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Tencent 腾讯

TENCENT HOLDINGS LIMITED

騰訊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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

ANNOUNCEMENT OF THE RESULTS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2024

The Board is pleased to announce the unaudited consolidated results of the Group for the three and nine months ended 30 September 2024. The Interim Financial Information of the Group has been reviewed by the Auditor in accordance with International Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board, and by the Audit Committee.

FINANCIAL PERFORMANCE HIGHLIGHTS

	30 September 2024	Unaudited Three months ended			Quarter- on-quarter change
		30 September 2023	Year- on-year change	30 June 2024	
		(RMB in millions, unless specified)			
Revenues	167,193	154,625	8%	161,117	4%
Gross profit	88,828	76,523	16%	85,895	3%
Operating profit	53,333	44,348*	20%	50,732	5%
Profit for the period	53,983	36,781	47%	48,366	12%
Profit attributable to equity holders of the Company	53,230	36,182	47%	47,630	12%
EPS (RMB per share)					
– basic	5.762	3.828	51%	5.112	13%
– diluted	5.644	3.752	50%	4.994	13%
Non-IFRS operating profit	61,274	51,668*	19%	58,443	5%
Non-IFRS profit attributable to equity holders of the Company	59,813	44,921	33%	57,313	4%
Non-IFRS EPS (RMB per share)					
– basic	6.475	4.753	36%	6.151	5%
– diluted	6.340	4.657	36%	6.014	5%

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

	Unaudited		
	Nine months ended		
	30 September	30 September	Year-
	2024	2023	on-year
	(RMB in millions, unless specified)		
			change
Revenues	487,811	453,819	7%
Gross profit	258,593	215,545	20%
Operating profit	156,621	118,673*	32%
Profit for the period	145,000	90,198	61%
Profit attributable to equity holders of the Company	142,749	88,191	62%
EPS (RMB per share)			
– basic	15.346	9.312	65%
– diluted	15.008	9.075	65%
Non-IFRS operating profit	178,336	142,751*	25%
Non-IFRS profit attributable to equity holders of the Company	167,391	115,007	46%
Non-IFRS EPS (RMB per share)			
– basic	17.995	12.143	48%
– diluted	17.601	11.880	48%

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

OPERATING INFORMATION

	As at 30 September 2024	As at 30 September 2023	Year- on-year change	As at 30 June 2024	Quarter- on-quarter change
Combined MAU of Weixin and WeChat	1,382	1,336	3%	1,371	0.8%
Mobile device MAU of QQ	562	558	0.7%	571	-2%
Fee-based VAS registered subscriptions [#]	265	243	9%	263	0.8%

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

BUSINESS REVIEW AND OUTLOOK

During the third quarter of 2024, we delivered robust revenue growth in our games business, underpinned by consistent performance of evergreen games globally and contributions from new games with evergreen potential. We upgraded our eCommerce strategy around Mini Shops, to create a unified and trustworthy transaction experience spanning the entire Weixin ecosystem. We are increasingly seeing tangible benefits of deploying AI across our products and operations including marketing services and cloud, and will continue investing in AI technology, tools and solutions that assist users and partners.

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

- Mini Programs' GMV grew at a high teens year-on-year rate to over RMB2 trillion in the third quarter of 2024, benefitting from better coverage and solutions for use cases such as food ordering, electric vehicle charging and medical services.
- We provided merchants with more traffic and transaction support through Mini Shops, a platform where merchants operate storefronts with indexed and standardised merchandise. Leveraging Weixin's social interactions, content platforms and payment capabilities, Mini Shops help merchants to effectively reach customers and drive sales conversions.
- Utilising large language model capabilities, Weixin Search facilitated its understanding of complex queries and content, enhancing the relevance of search results. Weixin Search grew commercial queries and click-through rates year-on-year.

- The QQ team has comprehensively upgraded the platform’s back end infrastructure, and added and popularised new functionalities such as Tencent Channels, resulting in QQ mobile device MAU returning to year-on-year growth in the third quarter of 2024.
- Music subscriptions increased 16% year-on-year to 119 million¹, benefitting from enhanced recommendation algorithms, enriched content offerings and upgraded audio quality.
- Long-form video subscriptions increased 6% year-on-year to 116 million², benefitting from popular animated series and drama series.
- Our flagship evergreen games in domestic markets, Honour of Kings and Peacekeeper Elite, delivered healthy year-on-year growth in gross receipts. Other evergreen games, Naruto Mobile and VALORANT, reached new highs in quarterly average DAU. We released Delta Force, our first multi-platform first person shooter, which achieved high average user daily time spent and retention rates, demonstrating evergreen potential.
- In international markets, VALORANT expanded from PC to PlayStation and Xbox with the launch of its console version in five key international markets, contributing to the game growing gross receipts by over 30% year-on-year during the third quarter of 2024.
- We released Tencent Hunyuan Turbo, an upgraded foundation model utilising a heterogeneous Mixture-of-Experts (MoE) architecture, which doubled training and inference efficiency, and halved inference cost, versus its predecessor Tencent Hunyuan Pro.

¹ The average number of subscriptions as of the last day of each month during the third quarter of 2024

² The average daily number of subscriptions for the third quarter of 2024; year-on-year growth rate was calculated based on restated comparative figure

MANAGEMENT DISCUSSION AND ANALYSIS

Third Quarter of 2024 Compared to Third Quarter of 2023

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

	Unaudited	
	Three months ended	
	30 September	30 September
	2024	2023
	(RMB in millions)	
Revenues	167,193	154,625
Cost of revenues	(78,365)	(78,102)
Gross profit	88,828	76,523
Selling and marketing expenses	(9,411)	(7,912)
General and administrative expenses	(29,058)	(26,289)
Other gains/(losses), net	2,974	2,026*
Operating profit	53,333	44,348*
Net gains/(losses) from investments and others	3,066	618*
Interest income	3,996	3,509*
Finance costs	(3,531)	(2,784)
Share of profit/(loss) of associates and joint ventures, net	6,019	2,098
Profit before income tax	62,883	47,789
Income tax expense	(8,900)	(11,008)
Profit for the period	53,983	36,781
Attributable to:		
Equity holders of the Company	53,230	36,182
Non-controlling interests	753	599
	53,983	36,781
Non-IFRS operating profit	61,274	51,668*
Non-IFRS profit attributable to equity holders of the Company	59,813	44,921

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

Revenues. Revenues increased by 8% year-on-year to RMB167.2 billion for the third quarter of 2024. The following table sets forth revenues of the Group and its segments for the third quarter of 2024 and the third quarter of 2023:

	Unaudited				
	Three months ended				
	30 September	30 September	Year-	30 September	30 September
	2024	2023	on-year	2024	2023
	Revenues		change	% of total revenues	
	(RMB in millions, unless specified)				
VAS	82,695	75,748	9%	49%	49%
Marketing Services	29,993	25,721	17%	18%	16%
FinTech and Business Services	53,089	52,048	2%	32%	34%
Others	1,416	1,108	28%	1%	1%
The Group	167,193	154,625	8%	100%	100%

- Revenues from VAS increased by 9% year-on-year to RMB82.7 billion for the third quarter of 2024. International Games revenues were RMB14.5 billion, up 9% year-on-year (or up 11% on a constant currency basis), due to robust performances from games including PUBG MOBILE and Brawl Stars. Revenue growth for International Games substantially lagged gross receipts growth, as improved retention rates for certain titles led to us elongating revenue deferral periods. Domestic Games revenues increased by 14% year-on-year to RMB37.3 billion, driven by games including VALORANT, Honour of Kings, Peacekeeper Elite and DnF Mobile. Social Networks revenues rose by 4% year-on-year to RMB30.9 billion, supported by growth in app-based game virtual item sales, music subscription revenues and Mini Games platform service fees, partially offset by a decline in music-related and games-related live streaming revenues.
- Revenues from Marketing Services³ were RMB30.0 billion for the third quarter of 2024, up 17% year-on-year, driven by robust advertiser demand for Video Accounts, Mini Programs and Weixin Search inventories and, to a lesser extent, contributions from Paris Olympics-related brand advertising. Advertising spending from the games and eCommerce categories increased year-on-year, which outweighed reduced spending from the real estate and food & beverage categories.

³ Starting this quarter, we have renamed this revenue segment from ‘Online Advertising’ to ‘Marketing Services’ to better represent the breadth of our marketing solutions and accompanying technology services across our online marketing properties.

