 December 2021 and 2020 are as follows:

	Number of awarded shares	
	2021	2020
At beginning of the year	82,594,936	76,615,755
Granted	77,054,748	37,196,540
Lapsed/forfeited	(5,586,066)	(3,866,143)
Vested and transferred	(32,749,222)	(27,351,216)
At end of the year	121,314,396	82,594,936
Vested but not transferred as at the end of the year	17,515	30,172

During the year ended 31 December 2021, 40,500 awarded shares were granted to four independent non-executive directors of the Company (2020: 59,500 awarded shares were granted to five independent non-executive directors of the Company).

As a result of the Distribution in Specie (Note 7(b)), pursuant to the scheme rules of the 2013 Share Award Scheme and the 2019 Share Award Scheme, adjustments had been made to the number of shares subject to share awards which remained unvested as at the Ex-dividend Date. Please refer to the announcement of the Company dated 14 March 2022 for details.

13 Accounts payable

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

	As at 31 December	
	2021	2020
	RMB'Million	RMB'Million
0 ~ 30 days	102,396	82,916
31 ~ 60 days	2,999	2,196
61 ~ 90 days	1,329	665
Over 90 days	2,746	8,253
	109,470	94,030

14 Borrowings

	As at 31 December	
	2021	2020
	RMB' Million	RMB' Million
Included in non-current liabilities:		
Non-current portion of long-term USD bank borrowings, unsecured (a)	136,874	110,629
Non-current portion of long-term EUR bank borrowings, unsecured (a)	–	1,204
Non-current portion of long-term EUR bank borrowings, secured (a)	11	12
Non-current portion of long-term RMB bank borrowings, unsecured (a)	–	300
Non-current portion of long-term JPY bank borrowings, unsecured (a)	47	–
Non-current portion of long-term JPY bank borrowings, secured (a)	4	–
	<u>136,936</u>	<u>112,145</u>
Included in current liabilities:		
RMB bank borrowings, unsecured (b)	13,340	4,079
RMB bank borrowings, secured (b)	200	100
USD bank borrowings, unsecured (b)	–	9,135
HKD bank borrowings, secured (b)	–	144
Current portion of long-term USD bank borrowings, unsecured (a)	4,061	783
Current portion of long-term RMB bank borrowings, unsecured (a)	300	–
Current portion of long-term EUR bank borrowings, unsecured (a)	1,083	–
Current portion of long-term EUR bank borrowings, secured (a)	2	1
Current portion of long-term JPY bank borrowings, unsecured (a)	16	–
Current portion of long-term JPY bank borrowings, secured (a)	1	–
	<u>19,003</u>	<u>14,242</u>
	<u><u>155,939</u></u>	<u><u>126,387</u></u>

Note:

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

	31 December 2021		31 December 2020	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
USD bank borrowings	USD22,045	LIBOR + 0.80% ~ 1.27%	USD17,075	LIBOR + 0.70% ~ 1.27%
USD bank borrowings	USD60	1.41%	–	–
EUR bank borrowings	EUR152	0.52%~1.00%	EUR151	0.52%~1.00%
RMB bank borrowings	RMB300	5.70%	RMB300	5.70%
JPY bank borrowings	JPY1,234	0.00%~2.50%	–	–

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:

	31 December 2021		31 December 2020	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB13,540	2.45% ~ 5.10%	RMB4,179	3.55% ~ 5.22%
USD bank borrowings	–	–	USD1,400	LIBOR + 0.45% ~ 0.50%
HKD bank borrowings	–	–	HKD171	HIBOR+ 0.90% ~ 3.90%

15 Notes payable

	As at 31 December	
	2021	2020
	RMB'Million	RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD notes payable	145,590	122,057

Note:

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

	31 December 2021		31 December 2020	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
USD notes payable	USD1,250	LIBOR + 0.605% ~ 0.910%	USD1,250	LIBOR + 0.605% ~ 0.910%
USD notes payable	USD21,700	1.375% ~ 4.700%	USD17,550	1.375% ~ 4.700%

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

In April 2021, the Company issued four tranches of senior notes under the Global Medium Term Note Programme with an aggregate principal amount of USD4.15 billion from 10 years to 40 years, with interest rates ranging from 2.88% to 3.94%.

