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香港投資者須知：*本公司確認，票據(定義見下文)擬僅供專業投資者(定義見上市規則第三十七章)購買，且該計劃已按該基礎於香港聯合交易所有限公司上市，票據(如擬於香港聯合交易所有限公司上市)亦將據此上市。因此，本公司確認票據不適合作為香港散戶的投資。投資者應仔細考慮所涉及的風險。*

TENCENT HOLDINGS LIMITED

騰訊控股有限公司

(於開曼群島註冊成立的有限公司)

(股份代號：700(港幣櫃台)及80700(人民幣櫃台))

根據30,000,000,000美元之全球中期票據計劃(「該計劃」)刊發發售通函

安排行

摩根大通　　美銀證券　　摩根士丹利

交易商

摩根大通　　中國銀行(香港)　　美銀證券　　滙豐　　摩根士丹利

本公告乃由騰訊控股有限公司(「**本公司**」)根據香港聯合交易所有限公司證券上市規則(「**上市規則**」)第37.39A條刊發。

該計劃詳情請參閱本公告隨附日期為二零二五年九月十五日的發售通函(「**發售通函**」)。如發售通函所披露，本公司根據該計劃發行的任何票據(「**票據**」)擬僅供專業投資者(定義見上市規則第三十七章)購買，且該計劃已按該基礎於香港聯合交易所有限公司上市，票據(如擬於香港聯合交易所有限公司上市)亦將據此上市。發售通函僅以英文版本刊發，概不會刊發中文版本。

發售通函不構成向任何司法管轄區的公眾人士要約出售任何證券的招債章程、通告、通函、宣傳冊或廣告，概非向公眾人士發出要約認購或購買任何證券的邀請，亦概非旨在邀請公眾人士提出認購或購買任何證券的要約。

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二零二五年九月十六日

於本公告刊發日期，本公司董事為：

執行董事：
馬化騰；

非執行董事：
Jacobus Petrus (Koos) Bekker 和 Charles St Leger Searle；及

獨立非執行董事：
李東生、Ian Charles Stone、楊紹信、柯楊和張秀蘭。

IMPORTANT NOTICE

THIS OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS UNDER RULE 144A OR (2) NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND SECURITIES IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED, SOLD OR (IN THE CASE OF NOTES IN BEARER FORM) DELIVERED WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act) or (2) non-U.S. persons (within the meaning of Regulation S) outside the United States. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you will be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons and that the electronic mail address that you gave us and to which the Offering Circular has been delivered is not located in the United States and (2) you consent to delivery of the Offering Circular by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to the offering of securities to which the Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of Tencent Holdings Limited (the **"Issuer")** in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, J.P. Morgan Securities (Asia Pacific) Limited, Merrill Lynch (Asia Pacific) Limited and Morgan Stanley & Co. International plc (each an "**Arranger**", and together, the "**Arrangers**"), any Dealer (as defined in the Offering Circular), any person who controls any Arranger or Dealer, any director, officer, employee or agent of the Issuer or any Arranger or any Dealer, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Offering Circular

TENCENT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

US$30,000,000,000
Global Medium Term Note Programme

Under the US$30,000,000,000 Global Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Tencent Holdings Limited (the "**Issuer**" or the "**Company**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**").

Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed US$30,000,000,000 (or its equivalent in other currencies, subject to any duly authorised increase). The Notes may be issued on a continuing basis to one or more of the Dealers specified under *"Summary of the Programme"* or any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Series (as defined under "Terms and Conditions of the Notes" and each term therein, a "**Condition**") of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**"), will be delivered to the SEHK, on or before the date of issue of the Notes of such Series. This Offering Circular may not be used to consummate sales of Notes, unless accompanied by a Pricing Supplement. The Conditions, as amended, supplemented and/or replaced by the relevant Pricing Supplement, are applicable to each Series of Notes issued on or after the date of this Offering Circular.

The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the SEHK or any other stock exchange.

Each Series (as defined in *"Summary of the Programme")* of Notes in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note (each a "**Temporary Global Note**") or a permanent global note (each a "**Permanent Global Note**"), and will be sold in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Interests in Temporary Global Notes generally will be exchangeable for interests in Permanent Global Notes (together with the Temporary Global Notes, the "**Global Notes**"), or if so stated in the relevant Pricing Supplement, definitive Notes ("**Definitive Notes**"), from the 40th day after the relevant issue date of such Series, upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under *"Summary of Provisions Relating to the Notes while in Global Form"*.

The Notes of each Series to be issued in registered form ("**Registered Notes**") and which are sold in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Notes**") will initially be represented by a permanent registered global note certificate (each an "**Unrestricted Global Note Certificate**") without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking, S.A. ("**Clearstream**"), with a common depositary on behalf of Euroclear and Clearstream, (b) in the case of a Series intended to be cleared through the Central Moneymarkets Unit Service (the "**CMU Service**"), operated by the Hong Kong Monetary Authority (the "**HKMA**"), with a sub-custodian for the CMU Service, (c) in the case of a Series intended to be cleared through The Depository Trust Company ("**DTC**"), registered in the name of Cede & Co. as nominee for DTC and (d) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, DTC and/or the CMU Service, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. Registered Notes which are sold in the United States to "qualified institutional buyers" (each, a "**QIB**") within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act ("**Restricted Notes**") will initially be represented by a permanent registered global note certificate (each a "**Restricted Global Note Certificate**" and, together with the relevant Unrestricted Global Note Certificates, the "**Global Note Certificates**"), without interest coupons, which may be deposited on the relevant issue date with a custodian (the "**DTC Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC or with a common depositary on behalf of Euroclear and Clearstream. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes are described in *"Summary of Provisions Relating to the Notes while in Global Form"*.

The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction. Subject to certain exceptions, the Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons. Accordingly, the Notes may be offered and sold (i) in the United States (as defined in Regulation S) in registered form only to QIBs in transactions exempt from registration under the Securities Act and/or (ii) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S. Any Series of Notes may be subject to additional selling restrictions. The applicable Pricing Supplement in respect of such Series of Notes will specify any such restrictions. See *"Subscription and Sale"* and the applicable Pricing Supplement. Bearer Notes are subject to U.S. tax requirements.

Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. ("S&P") has assigned a rating of "A+" to the Programme, Moody's Investors Service, Inc. ("**Moody's**") has assigned a rating of "A1" to the Programme. The rating is only correct as at the date of the Offering Circular. Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. See *"Risk Factors"* beginning on page 17 for a discussion of factors that you should consider carefully before investing in the Notes.

As at the date of this Offering Circular, we have outstanding under the Programme US$17.75 billion Notes. See *"Explanatory Note"*.

Notice to Hong Kong investors: the Company confirms that the Notes are intended for purchase by Professional Investors only and the Programme and the Notes (to the extent such Notes are to be listed on the SEHK) will be listed on the SEHK on that basis. Accordingly, the Company confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

Application has been made to SEHK for the listing of the Programme under which Notes may be issued by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only during the 12-month period after the date of this Offering Circular. This document is for distribution to Professional Investors only.

SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of Programme or the Notes on SEHK is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer or the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Group (as defined below) and the Notes. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Arrangers

J.P. Morgan **BofA Securities** **Morgan Stanley**

Dealers

J.P. Morgan **Bank of China (Hong Kong)** **BofA Securities** **HSBC** **Morgan Stanley**

The date of this Offering Circular is 15 September 2025.

Tencent Holdings Limited (the "**Issuer**" or the "**Company**") having made all reasonable enquiries confirms that to its best knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries taken as a whole (the "**Group**") and the Notes which is material in the context of the issue and offering of the Notes; (ii) the statements contained herein relating to the Issuer, the Group and the Notes are in every material respect true and accurate and not misleading and there are no other facts in relation to the Issuer, the Group or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect; and (iii) the statements of intention, opinion and belief or expectation contained in this Offering Circular with regard to the Issuer and the Group are honestly made or held.

Each Series (as defined herein) of Notes issued on or after the date of this Offering Circular will be issued on the terms set out herein under *"Terms and Conditions of the Notes"* as amended and/or supplemented by the Pricing Supplement specific to such Series. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Series of Notes, must be read and construed together with the relevant Pricing Supplement.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, J.P. Morgan Securities (Asia Pacific) Limited, Merrill Lynch (Asia Pacific) Limited and Morgan Stanley & Co. International plc (each an "**Arranger**", and together, the "**Arrangers**") to inform themselves about and to observe any such restrictions. None of the Issuer, the Arrangers or the Dealers (as defined below) represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers or the Dealers, which would permit a public offering of any Notes or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the Netherlands, the United Kingdom, the Mainland of China, Hong Kong, Japan and Singapore, and to persons connected therewith.

The Notes may be offered or sold (i) in the United States only to QIBs and only in registered form, and/or (ii) outside the United States, to non-U.S. persons in offshore transactions in reliance on Regulation S. Any Series of Notes may be subject to additional selling restrictions. Any additional restrictions on the sale or transfer of any Series of Notes will be specified in the applicable Pricing Supplement for such Notes.

If Notes in registered form are being offered or sold to U.S. persons or in the United States, prospective investors are hereby notified that sellers of such Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Arrangers and Dealers, through their respective selling agents, may arrange for the offer and resale of such Notes to U.S. persons or persons in the United States who are QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act. For a description of certain restrictions on offers, sales and transfers of Notes and on the distribution of this Offering Circular, see *"Subscription and Sale"*.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

MiFID II product governance/target market — The Pricing Supplement may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise, neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market — The Pricing Supplement may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the

"**EU Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Listing of the Programme or the Notes on the SEHK is not to be taken as an indication of the merits of the Issuer, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. See *"Risk Factors"* for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, any Arranger or any Dealer.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Arrangers, the Dealers, the Agents or any director, officer, employee, agent or affiliate of any such person or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Program, each such offering, a "CMI Offering", including certain Arrangers and Dealers, may be "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Arrangers and Dealers in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Arrangers or Dealers, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Arrangers or Dealers or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a

prospective investor is otherwise affiliated with any relevant Arrangers or Dealers, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Arrangers or Dealers when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Arrangers or Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

EXPLANATORY NOTE

The maximum aggregate principal amount of the Notes outstanding at any one time under the Programme will not exceed US$30,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into United States dollars at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealer Agreement as defined under "*Subscription and Sale").* The maximum aggregate principal amount of the Notes, which may be outstanding at any one time under the Programme, may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement. As at the date of this Offering Circular, we have outstanding under the Programme US$100 million 4.700% Senior Notes due 2035, US$2,500 million 3.595% Senior Notes due 2028, US$1,000 million 3.925% Senior Notes due 2038, US$500 million 3.575% Senior Notes due 2026, US$3,000 million 3.975% Senior Notes due 2029, US$500 million 4.525% Senior Notes due 2049, US$1,000 million 1.810% Senior Notes due 2026, US$2,250 million 2.390% Senior Notes due 2030, US$2,000 million 3.240% Senior Notes due 2050, US$750 million 3.290% Senior Notes due 2060, US$500 million 2.880% Senior Notes due 2031, US$900 million 3.680% Senior Notes due 2041, US$1,750 million 3.840% Senior Notes due 2051 and US$1,000 million 3.940% Senior Notes due 2061 which amounted to US$17.75 billion in the aggregate.

In connection with the issue of any Series of Notes, the Dealer(s) (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and rules, over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Notes and 60 days after the date of the allotment of the relevant Series of Notes.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including third-party market research, publicly available information and other industry sources. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Arrangers, the Dealers, the Trustee or any Agent or their respective directors, officers, employees, agents and affiliates, and neither the Issuer, the Arrangers, the Dealers, the Trustee or any Agent nor their respective directors, officers, employees, agents and affiliates make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Information contained in websites of third-party market research firms do not constitute part of this Offering Circular.

None of the Arrangers, the Dealers, the Trustee or any Agents has separately verified all of the information contained in this Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or any Agent or any director, officer, employee, agent or affiliate of any such person makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or any Agent or any director, officer, employee, agent or affiliate of any such person accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arrangers, the Dealers, the Trustee, any Agent, or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with the Issuer, the Notes or the issue and offering of the Notes. The Arrangers, the Dealers, Trustee and each Agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of the Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers, the Dealers, the Trustee or the Agents or any director, officer, employee, agent or affiliate of any such person that any recipient, of this Offering Circular or of any such information, should purchase the Notes. Each potential purchaser of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation, as it deems necessary. None of the Arrangers, the Dealers, the Trustee or the Agents or any agent or affiliate of any such person undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers, the Dealers, the Trustee, the Agents or any of them.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "we", "us", "our", the "Company", the "Group" and words of similar import are to Tencent Holdings Limited itself, or to Tencent Holdings Limited and its subsidiaries, as the context requires; all references to "US$", "USD" and to "U.S. dollar(s)" are to United States dollars; all references to "HK$", "H.K. dollar(s)" and to "HKD" are to Hong Kong dollars; all references to "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended; all references to "yen" are to Japanese yen; all references to "Renminbi", "CNH", "RMB" and "CNY" are to the currency of the PRC; all references to "United States" or "U.S." are to the United States of America; references to the "PRC" or "China" in this Offering Circular mean the People's Republic of China, except references to the "PRC" in the context of the laws and regulations shall be exclusive of the laws and regulations of Hong Kong, Macau and Taiwan"; references to "PRC Government" mean the government of the PRC; references to "Hong Kong" are to the Hong Kong Special Administrative Region; references to "Macau" are to the Macao Special Administrative Region; and all references to "United Kingdom" are to the United Kingdom of Great Britain and Northern Ireland.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi were made at a rate of RMB7.1636 to US$1.00, the exchange rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on 30 June 2025. We make no representation that any U.S. dollar, Renminbi, or H.K. dollar amounts could have been, or could be, converted into U.S. dollars, Renminbi or H.K. dollars, as the case may be, at any particular rate, at the rates stated above, or at all.

INFORMATION INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual financial statements and any interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Issuer from time to time on the SEHK and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the office of the Issuer at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands and at the specified offices of the Paying Agents and the principal office in Hong Kong of the Principal Paying Agent (as defined under *"Summary of the Programme")* (or such other Paying Agent for the time being in Hong Kong) set out at the end of this Offering Circular.

PRESENTATION OF FINANCIAL INFORMATION

The Group's consolidated financial information as at and for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 have been derived from the Group's audited consolidated financial statements as at and for the years ended 31 December 2023 and 2024 and our unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025 included elsewhere in this Offering Circular, each of which have been prepared in accordance with IFRS Accounting Standards. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). In preparing the audited consolidated financial statements as at and for the year ended 31 December 2023, certain items in our consolidated income statement for the year ended 31 December 2023 have been reclassified and the comparative figures for the year ended 31 December 2022 have been restated to conform to the new presentation for the year ended 31 December 2023. For the impact on the changes in presentation of the consolidated income statement, please refer to Note 2.2 to our audited consolidated financial statements as at and for the year ended 31 December 2023 included elsewhere in this Offering Circular.

AVAILABLE INFORMATION

For so long as any of the outstanding Notes are represented by one or more Restricted Global Note Certificates and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which the Issuer is neither subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from the reporting requirements of the Exchange Act under Rule 12g3-2(b) thereunder, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owners or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is registered under the laws of the Cayman Islands. Most of its directors and officers reside outside the United States (principally in the PRC). A substantial portion of the Issuer's assets and the assets of such persons are or may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons, or to enforce against the Issuer or such persons judgements obtained in United States courts, including judgements predicated upon the civil liability provisions of the federal securities laws of the United States. The Issuer has been advised by its PRC counsel, Han Kun Law Offices, that there is uncertainty as to whether the courts of the PRC would (1) enforce judgements of the U.S. courts obtained against the Issuer or its directors and officers predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state or territory within the United States or (2) entertain original actions brought in the courts of the PRC against the Issuer or its directors and officers predicated upon these civil liabilities provisions.

GLOSSARY OF TECHNICAL TERMS

This glossary contains terms used in this Offering Circular as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"**2007 Share Award Scheme**"	the share award scheme adopted by the Company on 13 December 2007, as amended
"**2008 EIT Law**"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法), which came into effect on 1 January 2008 and was amended in 2017 and 2018
"**2013 Share Award Scheme**"	the share award scheme adopted by the Company on 13 November 2013, as amended
"**2018 Institutional Reform Plan**"	the institutional reform plan based on the "Plan for Deepening the Institutional Reform of the Party and State" (深化黨和國家機構改革方案) issued by the Central Committee of the Communist Party of China and the "Institutional Reform Plan of the State Council" (國務院機構改革方案) issued by the National People's Congress in March 2018
"**2019 Share Award Scheme**"	the share award scheme adopted by the Company on 25 November 2019, as amended
"**2023 Share Award Scheme**"	the share award scheme adopted by the Company on 17 May 2023
"**2026 Notes**"	the Company's US$500,000,000 3.575% Senior Notes due 2026
"**2028 Notes**"	the Company's US$2,500,000,000 3.595% Senior Notes due 2028
"**2029 Notes**"	the Company's US$3,000,000,000 3.975% Senior Notes due 2029
"**2030 Notes**"	the Company's US$2,250,000,000 2.390% Senior Notes due 2030
"**2031 Notes**"	the Company's US$500,000,000 2.880% Senior Notes due 2031
"**2035 Notes**"	the Company's US$100,000,000 4.700% Senior Notes due 2035
"**2038 Notes**"	the Company's US$1,000,000,000 3.925% Senior Notes due 2038
"**2041 Notes**"	the Company's US$900,000,000 3.680% Senior Notes due 2041
"**2049 Notes**"	the Company's US$500,000,000 4.525% Senior Notes due 2049

"**2050 Notes**"	the Company's US$2,000,000,000 3.240% Senior Notes due 2050
"**2051 Notes**"	the Company's US$1,750,000,000 3.840% Senior Notes due 2051
"**2060 Notes**"	the Company's US$750,000,000 3.290% Senior Notes due 2060
"**2061 Notes**"	the Company's US$1,000,000,000 3.940% Senior Notes due 2061
"**Avatar**"	customisable virtual character
"**Awarded Share(s)**"	the shares of the Company awarded under the Share Award Schemes
"**BBS**"	bulletin board system
"**Beijing Tencent Culture Media**"	Beijing Tencent Culture Media Company Limited (北京騰訊文化傳媒有限公司), a company established on 16 July 2014 in the PRC with limited liability
"**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
"**China Literature**"	China Literature Limited, a non wholly-owned subsidiary of the Company which is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the SEHK
"**China Mobile**"	China Mobile Communications Corporation (中國移動通信集團公司) and its branches, subsidiaries and affiliates
"**China Telecom**"	China Telecommunications Corporation (中國電信股份公司) and its branches, subsidiaries and affiliates
"**China Unicom**"	China United Network Communications Group Company Limited (中國聯合網絡通信集團有限公司) and its branches, subsidiaries and affiliates
"**CNNIC**"	China Internet Network Information Center (中國互聯網絡信息中心)
"**Chongqing Tencent Information**"	Chongqing Tencent Information Technology Company Limited (重慶騰訊信息技術有限公司), a company established on 16 October 2013 in the PRC with limited liability
"**Companies Act**"	the Companies Act (As Revised) of the Cayman Islands

"**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 SEHK (Stock Code: 00700)
"**CIT**"	corporate income tax
"**Cyber Shenzhen**"	Tencent Cyber (Shenzhen) Company Limited (騰訊數碼(深圳)有限公司), a company established on 17 January 2007 in the PRC with limited liability and a wholly-owned subsidiary of the Company
"**Cyber Tianjin**"	Tencent Cyber (Tianjin) Company Limited (騰訊數碼(天津)有限公司), a company established on 8 February 2004 in the PRC with limited liability and a wholly-owned subsidiary of the Company
"**DAU**"	daily active user accounts
"**Director(s)**"	director(s) of the Company or any of them
"**EBITDA**"	earnings before interest, tax, depreciation and amortisation
"**Eligible Person(s)**"	any person(s) eligible to participate in the respective Share Award Schemes
"**EUR**"	the lawful currency of the European Union
"**EURIBOR**"	Eurozone Inter-bank Offered Rate
"**FinTech**"	financial technology
"**Floating Rate Notes**"	floating rate notes issued or to be issued under the Programme from time to time
"**FVOCI**"	financial assets at fair value through other comprehensive income
"**FVPL**"	financial assets at fair value through profit or loss
"**GAPP**"	PRC General Administration of Press and Publication (中華人民共和國新聞出版總署), which was reformed into the State General Administration of Press, Publication, Radio, Film and Television (中華人民共和國國家新聞出版廣電總局) after it was merged with the State Administration of Radio, Film and Television (中華人民共和國國家廣播電影電視總局) on 22 March 2013
"**Group**"	the Company and its subsidiaries
"**Guangzhou Tencent Technology**"	Guangzhou Tencent Technology Company Limited (廣州騰訊科技有限公司), a company established on 31 December 2014 in the PRC with limited liability

"**Guian New Area Tencent Cyber**"	Guian New Area Tencent Cyber Company Limited (貴安新區騰訊數碼有限公司), a company established on 19 April 2017 in the PRC with limited liability
"**Hainan Network**"	Hainan Tencent Network Information Technology Company Limited (海南騰訊網絡信息技術有限公司), a company established on 29 December 2014 in the PRC with limited liability
"**Hangzhou Tencent Information**"	Hangzhou Tencent Information Technology Company Limited (杭州騰訊信息技術有限公司), a company established on 21 December 2022 in the PRC with limited liability
"**HIBOR**"	Hong Kong InterBank Offered Rate
"**HKD**"	the lawful currency of Hong Kong
"**IaaS**"	Infrastructure-as-a-Service
"**IFRS**" or "**IFRS Accounting Standards**"	International Financial Reporting Standards as issued by the IASB
"**IM**"	Instant Messaging
"**IPO**"	initial public offering
"**January 2026 Notes**"	the Company's US$1,000,000,000 1.810% Senior Notes due January 2026
"**JD.com**"	JD.com, Inc., a limited liability company incorporated under the laws of the Cayman Islands
"**LIBOR**"	London InterBank Offered Rate
"**Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"**M&A**"	mergers and acquisitions
"**MAU**"	monthly active user accounts
"**MIIT**"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), formerly known as Ministry of Information Industry of the PRC (MII) (中華人民共和國信息產業部), including its local branches
"**MMORPG(s)**"	massive multiplayer online role playing game(s)
"**MOBA**"	Multiplayer Online Battle Arena