- Revenues from FinTech and Business Services rose by 2% year-on-year to RMB53.1 billion for the third quarter of 2024. FinTech Services revenues in aggregate remained largely stable compared to the same quarter last year, within which wealth management services revenues increased year-on-year due to more users and higher aggregated customer assets while payment services revenues declined due to subdued consumption spending. Business Services revenues were up year-on-year, driven by growth in cloud services revenues and eCommerce technology service fees.

Cost of revenues. Cost of revenues for the third quarter of 2024 was RMB78.4 billion, largely stable year-on-year. Content costs and channel and distribution costs increased, mainly driven by robust growth of games, while transaction costs and cloud project deployment costs decreased.

Gross profit. Gross profit for the third quarter of 2024 rose by 16% year-on-year to RMB88.8 billion, primarily driven by growth in high-margin revenue streams from Domestic Games, Video Accounts and Weixin Search. Improved profitability of our cloud services also contributed to overall gross profit growth. Gross margin expanded to 53%, up from 49% in the same period last year. The following table sets forth gross profit and gross margin of the Group and its segments for the third quarter of 2024 and the third quarter of 2023:

	Unaudited				
	Three months ended				
	30 September	30 September	Year-	30 September	30 September
	2024	2023	on-year	2024	2023
	Gross profit/(loss)			Gross margin	
	(RMB in millions, unless specified)				
VAS	47,513	42,045	13%	57%	56%
Marketing Services	15,894	13,447	18%	53%	52%
FinTech and Business Services	25,377	21,310	19%	48%	41%
Others	44	(279)	NA	3%	(25%)
The Group	<u>88,828</u>	<u>76,523</u>	16%	53%	49%

- Gross profit for VAS grew by 13% year-on-year to RMB47.5 billion, primarily driven by increased revenues from Domestic Games and International Games. Gross margin improved to 57%, up from 56% in the same period last year.
- Gross profit for Marketing Services rose by 18% year-on-year to RMB15.9 billion, supported by revenue growth from Video Accounts, Mini Programs and Weixin Search, partly offset by Paris Olympics-related content costs. Gross margin was 53%, compared to 52% in the same period last year.

- Gross profit for FinTech and Business Services increased by 19% year-on-year to RMB25.4 billion, driven by revenue growth and improved cost efficiency in our cloud services business, along with higher revenues from wealth management services and eCommerce technology service fees. Gross margin rose to 48%, up from 41% in the same period last year.

Selling and marketing expenses. Selling and marketing expenses rose by 19% year-on-year to RMB9.4 billion for the third quarter of 2024, due to increased promotional efforts to support new games in domestic and international markets. Selling and marketing expenses equated to 6% of revenues, compared to 5% in the same quarter of 2023.

General and administrative expenses. General and administrative expenses increased by 11% year-on-year to RMB29.1 billion for the third quarter of 2024, driven by increased R&D expenses and staff costs, including costs associated with performance-based rewards at certain overseas subsidiaries.

Interest income. Interest income increased by 14% year-on-year to RMB4.0 billion for the third quarter of 2024 due to growth in cash reserves.

Finance costs. Finance costs increased by 27% year-on-year to RMB3.5 billion for the third quarter of 2024, driven primarily by recognition of foreign exchange losses this quarter, compared to gains in the same period last year.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB6.0 billion for the third quarter of 2024, an increase from share of profits of RMB2.1 billion in the same period last year. Non-IFRS share of profits of associates and joint ventures increased to RMB8.5 billion, up from share of profits of RMB4.8 billion in the same period last year. The increase in non-IFRS share of profits of associates and joint ventures flowed from strong financial performances from several associates, as a result of company-specific factors including new content releases and improved operating efficiencies.

Income tax expense. Income tax expense for the third quarter of 2024 decreased by 19% year-on-year to RMB8.9 billion, mainly due to the high base effect from withholding tax provision in the same quarter last year. Domestic corporate income tax expense in the third quarter of 2024 increased year-on-year.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 47% year-on-year to RMB53.2 billion for the third quarter of 2024. Non-IFRS profit attributable to equity holders of the Company increased by 33% year-on-year to RMB59.8 billion for the third quarter of 2024.

Third Quarter of 2024 Compared to Second Quarter of 2024

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

	Unaudited	
	Three months ended	
	30 September	30 June
	2024	2024
	(RMB in millions)	
Revenues	167,193	161,117
Cost of revenues	(78,365)	(75,222)
Gross profit	88,828	85,895
Selling and marketing expenses	(9,411)	(9,156)
General and administrative expenses	(29,058)	(27,491)
Other gains/(losses), net	2,974	1,484
Operating profit	53,333	50,732
Net gains/(losses) from investments and others	3,066	(654)
Interest income	3,996	3,850
Finance costs	(3,531)	(3,112)
Share of profit/(loss) of associates and joint ventures, net	6,019	7,718
Profit before income tax	62,883	58,534
Income tax expense	(8,900)	(10,168)
Profit for the period	53,983	48,366
Attributable to:		
Equity holders of the Company	53,230	47,630
Non-controlling interests	753	736
	53,983	48,366
Non-IFRS operating profit	61,274	58,443
Non-IFRS profit attributable to equity holders of the Company	59,813	57,313

Revenues. Revenues for the third quarter of 2024 increased by 4% to RMB167.2 billion on a quarter-on-quarter basis.

- Revenues from VAS grew by 5% quarter-on-quarter to RMB82.7 billion. International Games revenues were RMB14.5 billion, up 5% quarter-on-quarter due to growth in games such as PUBG MOBILE. Domestic Games revenues rose by 8% quarter-on-quarter to RMB37.3 billion, driven by games such as Peacekeeper Elite and DnF Mobile. Social Networks revenues increased by 2% quarter-on-quarter to RMB30.9 billion due to higher revenues from app-based game virtual item sales.
- Revenues from Marketing Services were RMB30.0 billion, broadly stable quarter-on-quarter. This stability reflected revenue growth in Video Accounts and contributions from Paris Olympics-related brand advertising, offset by a seasonal decline in eCommerce advertising spending during the third quarter.
- Revenues from FinTech and Business Services increased by 5% quarter-on-quarter to RMB53.1 billion, mainly due to a seasonal increase in commercial payment activities.

Cost of revenues. Cost of revenues were RMB78.4 billion for the third quarter of 2024, up 4% quarter-on-quarter due to higher transaction costs and content costs.

Gross profit. Gross profit was RMB88.8 billion for the third quarter of 2024, up 3% quarter-on-quarter. Gross margin was 53%, stable quarter-on-quarter.

- Gross profit for VAS was RMB47.5 billion, up 6% quarter-on-quarter primarily driven by increased revenues from Domestic Games. Gross margin was 57%, broadly stable quarter-on-quarter.
- Gross profit for Marketing Services decreased by 4% quarter-on-quarter to RMB15.9 billion, mainly due to an increase in content costs, including those related to the Paris Olympics.
- Gross profit for FinTech and Business Services rose by 6% quarter-on-quarter to RMB25.4 billion due to increased revenues from FinTech services. Gross margin was 48%, stable quarter-on-quarter.

Selling and marketing expenses. Selling and marketing expenses rose by 3% quarter-on-quarter to RMB9.4 billion for the third quarter of 2024.

General and administrative expenses. General and administrative expenses increased by 6% quarter-on-quarter to RMB29.1 billion for the third quarter of 2024, primarily due to higher R&D expenses and staff costs, including costs associated with performance-based rewards at certain overseas subsidiaries.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB6.0 billion for the third quarter of 2024, compared to share of profits of RMB7.7 billion for the previous quarter. Non-IFRS share of profits of associates and joint ventures was RMB8.5 billion, compared to share of profits of RMB9.9 billion for the previous quarter.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 12% quarter-on-quarter to RMB53.2 billion for the third quarter of 2024. Non-IFRS profit attributable to equity holders of the Company increased by 4% quarter-on-quarter to RMB59.8 billion for the third quarter of 2024.