16 Business combinations

Privatisation of Sogou

On 23 September 2021, the Group completed the privatisation of Sogou, an existing listed associate (NYSE: SOGO; with equity interests held of approximately 39%) of the Group, at a cash consideration of approximately USD2,135 million (equivalent to approximately RMB13,812 million) for all of the remaining interest (“Privatisation”). As a result of the Privatisation, Sogou became a wholly-owned subsidiary of the Group. The existing equity interest (of approximately 39%) held under investment in an associate was re-measured to fair value and resulted in step up gain of approximately RMB3,807 million (Note 3(a)(iii)).

Goodwill of approximately RMB10,978 million was recognised as a result of the transaction. It was mainly attributable to the operating synergies and economies of scale expected to be derived from combining the operations. None of the goodwill is expected to be deductible for income tax purpose.

The following table summarises the purchase consideration, fair value of assets acquired and liabilities assumed as at the acquisition date of Sogou.

	RMB' Million
Total consideration:	
Cash consideration	13,812
Fair value of the previously held interests	8,822
	<hr/>
	22,634
	<hr/> <hr/>
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Intangible assets	7,500
Cash and cash equivalents and term deposits	4,325
Other assets	3,780
Deferred income tax liabilities	(1,872)
Other payables and accruals	(740)
Other liabilities	(1,337)
	<hr/>
Total identifiable net assets	11,656
Goodwill	10,978
	<hr/>
	22,634
	<hr/> <hr/>

Note:

The Group's revenue for the year ended 31 December 2021 would be increased by not more than 5% and results for the year ended 31 December 2021 would not be materially different should the transaction have occurred on 1 January 2021.

The related transaction costs of the transaction are not material to the Group's consolidated financial information.

17 Subsequent events

On 4 January 2022, the Group has entered into a transaction to divest an aggregate of 14,492,751 Class A ordinary shares of Sea Limited ("Sea"; NYSE: SE), an existing associate of the Group, and to convert its all supervoting Class B ordinary shares to Class A ordinary shares (collectively, the "Transaction"). Upon the completion of the Transaction, the Group's equity interest in Sea was reduced from 21.3% to 18.7% with its voting power reduced to less than 10%. In connection with the Transaction, the Group is subject to a lockup period of six months for further disposal of shares of Sea. The Transaction has been completed as of the date of this announcement.

OTHER INFORMATION

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

During the year ended 31 December 2021, the Company repurchased 5,581,800 Shares on the Stock Exchange for an aggregate consideration of approximately HKD2,598.8 million before expenses. The repurchased Shares were subsequently cancelled. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Month of purchase in 2021	No. of Shares purchased	Purchase consideration per Share		Aggregate consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
August	1,332,600	478.20	412.60	596,186,676
September	4,249,200	516.00	443.40	2,002,589,555
Total	<u>5,581,800</u>			<u>2,598,776,231</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 year ended 31 December 2021.

Closure of Register of Members

(a) Entitlement to Attend and Vote at the 2022 AGM

For the purpose of determining the shareholders' entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Friday, 13 May 2022 to Wednesday, 18 May 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the 2022 AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 May 2022.

(b) Entitlement to the Proposed Final Dividend

For the purpose of determining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 24 May 2022 to Wednesday, 25 May 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 May 2022.

Employee and Remuneration Policies

As at 31 December 2021, the Group had 112,771 employees (2020: 85,858). 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 year ended 31 December 2021 was RMB95,523 million (2020: RMB69,638 million).

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2021. 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.

Auditor's Procedures Performed on this Results Announcement

The figures in respect of the announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

Compliance with the Corporate Governance Code

Except for the deviation from code provisions A.2.1 (now rearranged as C.2.1) and A.4.2 (now rearranged as B.2.2) of the CG Code as disclosed and explained in the 2021 interim report and the corporate governance report in the 2020 annual report of the Company, the Company has complied with the code provisions as set out in the CG Code for the year ended 31 December 2021.