"**MOC**"	Ministry of Culture of the PRC (中華人民共和國文化部), which was reformed according to the 2018 Institutional Reform Plan and known as the Ministry of Culture and Tourism (中華人民共和國文化和旅遊部) since 18 March 2018
"**Model Code**"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"**MOF**"	Ministry of Finance of the PRC (中華人民共和國財政部)
"**MOFCOM**"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"**MPS**"	Ministry of Public Security of the PRC (中華人民共和國公安部)
"**NASDAQ**"	NASDAQ Global Select Market
"**NDRC**"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"**Nomination Committee**"	the nomination committee of the Company
"**NRTA**"	National Radio and Television Administration (中華人民共和國國家廣播電視總局)
"**Online Games Ethics Committee**"	Online Games Ethics Committee of the PRC (中華人民共和國網絡遊戲道德委員會)
"**PaaS**"	Platform-as-a-Service
"**PBOC**"	People's Bank of China (中國人民銀行), the central bank of the PRC
"**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 enterprise income tax as defined in the 2008 EIT Law
"**Pre-IPO Option Scheme**"	the Pre-IPO Share Option Scheme adopted by the Company on 27 July 2001

"**Professional Investors**"	professional investors (as defined in Chapter 37 of the Listing Rules)
"**PUBG**"	PlayerUnknown's Battlegrounds
"**QIBs**"	qualified institutional buyers within the meaning of Rule 144A
"**QuestMobile**"	QuestMobile, a third-party market research firm
"**R&D**"	research and development
"**RMB**"	the lawful currency of the PRC
"**SaaS**"	Software-as-a-Service
"**SAFE**"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"**SAIC**"	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), including its local branches. SAIC was reformed according to the 2018 Institutional Reform Plan and known as the State Administration for Market Regulation of the PRC (中華人民共和國市場監督管理總局) since 21 March 2018
"**SAMR**"	State Administration for Market Regulation (國家市場監督管理總局), established by merging the SAIC, the General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) and the China Food and Drug Administration (國家食品藥品監督管理總局) according to the 2018 Institutional Reform Plan
"**SAPPRFT**"	State General Administration of Press, Publication, Radio, Film and Television (中華人民共和國國家新聞出版廣電總局), formerly known as the General Administration of Press and Publication of the PRC (中華人民共和國新聞出版總署) and the State Administration of Radio, Film, and Television of the PRC (中華人民共和國國家廣播電影電視總局), which was reformed according to the 2018 Institutional Reform Plan and currently known as National Radio and Television Administration (中華人民共和國國家廣播電視總局) under the State Council and the State Administration of Press and Publication (National Copyright Bureau) (中華人民共和國國家新聞出版署(國家版權局)) under the Publicity Department of the Central Committee of the Communist Party of China (中共中央宣傳部)
"**SEHK**"	The Stock Exchange of Hong Kong Limited
"**Sensor Tower**"	Sensor Tower, a market intelligence firm at https://sensortower.com/
"**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

"**Shanghai Tencent Information**"	Shanghai Tencent Information Technology Company Limited (上海騰訊信息技術有限公司), a company established on 20 September 2012 in the PRC with limited liability
"**Share Award Schemes**"	the 2007 Share Award Scheme, the 2013 Share Award Scheme and the 2019 Share Award Scheme
"**Shenzhen Tencent Cyber**"	Shenzhen Tencent Cyber Technology Company Limited (深圳市騰訊數碼科技有限公司), a company established on 24 September 2024 in the PRC with limited liability
"**Shenzhen Tencent Information**"	Shenzhen Tencent Information Technology Company Limited (深圳市騰訊信息技術有限公司), a company established on 7 August 2014 in the PRC with limited liability
"**Shenzhen Tencent Network**"	Shenzhen Tencent Network Information Technology Company Limited (深圳市騰訊網絡信息技術有限公司), a company established on 22 December 2017 in the PRC with limited liability
"**Shenzhen Tencent Tianyou**"	Shenzhen Tencent Tianyou Technology Company Limited (深圳市騰訊天遊科技有限公司), a company established on 4 September 2020 in the PRC with limited liability
"**Shiji Kaixuan**"	Shenzhen Shiji Kaixuan Technology Company Limited (深圳市世紀凱旋科技有限公司), a company established on 13 January 2004 in the PRC with limited liability
"**SMEs**"	small and medium enterprises
"**SMS**"	short message service
"**SNS**"	social networking services
"**SOFR**"	secured overnight financing rate
"**STA**"	State Taxation Administration of the PRC (中華人民共和國國家税務總局) including its local branches
"**State Council**"	State Council of the PRC (中華人民共和國國務院)
"**Supercell**"	Supercell Oy, a private company incorporated in Finland
"**Tencent Beijing**"	Tencent Technology (Beijing) Company Limited (騰訊科技(北京)有限公司), a company established on 30 March 2005 in the PRC with limited liability and a wholly-owned subsidiary of the Company
"**Tencent Chengdu**"	Tencent Technology (Chengdu) Company Limited (騰訊科技(成都)有限公司), a company established on 10 July 2008 in the PRC with limited liability and a wholly-owned subsidiary of the Company
"**Tencent Computer**"	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a company established on 11 November 1998 in the PRC with limited liability

"**Tencent Shanghai**"	Tencent Technology (Shanghai) Company Limited (騰訊科技(上海)有限公司), a company established on 23 July 2008 in the PRC with limited liability and a wholly-owned subsidiary of the Company
"**Tencent Technology**"	Tencent Technology (Shenzhen) Company Limited (騰訊科技(深圳)有限公司), a company established on 24 February 2000 in the PRC with limited liability and a wholly-owned subsidiary of the Company
"**Tencent Wuhan**"	Tencent Technology (Wuhan) Company Limited (騰訊科技(武漢)有限公司), a company established on 18 November 2011 in the PRC with limited liability and a wholly-owned subsidiary of the Company
"**TME**"	Tencent Music Entertainment Group (騰訊音樂娛樂集團), a non wholly-owned subsidiary of the Company which is incorporated in the Cayman Islands with Limited Liability and the shares of which are listed on the New York Stock Exchange
"**TME 2025 Notes**"	TME's US$300,000,000 1.375% Senior Notes due 2025
"**TME 2030 Notes**"	TME's US$500,000,000 2.000% Senior Notes due 2030
"**TPV**"	Total Payment Volume
"**United States**"	the United States of America
"**USD**"	the lawful currency of the United States
"**VAS**"	value-added services
"**WAP**"	Wireless Application Protocol, an open, global specification that allows Internet access and other broadband services on mobile wireless devices
"**WFOEs**"	Tencent Technology, Cyber Tianjin, Tencent Beijing, Shenzhen Tencent Information, Tencent Chengdu, Chongqing Tencent Information, Shanghai Tencent Information, Tencent Shanghai, Tencent Wuhan, Hainan Network, Guangzhou Tencent Technology, Shenzhen Tencent Network, Guian New Area Tencent Cyber, Cyber Shenzhen, Wuhan Tencent Information, Guangzhou Tencent Computer, Hangzhou Tencent Information, Yizheng Cyber and Shenzhen Tencent Cyber
"**Wuhan Tencent Information**"	Wuhan Tencent Information Technology Company Limited (武漢騰訊信息技術有限公司), a company established on 23 June 2021 in the PRC with limited liability
"**Yizheng Cyber**"	Yizheng Tencent Cyber Company Limited (儀征騰訊數碼有限公司), a company established on 28 September 2018 in the PRC with limited liability

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Circular may constitute *"forward-looking statements"*. The words including "believe", "expect", "plan", "anticipate", "schedule", "estimate", "aim", "intend", "project", "seek to", "predict", "future", "goal" and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Issuer or the Group and the plans and objectives of the management of the Issuer and the Group for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results or performance of the Issuer or the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's and the Group's present and future business strategies of the Issuer and the Group and the environment in which the Issuer or the Group will operate in the future. The Issuer expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under *"Risk Factors"* and elsewhere, important factors that could cause actual results to differ materially from the Issuer's expectations. All subsequent written and forward—looking statements attributable to the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by such cautionary statements.

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SUMMARY OF THE ISSUER

This summary does not contain all the information that may be important to you in deciding to invest in the Notes. You should read the entire Offering Circular, including "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes thereto, before making an investment decision.

OUR MISSION AND VISION

Our mission and vision is "Value for Users, Tech for Good", guided by our values of "Integrity, Proactivity, Collaboration and Creativity". Throughout our history, users are at the heart of everything we do. We are committed to investing in our content platforms and technology infrastructure, and expect AI to become a growth multiplier that enables us to better serve our users, customers and society at large.

OUR BUSINESS OVERVIEW

We are a leading technology company offering a broad range of services, including communications and social networks, games, digital content, marketing services, FinTech and business services for our users, enterprises and merchants. We develop and deliver highly popular products and services to enhance the quality of life and improve connectivity for users, and to maximise business opportunities for enterprises and merchants through digital transformation. Our comprehensive product offerings, advanced technologies and robust infrastructure form a hub that fulfills living needs of users, as well as growing business needs of enterprises and merchants, covering a massive spectrum of online and offline scenarios.

We operate the largest communications and social community in China in terms of user base through *Weixin and QQ*. *Weixin* and *WeChat* had a combined MAU of 1,411 million, and *QQ* had a mobile device MAU of 532 million as at 30 June 2025. We fulfill users' perpetual need to connect with other users, such as friends, family members and business associates, through communicating, sharing and interacting in our ecosystem.

Enterprises, merchants, advertisers and content providers benefit from the massive traffic and digital transformation brought by our digital ecosystem. Services such as *Weixin Pay*, *Mini Programs*, *Video Accounts* and *Mini Shops* are becoming increasingly interconnected, and serve as central hubs of mobile connectivity among users, enterprises and content providers, increasing overall user engagement and usage frequency.

We provide leading digital content services leveraging our rich portfolio of high-quality IPs. *TME* is the largest online music entertainment platform in China by online music paying users during the second quarter of 2025. We are the leader in the long-form video industry by paying users for the second quarter of 2025. We operate *China Literature*, a leading online literature and IP incubation platform in China.

We believe we are the largest game developer and publisher globally by revenue in 2024. We have a strong and expanding portfolio of evergreen games with various vintages and continuously nurture popular new games with evergreen potential. In 2024, we have a portfolio of 14 evergreen games in total.

Our massive, engaged user base advanced technology make us the preferred choice for advertisers. We leverage our advertising platform which is powered by foundation models, and offer generative AI-empowered tools for advertisers to boost ROI.

We have established a solid base for FinTech services through our widely used payment platform. Building on top of our payment services, we offer additional value-added FinTech services via deepened cooperations with licensed financial institutions, maintaining an unwavering focus on risk management.

Our robust technology and infrastructure lay a solid foundation for our business services. We offer high-performance computing service that powers our enterprise customers, serving over 2 million customers across more than 55 markets and regions. We've been accelerating AI integration into cloud business across our IaaS, PaaS and SaaS solutions. Our self-developed *HunYuan* foundation model enables us to develop end-to-end foundation model capabilities in terms of infrastructure, algorithm, training, alignment, and data management, and also to tailor solutions for the different needs of internal and external use cases.

For detailed overview of our business, see "Business".

OUR STRENGTHS

We believe that the following strengths contribute to our success and differentiate us from our competitors:

- Vibrant Digital Ecosystem Based on Fundamental Communication and Social Needs;
- Effective Marketing Services with Improving ROI Driven by Ad Tech, User Engagement and Transaction Ecosystem;
- Leading Global Game Platform with an Expanding Evergreen Games Portfolio and Growing Overseas Presence;
- Digital Content Powerhouse with Significant Monetisation Potential Arising from Self-owned IPs;
- Solid and Expanding FinTech Platform with Prudent Risk Management;
- High Quality Revenue Growth Model Powers Sustainable Value Creation;
- Solid Balance Sheet with Prudent Capital Management; and
- Stable Management Team with Proven Execution Track Record.

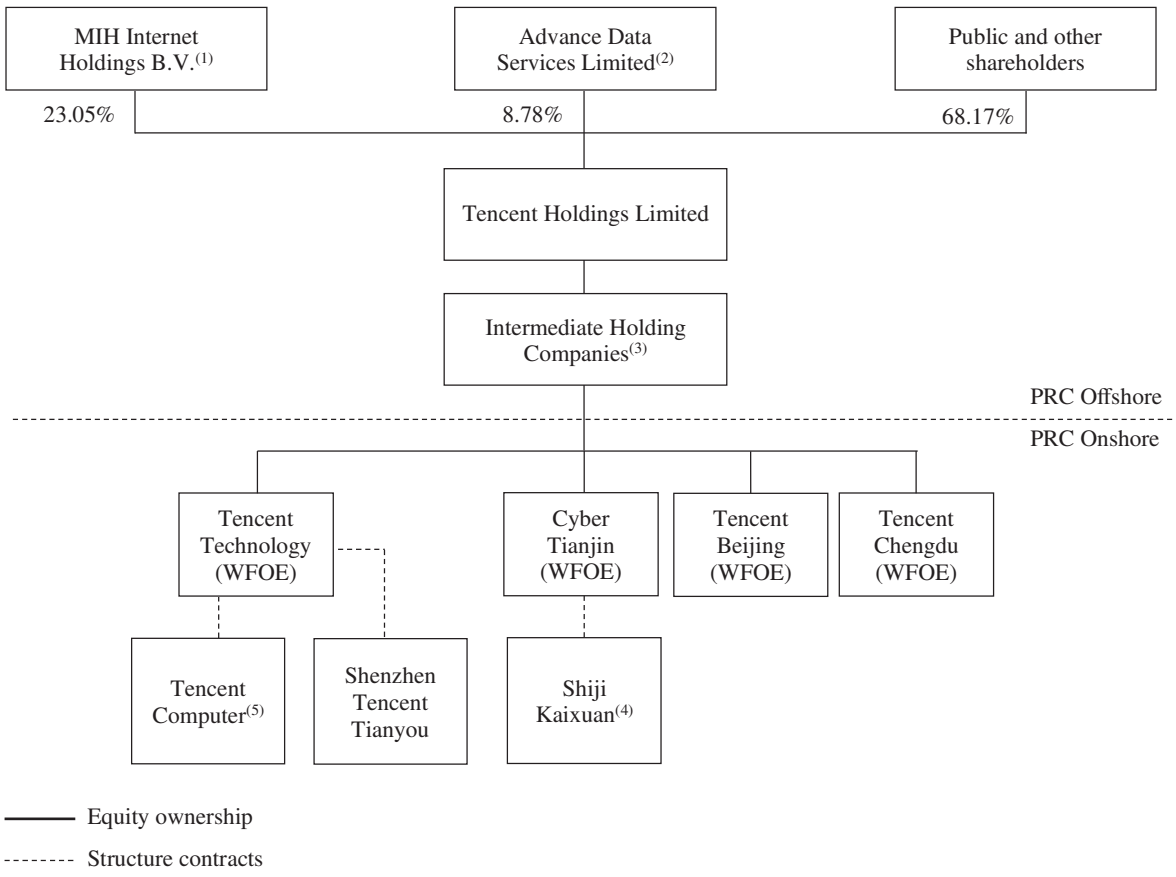
OUR STRATEGIES

Our key strategy is to:

- Enrich our Ecosystem Through Better User Engagement and Strengthening Transaction Capabilities;
- Upgrade AI Capabilities to Fuel Growth for Existing Businesses and Capture New Opportunities; and
- Leverage Our Technology Expertise and Operational Know-How to Expand Game and Cloud Business Internationally.

OUR CORPORATE STRUCTURE

The following diagram illustrates our principal corporate and share ownership structure as at 30 June 2025.



Note:

(1) MIH Internet Holdings B.V. is controlled by Naspers Limited through its non wholly-owned subsidiary, Prosus N.V.

(2) Advance Data Services Limited held 709,859,700 shares directly and 95,000,000 shares indirectly through its wholly-owned subsidiary, Ma Huateng Global Foundation. Advance Data Services Limited is wholly-owned by Mr Ma Huateng.

(3) Intermediate Holding Companies include various Group companies established for the purpose of holding interests in various WFOEs as well as other investments of the Group.

(4) The shareholders are Mr Ma Huateng, Mr Zhang Zhidong, Mr Xu Chenye and Mr Chen Yidan.

(5) The shareholders are Mr Ma Huateng, Mr Zhang Zhidong, Mr Xu Chenye and Mr Chen Yidan.

GENERAL INFORMATION

The Company was incorporated in the British Virgin Islands on 23 November 1999 as an international business company with limited liability, with a registration number of 353466. The Company was registered by way of continuation in the Cayman Islands on 27 February 2004 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands with company registration number 131312. On 16 June 2004, the Company publicly offered its shares for listing on the Main Board of the SEHK under stock code 00700. It became one of the then 43 constituents of the Hang Seng Index on 10 June 2008. Its principal place of business in the PRC is located at Tencent Binhai Towers, No. 33 Haitian 2nd Road Nanshan District, Shenzhen, 518054, the PRC. Its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Our website is *www.tencent.com*. Information contained on our website does not constitute part of this Offering Circular.

SUMMARY OF THE PROGRAMME

Below is a summary of the terms and conditions, as amended, supplemented and/or replaced by the relevant Pricing Supplement, applicable to each Series of Notes issued on or after the date of this Offering Circular, which are different from the terms and conditions which, as amended, supplemented and/or replaced by the relevant Pricing Supplement, are applicable to each Series of Notes issued prior to the date of this Offering Circular. This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Words and expressions defined in the "*Terms and Conditions of the Notes*" below or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer	Tencent Holdings Limited.
Legal Entity Identifier of the Issuer	254900N4SLUMW4XUYY11.
Programme Size	Up to US$30,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement (as defined in "*Subscription and Sale*")) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Arrangers	J.P. Morgan Securities (Asia Pacific) Limited, Merrill Lynch (Asia Pacific) Limited and Morgan Stanley & Co. International plc.
Dealers	J.P. Morgan Securities (Asia Pacific) Limited, Bank of China (Hong Kong) Limited, Merrill Lynch (Asia Pacific) Limited, The Hongkong and Shanghai Banking Corporation Limited and Morgan Stanley & Co. International plc and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Series of Notes.
Principal Paying Agent	Deutsche Bank AG, Hong Kong Branch.
Registrars	Deutsche Bank Luxembourg S.A. (in relation to each Series of Unrestricted Notes other than Unrestricted Notes cleared through DTC ("**DTC Unrestricted Notes**") and CMU Notes), Deutsche Bank AG, Hong Kong Branch (in relation to each Series of CMU Notes) and Deutsche Bank Trust Company Americas (in relation to each Series of DTC Notes).
Transfer Agents and Paying Agents	Deutsche Bank AG, Hong Kong Branch (in relation to each Series of Unrestricted Notes other than DTC Unrestricted Notes) and Deutsche Bank Trust Company Americas (in relation to each Series of DTC Notes).
CMU Lodging Agent	Deutsche Bank AG, Hong Kong Branch.
Trustee	DB Trustees (Hong Kong) Limited.

Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and their issue price), and intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Clearing Systems	With respect to Notes (other than CMU Notes), Euroclear, Clearstream and/or DTC and such other clearing system as shall be agreed between the Issuer, the Trustee, the Agents and the relevant Dealer. With respect to CMU Notes, the CMU Service (each of Euroclear, Clearstream, DTC and the CMU Service, a "**Clearing System**"). See "*Clearance and Settlement*".
Form of the Notes	Notes may be issued in bearer form or in registered form. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. Bearer Notes will be issued only under Regulation S outside the United States to non-U.S. persons. Each Series of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note, as specified in the applicable Pricing Supplement, which, in each case, may be deposited on the issue date with a common depositary for Euroclear, Clearstream or any other agreed clearance system compatible with Euroclear and Clearstream or, in respect of CMU Notes, a sub-custodian for the CMU Service. A Temporary Global Note will be exchangeable, in whole or in part, as described therein, for interests in a Permanent Global Note or if so stated in the relevant Pricing Supplement, Definitive Notes, as described under "*Form of the Notes*". A Permanent Global Note may be exchanged, in whole but not in part, for Definitive Notes only upon the occurrence of an Exchange Event as described under "*Form of the Notes*". Any interest in a Temporary Global Note or a Permanent Global Note will be transferable only in accordance with the rules and procedures or the time being of Euroclear, Clearstream, the CMU Service and/or any other agreed clearance system, as appropriate.

Bearer Notes will be issued in compliance with applicable U.S. tax rules. Bearer Notes will be issued in compliance with rules in substantially the same form as U.S. Treasury regulations § 1.163 — 5(c)(2)(i)(D) or any successor provision for purposes of Section 4701 of the U.S. Internal Revenue Code (the "**TEFRA D Rules**") unless (i) the applicable Pricing Supplement states that the Bearer Notes are issued in compliance with rules in substantially the same form as U.S. Treasury Regulation §1.163 — 5(c)(2)(i)(C) or any successor provision for purposes of Section 4701 of the U.S. Internal Revenue Code (the "**TEFRA C Rules**") or (ii) the Bearer Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstance in which the Notes will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstance will be referred to in the applicable Pricing Supplement. Bearer Notes that are issued in compliance with the TEFRA D Rules must be initially represented by a Temporary Global Note exchangeable for a Permanent Global Note or Definitive Notes upon certification of non-U.S. beneficial ownership.