Other Financial Information

	Unaudited Three months ended			Unaudited Nine months ended	
	30 September 2024	30 June 2024	30 September 2023	30 September 2024	30 September 2023
	(RMB in millions, unless specified)				
EBITDA (a)	64,397	62,902	55,824	192,393	160,398
Adjusted EBITDA (a)	69,656	68,518	61,301	207,433	175,960
Adjusted EBITDA margin (b)	42%	43%	40%	43%	39%
Interest and related expenses	3,145	2,918	3,061	9,107	8,870
Net cash/(debt) (c)	95,462	71,757	36,431	95,462	36,431
Capital expenditures (d)	17,094	8,729	8,005	40,182	16,369

Note:

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

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

	Unaudited			Unaudited	
	Three months ended			Nine months ended	
	30 September	30 June	30 September	30 September	30 September
	2024	2024	2023	2024	2023
	(RMB in millions, unless specified)				
Operating profit	53,333	50,732	44,348*	156,621	118,673*
Adjustments:					
Other (gains)/losses, net	(2,974)	(1,484)	(2,026)*	(5,489)	(2,718)*
Depreciation of property, plant and equipment and investment properties	5,183	5,056	4,810	15,330	14,791
Depreciation of right-of-use assets	1,549	1,497	1,550	4,596	4,853
Amortisation of intangible assets and land use rights	7,306	7,101	7,142	21,335	24,799
EBITDA	64,397	62,902	55,824	192,393	160,398
Equity-settled share-based compensation	5,259	5,616	5,477	15,040	15,562
Adjusted EBITDA	69,656	68,518	61,301	207,433	175,960

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

Non-IFRS Financial Measures

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

The Company's management believes that the non-IFRS financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain non-cash items and certain impact of investment-related transactions. In addition, non-IFRS adjustments include relevant non-IFRS adjustments for the Group's major associates based on available published financials of the relevant major associates, or estimates made by the Company's management based on available information, certain expectations, assumptions and premises.

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

Unaudited three months ended 30 September 2024								
	Adjustments							Non-IFRS
	As reported	Share-based compensation	Net (gains)/ losses from investee companies	Amortisation of intangible assets	Impairment provisions/ (reversals)	SSV & CPP	Income tax effects	
	(a)	(b)	(c)	(d)	(e)	(g)		
(RMB in millions, unless specified)								
Operating profit	53,333	6,377	-	1,324	-	240	-	61,274
Share of profit/(loss) of associates and joint ventures, net	6,019	985	60	1,433	12	-	-	8,509
Profit for the period	53,983	7,362	(6,610)	2,757	3,788	304	(653)	60,931
Profit attributable to equity holders	53,230	7,180	(6,664)	2,591	3,766	304	(594)	59,813
EPS (RMB per share)								
- basic	5.762							6.475
- diluted	5.644							6.340
Operating margin	32%							37%

Unaudited three months ended 30 June 2024

	Adjustments								Non-IFRS
	As reported	Share-based compensation (a)	Net (gains)/ losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Others (f)	Income tax effects (g)	
	(RMB in millions, unless specified)								
Operating profit	50,732	6,213	–	1,305	–	190	3	–	58,443
Share of profit/(loss) of associates and joint ventures, net	7,718	926	(91)	1,313	20	–	–	–	9,886
Profit for the period	48,366	7,139	(3,672)	2,618	3,526	1,025	3	(561)	58,444
Profit attributable to equity holders	47,630	6,981	(3,726)	2,418	3,492	1,025	3	(510)	57,313
EPS (RMB per share)									
– basic	5.112								6.151
– diluted	4.994								6.014
Operating margin	31%								36%

Unaudited three months ended 30 September 2023

	Adjustments								Non-IFRS
	As reported	Share-based compensation (a)	Net (gains)/ losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Income tax effects (g)		
	(RMB in millions, unless specified)								
Operating profit (Restated)*	44,348	5,655	–	1,434	–	231	–	–	51,668
Share of profit/(loss) of associates and joint ventures, net	2,098	1,293	138	1,232	25	–	–	–	4,786
Profit for the period	36,781	6,948	(565)	2,666	346	301	(640)	–	45,837
Profit attributable to equity holders	36,182	6,833	(583)	2,458	309	301	(579)	–	44,921
EPS (RMB per share)									
– basic	3.828								4.753
– diluted	3.752								4.657
Operating margin (Restated)*	29%								33%

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

Unaudited nine months ended 30 September 2024

	Adjustments								Non-IFRS
	As reported	Share-based compensation (a)	Net (gains)/ losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Others (f)	Income tax effects (g)	
	(RMB in millions, unless specified)								
Operating profit	156,621	17,284	-	3,878	-	550	3	-	178,336
Share of profit/(loss) of associates and joint ventures, net	15,923	3,420	(490)	4,302	731	-	-	-	23,886
Profit for the period	145,000	20,704	(11,758)	8,180	8,876	1,461	3	(1,749)	170,717
Profit attributable to equity holders	142,749	20,196	(11,839)	7,598	8,799	1,461	3	(1,576)	167,391
EPS (RMB per share)									
- basic	15.346								17.995
- diluted	15.008								17.601
Operating margin	32%								37%

Unaudited nine months ended 30 September 2023

	Adjustments								Non-IFRS
	As reported	Share-based compensation (a)	Net (gains)/ losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Others (f)	Income tax effects (g)	
	(RMB in millions, unless specified)								
Operating profit (Restated)*	118,673	17,050	-	3,455	-	561	3,012	-	142,751
Share of profit/(loss) of associates and joint ventures, net	3,337	4,070	(4,509)	3,854	1,774	-	(1)	-	8,525
Profit for the period	90,198	21,120	(6,076)	7,309	2,418	2,196	3,011	(2,275)	117,901
Profit attributable to equity holders	88,191	20,588	(5,969)	6,743	2,354	2,196	3,011	(2,107)	115,007
EPS (RMB per share)									
- basic	9.312								12.143
- diluted	9.075								11.880
Operating margin (Restated)*	26%								31%

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

Note:

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

Liquidity and Financial Resources

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

	Unaudited 30 September 2024	Unaudited 30 June 2024
	(RMB in millions)	
Cash and cash equivalents	145,468	153,511
Term deposits and others	280,049	261,639
Borrowings	(194,367)	(205,408)
Notes payable	(135,688)	(137,985)
Net cash	<u>95,462</u>	<u>71,757</u>

As at 30 September 2024, the Group had net cash of RMB95.5 billion, compared to net cash of RMB71.8 billion as at 30 June 2024. The sequential increase was primarily driven by free cash flow generation, partially offset by cash used for share repurchases.

For the third quarter of 2024, the Group generated free cash flow of RMB58.5 billion, which was a result of net cash flow generated from operating activities of RMB78.1 billion, partially offset by payments for capital expenditures of RMB12.0 billion, payments for media content of RMB5.6 billion, and payments for lease liabilities of RMB2.0 billion.

As at 30 September 2024, the fair value of our shareholdings⁴ in listed investee companies (excluding subsidiaries) was RMB612.5 billion, and the carrying book value of our shareholdings in unlisted investee companies (excluding subsidiaries) was RMB327.7 billion.

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

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2024

	Note	Unaudited		Unaudited	
		Three months ended 30 September		Nine months ended 30 September	
		2024	2023	2024	2023
			Restated		Restated
			(Note 1)		(Note 1)
		RMB'Million	RMB'Million	RMB'Million	RMB'Million
Revenues					
Value-added Services		82,695	75,748	240,146	229,296
Marketing Services		29,993	25,721	86,370	71,688
FinTech and Business Services		53,089	52,048	155,831	149,384
Others		1,416	1,108	5,464	3,451
	2	<u>167,193</u>	<u>154,625</u>	<u>487,811</u>	<u>453,819</u>
Cost of revenues	3	<u>(78,365)</u>	<u>(78,102)</u>	<u>(229,218)</u>	<u>(238,274)</u>
Gross profit		88,828	76,523	258,593	215,545
Selling and marketing expenses	3	(9,411)	(7,912)	(26,103)	(23,240)
General and administrative expenses	3	(29,058)	(26,289)	(81,358)	(76,350)
Other gains/(losses), net	4	2,974	2,026	5,489	2,718
Operating profit		53,333	44,348	156,621	118,673
Net gains/(losses) from investments and others	5	3,066	618	3,068	640
Interest income		3,996	3,509	12,094	9,891
Finance costs		(3,531)	(2,784)	(9,469)	(8,725)
Share of profit/(loss) of associates and joint ventures, net		6,019	2,098	15,923	3,337
Profit before income tax		62,883	47,789	178,237	123,816
Income tax expense	6	(8,900)	(11,008)	(33,237)	(33,618)
Profit for the period		53,983	36,781	145,000	90,198
Attributable to:					
Equity holders of the Company		53,230	36,182	142,749	88,191
Non-controlling interests		753	599	2,251	2,007
		<u>53,983</u>	<u>36,781</u>	<u>145,000</u>	<u>90,198</u>
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)					
– basic	7(a)	<u>5.762</u>	<u>3.828</u>	<u>15.346</u>	<u>9.312</u>
– diluted	7(b)	<u>5.644</u>	<u>3.752</u>	<u>15.008</u>	<u>9.075</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2024**