As to the deviation from code provisions A.2.1 (now rearranged as C.2.1) and A.4.2 (now rearranged as B.2.2) of the CG Code, the Board will continue to review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

Publication of the Annual Results and Annual Report

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

APPRECIATION

On behalf of the Board, I would like to thank wholeheartedly our staff and management team for their dedication and professionalism, which have been the cornerstone of the Group's sustainable development. Further, I would like to extend our gratitude to all our shareholders and stakeholders for their continuous support and trust. We will continue to adhere to our strategy of promoting sustainable innovations for social value, alongside nurturing the consumer Internet and embracing the industrial Internet, and contribute more to the common good and value of our society.

By Order of the Board
Ma Huateng
Chairman

Hong Kong, 23 March 2022

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

Executive Directors:

Ma Huateng and Lau Chi Ping Martin;

Non-Executive Directors:

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

Independent Non-Executive Directors:

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

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
“2013 Share Award Scheme”	the share award scheme adopted by the Company on 13 November 2013, as amended from time to time
“2019 Share Award Scheme”	the share award scheme adopted by the Company on 25 November 2019, as amended from time to time
“2022 AGM”	the annual general meeting of the Company to be held on 18 May 2022 or any adjournment thereof
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the auditor of the Company
“Bitauto”	Bitauto Holdings Limited, a company incorporated in the Cayman Islands with limited liability, which became a non wholly-owned subsidiary of the Company following completion of its privatisation in November 2020
“Board”	the board of directors of the Company
“CG Code”	the corporate governance code as set out in Appendix 14 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
“CRM”	Customer Relationship Management
“DAU”	daily active user accounts

“Distribution in Specie”	the distribution of a special interim dividend by the Company in the form of a distribution in specie of the JD.com Shares held by the Group to the shareholders whose names appeared on the register of members of the Company on 25 January 2022 in proportion to their then respective shareholdings in the Company on the basis of 1 Class A ordinary share of JD.com for every 21 Shares held by the shareholders
“DnF”	Dungeon and Fighter
“Domestic Games”	for the purpose of preparing financial and operating information, Domestic Games refers to our games business in the PRC, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EPS”	earnings per share
“EUR”	the lawful currency of the European Union
“Ex-dividend Date”	20 January 2022, being the date of commencement of dealing in the Shares on an ex-entitlement basis following the declaration of interim dividend by way of the Distribution in Specie as announced by the Company on 23 December 2021
“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
“HIBOR”	Hong Kong InterBank Offered Rate
“HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region, the PRC

“IAS”	International Accounting Standards
“IaaS”	Infrastructure-as-a-Service
“IFRS”	International Financial Reporting Standards
“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
“JD.com”	JD.com, Inc., a company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability, whose American depositary shares are listed on NASDAQ (stock symbol: JD, ISIN Code: US47215P1066) and whose Class A ordinary shares are listed on the Stock Exchange (stock code: 9618)
“JD.com Shares”	the approximately 457 million Class A ordinary shares in the share capital of JD.com with a par value of USD0.00002 each, held by the Group conferring a holder of a Class A ordinary share to one vote per share on any resolution tabled at JD.com’s general meeting and which are to be distributed pursuant to the Distribution in Specie
“JPY”	the lawful currency of Japan
“LIBOR”	London InterBank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“M&A”	mergers and acquisitions
“MAU”	monthly active user accounts
“Minor(s)”	players who are aged under 18
“PaaS”	Platform-as-a-Service
“PBOC”	People’s Bank of China

“PC”	personal computer
“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
“SaaS”	Software-as-a-Service
“Share(s)”	ordinary share(s) of HKD0.00002 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Share Award Schemes”	the share award scheme adopted by the Company on 13 December 2007, the 2013 Share Award Scheme and the 2019 Share Award Scheme, as amended from time to time
“SMEs”	small and medium enterprises

“Sogou”	Sogou Inc., a company incorporated in the Cayman Islands with limited liability, which became a wholly-owned subsidiary of the Company following completion of its privatisation in September 2021
“SSV & CPP”	Sustainable Social Value and Common Prosperity Programme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supercell”	Supercell Oy, a private company incorporated in Finland
“United States”	the United States of America
“USD”	the lawful currency of the United States
“VAS”	value-added services