Each Series of Registered Notes, which are sold outside the United States to non-U.S. persons in reliance on Regulation S, will, unless otherwise specified in the applicable Pricing Supplement, be represented by a Global Note Certificate (as defined in the "*Form of the Notes*"), which will be deposited on or about its issue date with a Common Depositary for, and registered in the name of a nominee of, Euroclear and Clearstream or with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream or, in respect of CMU Notes, a sub-custodian for the CMU Service operated by the HKMA. With respect to all offers or sales by a Dealer of an unsold allotment or subscription and in any case prior to the expiry of the distribution compliance period (as defined in Regulation S), beneficial interests in a Global Note Certificate of such Series may be held only through Euroclear, Clearstream, DTC for the accounts of Euroclear and Clearstream or the CMU Service. Regulation S Global Note Certificates will be exchangeable for Definitive Notes only upon the occurrence of an Exchange Event as described in "*Form of the Notes*".

Each Tranche of Registered Notes sold to QIBs in compliance with Rule 144A and subject to the restrictions described in "*Transfer Restrictions*" and "*Subscription and Sale*" and the applicable Pricing Supplement will, unless otherwise specified in the applicable Pricing Supplement, be represented by a Rule 144A Global Note Certificate, which will be deposited on or about its issue date with a custodian for, and registered in the name of a nominee of, DTC. Restricted Global Note Certificates will be exchangeable for Definitive Notes only upon the occurrence of an Exchange Event as described in "*Form of the Notes*".

	Application will be made to have Global Notes or Global Note Certificates of any Series accepted for clearance and settlement through the facilities of DTC, Euroclear, Clearstream and/or the CMU Service, as appropriate.
Currencies	Notes may be denominated in any currency or currencies, agreed between the Issuer and the relevant Dealer(s) subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Denomination	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Status of the Notes	The Notes constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which will at all times: (i) rank equally without any preference among themselves; (ii) rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application; (iii) rank senior in right of payment to all of the Issuer's existing and future indebtedness expressly subordinated in right of payment to the Notes; (iv) be effectively subordinated to all of the Issuer's existing and future secured indebtedness, to the extent of the value of the assets serving as security therefor; and (v) be structurally subordinated to all existing and future indebtedness and other liabilities of the Issuer's Subsidiaries. See "*Terms and Conditions of the Notes — Status — Status of Notes*".
Events of default	The Notes will contain events of default provisions relating to non-payment, breach of consolidation, merger and sale of assets covenant and other obligations, unsatisfied judgment, insolvency, voluntary arrangements, analogous event and unlawfulness, as further described in Condition 14 (*Events of Default*).
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Maturities	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

	Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 as amended ("**FSMA**") by the Issuer.
Redemption.	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement.
Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) as described in Condition 10(c) (*Redemption at the option of the Issuer*) and/or the Noteholders to the extent (if at all) specified in Condition 10(e) (*Redemption at the option of the Noteholders*).
Tax Redemption	Except as described in "*Optional Redemption*" above, early redemption of Notes will only be permitted for tax reasons as described in Condition 10(b) (*Redemption for tax reasons*).
Triggering Event Offer.	Upon the occurrence of certain changes in or amendments to PRC laws and regulations as described in Condition 10(f) (*Redemption for Triggering Event*), we must (subject to certain exceptions) make an offer to repurchase all or, at the Noteholder's option, any part of such Noteholder's Notes at a purchase price equal to the Early Redemption Amount (Triggering Event), plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.
Interest	Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. All such information will be set out in the relevant Pricing Supplement.
Covenants	The Notes will contain certain covenants including Condition 5(a) (*Negative Pledge*), Condition 5(b) (*Consolidation, Merger and Sale of Assets*) and Condition 5(c) (*Reports*). See the relevant Conditions under "*Terms and Conditions of the Notes*" for more details.

Withholding Tax	All payments in respect of Notes will be made free and clear of withholding taxes of the Cayman Islands and the PRC, unless the withholding is required by law. In that event, the Issuer will (subject to certain exceptions as described in Condition 13 (*Taxation*)) pay such Additional Amounts (as defined under "*Terms and Conditions of the Notes*") as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Listing and Trading	Application has been made to the SEHK for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular. Notes listed on the SEHK are required to have a denomination of at least HK$500,000 (or its equivalent in other currencies). However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the SEHK or listed, traded or quoted on or by any other competent authority, exchange or quotation system.
Governing Law	The Notes, the Agency Agreement and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Rating	Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. ("**S&P**") has assigned a rating of "A+" to the Programme and Moody's Investors Service, Inc. ("**Moody's**") has assigned a rating of "A1" to the Programme. The rating is only correct as at the date of the Offering Circular. Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency. Each Series of Notes may be assigned ratings by any of S&P and/or Moody's, as specified in the applicable Pricing Supplement.

Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering materials in the United States of America, the European Economic Area, the Netherlands, the United Kingdom, the Mainland of China, Hong Kong, Japan, Singapore, Cayman Islands and Canada, see "*Subscription and Sale*" below. For the purposes of Regulation S, Category 2 selling restrictions will apply unless otherwise indicated in the relevant Pricing Supplement. In connection with the offering and sale of a particular Series of Notes, additional restrictions may be imposed which will be set out in the applicable Pricing Supplement. Bearer Notes will be issued in compliance with the TEFRA D Rules unless (i) the applicable Pricing Supplement states that the Bearer Notes are issued in compliance with the TEFRA C Rules or (ii) the Bearer Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in a circumstance in which the Notes will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstance will be referred to in the applicable Pricing Supplement; Bearer Notes with a term of 365 days or less (taking into account unilateral rights to extend or rollover) may be issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules and will, in such case, be referred to in the applicable Pricing Supplement as a transaction to which the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**") is not applicable.
Initial Delivery of Notes	On or before the issue date for each Series, the Global Note representing Bearer Notes or the Global Note Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream or deposited with a sub-custodian for the CMU Service or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Trustee, the Principal Paying Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of a nominee or a sub custodian for, such clearing systems.

SUMMARY FINANCIAL INFORMATION OF THE ISSUER

The selected consolidated financial information as at and for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 have been derived from our audited consolidated financial statements as at and for the years ended 31 December 2023 and 2024 and our unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025 included elsewhere in this Offering Circular, each of which have been prepared in accordance with IFRS Accounting Standards.

In preparing the audited consolidated financial statements as at and for the year ended 31 December 2023, certain items in our consolidated income statement for the year ended 31 December 2023 have been reclassified and the comparative figures for the year ended 31 December 2022 have been restated to conform to the new presentation for the year ended 31 December 2023. For the impact on the changes in presentation of the consolidated income statement, please refer to Note 2.2 to our audited consolidated financial statements as at and for the year ended 31 December 2023 included elsewhere in this Offering Circular.

The summary financial data below should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the audited consolidated financial statements and unaudited interim condensed consolidated financial information included elsewhere in this Offering Circular. Our unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025 may not provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. None of the Arrangers, Dealers nor any of their directors, officers, employees, representatives, agents, advisers or affiliates makes any representation or warranty, express or implied, regarding the sufficiency of such financial information for an assessment of our financial condition and results of operations, and potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. Our unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025 should not be taken as an indication of our expected financial condition or results of operations for the full financial year ending 31 December 2025 and they are not comparable to the financial information for the years ended 31 December 2022, 2023 and 2024.

Amounts in the Company's consolidated financial statements are stated in Renminbi. The translation of Renminbi amounts into U.S. dollars is for convenience only and has been made at the rate of RMB7.1636 to US$1.00 as at 30 June 2025. No representation is made that Renminbi amounts have been, could have been, or could be converted into U.S. dollars at the rate indicated or at any other rate.

SELECTED CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2022, 2023 AND 2024 AND THE SIX MONTHS ENDED 30 JUNE 2024 AND 2025

	Year ended 31 December			Six months ended 30 June		
	2022	2023	2024	2024	2025	
		(Audited)			(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Revenues:						
VAS	287,565	298,375	319,168	157,451	183,501	25,616
Marketing Services[(1)]	82,729	101,482	121,374	56,377	67,615	9,439
FinTech and Business Services	177,064	203,763	211,956	102,742	110,443	15,417
Others	7,194	5,395	7,759	4,048	2,967	414
Total revenues	**554,552**	**609,015**	**660,257**	**320,618**	**364,526**	**50,886**
Cost of revenues	(315,806)	(315,906)	(311,011)	(150,853)	(159,020)	(22,198)
Gross profit	**238,746**	**293,109**	**349,246**	**169,765**	**205,506**	**28,688**
Selling and marketing expenses	(29,229)	(34,211)	(36,388)	(16,692)	(17,276)	(2,412)
General and administrative expenses	(106,696)	(103,525)	(112,761)	(52,300)	(65,585)	(9,155)
Other gains/(losses), net[(2)]	8,006	4,701	8,002	2,515	(4,975)	(695)
Operating profit[(2)]	**110,827**	**160,074**	**208,099**	**103,288**	**117,670**	**16,426**
Net gains/(losses) from investments and others[(2)]	116,287	(6,090)	4,187	2	4,045	565
Interest income[(2)]	8,592	13,808	16,004	8,098	7,869	1,098
Finance costs	(9,352)	(12,268)	(11,981)	(5,938)	(7,801)	(1,089)
Share of profit/(loss) of associates and joint ventures, net	(16,129)	5,800	25,176	9,904	9,054	1,264
Profit before income tax	**210,225**	**161,324**	**241,485**	**115,354**	**130,837**	**18,264**
Income tax expense	(21,516)	(43,276)	(45,018)	(24,337)	(25,068)	(3,499)
Profit for the year/period	**188,709**	**118,048**	**196,467**	**91,017**	**105,769**	**14,765**

Note:

(1) We have renamed this revenue segment from "Online Advertising" to "Marketing Services" since the third quarter of 2024 to better represent the breadth of the marketing solutions and accompanying technology services across the online marketing properties.

(2) Since the fourth quarter of 2023, we changed the presentation of the consolidated income statement during the three months ended 31 December 2023. Certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated for the year ended 31 December 2022. For the impact on the changes in presentation of the consolidated income statement, please refer to Note 2.2 to our audited consolidated financial statements as at and for the year ended 31 December 2023 included elsewhere in this Offering Circular.

SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022, 2023 AND 2024 AND 30 JUNE 2025

	As at 31 December			As at 30 June	
	2022	2023	2024	2025	
		(Audited)		(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Cash and cash equivalents.....	156,739	172,320	132,519	182,057	25,414
Term deposits.....	104,776	185,983	192,977	169,423	23,651
Total current assets	**565,989**	**518,446**	**496,180**	**545,497**	**76,148**
Term deposits.....	28,336	29,301	77,601	92,424	12,902
Total non-current assets	**1,012,142**	**1,058,800**	**1,284,815**	**1,467,813**	**204,899**
Total assets	**1,578,131**	**1,577,246**	**1,780,995**	**2,013,310**	**281,047**
Borrowings	11,580	41,537	52,885	58,631	8,185
Notes payable	10,446	14,161	8,623	12,880	1,798
Total current liabilities	**434,204**	**352,157**	**396,909**	**435,111**	**60,739**
Borrowings	163,668	155,819	146,521	202,966	28,333
Notes payable	148,669	137,101	130,586	119,338	16,659
Total non-current liabilities	**361,067**	**351,408**	**330,190**	**375,350**	**52,397**
Total liabilities	**795,271**	**703,565**	**727,099**	**810,461**	**113,136**
Total equity	**782,860**	**873,681**	**1,053,896**	**1,202,849**	**167,911**
Total liabilities and equity ..	**1,578,131**	**1,577,246**	**1,780,995**	**2,013,310**	**281,047**

SELECTED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022, 2023 AND 2024 AND THE SIX MONTHS ENDED 30 JUNE 2024 AND 2025

	Year ended 31 December			Six months ended 30 June		
	2022	2023	2024	2024	2025	
		(Audited)			(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Net cash flows generated from operating activities	146,091	221,962	258,521	126,458	151,265	21,116
Net cash flows used in investing activities[(1)]	(104,871)	(125,161)	(122,187)	(45,449)	(72,407)	(10,108)
Net cash flows used in financing activities[(2)]	(59,953)	(82,573)	(176,494)	(99,781)	(30,111)	(4,203)
Net (decrease)/increase in cash and cash equivalents	(18,733)	14,228	(40,160)	(18,772)	48,747	6,805
Cash and cash equivalents at beginning of the year/period	**167,966**	**156,739**	**172,320**	**172,320**	**132,519**	**18,499**
Exchange gains/(losses) on cash and cash equivalents	7,506	1,353	359	(37)	791	110
Cash and cash equivalents at end of the year/period	**156,739**	**172,320**	**132,519**	**153,511**	**182,057**	**25,414**

Note:

(1) Includes, among others, payments for capital expenditures as well as media content. Payments for capital expenditure represents the amount paid for investments in IT infrastructure (including computer equipment, components, and software), data centres, land use rights, office premises and intellectual properties (excluding media content), which amounted to RMB24.4 billion, RMB22.7 billion and RMB72.1 billion for the years ended 31 December 2022, 2023 and 2024, respectively, and RMB21.1 billion and RMB45.9 billion (US$6.4 billion) for the six months ended 30 June 2024 and 2025, respectively.

(2) Includes, among others, dividends paid to our shareholders and non-controlling interest owners, which amounted to RMB15,117 million, RMB21,788 million and RMB31,244 million for the years ended 31 December 2022, 2023 and 2024, respectively, and RMB30,413 million and RMB39,400 million (US$5,500 million) for the six months ended 30 June 2024 and 2025, respectively.

OTHER FINANCIAL DATA

	Year ended 31 December			Six months ended 30 June		
	2022	2023	2024	2024	2025	
	(RMB in millions, except for %)	(RMB in millions, except for %)	(RMB in millions, except for %)	(RMB in millions, except for %)	(RMB in millions, except for %)	(US$ in millions, except for %)
EBITDA[(1)]	164,037	214,381	256,310	127,996	153,284	21,398
Adjusted EBITDA[(1)]	188,986	235,454	277,012	137,777	166,681	23,268
Adjusted EBITDA margin[(2)]	34%	39%	42%	43%	46%	46%
Net cash/(debt)[(3)]	(14,832)	54,740	76,798	71,757	74,592	10,412

	Year ended 31 December			Six months ended 30 June		
	2022	2023	2024	2024	2025	
	(RMB in millions, except for ratios)	(RMB in millions, except for ratios)	(RMB in millions, except for ratios)	(RMB in millions, except for ratios)	(RMB in millions, except for ratios)	(US$ in millions, except for ratios)
Adjusted EBITDA[(1)]	188,986	235,454	277,012	137,777	166,681	23,268
Interest and related expenses	9,985	11,885	12,447	5,962	6,927	967
Ratios:						
Adjusted EBITDA[(1)] to interest and related expenses	19x	20x	22x	21x	23x	23x
Total debts[(4)] to Adjusted EBITDA[(1)]	1.77x	1.48x	1.22x	1.33x	1.29x	1.29x

Note:

(1) 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. EBITDA and Adjusted EBITDA are not standard measures under IFRS Accounting Standards. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA and Adjusted EBITDA should not be considered in isolation or as any other measure of performance or as indicators of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA and Adjusted EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA and Adjusted EBITDA because we believe they are a useful supplement to cash flows data as a measure of our performance and our ability to generate cash flows from operations to cover debt service and taxes. EBITDA and Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA or Adjusted EBITDA to the EBITDA or Adjusted EBITDA presented by other companies because not all companies use the same definition.

(2) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues.

(3) Net cash/(debt) represents period end balance and is calculated as cash and cash equivalents, plus term deposits and others, including highly liquid investment products held for treasury purposes, minus borrowings and notes payable.

(4) Total debts consist of borrowings and notes payable.

(5) Adjusted EBITDA to interest and related expenses ratio and total debts to Adjusted EBITDA ratio for the six months ended 30 June 2024 and 2025 is calculated using Adjusted EBITDA for the last twelve months and interest and related expenses for the last twelve months.

The following table reconciles our operating profit under IFRS Accounting Standards to our EBITDA and Adjusted EBITDA for the years/periods indicated.

	Year ended 31 December			Six months ended 30 June		
	2022 (1)	2023 (1)	2024	2024	2025	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Operating profit	**110,827**	**160,074**	**208,099**	**103,288**	**117,670**	**16,426**
Adjustments:						
Other (gains)/losses, net	(8,006)	(4,701)	(8,002)	(2,515)	4,975	695
Depreciation of property, plant and equipment and investment properties	21,724	19,908	21,141	10,147	11,371	1,587
Depreciation of right-of-use assets	6,720	6,397	6,191	3,047	3,070	429
Amortisation of intangible assets and land use rights	32,772	32,703	28,881	14,029	16,198	2,261
EBITDA	**164,037**	**214,381**	**256,310**	**127,996**	**153,284**	**21,398**
Equity-settled share-based compensation	24,949	21,073	20,702	9,781	13,397	1,870
Adjusted EBITDA	**188,986**	**235,454**	**277,012**	**137,777**	**166,681**	**23,268**

Note:

(1) Since the fourth quarter of 2023, we changed the presentation of the consolidated income statement during the three months ended 31 December 2023. Certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated for the year ended 31 December 2022.

OPERATING DATA

The following data sets forth certain operating statistics relating to our Internet platforms and VAS as at the dates presented:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	(in millions)	(in millions)	(in millions)	(in millions)
Combined MAU of *Weixin* and *WeChat*(1)	1,313	1,343	1,385	1,411
Mobile device MAU of *QQ*(2)	572	554	524	532
Fee-based VAS paying users(3)	234	244	262	264

Note:

1) Combined MAU of *Weixin* and *WeChat* figures refers to the total number of user accounts that logged in and sent a message, or conducted an activity in *Weixin Moments*, games, etc. during the last month prior to the relevant date.

(2) Mobile device MAU of *QQ* figures denote the total number of MAU that logged in via applications on smart devices (iOS, Android) and sent a message, or conducted an activity in *Qzone, Tencent Channels*, etc. during the last month prior to the relevant date.

(3) Adjusted to report the average daily number of subscriptions since the first quarter of 2024. Historical comparative figures have been restated for the year ended 31 December 2023.

RISK FACTORS

Any investment in the Notes involves a high degree of risk. You should consider carefully the following information about the risks described below, together with the other information contained in this Offering Circular, before making an investment decision. If any of the following risks actually occurs, our business, financial condition, results of operations or prospects could be materially and adversely affected. Additional risks or uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. There can be no assurance that any of the events discussed in the risk factors below will not occur and if such events do occur, you may lose all or part of your original investment in the Notes.

Risks Relating to Our Business and Industry

We operate in a very competitive market. If we fail to compete effectively, we may lose users to competitors and our business, future results of operations and prospects could be materially and adversely affected.

The competitive landscape of the technology industry is dynamic. Our competitors for providing value-added services are mainly Internet companies that offer various social, video, live streaming, games and other online entertainment, communications and eCommerce services. We also compete with other companies that provide marketing services through display, search and content advertising as well as advertising networks. As we expand our FinTech and Business Services, we also face competition from other technology or financial service providers. With the advent of disruptive technology, we also face potential competition from AI native companies, including players in generative AI, foundation models and AI native applications.

If we are unable to compete effectively in our business, it could negatively affect our ability to monetise our services, and lead to increased spending for marketing and development, any of which could materially and adversely affect our business, future results of operations and prospects.

If we fail to keep up with the technological developments and users' changing requirements, we may not be able to monetise our business, future results of operations and prospects could be materially and adversely affected.

Our business and prospects will depend on our ability to respond to rapidly changing technologies, adapt our services to evolving industry standards and improve the performance and reliability of our services. Our failure to adapt to such changes could harm our business. In addition, changes in user behavior resulting from technological developments may also adversely affect us. In addition, the widespread adoption of new Internet, networking, telecommunications technologies or other technological changes could require substantial expenditures to modify or integrate our products, services or technologies. If we fail to anticipate and adapt to material technological changes, our market share could suffer, which in turn could materially and adversely affect our business, future results of operations and prospects.

We operate in a rapidly evolving environment. If we fail to continue to launch attractive new services or products, our business could be harmed.

We operate in a dynamic and evolving industry with the rapid emergence of new technologies and new services and products. To remain competitive, we must introduce new services and products to diversify our portfolio, adapt to new technologies, appeal to changing consumer trends and preferences, and generate additional revenue. We may continue to exit some legacy business areas in order to focus on the key drivers of our growth. Further, some of our new services and products may attract users from our existing offerings. Some of our existing services and products may also become incompatible with emerging technologies and new devices. If we are unable to continue to launch new services and products that can offset the loss of popularity of our maturing services and products, our market share could erode, which in turn could materially and adversely affect our financial condition and results of operations.

If we fail to maintain and enhance our brand recognition, or if we incur excessive expenses in this effort, our business, future results of operations and prospects could be materially and adversely affected.

It is critical for us to maintain and develop our brands so as to effectively maintain and increase our business partnerships and grow our revenue. Well-recognised brands are critical to increasing the number and engagement of our users and, in turn, enhancing our attractiveness to advertisers. Since we operate in a highly competitive market, maintaining and enhancing our brands directly affects our ability to maintain our market position. Our main competitors have established brands and are continuing to take steps to increase their brand recognition. We must also continue to maintain and enhance the recognition and value of our brands. In order to attract and retain users, we may need to substantially increase our expenditures for creating and maintaining brand loyalty. As a result, our sales and marketing expenses may increase significantly, which may impact our profitability.

Our success in promoting and enhancing our brands, as well as our ability to remain competitive, will also depend on our success in offering high-quality content, features and functionality. If we are unable to maintain and enhance our brand recognition, our business, future results of operations and prospects could be materially and adversely affected.

We may not be successful in implementing our growth strategies or sustaining our historical growth rate.