	Unaudited		Unaudited	
	Three months ended 30 September 2024	2023	Nine months ended 30 September 2024	2023
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Profit for the period	53,983	36,781	145,000	90,198
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	155	278	(43)	40
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	(13)	(9)
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	–	1	1	(1)
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income	20	(3)	42	36
Currency translation differences	(2,909)	(7,303)	(7,080)	9,057
Net movement in reserves for hedges	(880)	(897)	(2,583)	(2,017)
<i>Items that will not be subsequently reclassified to profit or loss</i>				
Share of other comprehensive income of associates and joint ventures	52	564	(447)	(333)
Loss from changes in fair value of assets held for distribution	–	–	–	(29,991)
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income	33,578	(25,417)	75,401	(11,728)
Currency translation differences	(153)	(720)	(465)	(824)
Net movement in reserves for hedges	19	–	19	–
	29,882	(33,497)	64,832	(35,770)
Total comprehensive income for the period	83,865	3,284	209,832	54,428
Attributable to:				
Equity holders of the Company	82,179	3,526	205,555	51,554
Non-controlling interests	1,686	(242)	4,277	2,874
	83,865	3,284	209,832	54,428

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

		Unaudited	Audited
		30 September	31 December
		2024	2023
	Note	RMB'Million	RMB'Million
ASSETS			
Non-current assets			
Property, plant and equipment		69,583	53,232
Land use rights		23,310	17,179
Right-of-use assets		17,793	20,464
Construction in progress		12,801	13,583
Investment properties		738	570
Intangible assets		178,773	177,727
Investments in associates	9	266,057	253,696
Investments in joint ventures		7,113	7,969
Financial assets at fair value through profit or loss	10	209,200	211,145
Financial assets at fair value through other comprehensive income	11	283,632	213,951
Prepayments, deposits and other assets		27,995	28,439
Other financial assets		848	2,527
Deferred income tax assets		31,214	29,017
Term deposits		70,134	29,301
		1,199,191	1,058,800
Current assets			
Inventories		9,823	456
Accounts receivable	12	47,336	46,606
Prepayments, deposits and other assets		103,135	88,411
Other financial assets		4,950	5,949
Financial assets at fair value through profit or loss	10	9,773	14,903
Financial assets at fair value through other comprehensive income	11	2,132	–
Term deposits		197,995	185,983
Restricted cash		3,554	3,818
Cash and cash equivalents		145,468	172,320
		524,166	518,446
Total assets		1,723,357	1,577,246

		Unaudited	Audited
		30 September	31 December
		2024	2023
	Note	RMB' Million	RMB' Million
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		–	–
Share premium		37,201	37,989
Treasury shares		(2,571)	(4,740)
Shares held for share award schemes		(4,976)	(5,350)
Other reserves		21,113	(33,219)
Retained earnings		861,819	813,911
		<u>912,586</u>	<u>808,591</u>
Non-controlling interests		<u>67,921</u>	<u>65,090</u>
Total equity		<u>980,507</u>	<u>873,681</u>
LIABILITIES			
Non-current liabilities			
Borrowings	15	151,600	155,819
Notes payable	16	127,285	137,101
Long-term payables		12,227	12,169
Other financial liabilities		7,904	8,781
Deferred income tax liabilities		15,561	17,635
Lease liabilities		14,023	16,468
Deferred revenue		6,473	3,435
		<u>335,073</u>	<u>351,408</u>
Current liabilities			
Accounts payable	14	142,665	100,948
Other payables and accruals		73,036	76,595
Borrowings	15	42,767	41,537
Notes payable	16	8,403	14,161
Current income tax liabilities		19,044	17,664
Other tax liabilities		4,873	4,372
Other financial liabilities		4,823	4,558
Lease liabilities		5,583	6,154
Deferred revenue		106,583	86,168
		<u>407,777</u>	<u>352,157</u>
Total liabilities		<u>742,850</u>	<u>703,565</u>
Total equity and liabilities		<u>1,723,357</u>	<u>1,577,246</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Shares held for share award schemes RMB'Million	Other reserves RMB'Million	Retained earnings RMB'Million	Total RMB'Million	Non- controlling interests RMB'Million	Total equity RMB'Million
Balance at 1 January 2024	-	37,989	(4,740)	(5,350)	(33,219)	813,911	808,591	65,090	873,681
Comprehensive income									
Profit for the period	-	-	-	-	-	142,749	142,749	2,251	145,000
Other comprehensive income, net of tax:									
- share of other comprehensive income of associates and joint ventures	-	-	-	-	(473)	-	(473)	(17)	(490)
- transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	(13)	-	(13)	-	(13)
- net gains from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	72,902	-	72,902	2,541	75,443
- transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	1	-	1	-	1
- currency translation differences	-	-	-	-	(7,064)	-	(7,064)	(481)	(7,545)
- net movement in reserves for hedges	-	-	-	-	(2,547)	-	(2,547)	(17)	(2,564)
Total comprehensive income for the period	-	-	-	-	62,806	142,749	205,555	4,277	209,832
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings, net of tax	-	-	-	-	(3,338)	3,104	(234)	-	(234)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	(15)	15	-	-	-
Share of other changes in net assets of associates and joint ventures	-	-	-	-	3,115	-	3,115	-	3,115
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	-	-	(529)	-	(529)	-	(529)
Transactions with equity holders									
Employee share option schemes:									
- value of employee services	-	1,621	-	-	35	-	1,656	30	1,686
- proceeds from shares issued, net of withholding individual income tax	-	1,380	-	-	-	-	1,380	-	1,380
Employee share award schemes:									
- value of employee services	-	11,926	-	-	1,155	-	13,081	265	13,346
- shares purchased/withheld for share award schemes	-	-	-	(3,209)	-	-	(3,209)	-	(3,209)
- vesting of awarded shares	-	(3,276)	-	3,276	-	-	-	-	-
Tax benefit from share-based payments	-	-	-	-	12	-	12	-	12
Profit appropriations to statutory reserves	-	-	-	-	14	(14)	-	-	-
Appropriations of risk reserve for material money market funds	-	-	-	-	225	(225)	-	-	-
Repurchase and cancellation of shares	-	(13,681)	4,740	-	-	(68,797)	(77,738)	-	(77,738)
Repurchase of shares (to be cancelled)	-	-	(2,571)	-	-	-	(2,571)	-	(2,571)
Cash dividends	-	-	-	-	-	(28,924)	(28,924)	(2,121)	(31,045)
Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	204	204
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	-	(4,640)	-	(4,640)	(2,291)	(6,931)
Dilution of interests in subsidiaries	-	-	-	-	(1,700)	-	(1,700)	1,527	(173)
Disposal of subsidiaries	-	-	-	-	-	-	-	11	11
Changes in put option liabilities in respect of non-controlling interests	-	-	-	-	(174)	-	(174)	-	(174)
Recognition of put option liabilities arising from business combinations	-	-	-	-	(5)	-	(5)	-	(5)
Transfer of equity interests of subsidiaries to non-controlling interests	-	1,242	-	307	(2,629)	-	(1,080)	929	(151)
Total transactions with equity holders in their capacity as equity holders for the period	-	(788)	2,169	374	(7,707)	(97,960)	(103,912)	(1,446)	(105,358)
Balance at 30 September 2024	-	37,201	(2,571)	(4,976)	21,113	861,819	912,586	67,921	980,507

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Shares held for share award schemes	Other reserves	Retained earnings	Total	Non- controlling interests	Total equity
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Balance at 1 January 2023	-	62,418	(1,868)	(4,226)	(40,914)	705,981	721,391	61,469	782,860
Comprehensive income									
Profit for the period	-	-	-	-	-	88,191	88,191	2,007	90,198
Other comprehensive income, net of tax:									
- share of other comprehensive income of associates and joint ventures	-	-	-	-	(262)	-	(262)	(31)	(293)
- loss from changes in fair value of assets held for distribution	-	-	-	-	(29,991)	-	(29,991)	-	(29,991)
- transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	(9)	-	(9)	-	(9)
- net (losses)/gains from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(12,715)	-	(12,715)	1,023	(11,692)
- transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(1)	-	(1)	-	(1)
- currency translation differences	-	-	-	-	8,324	-	8,324	(91)	8,233
- net movement in reserves for hedges	-	-	-	-	(1,983)	-	(1,983)	(34)	(2,017)
Total comprehensive income for the period	-	-	-	-	(36,637)	88,191	51,554	2,874	54,428
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	-	-	-	-	18,069	(18,114)	(45)	-	(45)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	65	(65)	-	-	-
Share of other changes in net assets of associates and joint ventures	-	-	-	-	3,832	-	3,832	-	3,832
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	-	-	(118)	-	(118)	-	(118)
Transactions with equity holders									
Capital injections/(reductions)	-	-	-	-	-	-	-	(17)	(17)
Employee share option schemes:									
- value of employee services	-	1,221	-	-	61	-	1,282	54	1,336
- proceeds from shares issued	-	954	-	-	-	-	954	-	954
Employee share award schemes:									
- value of employee services	-	12,779	-	-	1,198	-	13,977	252	14,229
- shares purchased/withheld for share award schemes	-	-	-	(4,203)	-	-	(4,203)	-	(4,203)
- vesting of awarded shares	-	(1,895)	-	1,895	-	-	-	-	-
Profit appropriations to statutory reserves	-	-	-	-	108	(108)	-	-	-
Repurchase and cancellation of shares	-	(28,892)	1,868	-	-	-	(27,024)	-	(27,024)
Repurchase of shares (to be cancelled)	-	-	(2,235)	-	-	-	(2,235)	-	(2,235)
Cash dividends	-	-	-	-	-	(20,586)	(20,586)	(466)	(21,052)
Dividends under distribution in specie	-	-	-	-	-	32,169	32,169	-	32,169
Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	3,413	3,413
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	-	1,342	-	1,342	(3,944)	(2,602)
Dilution of interests in subsidiaries	-	-	-	-	(281)	-	(281)	329	48
Disposal of subsidiaries	-	-	-	-	-	-	-	(101)	(101)
Changes in put option liabilities in respect of non-controlling interests	-	-	-	-	(136)	-	(136)	49	(87)
Recognition of put option liabilities arising from business combinations	-	-	-	-	(4,628)	-	(4,628)	-	(4,628)
Transfer of equity interests of subsidiaries to non-controlling interests	-	(28)	-	1,183	114	-	1,269	(1,481)	(212)
Total transactions with equity holders in their capacity as equity holders for the period	-	(15,861)	(367)	(1,125)	(2,222)	11,475	(8,100)	(1,912)	(10,012)
Balance at 30 September 2023	-	46,557	(2,235)	(5,351)	(57,925)	787,468	768,514	62,431	830,945

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024**

	Unaudited	
	Nine months ended 30 September	
	2024	2023
	RMB' Million	RMB' Million
Net cash flows generated from operating activities	204,475	168,008
Net cash flows used in investing activities	(79,243)	(117,157)
Net cash flows used in financing activities	(151,330)	(62,806)
Net decrease in cash and cash equivalents	(26,098)	(11,955)
Cash and cash equivalents at beginning of the period	172,320	156,739
Exchange (losses)/gains on cash and cash equivalents	(754)	1,692
Cash and cash equivalents at end of the period	<u>145,468</u>	<u>146,476</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General information, basis of preparation and presentation

The Company was incorporated in the Cayman Islands with limited liability. The shares of the Company have been listed on the Main Board of the Stock Exchange since 16 June 2004.

The Company is an investment holding company. The Group is principally engaged in the provision of VAS, Marketing Services and FinTech and Business Services.

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

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

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

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

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

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

The following table shows the amounts of restatement relating to changes in the presentation of the condensed consolidated income statement for the three and nine months ended 30 September 2023:

Condensed consolidated income statement (extract)	Unaudited Three months ended 30 September 2023			Unaudited Nine months ended 30 September 2023		
	As originally presented	Difference	Restated	As originally presented	Difference	Restated
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Revenues	154,625	–	154,625	453,819	–	453,819
Cost of revenues	(78,102)	–	(78,102)	(238,274)	–	(238,274)
Gross profit	76,523	–	76,523	215,545	–	215,545
Interest income	3,509	(3,509)	–	9,891	(9,891)	–
Selling and marketing expenses	(7,912)	–	(7,912)	(23,240)	–	(23,240)
General and administrative expenses	(26,289)	–	(26,289)	(76,350)	–	(76,350)
Other gains/(losses), net	2,644	(618)	2,026	3,358	(640)	2,718
Operating profit	48,475	(4,127)	44,348	129,204	(10,531)	118,673
Net gains/(losses) from investments and others	–	618	618	–	640	640
Interest income	–	3,509	3,509	–	9,891	9,891
Finance costs	(2,784)	–	(2,784)	(8,725)	–	(8,725)
Share of profit/(loss) of associates and joint ventures, net	2,098	–	2,098	3,337	–	3,337
Profit before income tax	47,789	–	47,789	123,816	–	123,816
Income tax expense	(11,008)	–	(11,008)	(33,618)	–	(33,618)
Profit for the period	36,781	–	36,781	90,198	–	90,198

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

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

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

2 Segment information and revenues

The Group has the following reportable segments for the three and nine months ended 30 September 2024 and 2023:

- VAS;
- Marketing Services;
- FinTech and Business Services; and
- Others.

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

There were no material inter-segment sales during the three and nine months ended 30 September 2024 and 2023. The revenues from external customers reported to the chief operating decision-makers are measured in a manner consistent with that applied in the condensed consolidated income statement.

The segment information provided to the chief operating decision-makers for the reportable segments for the three and nine months ended 30 September 2024 and 2023 is as follows:

	Unaudited Three months ended 30 September 2024				
	VAS RMB'Million	Marketing Services RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	<u>82,695</u>	<u>29,993</u>	<u>53,089</u>	<u>1,416</u>	<u>167,193</u>
Gross profit	<u>47,513</u>	<u>15,894</u>	<u>25,377</u>	<u>44</u>	<u>88,828</u>
Cost of revenues					
Depreciation	1,304	1,644	1,814	14	4,776
Amortisation	<u>4,191</u>	<u>1,980</u>	<u>38</u>	<u>347</u>	<u>6,556</u>
	Unaudited Three months ended 30 September 2023				
	VAS RMB'Million	Marketing Services RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	<u>75,748</u>	<u>25,721</u>	<u>52,048</u>	<u>1,108</u>	<u>154,625</u>
Gross profit/(loss)	<u>42,045</u>	<u>13,447</u>	<u>21,310</u>	<u>(279)</u>	<u>76,523</u>
Cost of revenues					
Depreciation	1,220	1,446	2,116	4	4,786
Amortisation	<u>4,340</u>	<u>1,722</u>	<u>38</u>	<u>415</u>	<u>6,515</u>

	Unaudited Nine months ended 30 September 2024				
	VAS	Marketing	Business	Others	Total
	RMB'Million	Services	Services	RMB'Million	RMB'Million
		RMB'Million	RMB'Million		
Segment revenues	<u>240,146</u>	<u>86,370</u>	<u>155,831</u>	<u>5,464</u>	<u>487,811</u>
Gross profit	<u>137,500</u>	<u>47,035</u>	<u>73,241</u>	<u>817</u>	<u>258,593</u>
Cost of revenues					
Depreciation	3,927	4,981	5,653	41	14,602
Amortisation	<u>12,157</u>	<u>5,461</u>	<u>114</u>	<u>1,437</u>	<u>19,169</u>

	Unaudited Nine months ended 30 September 2023				
	VAS	Marketing	Business	Others	Total
	RMB'Million	Services	Services	RMB'Million	RMB'Million
		RMB'Million	RMB'Million		
Segment revenues	<u>229,296</u>	<u>71,688</u>	<u>149,384</u>	<u>3,451</u>	<u>453,819</u>
Gross profit/(loss)	<u>124,829</u>	<u>34,422</u>	<u>56,776</u>	<u>(482)</u>	<u>215,545</u>
Cost of revenues					
Depreciation	3,966	4,404	6,657	37	15,064
Amortisation	<u>14,837</u>	<u>6,967</u>	<u>120</u>	<u>1,113</u>	<u>23,037</u>

3 Expenses by nature

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2024	2023	2024	2023
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Transaction costs (a)	34,451	34,711	101,214	100,543
Employee benefits expenses (b)	29,636	27,812	83,985	81,881
Content costs (excluding amortisation of intangible assets)	17,232	15,812	49,525	46,850
Amortisation of intangible assets (c)	7,272	7,122	21,254	24,739
Bandwidth and server custody fees (excluding depreciation of right-of-use assets)	6,745	6,123	19,560	17,979
Depreciation of property, plant and equipment, investment properties and right-of-use assets	6,732	6,360	19,926	19,644
Promotion and advertising expenses	6,659	4,981	18,013	14,816

Note:

- (a) Transaction costs primarily consist of bank handling fees, channel and distribution costs.
- (b) During the three and nine months ended 30 September 2024, the Group had incurred expenses for the purpose of R&D of approximately RMB17,890 million and RMB50,845 million, respectively (three and nine months ended 30 September 2023: RMB16,454 million and RMB47,645 million, respectively), which mainly comprised employee benefits expenses of approximately RMB14,500 million and RMB41,668 million, respectively (three and nine months ended 30 September 2023: RMB13,667 million and RMB39,951 million, respectively).