We are pursuing a number of growth strategies, including enriching our ecosystem through better user engagement and strengthening transaction capabilities, upgrading AI capabilities to fuel growth for existing businesses and capture new opportunities, and leveraging our technology expertise and operational know-how to expand game and cloud business internationally. We are also pursuing opportunities for growth through acquisitions and investments. Although we have achieved significant growth in the past, we cannot be assured that this level of significant growth will be sustainable or achieved at all in the future. For example, future saturation in the market for online services could hamper our ability to continue to monetise our services. As we expand into new markets, we may face challenges from local incumbents and have difficulty gaining consumer mindshare. Also, as we expand into new lines of business, such as FinTech and Business services, we may become subject to new technical challenges and regulatory requirements that could restrict our ability to effectively grow these new business lines.

As we enter into new business segments, we may not be able to maintain our historical margins. Further, we cannot assure you whether all or any of these strategies will be successful. If we are unable to implement our growth strategies, our competitiveness may be materially and adversely affected, which would have a material and adverse effect on our results of operations and prospects.

We face uncertainties regarding the growth of the game industry and continuous market acceptance of our games and in-game items.

We have derived a significant portion of our revenue from the game industry, which is rapidly evolving. Revenue from games under VAS business constituted 31%, 30%, 30%, 30% and 33% of our total revenues for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively. The growth of the game industry is subject to a high degree of uncertainty. Our future results of operations associated with this industry will depend on numerous factors, including:

- whether China's game industry continues to grow and the rate of any such growth;
- laws, rules, regulations, policies and approvals affecting the game industry, including regulatory action (or inaction) limiting or prohibiting our ability to licence, market or release new games;
- general economic conditions, particularly economic conditions that impact the level of discretionary consumer spending;
- the availability and popularity of other forms of entertainment;
- changes in consumer demographics, public tastes and preferences;
- our ability to develop, licence or acquire new games and related products to meet market demand and user preferences;
- the popularity and price of new games and in-game items that we and our competitors launch and distribute; and
- our ability to timely upgrade and improve our existing games to extend their lifespans and to maintain their competitive positions in the game market.

Due to these challenges and uncertainties, we cannot assure you that our game business will continue to grow at the rates it achieved in the past. Our failure to successfully develop this business could have a material and adverse effect on our results of operations and prospects.

The online game industry is highly regulated in China, which may affect our business operations and prospects.

The regulatory environment of online games in China has been changing over the years. The regulatory bodies of the online game industry in the PRC suspended the registration of online games and issuance of publication numbers for publication of online games for most of 2018. Furthermore, in December 2018, the Online Games Ethics Committee of the PRC was established, which carries out moral assessment of online games and related services that may cause or have caused moral disputes and social opinions and provide reference for the decision-making of the regulatory bodies of the online game industry.

Although the registration of online games and issuance of publication numbers has resumed in recent years, there is no assurance that a similar cessation in online video games approval will not occur again in the future, and we may face similar or other regulatory hurdles in obtaining approvals for our new online games in the future. Consequently, there is no assurance that we will continue to obtain approval for our new online games in a timely fashion or at all, and any failure, delay or other limitations in obtaining regulatory approvals for our new online games could materially and adversely affect our business, revenue and profits and results of operations.

If we are unable to consistently develop additional successful games, our business, future results of operations and prospects could be materially and adversely affected.

In order to maintain our long-term profitability and operational success, we must continue to develop, acquire, co-develop or licence new games that are attractive to users before our existing games reach the end of their commercial lifespans. This requires us to maintain and grow our in-house game development capability to anticipate changing consumer tastes and preferences, adopt new technologies, attract, retain and motivate talented game developers and effectively execute game development plans. There is no assurance that we can successfully maintain or develop our in-house game development capability in such manner. In addition, games we develop for one market may not always be successful in other markets.

There is no assurance that the games which we have developed will be attractive to users and will always comply with relevant content restrictions such as government regulations. If we are not able to mitigate the potential adverse impact as a result of competition or disputes among our overseas licensors and consistently develop games with continuing appeal to users, our business, future results of operations and prospects could be materially and adversely affected.

The online video and music industry is highly regulated in China. Our failure to comply with any government policies, laws or regulations may materially and adversely impact our business, financial condition and results of operation.

The PRC government regulates the online video and music industry extensively. A number of regulatory authorities, such as MOCT, MIIT, SART and NCA, regulate different aspects of the online video and music industry. These governmental authorities promulgate and enforce laws and regulations that cover many aspects of the online video and music industry, including entry into such industries, scope of permitted business activities, licences and permits for various business activities and foreign investments into such industry. Operators are required to obtain various government approvals, licences and permits in connection with their provision of Internet information services, Internet culture services, online audio-visual products and other related value-added telecommunications services. If we fail to obtain and maintain approvals, licences or permits required for our business, we could be subject to liabilities, penalties and operational disruption and our business could be materially and adversely affected. In addition, if applicable laws and regulations are tightened by any regulatory authorities, or if there are new laws or regulations introduced to impose additional government approvals, licences, permits and requirements, our business may be disrupted and our results of operations may suffer.

Meanwhile, under PRC laws, to secure the rights to provide video or music content on the Internet or for our users to download or stream video or music from our platform, or to provide other related online video or music services, we must obtain licences from the appropriate copyright owners. However, we cannot assure you that we have obtained licences for copyrights with respect to all video or music content offered on our platform, and we cannot assure you that we will not be subject to any potential copyright infringement claims by third parties in relation to such services.

The marketing services market is subject to many uncertainties, which could cause our marketing services revenue to be materially and adversely affected.

The revenue for marketing services represented approximately 15%, 17%, 18%, 18% and 19% of our total revenues for the year ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively. The growth of our marketing services revenue relies on increased revenue from the sale of advertising inventory on our products, which could be affected by the following factors:

- growth of the marketing services market;
- acceptance of marketing services as an effective marketing channel;

- our development of tailored marketing solutions to meet marketing clients' needs;
- changes in government rules and regulations impacting the marketing industry;
- alternative methods and strategies available to marketing clients to promote their brands and products; and
- development and acceptance of an independent and reliable standard for measuring the effectiveness of marketing services.

We also may be unable to respond adequately to changing trends in marketing services or advertiser demands or preferences or keep up with technological innovations and improvements in the measurement of user traffic and marketing services. If we are unable to capture and retain a sufficient share of the marketing services market, our ability to maintain or increase our current level of marketing services revenue could be materially and adversely affected.

Our cloud services business is subject to a number of laws and regulations. If we fail to adhere to applicable laws and regulations, our business of cloud services would be materially and adversely affected.

Our cloud services business is subject to various laws and regulations in China. Cloud service operators must obtain a value-added telecommunication service operating licence for Internet data center business and are required to conduct business activities in accordance with the applicable national standards in respect of cloud services. As well, cloud service providers must also comply with the regulations of the Cyber Security Law, according to which the cloud service providers must take technical measures to safeguard the operation of networks, respond to cybersecurity incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. For the crucial information infrastructure operators, the personal information and important data collected by it during the business activities must be reserved within the territory of China and under any circumstance where such information shall be transferred overseas, any relevant security assessment procedure must be taken prior to the transfer. Any failure or perceived failure to comply with all applicable laws and regulations may result in legal proceedings or regulatory actions against us, and could have a material adverse effect on our business and results of operations.

Our payments business is subject to a number of laws and regulations, including those governing banking, cross-border and domestic money transmission, foreign exchange and payment services.

Our payments business is subject to various laws and regulations in China, and any future expansion of our payments business would be subject to various laws and regulations in other jurisdictions where we operate. These laws include those governing banking, cross-border and domestic money transmission, foreign exchange and payment services, such as payment processing and settlement services. The legal and regulatory requirements that apply to our payments business vary in the markets where we operate and have increased over time as the geographical scope and complexity of our business and products have expanded. While our payments business has a compliance programme focused on compliance with applicable laws and regulations, there can be no assurance that we will not be subject to fines or other enforcement actions in one or more jurisdictions or be required to make changes to our business practices or compliance programmes to comply in the future. For example, regulatory authority has prescribed rules relating to third-party payment, whereby non-bank payment institutions are required to place customer funds in a centralised reserve with the PBOC. In addition, pursuant to the Circular on Transfer of Online Payment Business Conducted by Non-bank Payment Institution from Directly Connected Model to the NetsUnion Platform (關於將非銀行支付機構網絡支付業務由直連模式遷移至網聯平臺處理的通知) ("**Circular 209**") issued by the Payment and Settlement Department of PBOC on 4 August 2017 and effective as at 30 June 2018, all online payments involving bank accounts conducted by non-bank payment institutions must be processed by the unified platform operated by the NetsUnion Clearing Corporation. The State Council of China

issued the Regulations on Supervision and Administration of Non-Bank Payment Institutions (非銀行支付機構監督管理條例) in December 2023, which became effective from 1 May 2024. PBOC issued the Implementing Rules for the Regulations on Supervision and Administration of Non-Bank Payment Institutions (非銀行支付機構監督管理條例實施細則) on 9 July 2024. The new regulations require non-bank payment institutions to fortify their systems and technologies, prudently oversee payment accounts and apply strict measures to safeguard funds, which are designed to reinforce consumer protection, enhance security and affirm the contribution of digital payments to the real economy. Any new laws and regulations (or changes to, or expansion of, the interpretation or application of existing laws and regulations) applicable to our payments business could subject us to additional laws and regulations, additional licensure requirements and increased regulatory scrutiny, which could force us to change our business practices or limit our ability to grow our business. Costs associated with fines, enforcement actions, changes in compliance requirements or limits on our ability to grow our business could have a material and adverse effect on our business, future results of operations and prospects.

Our payments business is subject to anti-money laundering, counter-terrorist financing and sanctions laws and regulations.

Our payments business is, and any future expansion of our payments business would be, subject to various anti-money laundering, counter-terrorist financing and sanctions laws and regulations that prohibit, among other things, its involvement in transferring the proceeds of criminal activities. We are focused on compliance with these laws and regulations and have programmes designed to comply with new and existing anti-money laundering, counter-terrorist financing and sanctions legal and regulatory requirements. However, any errors, failures or delays in complying with anti-money laundering, counter-terrorist financing and sanctions laws and regulations could result in significant criminal and civil lawsuits, penalties, forfeiture of significant assets or other enforcement actions. Any new anti-money laundering, counter-terrorist financing and sanctions laws and regulations (or changes to, or expansion of, the interpretation or application of existing laws and regulations) applicable to our payments business could subject us to additional laws and regulations, additional licensure requirements and increased regulatory scrutiny, which could force us to change our business practices or limit our ability to grow our business. Costs associated with fines or enforcement actions, changes in our compliance requirements or limitations on our ability to grow our business, could have a material and adverse effect on our business, future results of operations and prospects.

Our payments business is subject to consumer protection laws and regulations.

Our payments business is subject to consumer protection laws and regulations in China, and any future expansion of our payments business would be subject to various consumer protection laws and regulations in other jurisdictions where we operate. We are focused on compliance with these laws and regulations and have programmes designed to comply with new and existing consumer protection requirements. However, any errors, failures or delays in complying with such consumer protection laws and regulations could result in significant criminal and civil lawsuits, penalties, forfeiture of significant assets or other enforcement actions. Any new consumer protection laws and regulations (or changes to, or expansion of, the interpretation or application of existing laws and regulations) applicable to our payments business could subject us to additional laws and regulations, additional licensure requirements and increased regulatory scrutiny, which could force us to change our business practices or limit our ability to grow our business. Costs associated with fines or enforcement actions, changes in our compliance requirements or limitations on our ability to grow our business could have a material and adverse effect on our business, future results of operations and prospects.

We are subject to risks associated with our micro-loan business.

For consumer loans, we partner with our affiliate, WeBank, a licenced bank, and other licensed banks to distribute small-sized cash loans and installment payment services. Micro-finance is a highly regulated business in China subject to the supervision of and regulation by the PBOC and the relevant local government authorities, and our failure to comply with any current or future laws, rules and regulations could subject us to liability, enforcement action by regulators and could harm our reputation. Our credit assessment model may not accurately predict the credit worthiness of our borrowers, and our actual losses could materially exceed our allowances for doubtful accounts. If losses on our portfolio of loans are greater than we expect, whether due to inaccuracies with our credit assessment model or changes in economic conditions or otherwise, our net income could be materially and adversely reduced. In addition, because we continue to be exposed to risk of loss with respect to a portion of losses on the loan portfolio, any failure of borrowers to repay their underlying loans could adversely affect our business, financial condition and results of operations.

We are subject to risks and uncertainties associated with the evolving AI regulations, potential infringement claims and increasing costs for regulatory compliance.

We are incorporating AI into various parts of our product offerings. However, as with most emerging technologies, AI comes with its own set of risks and challenges that could affect its adoption and our business. AI algorithms may be flawed, and the data used could be incomplete or biased. Inappropriate or controversial data practices, by us or by others, could limit the acceptance of our AI-enhanced products and content. Certain AI applications could trigger ethical issues. Should our AI-related offerings become controversial due to their effects on human rights, privacy, employment, or other social matters, we risk reputational harm or legal repercussions. In addition, uncertainties regarding the development and application of AI technology present a potential risk. There remains the possibility that AI technology may not progress as anticipated or deliver expected benefits, which could limit the acceptance and popularity of our AI-related offerings.

Furthermore, the regulatory and legal framework on AI is evolving rapidly and might not fully address every aspect of its research, development and use. Government authorities have sped up creating laws for generative AI-related technologies, such as algorithms and deep synthesis. For example, on 10 July, 2023, the CAC issued the Interim Measures for the Administrative Measures on Generative Artificial Intelligence Services (生成式人工智能服務管理辦法), which imposes compliance requirements on providers of generative AI services. The Measures require generative AI service providers to take effective measures to enhance the accuracy and reliability of the AI-generated content. Specifically, the service providers must: (i) assume the responsibilities as content producers and fulfill obligations related to network information security; (ii) assume the responsibilities as processors of personal information and ensure the protection of such data; and (iii) process training data, including conducting pre-training optimisation in compliance with applicable laws and regulations. In addition, the providers of generative AI services that possess public opinion influence or the capability for social mobilisation are required to undergo a security assessment and complete the filing formalities of algorithms in accordance with the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》). If we are unable to comply with the relevant requirements, or if we have any dispute with any third party relating to intellectual property, data security or other aspects, our business operation may be adversely affected.

Our past and future acquisitions and investments could have a material and adverse effect on our ability to manage our business.

As part of our strategy to further expand our business, we may continue to acquire or make investments in additional products, assets, technologies or businesses that are complementary to our existing business if and when appropriate opportunities arise. Future acquisitions and investments as well as the subsequent integration of new products, assets, technologies and businesses into our existing business would require attention from our management and result in diversion of resources from our existing business. The areas where we face risks include:

- diversion of management time and focus from operating our business to address challenges in relation to acquisition integration and business collaboration;
- implementation or remediation of controls, procedures and policies at the acquired company;
- integration of the acquired company's accounting, human resource and other administrative systems and coordination of product, engineering and sales and marketing functions;
- transition of operations, users and customers onto our existing services;
- cultural challenges associated with integrating employees from the acquired company into our organisation, and retention of employees from the businesses we acquire;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties;
- the ability of SAMR to require the subsequent unwinding of completed M&A transactions or impose significant fines in respect of such transactions;
- in the case of overseas acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries; and
- failure to successfully further develop the acquired technology.

Also, acquired products, assets, technologies or businesses and investments may not yield the results that we anticipate. In addition, acquisitions and investments could result in the use of substantial amounts of cash, significant amortisation expenses related to identifiable intangible assets and exposure to potential impairment or write-offs of such investments, the relevant goodwill and/or identified intangible assets or potential unknown liabilities of any such acquired business. Moreover, the costs of identifying and consummating acquisitions and investments may be significant. We may also have to obtain approval from the relevant government authorities for the acquisitions and investments and comply with any applicable laws and regulations, which could result in increased costs and delays. Further, the value of our investments is subject to market and non-market fluctuations which are attributable to factors beyond our control.

Our failure to properly and timely address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realise the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm our business generally.

Future acquisitions or investments could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortisation expenses, write-offs of goodwill, or even provisions for prolonged impairment in value, any of which could have a material and adverse effect on our business, future results of operations and prospects.

We may face additional risks as we expand our business to new international markets.

From time to time we evaluate opportunities to expand our business, services and product offerings to markets outside China. Expanding our business, services and product offerings into new overseas markets may expose us to risks that are additional to or different from those that we currently face, including:

- difficulties in identifying and maintaining good relationships with business counterparties or partners;
- uncertainties in developing products and services catering to overseas markets and in renewing the licence agreements with licencees upon their expiration;
- our ability to maintain our brand name and the reputation of our products and services in situations where our products and services are operated by licencees or partners in the overseas markets pursuant to their own standards;
- difficulties in staffing and managing foreign operations;
- difficulties and costs associated with protecting and enforcing our intellectual property rights overseas;
- difficulties and costs relating to compliance with the different commercial and legal requirements of the overseas markets, such as licensing and certification requirements, import regulatory procedures, taxes and other restrictions and expenses;
- requirements under different local regulatory systems, some of which may conflict with each other, including potential service interruptions of our online services due to national security laws or policies in the international markets in which we operate;
- exposure to claims and litigations in markets where the laws and overall environment are unfamiliar to us;
- competition from established local competitors;
- laws and business practices that favour local competitors or prohibit or limit foreign ownership of certain businesses;
- difficulties in integrating with local payment providers, including banks, credit and debit card networks and electronic fund transfer systems;
- potentially adverse tax consequences, including local taxation of our fees or transactions on our websites/applications;
- fluctuations in currency exchange rates;
- our ability to repatriate funds from abroad; and
- interruptions in cross-border Internet connections or other system or network failures.

Our inability to expand our business internationally or any risks associated with conducting business in new overseas markets may have a material and adverse effect on our business, future results of operations and prospects.

Certain U.S. laws and Executive Orders with respect to technology and communications products and services may have negative impacts on our business, and we cannot assure you that the U.S. government will not issue similar authorities in the future.

In the past several years, the U.S. government has enacted or issued a number of laws, Executive Orders, and regulations to restrict or prohibit the use of information and communications technology products and services supplied by Chinese companies, including in some cases authorities (which were subsequently rescinded without being fully implemented) that have directly authorised restrictions on transactions in the United States involving certain of our products. To date, none of our products, services and transactions have become prohibited as a result of the implementation of such authorities, but there can be no assurance that future actions taken under these authorities will not have an adverse effect on the operation of our business, particularly if such actions specifically target our products or services in the United States. There is also no assurance that the United States will not issue additional similar laws, Executive Orders or regulations that may adversely affect our business and financial conditions.

On 7 January 2025, the U.S. Department of Defense published the Notice of Availability of Designation of Chinese Military Companies. Pursuant to such notice, the Deputy Secretary of Defense has included us in the list of Chinese Military Companies (the "**CMC List**"). As we are neither a Chinese military company nor a military-civil fusion contributor to China's defense industrial base, we believe that our inclusion in the CMC List is a mistake. Unlike other lists maintained by the U.S. Government for sanctions or export control measures, inclusion in the CMC List relates only to U.S. defense procurement, which does not affect the business of us and our subsidiaries. We intend to initiate a reconsideration process to correct this mistake. During such process, it will engage in discussions with the U.S. Department of Defense to resolve any misunderstanding, and if necessary, will undertake legal proceedings to remove us from the CMC List. Previously, we were successfully removed from the Notorious Markets for Counterfeiting and Privacy List by the Office of the U.S. Trade Representative as a result of our efforts and progress in protecting IP rights on its platforms, as well as its constructive and effective engagement with relevant U.S. authorities. However, there can be no assurance that our efforts to seek removal from the CMC List will be successful. There is also no assurance that the United States will not issue additional Executive Orders or other laws or regulations that may add additional consequences to our inclusion on the CMC List that may cause it to adversely affect our business and financial condition.

Inclusion on the CMC List is distinct from inclusion on the List of Chinese Military Industrial Complex Companies ("**CMICs**") maintained by the U.S. Treasury Department's Office of Foreign Assets Control pursuant to Executive Order 13059, as amended by Executive Order 14032. U.S. persons are prohibited from purchasing or selling publicly traded securities of listed CMIC entities or publicly traded securities that are derivative of or provide investment exposure to such securities. Although we are not currently impacted by the prohibitions of the CMIC sanctions program, a number of Chinese telecommunications companies have been designated as CMICs pursuant to Executive Order 14032. Pursuant to Executive Order 14032, the U.S. government has significant discretion to make or revise such designations, and if it were to do so, this could have a material adverse impact on a broader range of companies, which could potentially include us.

Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade restrictions may materially and adversely affect our business, financial condition and results of operations.

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and restrictions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. The recent political tensions between the United States and China have escalated.

The United States has taken efforts to limit U.S. investment in China. On 28 October 2024, the U.S. Treasury Department issued a final rule (the Outbound Investment Rule) implementing Executive Order 14105 and creating a regime restricting investment by U.S. persons in targeted sectors in "countries of concern" (currently limited to China). On 21 February 2025, the White House released the "America First Investment Policy" memorandum, which outlined several initiatives to restrict investments involving China.

The U.S government has also adopted various export controls targeting China-based companies. In October 2022, the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**") released a series of export control measures on China, including new regulations restricting the export to China of advanced computing chips, advanced semiconductors, supercomputer technology, equipment for the manufacturing of advanced semiconductors, and components and technology for the manufacturing in China of certain semiconductor manufacturing equipment. In October 2023, BIS released additional rules that became effective in November 2023, expanding and strengthening export control measures to further restrict China's access to advanced computing chips and semiconductor manufacturing equipment. In January 2025, BIS released an interim final rule that established licensing requirements for the export of advanced computing integrated circuits that facilitate advanced AI research and development, as well as certain AI model technology. The rule prohibits the export of such items to any company headquartered in China or whose ultimate parent is located in China. These measures also restrict the ability of U.S. persons to provide "support" for semiconductor manufacturing and related activities in China and may seriously affect the ability of Chinese companies to purchase or obtain certain semiconductor manufacturing equipment or advanced chips. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the United States in the future, may impose restrictions on our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, service offerings and business operations.