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

During the three and nine months ended 30 September 2024, employee benefits expenses included the share-based compensation expenses of approximately RMB6,377 million and RMB17,284 million, respectively (three and nine months ended 30 September 2023: RMB5,655 million and RMB17,050 million, respectively), which contained those incurred for employees related to SSV & CPP of approximately RMB16 million and RMB46 million, respectively (three and nine months ended 30 September 2023: RMB12 million and RMB47 million, respectively).

- (c) Amortisation charges of intangible assets are mainly in respect of media content including long-form video and music content, game licenses, and other content. During the three and nine months ended 30 September 2024, amortisation of media content was approximately RMB6,584 million and RMB19,286 million, respectively (three and nine months ended 30 September 2023: RMB6,473 million and RMB22,864 million, respectively).

During the three and nine months ended 30 September 2024, amortisation of intangible assets included the amortisation of intangible assets arising from acquisitions of approximately RMB1,324 million and RMB3,878 million, respectively (three and nine months ended 30 September 2023: RMB1,434 million and RMB3,455 million, respectively).

- (d) During the three and nine months ended 30 September 2024, expenses incurred related to SSV & CPP (excluding share-based compensation expenses) were approximately RMB240 million and RMB550 million, respectively (three and nine months ended 30 September 2023: RMB231 million and RMB561 million, respectively).
- (e) During the three and nine months ended 30 September 2024, non-recurring compliance-related costs and expenses incurred for certain litigation settlements in total were Nil and approximately RMB3 million, respectively, which were included in “General and administrative expenses” (three and nine months ended 30 September 2023: except for Tenpay-related fine as disclosed in Note 4, non-recurring compliance-related costs and expenses incurred for certain litigation settlements in total were Nil and approximately RMB17 million, respectively, which were included in “General and administrative expenses”).

4 Other gains/(losses), net

	Unaudited		Unaudited	
	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
			Restated	
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Subsidies and tax rebates	2,631	2,546	6,048	8,140
Tenpay-related fine	–	–	–	(2,995)
Others	343	(520)	(559)	(2,427)
	<u>2,974</u>	<u>2,026</u>	<u>5,489</u>	<u>2,718</u>

5 Net gains/(losses) from investments and others

	Unaudited		Unaudited	
	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
		Restated	Restated	
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Net gains on disposals and deemed disposals of investee companies (a)	2,401	808	10,621	3,929
Net fair value gains/(losses) on FVPL ((b) and Note 10)	3,788	2,258	1,565	(754)
Other net fair value gains/(losses) (c)	572	(2,118)	(576)	(877)
Dividend income	105	54	629	481
Impairment provisions for investments in associates (Note 9(b))	(3,679)	(321)	(7,831)	(1,396)
Impairment provisions for goodwill and other intangible assets arising from acquisitions	(97)	–	(167)	–
Impairment (provisions)/reversals for investments in joint ventures and others	–	–	(147)	752
Donations (d)	(105)	(151)	(1,277)	(1,751)
Others	81	88	251	256
	<u>3,066</u>	<u>618</u>	<u>3,068</u>	<u>640</u>

Note:

- (a) The net disposal and deemed disposal gains of approximately RMB10,621 million recognised during the nine months ended 30 September 2024 comprised the following:
- aggregate net gains of approximately RMB2,335 million (nine months ended 30 September 2023: RMB1,803 million) on disposals and partial disposals of investee companies of the Group;
 - aggregate net gains of approximately RMB4,523 million (nine months ended 30 September 2023: RMB3,331 million) on deemed disposals of investee companies of the Group; and
 - aggregate net gains of approximately RMB3,763 million (nine months ended 30 September 2023: net losses of approximately RMB1,205 million) (Note 9) on dilution of the Group's equity interests in certain associates due to new equity interests being issued by these associates.
- (b) During the three and nine months ended 30 September 2024, the net fair value gains/(losses) on FVPL mainly comprised net gains of approximately RMB3,681 million and RMB1,216 million as a result of changes in valuations of certain investee companies, respectively (three and nine months ended 30 September 2023: net gains of approximately RMB2,021 million and net losses of approximately RMB1,496 million, respectively).
- (c) During the three and nine months ended 30 September 2024, the other net fair value gains/(losses) mainly included net gains of approximately RMB588 million and net losses of approximately RMB569 million on other investment-related assets and liabilities, respectively (three and nine months ended 30 September 2023: net losses of approximately RMB2,126 million and RMB866 million, respectively).
- (d) During the three and nine months ended 30 September 2024, donations mainly included approximately RMB64 million and RMB911 million for SSV & CPP of the Group, respectively (three and nine months ended 30 September 2023: RMB70 million and RMB1,635 million, respectively).

6 Income tax expense

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

(a) Cayman Islands and British Virgin Islands corporate income tax

The Group was not subject to any taxation in the Cayman Islands and the British Virgin Islands for the three and nine months ended 30 September 2024 and 2023.

(b) Hong Kong profits tax

Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the three and nine months ended 30 September 2024 and 2023.

(c) PRC CIT

PRC CIT had been provided for at applicable tax rates under the relevant regulations of the PRC after considering the available preferential tax benefits from refunds and allowances, and on the estimated assessable profit of entities within the Group established in the Mainland of China for the three and nine months ended 30 September 2024 and 2023. The general PRC CIT rate was 25% for the three and nine months ended 30 September 2024 and 2023.

Certain subsidiaries of the Company in the Mainland of China were approved as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the three and nine months ended 30 September 2024 and 2023. Moreover, according to announcement and circular issued by relevant government authorities, a subsidiary which was qualified as National Key Software Enterprise was subject to a preferential corporate income tax rate of 10%.

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

(d) Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including the United States, Europe, Asia and South America, had been calculated on the estimated assessable profit for the three and nine months ended 30 September 2024 and 2023 at the respective rates prevailing in the relevant jurisdictions, which were not higher than 35%.

(e) **Withholding tax**

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

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

The income tax expense of the Group for the three and nine months ended 30 September 2024 and 2023 is analysed as follows:

	Unaudited		Unaudited	
	Three months ended 30 September 2024	2023	Nine months ended 30 September 2024	2023
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Current income tax	7,052	7,752	28,235	25,820
Deferred income tax	1,848	3,256	5,002	7,798
	<u>8,900</u>	<u>11,008</u>	<u>33,237</u>	<u>33,618</u>

7 **Earnings per share**

(a) **Basic**

Basic EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue (excluding shares held for share award schemes and treasury shares) during the period.

	Unaudited		Unaudited	
	Three months ended 30 September 2024	2023	Nine months ended 30 September 2024	2023
Profit attributable to equity holders of the Company (RMB'Million)	<u>53,230</u>	<u>36,182</u>	<u>142,749</u>	<u>88,191</u>
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	<u>9,238</u>	<u>9,452</u>	<u>9,302</u>	<u>9,471</u>
Basic EPS (RMB per share)	<u>5.762</u>	<u>3.828</u>	<u>15.346</u>	<u>9.312</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), which is determined under the treasury stock method.