The U.S. government has also established economic or trade sanction regimes towards restricting trade in certain goods, particularly from China. Since February 2025, the U.S. government has imposed a number of different tariffs on Chinese imports under several different legal authorities, some of which apply broadly to all Chinese imports and others of which are product- or industry-specific. In response, China imposed retaliatory tariffs on U.S. imports and other countermeasures. Currently, consistent with the Joint Statement on China-US Economic and Trade Meeting in Geneva issued on 12 May 2025 and subsequent discussions, certain of the tariffs and counter-measures have been suspended at least through 10 November 2025. The progress of trade talks between China and the United States is subject to uncertainties, and there can be no assurance as to whether the United States will maintain or reduce tariffs, or impose additional tariffs on Chinese products in the near future. Additionally, certain of the U.S. tariffs are subject to ongoing legal challenges that create further uncertainty as to whether the tariffs will remain in place or may be removed or modified. Changes to national trade or investment policies, treaties and tariffs or fluctuations in exchange rates could adversely affect the financial and economic conditions in the jurisdictions in which we operate, which may in turn affect our financial condition and results of operations.

China has also issued regulations to give itself the ability to unilaterally nullify the effects of certain foreign restrictions that are deemed to be unjustified to Chinese individuals and entities. The Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures, promulgated by the MOFCOM on 9 January 2021, provide that, among other things, Chinese individuals or entities are required to report to the MOFCOM within 30 days if they are prohibited or restricted from engaging in normal business activities with third-party countries or their nationals or entities due to non-Chinese laws or measures; and the MOFCOM, following the decision of the relevant Chinese authorities, may issue prohibition orders contravening such non-Chinese laws or measures. Furthermore, on 10 June 2021, the SCNPC promulgated the Anti-foreign Sanctions Law. The Anti-foreign Sanctions Law prohibits any organisation or individual from implementing or providing assistance in implementation of discriminatory restrictive measures taken by any foreign state against the citizens or organisations of China. In addition, all organisations and individuals in China are required to implement the retaliatory measures taken by relevant departments of the State Council of the PRC. In addition, in recent years, China has introduced a series of regulatory measures targeting the import and use of U.S.-origin AI-related chips, particularly in response to escalating U.S. export controls on advanced semiconductors. For example, in May 2023, the CAC announced that products from U.S. memory chipmaker Micron Technology had failed a cybersecurity review due to possessing serious network security risks. The products would be banded from use in China's critical information infrastructure. In April 2024, Chinese authorities ordered major state-owned telecommunications companies to phase out foreign-made chips, including those from Intel and AMD, from core network infrastructure by 2027.

Rising political tensions between the United States and China could reduce levels of trade, investments, technological exchanges and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets.

We rely on a number of third parties to provide us with content, various services and technologies. Any disruption in the provision of this third-party content or these services or technologies could materially and adversely affect our business, future results of operations and prospects.

One of our principal strengths is our ability to create a distinct online community through our services and content. We rely on a number of third parties to create traffic and provide content in order to make our products and services more attractive to consumers and advertisers, through which we may sustain and grow our online community. Third parties that provide content for our websites and services include both commercial content providers with which we have contractual relationships and our registered community members who post articles and other content on our products. If these third parties fail to develop and maintain high-quality content, our websites or other open platform offerings could lose users and advertisers. Most of our contractual arrangements with third-party content providers are not exclusive and are short-term, or may be terminated at any time for any reason by either party. There can be no assurance that our existing relationships with third-party content providers, if maintained, will result in sustainable business partnerships, successful service offerings, an acceptable level of traffic on our websites or revenue, or will not be terminated. Also, a majority of this third-party content is also available from other sources or may be provided to other Internet, SNS or other social media companies. If other Internet, SNS or other social media companies present the same or similar content in a superior manner, this could reduce our visitor traffic, which could have a material and adverse effect on our business, future results of operations and prospects.

In addition, our business also depends upon services provided by, and relationships with, third-party service and technology providers such as advertising agencies that represent advertisers, game developers, online payment vendors and other content providers. We generally do not have long-term cooperation agreements or exclusive arrangements with these third parties and they may elect to direct business opportunities to our competitors. With respect to game developers, we have revenue sharing arrangements that require periodic renewals. If we fail to retain and enhance our business relationships with these third parties, or renew our business arrangements with these third parties on the same or more favorable terms to us, our business, future results of operations and prospects may be materially and adversely affected.

We face uncertainties regarding the legal liability for providing third-party services, products, content and applications on our platforms.

A number of third-party services, products, content and applications have been, and will continue to be, provided on or through our platforms through commercial cooperation agreements we entered into with third parties. It is also possible that third parties may engage in illegal, obscene or incendiary conversations or activities that may be deemed unlawful under PRC laws and regulations on our platform. In addition, our users may generate and display content on our platforms which may involve illegal, obscene or incendiary conversations or activities. If any content on our platform is deemed illegal, obscene or incendiary, or if appropriate licences and third-party consents of such services, products, content and applications as required have not been obtained, claims may be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, other unlawful activities or other theories and claims based on the nature and content of such objectionable information. Although such commercial agreements provide general contractual provisions to limit or exclude our legal liabilities, we cannot assure you that we may not incur any liability caused by providing these third-party services, products, content or applications on our platforms if they are found to be in breach of the relevant rules and regulations in China or any intellectual property rights, especially in light of the fact that the current PRC laws remain uncertain regarding our liability in connection with any third-party content and applications. The Regulations on Network Information Protection require Internet operators to supervise and manage these third-party services with respect to collection and use of user information so as to ensure information security and privacy. The Civil Code of the PRC (中華人民共和國民法典) (the "**Civil Code**"), promulgated in 2020 and replacing certain laws including the Tort Law of the PRC (中華人民共和國侵權責任法), has further elaborated the circumstances where Internet operators may be found liable for the infringement conducted by third parties using network services provided by the Internet operators. However, the allocation of liabilities between Internet operators and such third-party service providers is subject to legal uncertainty. Any regulatory actions or liability incurred by these third parties may disrupt our business and cause damage to our reputation.

We have been and may continue to be exposed to liability for copyright or trademark infringement and other claims based on the nature and content of the materials that are delivered, shared or otherwise accessed through or published or posted on our platform. Defense of any such actions could be costly and involve significant time and attention of our management and other resources. In addition, if we are found to have not adequately monitored the content on our platform, PRC authorities may impose legal and administrative sanctions on us, including, in serious cases, suspending or revoking the licences necessary to operate our platform, which could have a material and adverse effect on our business, future results of operations and prospects.

Unauthorised use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights may adversely affect our business, future results of operations and prospects.

We regard our intellectual property rights, including our patents, trademarks and content copyrights, as critical to our success. We seek to protect our intellectual property rights by relying on a combination of patent, copyright and trademark protection and contract laws. Despite our precautions, it may be possible for third parties to use such intellectual property without authorisation. The validity, enforceability and scope of protection of intellectual property in Internet-related industries are uncertain and still evolving in China and protection and enforcement of our intellectual property rights may not be as effective as in other countries with established legal regimes. Moreover, policing and enforcing against unauthorised use of proprietary technologies are difficult and expensive. Any unauthorised use of our intellectual property could have a material and adverse impact on our business and results of operations. From time to time, we have, and may have to resort to, litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of resources.

We are subject to intellectual property rights laws in a number of jurisdictions and have been involved in lawsuits or other legal proceedings in such jurisdictions from time to time.

As a leading integrated Internet services company operating a broad range of Internet services, such as games, digital content and marketing services, we may face liability for defamation, negligence, copyright, misappropriation, patent or trademark infringement or other intellectual property rights violations of third parties. We have been involved and may continue to be involved in intellectual infringement disputes, lawsuits and other legal proceeding. Intellectual property claims and litigations are expensive and time-consuming to investigate and defend, and may divert resources and management attention from the operation of our business. If determined adversely against us, our business may be materially interrupted. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our websites to reduce the risk of future liability, could also have a material and adverse effect on our business, future results of operations and prospects.

We may receive notices of claims of infringement of third parties' proprietary rights or claims for indemnification resulting from infringement claims arising from our use of technology, content offered on our Internet portals, internally developed games or merchandise and services sold on our eCommerce platforms. We could also be subject to claims based upon content that is accessible on our websites or through our services, such as content and materials posted by users on message boards, online communities, voting systems, email or Internet groups. On 17 December 2012, the Supreme People's Court of the PRC promulgated a judicial interpretation, namely, the Provisions of the Supreme People's Court of the PRC on Several Issues concerning the Application of Law in Hearing Civil Dispute Cases Involving Infringement of the Right of Dissemination on Information Networks (最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定), which was amended by the Supreme People's Court of the PRC on 29 December 2020. This judicial interpretation regulates dissemination of infringing materials through the Internet. This judicial interpretation, like certain court rulings and certain other judicial interpretations, provides that the courts will place the burden on Internet service providers to remove not only links or content that have been specifically mentioned in the notices of infringement from right holders, but also links or content Internet service providers "should have known" to contain infringing content. The interpretation further provides that where an Internet service provider has directly obtained economic benefits from any content made available by an Internet user, it has a higher duty of care with respect to Internet users' infringement of third-party copyrights. The provisions under this interpretation are also consistent with requirements under other PRC laws and regulations, including the Civil Code. This interpretation, as well as other PRC laws, regulations and judicial interpretations, could subject us and other Internet service providers to significant administrative burdens and litigation risks.

With respect to games and applications developed by third parties, we have procedures designed to reduce the likelihood of infringement. However, such procedures might not be effective in preventing third-party games and applications from infringing other parties' rights.

As our patents may expire and may not be extended, our patent applications may not be granted and our patent rights may be contested, circumvented, invalidated or limited in scope, our patent rights may not protect us effectively. In particular, we may not be able to prevent others from developing or exploiting competing technologies. As a result, there could be material and adverse effects on our business, future results of operations and prospects.

In China, the valid period of utility model patent right, design patent right and invention patent right is 10 years, 15 years and 20 years, respectively. None of such patent rights is extendable. Currently, we have been granted patents and have patent applications pending in China, but we cannot assure you that we will be granted patents pursuant to our pending applications. Even if our patent applications succeed and we are issued patents in accordance with them, it is still uncertain whether these patents will be contested, circumvented or invalidated in the future. When our existing patents expire, we will lose any proprietary protection or competitive advantages they originally provide to us and we may face increased competition. The rights granted under any issued patents may not provide us with proprietary protection or competitive advantages. Further, the claims under any patents that issue from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. It is also possible that the intellectual property rights of others will bar us from licensing and from exploiting any patents that issue from our pending applications. Issued patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. These patents and patent applications might have priority over our patent applications and could subject our patent applications to invalidation. Finally, in addition to those who may claim priority, any of our existing or pending patents may also be challenged by others on the basis that they are otherwise invalid or unenforceable.

We depend on our key personnel, and our business and growth prospects may be severely disrupted if we lose their services.

Our success depends on the continuous effort and services of our current executive team and other key personnel, and we rely on their expertise in business operations, including the development of new VAS and products and maintenance of our relationships with other strategic partners. If one or more of our key personnel are unable or unwilling to continue in their present positions, we may not be able to easily replace them and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business. Our present and future success will continue to depend on our ability to attract and retain highly skilled technical, managerial, editorial, marketing and customer service personnel. There is no assurance that we may be able to successfully attract, assimilate or retain the personnel we need to succeed. As competition for talent in the technology industry intensifies, it may be more difficult for us to hire, motivate and retain highly skilled personnel. If we are unable to attract additional highly skilled personnel or retain or motivate our existing personnel, we may not be able to grow effectively.

Legal proceedings or allegations of impropriety against us or our key personnel could have a material and adverse impact on our reputation, results of operations and financial condition.

From time to time, we have been, and may be in the future, involved in lawsuits or subject to allegations brought by our competitors, individuals or other entities against us or our key personnel, including claims of unfair, unethical or otherwise inappropriate business practices. See "*Business — Legal Proceedings*". Any such lawsuit or allegation, with or without merit, or any perceived unfair, unethical or inappropriate business practice by us could generate negative publicity about us, harm our reputation and divert resources and management attention from the operation of our business. We cannot assure you that we will not be involved in lawsuits or subject to allegations of a similar nature

in the future. In addition, we could incur substantial costs, divert the attention of our management in dealing with these claims, and suffer reputational damage, even if we are successful in our defense or counterclaims, which could have a material and adverse effect on our business, future results of operations and prospects.

Online communications among our users may lead to adverse moral, emotional or physical consequences, which may damage our reputation, lead to litigation or government investigation and have a material and adverse effect on our business, future results of operations and prospects.

Our users engage in highly personalised exchanges over our platforms. Users who have met online through our services may become involved in emotionally charged situations and could suffer adverse moral, emotional or physical consequences. Such occurrences could be highly publicised and have a significant negative impact on our reputation. Users who have suffered such adverse consequences may bring litigation against us to claim compensation in such events. Government authorities may also require us to discontinue or restrict those services that have led, or may lead, to such events. As a result, our business, future results of operations and prospects could be materially and adversely affected.

Undetected programming errors or defects in our products or unauthorised use of our products could harm our reputation and increase user dissatisfaction, which could materially and adversely affect our business, future results of operations and prospects.

Our products may contain undetected programming errors or other defects. In addition, parties unrelated to us may use our products in unauthorised or unintended ways, such as online cheating programmes that enable users to acquire superior features for our games that they would not have otherwise. Certain cheating software programmes created independently by parties unrelated to us could allow users to eliminate superior features for our games that have been acquired by other users or otherwise affect the fairness of the game environment for our games. The occurrence of undetected errors or defects in our products, and our failure to discover and disable unauthorised or unintended uses, could disrupt our operations, damage our reputation and detract from our products' user experience. As a result, such errors, defects and cheating programmes could materially and adversely affect our business, future results of operations and prospects.

Unexpected network interruptions caused by system failures, security breaches, malware or computer or mobile device system viruses may disrupt our business operations, harm our reputation, and may require us to expend significant capital and other resources to protect our websites.

We may experience unexpected system interruptions and delays (including those caused by natural disasters such as earthquakes and floods) or security breaches, which may expose us or our users to a risk of loss or misuse of user information, prevent us from efficiently providing services or efficiently fulfilling orders, or cause significant harm to our user relations and reputation and our ability to attract and maintain users and advertisers. We may be required to expend significant capital and other resources to protect our websites against the threat of computer viruses and hackers and to alleviate any problems caused by them. There is no assurance that these measures will be adequate and prevent potential future attacks. In addition, any security breach caused by hacking, which involves efforts to gain unauthorised access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses could have a material and adverse effect on our business, future results of operations and prospects.

We maintain a distributed server network architecture hosting servers across China. We have limited backup systems and have experienced system failures and electrical outages from time to time in the past, which have disrupted our operations. Although we have a certain number of disaster recovery plans in place in the event of damage from fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, terrorist acts and similar events and will continue to

develop additional plans, our existing backup systems and disaster recovery plans may not be effective for such events. If any of the foregoing occurs, we may experience system failures and electrical outages, which could have a material and adverse effect on our business, future results of operations and prospects.

Our users may use our products or services for critical transactions and communications, especially business communications. As a result, any system failures could result in damages to such users' businesses. These users may seek significant compensation from us for their losses. We could incur substantial costs and divert the attention of our management in defending ourselves against these claims even if we are successful in such defense.

Failure of information security could subject us to penalties, damage our reputation and brand, and harm our business, future results of operations and prospects.

The Internet and mobile industries are facing significant challenges regarding information security and privacy, including the storage, transmission and sharing of confidential information. We transmit and store over our systems confidential and private information of our users, customers, distributors and partners, such as personal information, including names, user IDs and passwords, and payment or transaction related information. We are required by PRC laws to ensure the confidentiality, integrity, availability and authenticity of the information of our users, customers, distributors and partners, which is also essential to maintain their confidence in our online products and services. In addition, we are subject to a number of international information security regulations.

We have adopted strict information security policies and deployed advanced measures to implement the policies, including, among others, encryption technologies. However, advances in technology, increased level of sophistication and diversity of our products and services, increased level of expertise of hackers, new discoveries in the field of cryptography or others could still result in a compromise or breach of the measures that we use. We have experience and may continue to experience security breaches and hacking attacks. In August 2011, the Supreme People's Court and the Supreme People's Procuratorate of the PRC jointly issued the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate of Several Issues on the Application of Law in the Handling of Criminal Cases about Endangering the Security of Computer Information Systems (最高人民法院、最高人民檢察院關於辦理危害計算機信息系統安全刑事案件應用法律若干問題的解釋) regarding hacking and other Internet crimes, which took effect on 1 September 2011. In December 2012, the Standing Committee of the PRC National People's Congress promulgated the Decision on Strengthening Network Information Protection (the "**Network Information Protection Decision**") (全國人民代表大會常務委員會關於加強網絡信息保護的決定). To enforce the Network Information Protection Decision and require Internet service providers to take measures to ensure confidentiality of information of users, the Regulations on Network Information Protection became effective in September 2013. In July 2013, MIIT issued the Action Plan Notice of the Precaution and Administration over the Illegal Hacker Industrial Chain (工業和信息化部關於印發防範治理黑客地下產業鏈專項行動方案的通知) to specifically crack down on malicious hacking. The Cyber Security Law and the Civil Code also require the Internet operators to take necessary technical measures or other measures to protect the personal data. Particularly, for the operators of crucial information infrastructure, the personal data and crucial data should be stored in the territory of China, under circumstances that such data need to be provided to overseas parties due to business requirements, a security assessment shall be conducted before the transmission of the data. However, the effect of these new regulations on curbing hacking and other illegal online activities still remains to be seen.

In recent years, the PRC government has tightened the regulation of cybersecurity and data protection. According to the institutional reform plan of the State Council approved by the National People's Congress on 10 March 2023, the National Data Bureau has been established under the administration of the NDRC on 25 October 2023. The National Data Bureau is responsible for, among other things, advancing the development of data-related fundamental institutions, coordinating the integration, sharing, development and application of data resources, and promoting the digitalisation of the China

economy and society. A series of cybersecurity and data protection related laws and regulations have been adopted in recent years, including the PRC Data Security Law (中華人民共和國數據安全法) which took effect on 1 September 2021, the PRC Personal Information Protection Law (中華人民共和國個人信息保護法) which took effect on 1 November 2021, the Cybersecurity Review Measures (網絡安全審查辦法) which became effective on 15 February 2022, the Security Assessment Measures for Outbound Data Transfers (數據出境安全評估辦法) which took effect on 1 September 2022, the Provisions on Promoting and Regulating the Cross-border Flow of Data (促進和規範數據跨境流動規定) which was issued on 22 March 2024, and the Regulations on Network Data Security Administration (網絡數據安全管理條例) which took effect on 1 January 2025. These new laws and regulations have established China's current regulatory system for cybersecurity and data protection related matters, including data classification, personal information protection, cybersecurity review and outbound data transfer. Since these laws and regulations are relatively new, uncertainties still exist in relation to their interpretation and implementation. Any future change in laws and regulations relating to cybersecurity and data protection could affect our compliance and operating cost in providing our products and services, and results of operation.

Significant capital, managerial and human resources are required to comply with legal requirements, enhance information security and to address any issues caused by security failures. If we are unable to protect our systems, the information stored in our systems, from unauthorised access, use, disclosure, disruption, modification or destruction, such problems or security breaches could cause loss or give rise to our liabilities to the owners of confidential information, such as our users, customers, distributors and partners, subject us to penalties imposed by administrative authorities, and disrupt our operations. This will become more difficult as we continue to grow the number and scale of our cloud-based offerings and store and process increasingly large amounts of information in an environment increasingly hostile to information security. Any negative publicity on the safety or privacy protection mechanism and policy of our websites, mobile or platform services could also have a material and adverse effect on reputation and brand and harm our business, future results of operations and prospects.

We could be liable for fraudulent or unlawful activities of sellers and users.

Our online payments services are susceptible to potentially illegal or improper use, including fraudulent sales of goods or services, illicit sales of controlled substances, restricted or unlawful items, piracy of software, movies, music and other copyrighted or trademarked goods, money laundering, terrorist financing, bank fraud, child pornography, drug trafficking, online securities fraud, identity theft and encouraging, promoting, facilitating or instructing others to engage in illegal activities. Although we have implemented policies to restrict these activities on our platforms, we may not be able to prevent all such misuse by our users. Excessive misuse of our services by users could result in fines, the suspension of our services or reputational harm. We may be subject to claims from customers that merchants have not performed or that their goods or services do not match the merchant's description, whether those arise from merchant fraud or from an unintentional failure to perform by the merchant. While we are indemnified by our partners, we may not be able to recover in full if our partners are unwilling or unable to pay. We may also be subject to claims from users for unauthorised purchases. Negative publicity and customer sentiment generated as a result of fraudulent or deceptive conduct through our online payments services and transactions could damage our reputation, reduce our ability to attract new users or retain existing users and adversely impact our brands. Any costs incurred as a result of potential liability relating to the alleged or actual sale of unlawful goods or the unlawful sale of goods could harm our business. In addition, governmental agencies could require us to modify our business practices and discontinue or restrict our services.

We are subject to complex and evolving laws and regulations regarding privacy, data protection and cybersecurity.

We are subject to privacy, data protection and cybersecurity regulations from a number of jurisdictions. From time to time, concerns have been expressed about whether our products, services or processes compromise the privacy of users and others. Concerns about our practices with regard to the collection, use, disclosure or security of personal information or other privacy related matters, even if unfounded, could damage our reputation and adversely affect our operating results.

Regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning data protection. In addition, the interpretation and application of consumer and data protection laws in the Mainland of China, United States, Europe and elsewhere are often uncertain and in flux. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. If so, in addition to the possibility of fines, this could result in an order requiring that we change our data practices, which could have an adverse effect on our business and results of operations. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices and could have a material and adverse effect on our business, future results of operations and prospects.

We may become the target of anti-monopoly and unfair competition claims, which may result in our being subject to fines as well as constraints on our business.

The PRC Anti-Monopoly Law (中華人民共和國反壟斷法) (the "**Anti-Monopoly Law**") took effect on 1 August 2008. Before the 2018 Institutional Reform Plan, the NDRC, the SAIC, and the MOFCOM were the three PRC anti-monopoly enforcement authorities, and the NDRC and the SAIC had in recent years strengthened enforcement actions, including levying significant fines, with respect to monopolistic agreements (i.e., cartels and vertical restraints) as well as abusive behavior of companies having market dominance. According to the 2018 Institutional Reform Plan, the anti-monopoly functions performed by the NDRC, the SAIC and the MOFCOM were consolidated into the SAMR, which may place a profound impact on the PRC anti-monopoly law enforcement practice. In November 2021, the National Anti-monopoly Bureau was inaugurated by the State Council, which aims to further implement the fair competition policies, and strengthen anti-monopoly supervision in the PRC, especially to strengthen oversight and law enforcement in areas involving platform economy, innovation, science and technology, information security and people's livelihoods.

The Anti-Monopoly Law also provides a private right of action for stakeholders to bring anti-monopoly claims against companies. In recent years, an increasing number of stakeholders have been exercising their right to seek relief under the Anti-Monopoly Law. As public awareness of the rights under the Anti-Monopoly Law increases, more stakeholders may resort to the remedies under the law to improve their competitive position, regardless of the merits of their claims.

On 24 June 2022, the Decision of the SCNPC to Amend the Anti-Monopoly Law of the People's Republic of China (全國人民代表大會常務委員會關於修改反壟斷法的決定) was adopted and became effective on 1 August 2022, which stipulated that even where a concentration of undertakings does not meet the notification thresholds as required by the State Council, the State Counsel Anti-Monopoly Enforcement Agency may order the operators to file the concentration of undertakings if there is evidence that the concentration of undertakings has or may have the effect of eliminating or restricting competition. In addition, if operators fail to notify the concentration of undertakings which has or may have the effect of eliminating or restricting competition, the State Council Anti-Monopoly Enforcement Agency may impose orders on such operators including suspension of implementation of concentration, disposal or transfer of shares, assets and/or business within a prescribed time frame, or take other necessary measures to restore to the state before the concentration, and impose a fine of up to 10% of the sales revenue in the previous year. To the extent that any operator fails to make requisite filings of any concentration in a timely manner which does not have the effect of eliminating or restricting competition, a fine of up to RMB5,000,000 may still be imposed on such operators.

On 11 September 2020, the SAMR issued Anti-monopoly Compliance Guideline for Operators (經營者反壟斷合規指南), which was amended on 25 April 2024, and which requires operators to establish anti-monopoly compliance management systems to prevent anti-monopoly compliance risks according to the PRC Anti-monopoly Law.

On 7 February 2021, the Anti-monopoly Commission of the State Council promulgated the Anti-Monopoly Guidelines for Internet Platforms (國務院反壟斷委員會關於平臺經濟領域的反壟斷指南). The Anti-Monopoly Guidelines for Internet Platforms prohibits certain monopolistic acts of Internet platforms in order to protect market competition and safeguard interests of users and undertakings participating in Internet platform economy, including but not limited to prohibiting platforms with dominant position from abusing their market dominance (such as using big data and analytics to discriminate customers in terms of pricing and other transactional conditions, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of unnecessary user data). In addition, the Anti-Monopoly Guidelines for Internet Platforms also reinforces antitrust merger review for transactions related to Internet platform in order to safeguard market competition. As the Anti-Monopoly Guidelines for Internet Platforms was newly promulgated, there is currently no precedent to be used as a reference point for enforcement orders. Whilst we will continue to enhance our antitrust compliance system in accordance with the Anti-Monopoly Guidelines for Internet Platforms, we cannot estimate the impact it may have on our business operations.

On 10 March 2023, the SAMR promulgated four regulations ancillary to the Anti-Monopoly Law, namely the Review Measures of Concentration of Undertakings (經營者集中審查規定), the Provisions on the Prohibition of Monopoly Agreements (禁止壟斷協議規定), the Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (禁止濫用市場支配地位行為規定), and the Provisions on Curbing the Abuse of Administrative Power to Exclude or Restrict Competition (制止濫用行政權力排除、限制競爭行為規定), all of which took effect from 15 April 2023. These regulations have, among other things, elaborated the specific requirements under the Anti-Monopoly Law, optimised the regulatory and enforcement procedures and imposed more stringent legal responsibilities on the relevant parties. In addition, the Provisions on the Threshold of Filings for Undertaking Concentrations (關於經營者集中申報標準的規定) issued by the State Council in 2008, with its latest amendment on 22 January 2024, further adjusts the filing threshold for concentration of undertaking as, during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeded RMB12 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB4 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year.

To our knowledge, a certain number of PRC Internet companies adopt Variable Interest Entity Structure ("VIE structure"), but there have been few precedents where Internet companies with a VIE structure were investigated for being involved in the concentrations of undertaking until recently. It has been long debated whether transactions involving Internet companies with a VIE structure are subject to prior filing of notification requirements. Due to such regulatory history in the industry and as a matter of common industry practice in the past, we did not notify concentrations of undertaking with the relevant authorities. In April 2020, the SAMR published a case of concentration of undertaking where a VIE structure was involved (such case was concluded and approved unconditionally in July 2020). In November 2020, the Draft Anti-Monopoly Guidelines for Internet Platforms (關於平臺經濟領域的反壟斷指南(徵求意見稿)) also, for the first time, expressly stipulates that concentrations involving a VIE structure shall fall within the ambit of SAMR's merger control review if the filing thresholds are triggered. Furthermore, in December 2020, SAMR has, for the first time, formally penalised three Internet companies with a VIE structure for failure to notify the implementation of concentrations. Hence, since 2020, SAMR has been reviewing historical non-filing cases of concentrations of undertaking of Internet companies with a VIE structure, and any

gun-jumping cases may be investigated and penalised. The Anti-Monopoly Guidelines for Internet Platforms which was officially promulgated on 7 February 2021 also confirmed that the concentrations involving a VIE structure shall fall within the ambit of SAMR's merger control review if the filing thresholds are triggered.

We may receive intensive scrutiny from government agencies under the Anti-Monopoly Law and the Anti-Monopoly Guidelines for Internet Platforms in connection with our business practices, investments and acquisitions. Any anti-monopoly lawsuit or administrative proceeding initiated against us may result in our being subject to profit disgorgement, heavy fines and various constraints on our business, or result in negative publicity which could harm our reputation. We have received penalties from the SAMR in the past few years related to gun-jumping cases in connection with our previous acquisitions; for example, in March 2021 and in December 2020, each of us and one of our subsidiaries China Literature received from the SAMR an official notice of imposition of a fine of RMB500,000 respectively due to the foregoing reason. There remains a possibility that we or any of our subsidiaries may be subject to more penalties in the future and our ability to implement strategic acquisitions may be affected. These constraints could include forced termination of any anti-competitive agreements or arrangements that are determined to be in violation of anti-monopoly laws, divestitures and rectifications of certain business practices, which may limit our ability to innovate and thereby increasing our operating costs. For example, in July 2021, SAMR issued a decision that required each of us and one of our subsidiaries, Tencent Music Entertainment Group, to terminate exclusive music copyright licensing arrangements and submit an annual compliance report to SAMR. Moreover, the merger control regulation enforced by SAMR may limit our investment ability. For example, in July 2021, SAMR announced its decision to block the proposed merger between a non wholly-owned subsidiary of the Company, HUYA Inc., and one of our investee companies, DouYu International Holdings Limited. These types of constraints could result in more uncertainties and regulatory challenges to our business practice.

Failure to comply with the terms of our indebtedness could result in acceleration of indebtedness, which could have an adverse effect on our cash flow and liquidity.

As at 30 June 2025, our borrowings and notes payable included in current liabilities were RMB58,631 million (US$8,185 million) and RMB12,880 million (US$1,798 million), respectively, and borrowings and notes payable included in non-current liabilities were RMB202,966 million (US$28,333 million) and RMB119,338 million (US$16,659 million), respectively. As at 30 June 2025, our total borrowings included in current liabilities and non-current liabilities both comprised RMB bank borrowings, EUR bank borrowings, JPY bank borrowings, HKD bank borrowings, as well as U.S. dollar bank borrowings. As at 30 June 2025, our notes payable under the Programme comprised the 2026 Notes, the January 2026 Notes, the 2028 Notes, the 2029 Notes, the 2030 Notes, the 2031 Notes, the 2035 Notes, the 2038 Notes, the 2041 Notes, the 2049 Notes, the 2050 Notes, the 2051 Notes, the 2060 Notes and the 2061 Notes. See "*Description of Other Material Indebtedness*". Under the terms of our current indebtedness and any debt financing arrangement that we may enter into in the future, we are, and may be in the future, subject to financial and other covenants that could, among other things, restrict our business and operations. If we breach any of these covenants, including by failing to maintain certain financial ratios, our lenders or noteholders will be entitled to accelerate our debt obligations. Any default under our indebtedness could potentially require us to repay these loans or redeem the notes prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity.

We are subject to interest rate risk in connection with our indebtedness.

We are exposed to interest rate risk related to our indebtedness. Borrowings and notes payable carried at floating rates expose us to cash flow interest-rate risk whereas those carried at fixed rates expose us to fair value interest rate risk. Although we regularly monitor our interest rate risk to identify if there are any undue exposures to significant interest rate movements and manage our cash flow interest rate risks by using interest rate swaps, when necessary, we cannot guarantee the fluctuation of interest rates will not materially impact our financing costs, which in turn may have a material adverse effect on our cash flow and liquidity.

We may need additional capital but may not be able to obtain it.

We may require additional cash resources due to future growth and developments of our business, including any investments or acquisitions we may decide to pursue, any repurchase of shares or any repurchase or redemption of bonds we may decide to conduct from time to time, or for other business changes. If cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, the liquidity of international capital and lending markets, PRC governmental regulations over foreign investment and the technology industry in China. In addition, incurring indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing will be available in a timely manner or in amounts or on terms acceptable to us, if at all.

If we are unable to raise additional funds on terms favourable to us, or at all, this could have a material and adverse effect on our business, financial condition and results of operations. For example, we may not be able to carry out parts of our growth strategy or invest in technologies necessary to maintain our growth and competitiveness.

We have limited business insurance coverage.

Insurance companies in the Mainland of China offer limited business insurance products. As a result, although we have insurance for property damage, we do not have any product liability, business liability or disruption insurance coverage for our operations in the Mainland of China, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business and reputation. Any business disruption, litigation or natural disaster could expose us to substantial costs and diversion of resources.

We face risks relating to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our business, financial condition and results of operations.

The occurrence of a natural disaster or an outbreak of an epidemic illness or other adverse public health developments in China or elsewhere in the world could materially disrupt our industry and our business and operations, and have a material adverse effect on our business, financial condition and results of operations. Health epidemics or fear of spread of contagious diseases, such as the outbreak of Ebola virus disease ("**EVD**"), coronavirus disease 2019 ("**COVID-19**"), Middle East respiratory syndrome ("**MERS**"), severe acute respiratory syndrome ("**SARS**"), H1N1 flu H7N9 flu, and avian flu could cause a temporary closure of facilities we operate, affect the health of our employees and their work efficiency, and impact our users, merchants and business partners.

The laws and regulations governing the Internet and telecommunications and other related industries in China are developing and subject to future changes. If we fail to adhere to applicable regulations, or if we fail to obtain or maintain all applicable permits and approvals, our business, future results of operations and prospects could be materially and adversely affected.

The Internet and telecommunications and other related industries in China are highly regulated by the PRC government. See "*General Regulation on Internet and Telecommunications Industries*". Various regulatory authorities of the PRC government, including, but not limited to, State Council, the Cyberspace Administration of China ("**CAC**"), MIIT, SAMR, Ministry of Culture and Tourism ("**MOCT**", which was established in March 2018 by integrating the responsibilities of the Ministry of Culture ("**MOC**") and the National Tourism Administration), National Radio and Television Administration ("**NRTA**", in accordance with the 2018 Institutional Reform Plan, NRTA was formed based on the duty of radio and television administration of the State Administration of Press, Publication, Radio, Film and Television ("**SAPPRFT**", which was established in March 2013, by integrating the responsibilities of the General Administration of Press and Publication ("**GAPP**") and the State Administration of Radio, Film and Television ("**SARFT**"), and was dismantled according to the 2018 Institutional Reform Plan), Publicity Department of the Central Committee of the Communist Party of China ("Publicity Department of the CCCPC," according to the 2018 Institutional Reform Plan, the responsibilities of the SAPPRFT in respect of administration of press and publication were transferred to the Publicity Department of the CCCPC, and the Publicity Department of the CCCPC also lists the name of the National Press and Publication Administration (the "**NPPA**"), the MOFCOM and the Ministry of Public Security ("**MPS**")), are empowered to promulgate and implement regulations governing various aspects of the Internet and telecommunications and other related industries and we are thus required to obtain applicable licences, permits and approvals from a number of these regulatory authorities in order to conduct our business. Although we have obtained the licences essential to operating our business, these licences are subject to periodical government review. For example, the periodic renewal applications of a few of our licences are currently being reviewed by the government. Although we do not expect any obstacles for their renewals, we cannot assure you that such renewals will be successfully obtained.

As the Internet and telecommunications and other related industries mature, the PRC government authorities are likely to continue to issue new regulations governing these industries and hence require new and additional licences, permits and approvals. As we further develop and expand our product and services offerings and functions, including new services and products, we and our users may in the future become subject to additional or new regulations (such as stricter regulations relating to content publication, user identity, privacy, consumer and data protection and the provision of online payment services), and we may also need to obtain additional qualifications, permits, approvals or licences. There is no assurance that we can obtain and renew those licences, permits and approvals in a timely or cost-effective manner. Failure to obtain them could materially and adversely affect our business, future results of operations and prospects.

The PRC government has promulgated a series of rules, regulations and policies that may have negative impact on the online game industry, and we cannot assure you that the PRC government will not promulgate similar rules, regulations or policies in the future.

The online game industry is highly regulated in China. The PRC government has adopted a series of rules, regulations and policies to monitor and control the online game industry in response to, among other things, perceived addiction to online games and its perceived negative social effects, particularly for minors.

On 25 October, 2019, the NPPA issued the Notice on Preventing Minors from Addiction to Online Games (關於防止未成年人沉迷網絡遊戲的通知) (the "**Addiction Prevention Notice**") which came into effect on 1 November 2019. The Addiction Prevention Notice requires online game operators to establish and implement real-name registration system for users and not provide any game services for users not completing real-name registration from 1 November 2019, and online game enterprises

must require all their existing users to complete real-name registration and stop providing game services for users who have not completed real name registration within two months after the Addiction Prevention Notice took effect. In addition, period and length of time for playing online games by minors are strictly controlled. Online game operators are not permitted to provide game services for minor users from 22:00 to 8:00 and the length of time for playing online games by minors shall not exceed three hours on each statutory holiday and 1.5 hours on each working day. The Addiction Prevention Notice also regulates for-charge services provided by online game operators to minors, e.g., online game operators shall not provide for-charge service to minors under the age of eight; the recharge amount shall not exceed RMB50 once and RMB200 every month by game users who have reached the age of eight but not the age of 16, and not exceed RMB100 once and RMB400 every month by minors who have reached the age of 16, etc.

On 30 August 2021, the NPPA promulgated the Notice of Further Imposing Strict Administrative Measures to Prevent Minors from Becoming Addicted to Online Games (國家新聞出版署關於進一步嚴格管理切實防止未成年人沉迷網絡遊戲的通知) (the "**Further Addiction Prevention Notice**"), which came into effect on 1 September 2021. Compared to the Addiction Prevention Notice, the Further Addiction Prevention Notice imposes stricter time limits for playing online games by minors (individuals under the age of 18), which requires all online game operators can only provide game services to minors (under the age of 18) from 20:00 to 21:00 on each Friday, Saturday, Sunday and statutory holiday. This Further Addiction Prevention Notice also requires that all the online games must be connected to the real-name registration and game addiction prevention system, emphasising the requirements that online game operators shall strictly implement the real-name registration system for users and shall not provide game services in any form to users not registering and logging in without real-name authentication. On 20 October 2021, the Ministry of Education, the Publicity Department of the CCCPC, the CAC, the MIIT, the MPS and the SAMR jointly issued the Notice on Strengthening the Management of Preventing Primary and Middle School Students from indulging in Online Games (教育部辦公廳等六部門關於進一步加強預防中小學生沉迷網絡遊戲管理工作的通知) (the "**Addiction Prevention Management Notice**"), which became effective on the same day, providing substantially the same requirements as the Further Addiction Prevention Notice. For example, the Addiction Prevention Management Notice addresses the requirement of pre-approval for online games operation. This Addiction Prevention Management Notice also emphasises online game operators are banned from providing game services in any form to minors under the age of 18 unless in the permitted times slots stipulated in the Further Addiction Prevention Notice. On 16 October 2023, the State Council promulgated the Regulations on the Online Protection of Minors (未成年人網絡保護條例) (the "**Minor Protection Regulations**"), which came into effect on 1 January 2024. The Minor Protection Regulations sets out in details the responsibilities of the online platforms, online product or service providers, personal information processors, and manufacturers and sellers of smart terminal products. If we fail to comply with the requirements under the Minor Protection Regulations, the competent authorities can order us to make rectifications, issue a warning, and confiscate the illegal gains, as well as impose monetary fines. If we refuse to make rectifications or the circumstances are serious, we may be ordered to suspend our relevant business, cease our business for rectification, close our website, or revoke our relevant permits or business license. The responsible managerial personnel and other directly liable staff could be subject to monetary fines.

On 22 December 2023, the NPPA promulgated the Measures for the Administration of Online Games (Draft for Comments) (網絡遊戲管理辦法(草案徵求意見稿)) (the "**Online Games Measures Draft**"). According to the Online Games Measures Draft, the publishing authority is responsible for the supervision and management of online game publishing and operating activities. The Online Games Measures Draft sets forth provisions on the establishment, administration and supervision of online game publication and operation entities, restrictions on the excessive use and high consumption of games, protection of minors, etc., which further regulates activities concerning publication and operation of online games. As the Online Games Measures Draft is not adopted and it remains unclear whether the formal version adopted in the future will have any further material changes, there remains substantial uncertainties as to how the Online Games Measures Draft will be enacted, interpreted, or implemented and how they will affect our operations. If there is any new supervision requirements in

the future for the distribution and operation of online game, there is no assurance that we can meet all such supervision requirements in a timely or cost-effective manner. Failure to comply with the supervision requirements could materially and adversely affect our business, future results of operations and prospects.

We cannot assure you that the PRC government will not promulgate similar rules, regulations or policies in the future, particularly during periods when public opinion does not favor online games. Such rules, regulations and policies could significantly reduce our revenue and materially and adversely affect our business, future results of operations and prospects.

Any administrative changes in regulatory government authorities may impact market conditions which could in turn affect our results of operations.

Our operations of online games are subject to the supervision and administration of multiple government authorities in China. Any administrative changes in regulatory government authorities may also impact market conditions which could in turn affect our results of operations. In early 2018, the responsibilities of the SAPPRFT, being the government authority responsible for pre-approval of online games, in respect of administration of press and publication were transferred to the Publicity Department of the CCCPC. In addition, it is reported that no new online games were approved during the period from April 2018 to December 2018. On 30 August 2018, eight PRC regulatory authorities at national government level, including the NPPA and the Ministry of Education, released the Implementation Programme on Comprehensive Prevention and Control of Adolescent Myopia (綜合防控兒童青少年近視實施方案) (the "**Implementation Programme**"). As a part of the plan to prevent myopia among children, the Implementation Programme plans to regulate the number of new online games and restrict the amount of time children spend playing on electronic devices. On 14 December 2018, SAMR issued the Action Plan for the Implementation of the Implementation Programme on Comprehensive Prevention and Control of Adolescent Myopia (貫徹落實《綜合防控兒童青少年近視實施方案》行動方案), which stipulates that SAMR will conduct inspection of anti-fatigue system of online games at proper time. Any future suspension of online game approvals and filings by the relevant government authorities, as well as the Implementation Programme, may impact our introduction of new online games and expansion of our operational scales. If such adverse market conditions persist, our results of operations may be materially and adversely affected.

Currently, there is no law or regulation specifically governing virtual property rights and therefore it is not clear what liabilities, if any, online game operators may have for virtual property.

In the course of playing online games, users may acquire and accumulate some virtual property, such as virtual Avatars, game tokens, special equipment and other accessories. Such virtual property may be important to online game players and have monetary value and in some cases may be traded among players for actual money. In practice, virtual property can be lost for various reasons, often through unauthorised use of user accounts by other users and occasionally through data loss caused by a delay of network service, a network crash or hacking activities. The Civil Code contains a general provision in respect of the protection of data and network virtual property. However, there is no PRC law or regulation specifically governing virtual property rights. As a result, there is uncertainty as to who is the legal owner of virtual property, whether and how the ownership of virtual property is protected by law, and whether an online game operator would have any liability to game players or other interested parties (whether in contract, tort or otherwise) for loss of such virtual property. In case of a loss of virtual property, we may be sued by our game players and held liable for damages, which may negatively affect our reputation and business and financial condition.