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

	Unaudited		Unaudited	
	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
Profit attributable to equity holders of the Company (RMB' Million)	53,230	36,182	142,749	88,191
Dilution effect arising from share-based awards granted by non wholly-owned subsidiaries and associates (RMB' Million)	(401)	(171)	(1,108)	(788)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB' Million)	<u>52,829</u>	<u>36,011</u>	<u>141,641</u>	<u>87,403</u>
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	9,238	9,452	9,302	9,471
Adjustments for share options and awarded shares (million shares)	122	145	136	161
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	<u>9,360</u>	<u>9,597</u>	<u>9,438</u>	<u>9,632</u>
Diluted EPS (RMB per share)	<u>5.644</u>	<u>3.752</u>	<u>15.008</u>	<u>9.075</u>

8 Dividends

A final dividend in respect of the year ended 31 December 2023 of HKD3.40 per share (2022: HKD2.40 per share) was proposed pursuant to a resolution passed by the Board on 20 March 2024 and approved by the shareholders at the 2024 AGM. Such dividend amounted to HKD31,743 million (2023: HKD22,762 million) was paid during the nine months ended 30 September 2024.

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

9 Investments in associates

	Unaudited 30 September 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Investments in associates		
– Listed entities (Note)	145,264	132,776
– Unlisted entities	120,793	120,920
	266,057	253,696

Note:

As at 30 September 2024, the fair value of the investments in associates consisting of directly and indirectly held listed equity interests was approximately RMB341,464 million (31 December 2023: RMB351,594 million).

Movement of investments in associates is analysed as follows:

	Unaudited Nine months ended 30 September 2024 RMB'Million	2023 RMB'Million
At beginning of period	253,696	246,043
Additions (a)	2,242	6,301
Transfers	1,062	1,461
Dilution gains/(losses) on deemed disposals (Note 5(a))	3,763	(1,205)
Share of profit/(loss) of associates, net	15,530	3,002
Share of other comprehensive income of associates	(491)	(300)
Share of other changes in net assets of associates	3,106	3,825
Dividends	(2,181)	(4,796)
Disposals	(2,274)	(2,210)
Impairment provisions, net ((b) and Note 5)	(7,831)	(1,396)
Currency translation differences	(565)	1,990
At end of period	266,057	252,715

Note:

- (a) During the nine months ended 30 September 2024, the Group's additions mainly comprised new investments and additional investments in certain investee companies which are principally engaged in eCommerce, games, music and entertainment, and other Internet-related businesses.

- (b) During the nine months ended 30 September 2024, an aggregate impairment loss of approximately RMB7,831 million (nine months ended 30 September 2023: RMB1,396 million) had been recognised for investments in associates with impairment indicators, and the majority of these investments' recoverable amounts were determined using fair value less costs of disposal.

10 Financial assets at fair value through profit or loss

FVPL include the following:

	Unaudited 30 September 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Included in non-current assets:		
Investments in listed entities	12,838	11,495
Investments in unlisted entities	184,770	190,698
Treasury investments and others	11,592	8,952
	209,200	211,145
Included in current assets:		
Investments in listed entities	1	1
Treasury investments and others	9,772	14,902
	9,773	14,903
	218,973	226,048

Movement of FVPL is analysed as follows:

	Unaudited Nine months ended 30 September 2024 RMB'Million	2023 RMB'Million
At beginning of period	226,048	234,048
Additions and transfers (a)	37,938	40,283
Changes in fair value (Note 5)	1,565	(754)
Disposals and others	(45,075)	(36,948)
Currency translation differences	(1,503)	5,261
At end of period	218,973	241,890

Note:

- (a) During the nine months ended 30 September 2024, the Group's additions and transfers mainly comprised the following:
- (i) new investments and additional investments with an aggregate amount of approximately RMB42,572 million in treasury investments, investee companies which are principally engaged in investment funds, eCommerce and others; and
 - (ii) transfers with an aggregate amount of approximately RMB3,381 million designated as FVOCI due to the conversion of preference shares of certain investee companies into ordinary shares upon their IPOs.

11 Financial assets at fair value through other comprehensive income

FVOCI include the following:

	Unaudited 30 September 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Included in non-current assets:		
Equity investments in listed entities	260,913	189,286
Equity investments in unlisted entities	20,061	22,671
Treasury investments	2,658	1,994
	<u>283,632</u>	<u>213,951</u>
Included in current assets:		
Treasury investments	2,132	–
	<u>285,764</u>	<u>213,951</u>

Movement of FVOCI is analysed as follows:

	Unaudited Nine months ended 30 September	
	2024	2023
	RMB'Million	RMB'Million
At beginning of period	213,951	185,247
Additions and transfers (a)	14,925	11,688
Changes in fair value	75,330	(11,269)
Disposals	(16,396)	(4,814)
Currency translation differences	(2,046)	6,311
	<u>285,764</u>	<u>187,163</u>

Note:

- (a) During the nine months ended 30 September 2024, except as described in Note 10(a)(ii), the Group's additions and transfers mainly comprised certain new investments and additional investments with an aggregate amount of approximately RMB4,864 million in investee companies which are principally engaged in social media platform, sports equipment and apparel business, eCommerce and other Internet-related businesses.

12 Accounts receivable

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

	Unaudited 30 September 2024 RMB'Million	Audited 31 December 2023 RMB'Million
0 ~ 30 days	23,808	24,259
31 ~ 60 days	11,642	11,708
61 ~ 90 days	6,514	6,163
Over 90 days	5,372	4,476
	47,336	46,606

Accounts receivable balances as at 30 September 2024 and 31 December 2023 mainly represented amounts due from marketing services customers and agents, FinTech and cloud customers, content production related customers, and third party platform providers.

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

13 Share-based payments

(a) Share option schemes

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

The Pre-IPO Option Scheme, the Post-IPO Option Scheme I, the Post-IPO Option Scheme II and the Post-IPO Option Scheme III expired on 31 December 2011, 23 March 2014, 16 May 2017 and 13 May 2019, respectively. Upon the expiry of these schemes, no further options would be granted under these schemes, but the options granted prior to such expiry continued to be valid and exercisable in accordance with provisions of the schemes. As at 30 September 2024, there were no outstanding share options exercisable under the Pre-IPO Option Scheme, the Post-IPO Option Scheme I, the Post-IPO Option Scheme II and the Post-IPO Option Scheme III.

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

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

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

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

	Post-IPO Option		Unaudited		Total
	Scheme II		2023 Share Option Scheme		
	Average exercise price	Number of options	Average exercise price	Number of options	
At 1 January 2024	HKD185.65	17,318,327	HKD353.11	105,292,749	122,611,076
Granted	-	-	HKD297.91	11,632,870	11,632,870
Exercised	HKD185.65	(17,208,952)	HKD257.20	(4,318,029)	(21,526,981)
Lapsed/forfeited/waived	HKD185.65	(109,375)	HKD461.90	(1,647,242)	(1,756,617)
At 30 September 2024	-	-	HKD349.44	110,960,348	110,960,348
Exercisable as at 30 September 2024	-	-	HKD355.49	78,557,306	78,557,306

	Post-IPO Option		Unaudited		2023 Share Option Scheme		Total
	Scheme II		Post-IPO Option		2023 Share Option Scheme		
	Average exercise price	Number of options	Average exercise price	Number of options	Average exercise price	Number of options	
At 1 January 2023	HKD177.28	29,261,866	HKD354.26	90,161,910	-	-	119,423,776
Granted	-	-	HKD375.60	3,659,925	HKD334.04	13,561,932	17,221,857
Exercised	HKD146.84	(6,306,689)	HKD262.55	(752,225)	HKD254.52	(219,720)	(7,278,634)
Lapsed/forfeited	HKD143.33	(1,850)	HKD453.51	(276,898)	HKD429.25	(190,558)	(469,306)
Transferred	-	-	HKD355.55	(92,792,712)	HKD355.55	92,792,712	-
At 30 September 2023	HKD185.65	22,953,327	-	-	HKD352.87	105,944,366	128,897,693
Exercisable as at 30 September 2023	HKD185.65	22,843,952	-	-	HKD356.03	53,206,667	76,050,619

During the nine months ended 30 September 2024 and 2023, no options were granted to any director of the Company.

(b) **Share award schemes**

As at 30 September 2024, the Company had only one effective share award scheme, being the 2023 Share Award Scheme (effective since 17 May 2023), which was administered by an independent trustee appointed by the Group. The vesting period of the awarded shares is determined by the Board.