Based on recent PRC court judgments, the courts have typically held online game operators liable for losses of virtual property by game players, and in some cases have allowed online game operators to return the lost virtual property to game players in lieu of paying damages. If we are sued by our game players or users and held liable for damages, our business, future results of operations and prospects may be negatively affected.

Compliance with the laws or regulations governing virtual currency may result in us having to obtain additional approvals or licences or change our current business model.

The issuance and use of "virtual currency" in China has been regulated since 2007 in response to the growth of the online game industry in China. In January 2007, the MPS, MOC, MIIT and GAPP jointly issued the Notice on Regulating the Operation of Online Games and Investigating to Prohibit Gambling by Way of Online Games (關於規範網絡遊戲經營秩序查禁利用網絡遊戲賭博的通知), which has implications for the use of virtual currency. To curtail online games that involve online gambling, as well as address concerns that virtual currency could be used for money laundering or illicit trade, the circular: (i) prohibits online game operators from charging commissions in the form of virtual currency in relation to winning or losing of games; (ii) requires online game operators to impose limits on use of virtual currency in guessing and betting games; (iii) bans the conversion of virtual currency into real currency or property; and (iv) prohibits services that enable game players to transfer virtual currency to other players. On 4 June 2009, MOC and MOFCOM jointly issued a notice regarding strengthening the administration of online game virtual currency (關於加強網絡遊戲虛擬貨幣管理工作的通知) (the "**Virtual Currency Notice**") which, among other things, stipulates that a single enterprise may not operate both virtual currency issuing services and virtual currency trading services. The Online Game Measures and other rules and guidelines issued by MOC also imposed restrictions on virtual currency related business. However, since the MOCT no longer assumes the responsibility for the administration of online game industry and the Online Game Measures was abolished, it is unclear whether the responsibility for supervising the virtual currency will be undertaken by another government agency and to what extent the issuance and trading of virtual currency shall be subject to relevant rules and guidelines that were issued by MOC and have not been officially abolished.

We issue game tokens to game players and our users use them to purchase various virtual items or time units to be used in our online games. We believe we only offer game tokens for in-game consumption, which are not transferrable among our user accounts and are not convertible into real currency. In addition, we do not offer secondary trading services of the game tokens. Nonetheless, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours and that we may not be subject to certain penalties, including mandatory corrective measures and fines. The occurrence of any of the foregoing could have a material and adverse effect on our business and results of operations. In addition, the Virtual Currency Notice prohibits online game operators from setting game features that involve the direct payment of cash or virtual currency by players for the chance to win virtual items or virtual currency based on random selection through a lucky draw, wager or lottery. The notice also prohibits game operators from issuing currency to game players through means other than purchases with legal currency. Although we believe that we do not engage in any of the above-mentioned prohibited activities, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours and deem such feature as prohibited by the Virtual Currency Notice, thereby subjecting us to penalties, including mandatory corrective measures and fines. The occurrence of any of the foregoing could materially and adversely affect our business, future results of operations and prospects.

Regulation and censorship of information disseminated over the Internet in China may adversely affect our business and subject us to liability for content displayed on or linked to our websites.

The PRC government has adopted regulations governing Internet access and the distribution of news and other information over the Internet. Under these regulations, Internet content providers and Internet publishers are prohibited from posting or displaying content over the Internet that, among other things, violates PRC laws and regulations, impairs the national dignity of China or is reactionary, obscene, superstitious, fraudulent or defamatory. Further, MIIT or its local branches may shut down the website of any local Internet service provider that violates such content restrictions, suspend its operations or revoke its ICP licence. If the PRC government takes any action to limit or prohibit the distribution of information through our network or any of our platforms, or to limit or regulate any current or future content or services available to users on our network, our business could

be adversely impacted. Failure to comply with the applicable requirements may result in the revocation of licences to provide Internet content and other licences, the closure of the concerned websites and may subject the website operator to potential liabilities for such censored information displayed on or linked to the website. If our network or any of our platforms is found to be in violation of any such requirements, we may be penalised by relevant authorities, and our operations or reputation could be adversely affected.

We are also subject to potential liability for content on our websites that is deemed inappropriate by the PRC government and for any unlawful actions of our users or website visitors. When Internet and mobile service providers find that any obscene, superstitious, fraudulent or defamatory information has been transmitted on their platforms, they are required to terminate the transmission of such information or delete such information immediately, keep records, and report to relevant authorities. Mobile network operators like *China Mobile*, *China Telecom* and *China Unicom* also have their own policies prohibiting or restricting the distribution of inappropriate content. On 15 December 2009, the MIIT issued the Notice Regarding Plan for Further Regulating Obscene Materials on Mobile Phones (關於進一步深入整治手機淫穢色情專項行動工作方案的通知) ("**Circular 672**"). Under Circular 672, mobile network operators are required to examine their business, promotional channels, as well as the business of their partners, and must immediately terminate such business if any obscene material is involved. Mobile service providers involved in distributing or publishing such obscene materials on mobile handsets are subject to immediate suspension or termination of cooperation with mobile network operators, and violations are reported to relevant authorities. Mobile network operators and mobile service providers must examine all websites accessed through mobile handsets and conduct full daily inspection of such websites. If any obscene material is found, access and transmission must be ceased and be reported to authorities. On 12 August 2013, the MOC issued the Administrative Rules on Content Review by Internet Culture Operating Entities (網絡文化經營單位內容自審管理辦法), which became effective on 1 December 2013, pursuant to which companies operating Internet culture businesses are required to employ personnel certified to conduct content review on their products they are released to the public and retain records of the content review for at least two years.

In particular, the CAC has also issued rules from time to time to enhance the Internet service provider's obligations to monitor the information displayed on the information platform and prevent dissemination of illegal content. At the end of 2019, the CAC issued the Provisions on the Management of Network Information Content Ecology (網絡信息內容生態治理規定) (the "**CAC Order No. 5**"), which became effective on 1 March 2020, to further strengthen the regulation and management of network information content. Pursuant to the CAC Order No.5, each network information content service platform is required, among other things: (i) not to disseminate any information prohibited by laws and regulations, such as information jeopardising national security; (ii) to strengthen the examination of advertisements published on such network information content service platform; (iii) to promulgate management rules and platform convention and improve user agreement, such that such network information content service platform could clarify users' rights and obligations and perform management responsibilities required by laws, regulations, rules and convention; (iv) to establish convenient means for complaints and reports; and (v) to prepare annual work report regarding its management of network information content ecology. In addition, a network information content service platform must not, among other things (a) utilise new technologies such as deep-learning and virtual reality to engage in activities prohibited by laws and regulations, (b) engage in online traffic fraud, malicious traffic rerouting and other activities related to fraudulent account, illegal transaction account or maneuver of users' account or (c) infringe a third-party's legitimate rights or seek illegal interests by way of interfering with information display.

Although we attempt to monitor the content in our online communities, we are not able to control or restrict the content of other Internet content providers linked to or accessible through our websites, or content generated or placed on our other online communities by our users. If third-party websites linked to or accessible through our websites operate unlawful activities such as online gambling on their websites, PRC regulatory authorities may require us to report such unlawful activities to relevant authorities and to remove the links to such websites, or they may suspend or shut down the operation

of such websites. To the extent that the PRC regulatory authorities find any content displayed on our websites objectionable, they may require us to limit or eliminate the dissemination of such information on our websites. For example, on 23 January 2019, CAC issued a notice requiring us to make further changes to content we deliver on one of our apps. The notice also stated that the agency had shut down over 9,000 apps and 700 websites since 3 January 2019 due to harmful content. If in the future the PRC government authorities decide to restrict the dissemination of information via microblog services or online postings in general, they may temporarily block access to certain websites for a period of time, require us to discontinue or restrict certain services and websites or levy penalties or fines for violations of relevant rules and regulations arising from content displayed on or linked to our websites. We may also be required to delete content that violates PRC laws and report content that we suspect to violate PRC laws. Any of these actions may adversely affect user confidence in our services and lead to reduced user traffic, which in turn may materially and adversely affect our reputation, business and results of operations.

We also need to monitor the advertising content shown on our websites to ensure that such content is true, accurate and in full compliance with applicable PRC laws and regulations. On 25 February 2023, the SAMR published the Administrative Measures for Internet Advertising (互聯網廣告管理辦法) ("**Measures of Internet Advertising**"), which officially came into force on 1 May 2023. The Internet Advertising Measures emphasises, among other things, the responsibilities of Internet advertising operators and publishers. Internet advertising operators and publishers shall establish and improve the management systems regarding acceptance, registration, review and filing of the Internet advertising businesses according to the relevant regulations and shall examine, verify and register the identity information of advertisers such as their names, addresses and valid contact details, set up registration files and check and update them on a regular basis. Violation of these laws, rules or regulations may result in penalties, including fines up to RMB2 million or of other amounts calculated based on the advertising fees involved, confiscation of advertising revenues, and orders to cease the dissemination of advertisements. In case of serious violations, the PRC government may suspend or revoke our licenses. The Enforcement Guidelines 1 on the Application of the PRC Advertising Law (《中華人民共和國廣告法》適用問題執法指南) issued by the SAMR in July 2025 provided a detailed definition of "advertisement" aimed at distinguishing commercial advertisements from other forms of commercial promotion. The guidelines also introduce a checklist to help identify situations where advertising laws and regulations apply. The costs associated with complying with these laws, rules and regulations, including any penalties or fines resulting from non-compliance, could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in Internet businesses, value-added telecommunications businesses or other related businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

The PRC government regulates foreign investment in Internet businesses, value-added telecommunications businesses and other related businesses heavily through strict licensing requirements and other laws and regulations, which also include limitations on foreign ownership in Chinese companies that provide value-added telecommunications services. Specifically, foreign investors are not allowed to own more than 50% equity interest in any Internet content provider or any other value-added telecommunications service provider, except that foreign investors are allowed to own up to 100% of equity interests in a Chinese company that is engaged in the eCommerce business, domestic multi-party communications business, store-and-forward business or call center business. In addition, foreign and foreign-invested enterprises are currently not able to apply for the required licences for operating online games in China.

The Circular of the Ministry of Information Industry on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services (關於加強外商投資經營增值電信業務管理的通知) (the "**MIIT Circular**"), issued by MIIT in July 2006, reiterated the regulations on foreign investment in telecommunications businesses, which requires foreign investors to set up foreign-invested enterprises and obtain a licence for value-added telecommunications services to conduct any value-added telecommunications business in China. Under the MIIT Circular, a domestic company that holds a licence is prohibited from leasing, transferring or selling the licence to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities to foreign investors that conduct value-added telecommunications business illegally in China. The MIIT Circular also includes additional requirements and restrictions on a domestic company that holds a licence when it cooperates with a foreign investor. See "*General Regulation on Internet and Telecommunications Industries — General Regulations on Internet and Telecommunications Industries — Regulations on Foreign Investment in the Value-added Telecommunications Services*". However, due to a lack of further interpretative materials from the regulator, it is unclear what impact the MIIT Circular will have on us or the other Chinese Internet companies that have adopted the same or similar corporate and contractual structures as ours.

On 28 September 2009, GAPP, the National Copyright Administration and the National Office of Combating Pornography and Illegal Publications, jointly issued the Notice on Implementing the Provisions of the State Council on "Three Determinations" and the Relevant Explanations of the State Commission Office for Public Sector Reform and Further Strengthening of the Administration of Pre-examination and Approval of Online Games and the Examination and Approval of Imported Online Games (關於貫徹落實國務院《"三定"規定》和中央編辦有關解釋，進一步加強網絡遊戲前置審批和進口網絡遊戲審批管理的通知) ("**Circular 13**"). Circular 13 restates that foreign investors are not permitted to invest in online game-operating businesses in China via wholly owned, equity joint venture or co-operative joint venture investments and expressly prohibits foreign investors from gaining control over or participating in domestic online game operators through indirect ways such as establishing other joint venture companies or entering into contractual or technical arrangements. However, Circular 13 does not provide any interpretation of the term "foreign investors" or make a distinction between foreign online game companies and companies under a corporate structure similar to ours. Thus, it is unclear whether relevant government authorities will deem our corporate structure and operations to be in violation of these provisions.

We and our WFOEs are considered foreign persons or foreign-invested enterprises under applicable PRC laws. As a result, we operate our VAS, online and smart phone games, marketing services and other Internet and wireless portals in China through affiliated Chinese entities that hold the necessary licences for our existing lines of businesses. We do not own any equity interest in these affiliated entities, which are considered to be our consolidated affiliated entities, but through a series of contractual arrangements between certain of our WFOEs and these affiliated entities, we exercise control over these affiliated entities and obtain substantially all of the revenue in the form of technical support, consulting, licensing, revenue sharing and other fees. Since the contractual arrangements transfer the economic risks and benefits of the affiliated entities to us, we have concluded that it is appropriate to treat these affiliated entities as our consolidated affiliated entities and consolidate their financial results.

Based on the advice of our PRC legal counsel, the corporate structure of certain of our WFOEs and the consolidated affiliated entities does not violate applicable existing PRC laws and regulations. However, our PRC legal counsel also advises that the relevant PRC regulators have substantial discretion to review, interpret and apply these laws and regulations from time to time, and it is possible that they may take a view that is different from our PRC legal counsel's opinion. Pursuant to the Foreign Investment Law (中華人民共和國外商投資法), which was promulgated by the National People's Congress on 15 March 2019 and came into effect on 1 January 2020, "foreign investment" is defined to include any foreign investor's direct and indirect investment in the Mainland of China, in particular, including making investment through other means provided by laws, administrative regulations or State Council provisions. See "*General Regulation on Internet and Telecommunications*

Industries — Corporate Laws and Industry Catalogue Relating to Foreign Investment". However, it remains unclear whether our contractual arrangements will cause our affiliated Chinese entities to be interpreted and deemed as foreign investment under the Foreign Investment Law. In addition, on 26 December 2019, the Supreme People's Court issued the Interpretations on Certain Issues Regarding the Applicable of Foreign Investment Law (最高人民法院關於適用《中華人民共和國外商投資法》若干問題的解釋) (the "**FIL Interpretations**"), which came into effect on 1 January 2020. In accordance with the FIL Interpretations, where a concerned party claims an investment agreement to be invalid based on that it is for investment in prohibited industries under the negative list or it is for investment in restricted industries under the negative list and violates the restrictions set out therein, the courts should support such claim. There remains uncertainty as to whether our contractual arrangements will be deemed as investment agreements under the FIL Interpretations. Therefore, we cannot assure you that our contractual arrangements will be deemed by the relevant government authorities to be in compliance with current PRC laws and regulations or that the relevant government authorities will not in the future reassess or reinterpret existing laws, regulations or policies in this area, or issue new laws, regulations or policies in this area, with the result that all or some of these arrangements would be deemed to be in violation of PRC laws.

If the PRC government determines that we do not comply with applicable laws and regulations, including any laws and regulations that may be introduced, it could:

- levy fines and/or confiscate our income;
- revoke our WFOEs' business licences and/or affiliated entities' business and operating licences;
- require us to discontinue or restrict our operations;
- restrict our right to collect revenue;
- block our websites, online and smart phone games, platforms or our other VAS services;
- require us to restructure our ownership and organisational structure and operations;
- impose additional requirements which we may not be able to comply; or
- take other regulatory or enforcement actions against us that could be harmful to our business.

Any of these or other similar actions could potentially disrupt substantially all of our business operations, divert our management attention and restrict us from conducting our business operations in the same way as we currently conduct it, which could materially and adversely affect our business, future results of operations and prospects.

Uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

On 15 March 2019, the National People's Congress approved the Foreign Investment Law (中華人民共和國外商投資法), which came into effect on 1 January 2020 and replaced the trio of laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalise its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

However, uncertainties still exist in relation to its interpretation and implementation. For instance, under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangements would not be interpreted as a type of indirect foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. On 26 December 2019, the State Council approved the Implementation Regulations of the Foreign Investment Law (中華人民共和國外商投資法實施條例), which came into effect on 1 January 2020 and still does not explicitly classify contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. In addition, on 26 December 2019, the Supreme People's Court issued the FIL Interpretations, which stipulates that where a party concerned claims an investment agreement to be invalid based on that it is for investment in prohibited industries under the negative list or it is for investment in restricted industries under the negative list and violates the restrictions set out therein, the courts should support such claim. There remains uncertainty as to whether our contractual arrangements will be deemed as investment agreements under the FIL Interpretations. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

The contractual arrangements with the consolidated affiliated entities and their shareholders, which relate to critical aspects of our operations, may not be as effective in providing operational control as direct ownership. In addition, these arrangements may be difficult and costly to enforce under PRC laws.

We rely and expect to continue to rely on contractual arrangements with the consolidated affiliated entities and their shareholders in China to operate our business and hold our licences, permits and certain other assets. These contractual arrangements may not be as effective as direct ownership in providing us control over the consolidated affiliated entities. The contractual arrangements with our consolidated affiliated entities and their shareholders in China contain provisions to the effect that an arbitral body may award remedies over the shares and/or assets of our consolidated affiliated entities, injunctive relief and/or winding up of our consolidated affiliated entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order. Therefore, in the event of breach of any agreements constituting the contractual arrangements by our consolidated affiliated entities and/or its shareholders, and if we are unable to enforce the contractual arrangements, we may not be able to exert effective control over our consolidated affiliated entities which could negatively affect our ability to conduct our business.

If (i) the consolidated affiliated entities and their shareholders fail to perform their obligations under these contractual arrangements, (ii) the consolidated affiliated entities and their shareholders terminate the contractual arrangements, (iii) the consolidated affiliated entities undergo corporate or other changes that affect their rights over assets held by them or (iv) these contractual arrangements

are invalid or defective due to violation of PRC laws and regulations or other reasons, our business operations in China would be materially and adversely affected. Further, if we fail to renew these contractual arrangements prior to their expiration, we would not be able to continue our business operations in China.

A majority of these contractual arrangements are governed by PRC laws. Accordingly, these contracts would be interpreted in accordance with PRC laws. The legal environment in China is not as developed as in certain other jurisdictions and as a result, operations of the PRC legal system could limit the enforcement of these contractual arrangements. These contractual arrangements, which relate to critical aspects of our operations, will be invalid or unenforceable if they are found in violation of PRC laws and regulations. We may be unable to exert effective control over the consolidated affiliated entities and our business and financial condition could be materially and adversely affected.

The shareholders of our consolidated affiliated entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Our consolidated affiliated entities are owned by their respective registered shareholders. Conflicts of interests between these individuals' roles as shareholders of our consolidated affiliated entities and their duties to us may arise. There is currently no specific and clear guidance under PRC laws that addresses the resolution of any conflict between PRC laws and Cayman Islands laws in respect of any conflict relating to corporate governance regime. If we cannot resolve any conflicts of interest or disputes between us and the shareholders of our consolidated affiliated entities, we would have to rely on legal proceedings to resolve these disputes and/or enforce our contractual arrangements with our consolidated affiliated entities, which could result in disruption of our business, and there would be substantial uncertainty as to the outcome of any such legal proceedings.

Our contractual arrangements with our consolidated affiliated entities in China may result in adverse tax consequences to us, and a finding that we or our consolidated affiliated entities owe additional taxes could reduce our net income and the value of your investment.

As a result of our corporate structure and the contractual arrangements between certain of our WFOEs and each of our consolidated affiliated entities in China, we are subject to VAT at a rate of 6% as a result of the VAT reform programme on both service revenues generated by our consolidated affiliated entities' operations in China and revenues derived from certain of our WFOEs' contractual arrangements with these consolidated affiliated entities. Where our consolidated affiliated entity is qualified as a VAT general taxpayer, the VAT charged by certain of our WFOEs on the revenues obtained from such consolidated affiliated entity based on the contractual arrangement between certain of our WFOEs and such consolidated affiliated entity will constitute input VAT for the consolidated affiliated entity, and will be creditable against output VAT arising in connection with VAT taxable activities carried out by the consolidated affiliated entity. In addition, as required by applicable PRC laws and regulations, in particular the Announcement of the State Administration of Taxation on Issuing the Administrative Measures for Special Tax Adjustment and Investigation and Mutual Consultation Procedures (國家税務總局關於發佈《特別納税調查調整及相互協商程序管理辦法》) ("**Circular 6**") issued by the STA and effective from 1 May 2017 and amended on 15 June 2018, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face adverse tax consequences if the PRC tax authorities determine that the contractual arrangements between certain of our WFOEs in China on the one hand, and our consolidated affiliated entities on the other, do not represent an arm's-length transaction and adjust our consolidated affiliated entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our consolidated affiliated entities, which could in turn increase its tax liabilities. In addition, the PRC tax authorities may impose interest charges on our consolidated affiliated entities for underpaid taxes. Our results of operations may be adversely affected if our consolidated affiliated entities' tax liabilities increase or if they are found to be subject to late payment surcharges or other penalties.

Risks Relating to the Mainland of China

Interpretation of PRC laws and regulations involves uncertainties.

The PRC legal system is based on written statutes, while People's Courts of all levels carry out trials of similar cases with reference to guiding cases issued by the Supreme People's Court. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, competition and anti-trust, corporate organisation and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new, and due to the limited volume of guiding cases, interpretation and enforcement of these laws and regulations involve uncertainties. As the PRC legal system develops, changes in such laws and regulations, or in their interpretation or enforcement, could have a material and adverse effect on our business operations. For example, we may be subject to competition and anti-trust investigations by the PRC government from time to time in the future. The outcomes of such investigations may prevent us from offering certain features, functions, services or products; requiring a change in our business practices or requiring development of non-infringing services, products or technologies, which could have a material and adverse effect on our business operations.