Movements in the number of awarded shares for the nine months ended 30 September 2024 and 2023 are as follows:

	Number of awarded shares	
	Unaudited	
	Nine months ended 30 September	
	2024	2023
At beginning of period	132,989,249	123,861,178
Granted	62,017,026	64,604,655
Lapsed/forfeited	(5,261,832)	(6,054,995)
Vested and transferred	(61,052,918)	(45,463,868)
At end of period	128,691,525	136,946,970
Vested but not transferred as at end of period	24,416	80,782

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

14 Accounts payable

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

	Unaudited	Audited
	30 September	31 December
	2024	2023
	RMB'Million	RMB'Million
0 ~ 30 days	131,490	94,537
31 ~ 60 days	8,185	3,099
61 ~ 90 days	102	528
Over 90 days	2,888	2,784
	142,665	100,948

15 Borrowings

	Unaudited 30 September 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD bank borrowings, unsecured (a)	104,410	109,782
Non-current portion of long-term RMB bank borrowings, unsecured (a)	47,170	46,000
Non-current portion of long-term JPY bank borrowings, unsecured (a)	17	26
Non-current portion of long-term JPY bank borrowings, secured (a)	–	2
Non-current portion of long-term EUR bank borrowings, unsecured (a)	–	3
Non-current portion of long-term EUR bank borrowings, secured (a)	3	6
	<u>151,600</u>	<u>155,819</u>
Included in current liabilities:		
USD bank borrowings, unsecured (b)	17,518	18,415
RMB bank borrowings, unsecured (b)	7,301	7,046
RMB bank borrowings, secured (b)	–	100
Current portion of long-term RMB bank borrowings, unsecured (a)	13,022	15
Current portion of long-term USD bank borrowings, unsecured (a)	4,905	15,936
Current portion of long-term JPY bank borrowings, unsecured (a)	14	16
Current portion of long-term JPY bank borrowings, secured (a)	–	1
Current portion of long-term EUR bank borrowings, unsecured (a)	4	4
Current portion of long-term EUR bank borrowings, secured (a)	3	4
	<u>42,767</u>	<u>41,537</u>
	<u><u>194,367</u></u>	<u><u>197,356</u></u>

Note:

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

	Unaudited 30 September 2024		Audited 31 December 2023	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB60,192	2.30% ~ 3.00%	RMB46,015	2.45% ~ 4.60%
USD bank borrowings	USD15,600	SOFR + CAS + 0.80%	USD17,750	SOFR + CAS + 0.80% ~ 0.95%
JPY bank borrowings	JPY344	0.11% ~ 1.73%	JPY894	0.00% ~ 1.86%
JPY bank borrowings	JPY275	TIBOR + 1.70%	JPY21	TIBOR + 1.70%
EUR bank borrowings	EUR1	1.00% ~ 2.10%	EUR2	1.00% ~ 2.54%

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

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

	Unaudited 30 September 2024		Audited 31 December 2023	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB7,320	1.50% ~ 2.82%	RMB7,160	1.60% ~ 3.48%
USD bank borrowings	USD2,500	SOFR + 0.40% ~ 0.50%	USD2,600	SOFR + 0.50% ~ 0.55%

16 Notes payable

	Unaudited 30 September 2024 RMB'Million	Audited 31 December 2023 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD notes payable	<u>127,285</u>	<u>137,101</u>
Included in current liabilities:		
Current portion of long-term USD notes payable	<u>8,403</u>	<u>14,161</u>
	<u>135,688</u>	<u>151,262</u>

Note:

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

	Unaudited		Audited	
	30 September 2024		31 December 2023	
	Amount	Interest rate	Amount	Interest rate
	(Million)	(per annum)	(Million)	(per annum)
USD notes payable	–	–	USD750	Term SOFR + CAS + 0.910%
USD notes payable	USD19,450	1.375% ~ 4.700%	USD20,700	1.375% ~ 4.700%

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

During the nine months ended 30 September 2024, two tranches of notes payable issued in April 2019 with aggregate principal amounts of USD750 million and USD1,250 million, respectively, reached their maturities and were repaid in full by the Group.

17 Subsequent events

There were no material subsequent events during the period from 1 October 2024 to the date of approval of the Interim Financial Information by the Board on 13 November 2024.

OTHER INFORMATION

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

During the three months ended 30 September 2024, the Company repurchased a total of 94,897,400 shares on the Stock Exchange for an aggregate consideration of approximately HKD35.9 billion before expenses. The repurchased shares were subsequently cancelled. The repurchase was effected for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

Month of purchase in the three months ended 30 September 2024	No. of shares purchased	Purchase consideration per share		Aggregate consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
July	23,700,000	397.00	365.20	9,013,854,402.00
August	29,320,000	385.40	365.40	11,017,639,867.00
September	41,877,400	414.20	365.20	15,881,930,806.12
Total	<u>94,897,400</u>			<u>35,913,425,075.12</u>

Save as disclosed above and in the “Financial Information” section, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 September 2024.

Employee and Remuneration Policies

As at 30 September 2024, the Group had 108,823 employees (30 September 2023: 105,309). The number of employees employed by the Group varies from time to time depending on needs and employees are remunerated based on industry practice.

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

The total remuneration cost incurred by the Group for the three months ended 30 September 2024 was RMB29.6 billion (for the three months ended 30 September 2023: RMB27.8 billion).

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Group's unaudited Interim Financial Information for the three and nine months ended 30 September 2024. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

Compliance with the Corporate Governance Code

Save as disclosed in the 2024 interim report and the corporate governance report in the 2023 annual report of the Company, none of the directors of the Company is aware of any information which would reasonably indicate that the Company has not complied with the code provisions as set out in the CG Code during the period from 1 July 2024 to 30 September 2024.

As to the deviation from code provisions B.2.2 (regarding the retirement and re-election of directors) and C.2.1 (regarding the segregation of the roles of chairman and chief executive) of the CG Code, the Board will continue to review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

APPRECIATION

On behalf of the Board, I would like to express our profound appreciation to our entire staff and management team for their dedicated efforts in contributing to our ongoing success. I would also like to extend our sincere gratitude to our shareholders and stakeholders for their unwavering support and confidence in the Company.

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

By Order of the Board
Ma Huateng
Chairman

Hong Kong, 13 November 2024

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

Executive Director:

Ma Huateng;

Non-Executive Directors:

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

Independent Non-Executive Directors:

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

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a lot of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

DEFINITION

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

Term	Definition
“2023 Share Award Scheme”	the share award scheme adopted by the Company on 17 May 2023, as amended from time to time
“2023 Share Option Scheme”	the share option scheme adopted by the Company on 17 May 2023, as amended from time to time
“2024 AGM”	the annual general meeting of the Company held on 14 May 2024
“AI”	artificial intelligence
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the auditor of the Company
“Board”	the board of directors of the Company
“CAS”	credit adjustment spread, which is a fixed spread adjustment incorporated to bridge the gap between LIBOR and SOFR in order to minimise the economic impact of the transfer from a LIBOR-based debt to a SOFR-based debt
“CG Code”	the corporate governance code as set out in Appendix C1 to the Listing Rules
“Company”	Tencent Holdings Limited, a limited liability company organised and existing under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange
“DAU”	daily active user accounts
“DnF Mobile”	Dungeon and Fighter Mobile

Term	Definition
“Domestic Games”	for the purpose of preparing financial and operating information, Domestic Games refers to our games business in the PRC, excluding Hong Kong, the Macao Special Administrative Region and Taiwan, China
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EPS”	earnings per share
“EUR”	the lawful currency of European Union
“FinTech”	financial technology
“FVOCI”	financial assets at fair value through other comprehensive income
“FVPL”	financial assets at fair value through profit or loss
“GMV”	gross merchandise value
“Group”	the Company and its subsidiaries
“HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region, the PRC
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“IFRS” or “IFRS Accounting Standards”	International Financial Reporting Standards as issued by the IASB
“Interim Financial Information”	the condensed consolidated interim financial statements for the nine months ended 30 September 2024
“International Games”	for the purpose of preparing financial and operating information, International Games refers to our games business other than our Domestic Games business

Term	Definition
“IPO”	initial public offering
“JPY”	the lawful currency of Japan
“LIBOR”	London InterBank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAU”	monthly active user accounts
“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

Term	Definition
“SOFR”	Secured Overnight Financing Rate
“SSV & CPP”	Sustainable Social Value and Common Prosperity Programmes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenpay”	Tenpay Payment Technology Co., Ltd., a member of the Group operating in the Mainland of China and engaging in the provision of payment services
“Term SOFR”	the term SOFR reference rate administered by CME Group Benchmark Administration Limited for the relevant period published by CME Group Benchmark Administration Limited
“TIBOR”	Tokyo InterBank Offered Rate
“United States”	the United States of America
“USD”	the lawful currency of the United States
“VAS”	value-added services