On 17 March 2018, the National People's Congress approved the institutional reform plan of the State Council. According to this reform plan, the State Council consists of 26 ministries and commissions in additional to the General Office of the State Council after its reorganisation. The reform covers different levels of institutions in the government, People's congress, political advisory body, judiciary, social organisations and public institutions and in military-civil integration. Driven by the reform plan, the PRC government may change relevant regulations or enforcement, and we may face uncertainties regarding the regulation and administration of our businesses and operations after various institutional reforms take effect, as well as uncertainties in the enforcement of certain laws, regulations and policies, which may have an effect on our business operations. For example, in May 2019, the MOCT issued the MOCT Adjustment Notice to adjust the applicable scope of the Network Culture Operating Permit (關於調整《網絡文化經營許可證》審批範圍進一步規範審批工作的通知), or the MOCT Adjustment Notice. Pursuant to the MOCT Adjustment Notice, the MOCT would no longer be the authority supervising the online game industry in the PRC and therefore the business scope of a Network Culture Operating Permit issued by it and its local counterparts would not include online games. On 10 July 2019, the Online Game Measures was abolished by the MOCT. Tencent Computer and some other entities in our group have obtained the Network Culture Operating Permit for online games. These Network Culture Operating Permits for online games will not be renewed after their expiration and those also covering other network culture business may be renewed with the online games removed from the approved business scope. As there are uncertainties regarding the authority supervising the online game industry in the mainland of China, we cannot assure you that we will be able to obtain any other licenses necessary for us to carry out online game business, or that our existing licenses will continue to cover all aspects of our online game operations upon their renewal. On 29 December 2023, the SCNPC promulgated the Amended PRC Company Law, which came into effect on 1 July 2024 and superseded the 2018 version of PRC Company Law. The amended PRC Company Law imposes stricter requirements on capital contributions for companies established in the PRC. On 1 July 2024, the State Council released the Provisions of the State Council on Implementing the Registered Capital Registration and Management System under the Amended PRC Company Law (國務院關於實施《中華人民共和國公司法》注冊資本登記管理制度的規定) (hereinafter referred to as the Provisions on Registered Capital). These Provisions further specify the detailed requirements and measures for the registration and management of registered capital under the Amended PRC Company Law. According to the Amended PRC Company Law and the Provisions on Registered Capital, we may need to fulfill capital contribution obligations to our subsidiaries or provide financial support to the nominee shareholders of the variable interest entities within a much shorter time frame than required before. However, since the amended PRC Company Law and the Provisions on Registered Capital are still relatively new, there remains uncertainty regarding the law and provisions' implementation and interpretation.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to those in common law jurisdictions. In addition, it may be time-consuming for us to obtain a satisfactory enforcement of laws in the PRC or the enforcement of judgments by a court in another jurisdiction.

China's economic, political and social conditions as well as government policies could adversely affect our business, future results of operations and prospects.

China's economy differs from the economies of most developed countries in many respects, including government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. China's economy has been transitioning from a planned economy to a more market-oriented economy, and the PRC government has implemented measures emphasising economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. There can be no assurance that the PRC government will continue to pursue a policy of economic reform or that any such reforms will not have an adverse effect on the way we operate our business. Our business and financial condition could also be materially and adversely affected by any changes in PRC laws and regulations (or the interpretation thereof), as well as changes in the political, economic and social conditions of China.

We may be adversely affected by a severe downturn of the global or China's economy.

COVID-19 had a severe and negative impact on the global economy from 2020 through 2022, and the global macroeconomic environment still faces numerous challenges. While China's economy has experienced significant growth in the past decades, the growth rate of China's economy has gradually slowed since 2010, which trend may continue. Any adverse changes in economic conditions in China could adversely affect our business and operating results, lead to reduction in demand for our products and services and adversely affect our financial results. Other economies around the globe have also experienced stagnant or negative growth. Whether this will lead to a severe downturn in the global economy is still unknown.

There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. The U.S. Federal Reserve's monetary policy has undergone significant changes in response to economic challenges over the past few years. The U.S. federal government implemented reductions in 2020 due to the COVID-19 pandemic, reaching a historic low of 0% to 0.25%. As the economy began to recover in 2022, the U.S. federal government shifted its focus to address rising inflation and the economic impacts of the Russia-Ukraine conflict, resulting in a series of rate hikes that brought the federal-funds rate to a range of 5.25% to 5.50% by 2023. From September to December 2024, the U.S. Federal Reserve announced total cuts of 100 basis points in the benchmark federal-funds rate, bringing it to a new target range of 4.25% to 4.50%.

Furthermore, the ongoing conflict between Russia and Ukraine, the war in the Gaza Strip, terrorist threats and the potential for war in the Middle East and elsewhere, elevated inflation levels, trade war, sanctions and high food and energy prices may increase market volatility across the globe. It is unclear whether these challenges and uncertainties will be contained or resolved and what effects they may have on the global political and economic conditions in the long term. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China.

Any slowdown in China's economy and globally may lead to reduced Internet-related activities and consumer spending. The deterioration in economic conditions in China and globally may harm the business of our customers, who may experience reduced business volume, and therefore decrease or delay in marketing service spending, or reduce their budgets or other spending across our platforms. In addition, there may be decreases in demand of our cloud projects due to the negative impact on our enterprise customers by the deterioration in economic conditions. We may also see decreases in

demand for our FinTech services from users, such as payment, lending and wealth management services. This may have a negative impact on our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

If the PRC tax authorities determine that we are a "resident enterprise", we and the Noteholders may face unfavorable tax consequences.

Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法) effective on 1 January 2008, and subsequently amended on 24 February 2017 and on 29 December 2018 (the "**2008 EIT Law**"), enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises". The Regulation on the Implementation of the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法實施條例) (the "**Implementation Rules**") defines "de facto management body" as an organisation that exercises substantial and overall management and control over an enterprise's manufacturing, or business operation, personnel, accounting and property. In addition, the STA has promulgated the Circular on Identification of China-controlled Overseas-registered Enterprises as Resident Enterprises on the Basis of De Facto Management Bodies (Guo Shui Fa [2009] No. 82) (國家税務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) (國税發[2009]82 號) (the "**Circular 82**"), which was amended on 29 December 2017. The Circular 82 further provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore incorporated enterprise is located in China. The criteria include whether: (i) the premises where the senior management and the senior management departments responsible for the daily production and operation management of the enterprise perform their functions are mainly located within China, (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organisations or personnel in China, (iii) the enterprise's primary assets, accounting books and records, company seals and board and shareholders' meeting minutes are located or maintained in China and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in China. Circular 82 further requires a "substance over form" principle to be followed when determining the location of the de facto management body. The STA has subsequently issued measures concerning the recognition, administration and taxation of Chinese controlled offshore enterprises whose de facto management bodies are located within China. Although Circular 82 applies only to offshore enterprises controlled by enterprises or enterprise groups located within China, not including those ultimately controlled by Chinese individuals, the determining criteria set forth in Circular 82 may reflect the SAT's general position on how the "de facto management body" test may be applied in determining the tax resident status of all offshore enterprises.

As the tax residency of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body" as applicable to offshore entities such as us, we cannot assure you that we will not be considered to be a PRC tax resident enterprise. If we were determined to be a PRC tax resident enterprise, we would be subject to a 25% corporate income tax on our worldwide taxable income (other than non-taxable dividends from our subsidiaries based on relevant tax circulars). In addition, we might in that case be subject to PRC corporate income tax reporting obligations. Furthermore, because interest payments on the Notes would in that case be regarded as being derived from sources within China, we would be obligated to withhold PRC income tax at a rate of 10% on interest payments to non-resident enterprise investors or up to 20% on interest payments to non-resident individuals. In addition, interest payable by us to non-resident noteholders may be subject to PRC VAT at a rate of 6% and related local levies, including educational surtax and urban maintenance and construction tax at a rate of up to 0.72%. Failure to withhold these taxes if required to do so could cause us to be subject to fines and other penalties. The requirement to pay additional amounts would increase the cost of servicing the interest payments on the Notes and could have an adverse effect on our financial condition.

Any PRC tax liability may be reduced by an applicable tax treaty, such as the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) ("**Tax Arrangement**"), which reduces the applicable PRC income tax on interest to 7% for certain qualifying Hong Kong resident enterprises. Hong Kong individual tax residents could also apply the treaty if the individuals are beneficial owners of the interest.

If we were treated as a PRC tax resident enterprise, any gain realised by non-resident investors from the transfer of the Notes may be regarded as PRC source income and be subject to a 10% PRC tax for non-resident enterprises or a 20% tax for non-resident individuals, unless an applicable tax treaty or arrangement provides for a reduced tax rate.

The new PRC Value-Added Tax Law may subject us to more taxes, which could adversely affect our business, future results of operations and prospects.

Pursuant to the PRC Provisional Regulations on Business Tax (中華人民共和國營業税暫行條例), which has been repealed by the State Council on 19 November 2017, taxpayers providing taxable services falling under the category of service industry in China were required to pay a business tax at a normal tax rate of 5% of their revenues. In November 2011, the Ministry of Finance ("MOF") and the STA promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (營業税改徵增值税試點方案). Pursuant to this pilot plan and relevant subsequent notices, from 1 January 2012, value-added tax ("VAT") gradually replaced business tax in the transport and post industry, telecom industry and some of the modern service industries in China. Under the pilot plan, a VAT rate of 6% applies to certain modern service industries. On 23 March 2016, the MOF and the STA promulgated the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-Added Tax to Replace Business Tax (Cai Shui [2016] No. 36 (關於全面推開營業税改征增值税試點的通知(財税[2016]36 號)) ("**Circular 36**"), which was last amended in March 2019. Pursuant to Circular 36, starting from 1 May 2016, the VAT pilot programme has covered construction industry, real estate industry, finance industry and life service industry on a nationwide basis. On 20 March 2019, the MOF, the STA and the General Administration of Customs jointly issued the Notice of Strengthening Reform of VAT Policies (關於深化增值税改革有關政策的公告), pursuant to which the generally applicable VAT rates are simplified to 13%, 9%, 6% and nil, which became effective on 1 April 2019. The Value-Added Tax Law of the People's Republic of China (中華人民共和國增值税法) (the "**PRC VAT Law**") was passed on 25 December 2024 and will take effect on 1 January 2026. Its detailed implementation rules and supporting regulations have not yet been issued. Although the PRC VAT Law largely preserves the existing tax framework and rate structure, its ultimate impact remains uncertain until the implementing rules are published. Consequently, we may be subject to additional taxes under the PRC VAT Law in connection with our operations and activities in China, which could materially and adversely affect our business, results of operations and prospects.

Discontinuation of any of the preferential tax treatments or imposition of any additional taxes could adversely affect our business, future results of operations and prospects.

The National People's Congress passed the 2008 EIT Law which was amended in 2017 and 2018 with the latest amendment becoming effective on 29 December 2018, and the State Council passed its implementation rules, which became effective on 1 January 2008 and was amended and became effective on 23 April 2019. The 2008 EIT Law significantly curtails tax incentives granted to foreign-invested enterprises under the PRC Income Tax Law concerning Foreign-Invested Enterprises and Foreign Enterprises (中華人民共和國外商投資企業和外國企業所得税法) effective prior to 1 January 2008. The 2008 EIT Law, however, (i) reduces the statutory rate of the CIT from 33% to 25% and (ii) introduces new tax incentives, subject to various qualification criteria.

The 2008 EIT Law and its implementing rules permit certain "high/new technology enterprises" to enjoy a reduced 15% CIT rate subject to certain new qualification criteria. Pursuant to the Circular on Income Tax Policies for Further Encouraging the Development of Software Industry and Integrated Circuit Industry issued on 20 April 2012 (Cai Shui [2012] No. 27 (關於進一步鼓勵軟件產業和集成電路產業發展企業所得稅政策的通知(財稅[2012]27號)) ("**Circular 27**") which was last amended on 11 December 2020, a qualified software enterprise is eligible to be exempted from income tax for its first two profitable years before 31 December 2017, followed by a reduction of income tax to 12.5% for the subsequent three years. Moreover, pursuant to Announcement on Income Tax Policies for Integrated Circuit Design and Software Enterprises (MOF and State Administration of Taxation Announcement [2019] No. 68) (關於集成電路設計和軟件產業企業所得稅政策的公告) ("**Bulletin 68**"). Announcement on the Policy Applicable to the Final Settlement of Enterprise Income Tax for the Year 2019 for Integrated Circuit Design Enterprises and Software Enterprises (Announcement of the Ministry of Finance and State Taxation Administration [2020] No. 29) (關於集成電路設計企業和軟件企業2019年度企業所得稅匯算清繳適用政策的公告) (財政部、稅務總局公告2020年第29號), and Announcement on the Enterprise Income Tax Policies for Promoting the High-quality Development of the Integrated Circuit Industry and the Software Industry (Announcement of the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Industry and Information Technology [2020] No. 45) (關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告(財政部、稅務總局、發展改革委、工業和信息化部公告2020年第45號)) ("**Bulletin 45**"), the foresaid "tax exemption for the first two years and 50% tax reduction for the next three years" for the qualified software enterprise has been extended accordingly. In addition, pursuant to the Bulletin 45 effective from 1 January 2020, the key integrated circuit design enterprises and software enterprises encouraged by the State is entitled to be exempted from CIT from the first year to the fifth year since its profit-making year, and then enjoy a reduced 10% CIT rate since the sixth year. Certain of our WFOEs and consolidated affiliated entities have been recognised by the relevant authorities as "high/new technology enterprises" or satisfy the criteria of "national key software enterprises" or "software production enterprises" and therefore are eligible for the preferential tax treatments upon their filing or reporting of the qualified status with the relevant tax authorities. In addition, there is a preferential tax rate of 15% applicable to some WFOEs and consolidated affiliated entities located in certain areas of the Mainland of China upon fulfilment of certain requirements of the respective local governments. Preferential tax treatments granted to our WFOEs and consolidated affiliated entities by the local governmental authorities are subject to review and may be adjusted or revoked at any time. We cannot assure you that we will be able to maintain our current effective tax rate in the future. If any of the WFOEs or consolidated affiliated entities which have enjoyed such preferential tax treatments fails to maintain their qualification status or renew their qualifications when the relevant term expires, their applicable CIT rate may increase to 25%, which could have a material and adverse effect on our business, future results of operations and prospects.

We may rely on dividends and other distributions on equity paid by the WFOEs to fund any cash and financing requirements we may have. Any limitation on the ability of our WFOEs to pay dividends to us could materially and adversely affect our business, future results of operations and prospects.

We are a holding company, and we may rely on dividends and other distributions on equity to be paid by our WFOEs to meet our cash and financing requirements, including the funds necessary to pay service and debt we may incur. If any of our WFOEs incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, our WFOEs may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, each of our WFOEs in China is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. With approval by its shareholders in accordance with its articles of association, the WFOE may allocate a portion of its after-tax profits based on PRC accounting standards to discretionary reserve funds. These reserve funds are not distributable as cash dividends.

Any limitation on the ability of our WFOEs in China to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends or otherwise fund and conduct our business.

According to the 2008 EIT Law and the Implementation Rules and other prevailing PRC tax circulars, dividends generated from the business of our WFOEs in China on or after 1 January 2008 and payable to the WFOEs' immediate holding companies incorporated in Hong Kong will be subject to a withholding tax rate of 10% if the PRC tax authorities determine that such holding companies are not beneficial owners of the dividends and not eligible for the lower withholding tax treatments under the applicable double taxation arrangement between the Mainland of China and Hong Kong. If the Hong Kong holding companies' beneficial owner status is not challenged by the PRC tax authorities, the withholding tax rate could be reduced to 5% from 10%.

In addition, according to Circular 6, any payment, especially service fees and royalties that are made by enterprises to their offshore affiliates, which fail to satisfy the arm's-length transaction principles may not be deducted from such enterprise's taxable income when calculating its enterprise income tax. In the case of any foregoing payment to offshore affiliates, the PRC tax authorities may request the payer to provide relevant transaction documents thereunder and to prove the real transaction background and the arm's-length transaction nature of such payment and transaction, and will take into consideration the offshore affiliate's actual contribution in such transaction when determining whether such transaction is in compliance with the arm's-length transaction principles. Accordingly, the distributions paid by our WFOEs to us might be challenged on their actual transaction background by the PRC tax authorities based on Circular 6 and might therefore incur certain tax burdens on our WFOEs.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us or may otherwise adversely affect us.

On 4 July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) ("**Circular 37**"), which abolishes and supersedes the Financing and Return on Investment Conducted by Residents in China via Special-Purpose Companies (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) ("**Circular 75**") issued by SAFE on 21 October 2005. Circular 37 and its implementation guidelines require PRC residents to register with local branches of SAFE (or qualified banks in accordance with SAFE Circular 13 as defined below) in connection with their direct establishment or indirect control of an offshore entity for the purpose of overseas investment and financing with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in Circular 37 as a "special purpose vehicle". Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by Chinese individuals, share transfer or exchange, merger, division or other material event. In the event that a Chinese shareholder holding interests in a special purpose vehicle fails to fulfil the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may

be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC laws for evasion of foreign exchange controls.

On 13 February 2015, SAFE promulgated Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) ("**SAFE Circular 13**"), which became effective on 1 June 2015 and was amended on 30 December 2019. In accordance with SAFE Circular 13, if no retroactive SAFE registration is required, entities and individuals are required to apply for foreign exchange registration of foreign direct investment and overseas direct investment, including those required under the Circular 37, with qualified banks, instead of SAFE, while SAFE will handle retroactive SAFE registration. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

We have notified substantial holders of ordinary shares of the Company whom we know are PRC residents to register with the local SAFE branch and update their registrations as required under the SAFE regulations described above. We, however, cannot provide any assurances that all of our shareholders who are PRC residents will file all applicable registrations or update previously filed registrations as required by these SAFE regulations. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth therein may subject such PRC resident shareholders to fines and legal sanctions, restrict our cross-border investment activities or limit our PRC subsidiaries' ability to distribute dividends to us or restrict us in injecting additional capital or extending loans to our PRC subsidiaries.

As it is uncertain how the SAFE regulations described above will be interpreted or implemented, we cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a Chinese domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the SAFE regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business, future results of operations and prospects.

Governmental control of currency conversion may limit our ability to obtain sufficient foreign currency to satisfy our currency demands and may affect the value of your investment.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB and substantially all of our cash inflows and outflows are denominated in RMB. Under our current corporate structure, our income is primarily derived from dividend payments from our Chinese operating subsidiaries. We may convert a portion of our revenues into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our ordinary shares, if any. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy its foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies generally without prior approval from SAFE by complying with certain procedural requirements. However, approval from appropriate banks appointed by government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the

repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay interests in foreign currencies to the holders of the Notes.

PRC laws and regulations establish more complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

PRC laws and regulations, such as the Regulations on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors ("**M&A Rules**") (關於外國投資者併購境內企業的規定) adopted in September 2006 and amended on 22 June 2009, the Anti-Monopoly Law (反壟斷法) which became effective on 1 August 2008 and amended on 24 June 2022, and Notice of the General Office of the State Council on the Establishment of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知), effective from 3 March 2011, established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a Chinese domestic enterprise, or that the approval from the MOFCOM be obtained in circumstances where overseas companies established or controlled by Chinese enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review. Provisions of the MOFCOM on the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定), effective from 1 September 2011, further provide that, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to the security review by PRC governmental agencies, the principle of substance over form should be applied and foreign investors are prohibited from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. On 19 December 2020, the NDRC and the MOFCOM promulgated the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法), which came into effect on 18 January 2021 and further provides that foreign investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and Internet services and products, key technologies and other important areas with bearing on national security which results in the acquisition of de facto control of investee companies, shall be filed with a specifically established office before such investment is carried out. See "*Regulations on Foreign Investor's Merger and Acquisition of PRC Enterprises*" for more details. If the business of any target company that we plan to acquire falls into the ambit of security review, we may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or through any contractual arrangements. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the relevant regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-Chinese holding companies.

On 10 December 2009, the STA issued the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises ("**Circular 698**") (國家税務總局關於加強非居民企業股權轉讓所得企業所得税管理的通知), with retroactive effect from 1 January 2008, which has been repealed from 1 December 2017. On 3 February 2015, the STA further promulgated the Announcement on Enterprise Income Tax for Indirect Transfers of Properties by Non-PRC Resident Enterprises ("**Circular 7**") (國家税務總局關於非居民企業間接轉讓財產企業所得

税若干問題的公告), effective from 3 February 2015 and further amended in December 2017, to replace certain provisions under Circular 698 and to further strengthen the regulation regarding indirect transfers of Chinese properties through the transfer of equity interests in PRC resident enterprises by non-PRC resident enterprises. According to Circular 7, if a non-resident enterprise conducts an "indirect transfer" by transferring its equity interest in an offshore enterprise, which directly or indirectly owns Chinese real property or property of a business conducted within China ("**PRC Taxable Property**"), and the foregoing "indirect transfer" does not satisfy the "reasonable business purpose test" as provided in Circular 7, each of the transferor, the transferee and the PRC resident enterprise (as the ultimate target company under the transfer) has discretion to report the transfer to the relevant tax authority of the PRC resident enterprise.

According to Circular 7, several factors must be considered when determining whether an indirect transfer has a reasonable business purpose, including (i) whether the value of the equity interest in the overseas holding company derives, directly or indirectly, from the PRC Taxable Property; (ii) whether investments within China constitute, directly or indirectly, the main assets of the overseas holding company, or, whether the income of the overseas holding company is mainly generated, directly or indirectly, from China; (iii) whether the functions actually performed and the risks undertaken by the overseas holding company and its subsidiaries, directly or indirectly holding the PRC Taxable Property, can establish the economic substance of the corporate structure; (iv) the shareholders and business model of the overseas holding company and the duration that the relevant corporate structure has existed; (v) the foreign income tax consequences of such indirect transfer; (vi) whether such indirect transfer and indirect investment regarding the PRC Taxable Property could have been made through a direct transfer of and indirect investment in the PRC Taxable Property; and (vii) the tax treaties or arrangements applicable in China to gains derived from such indirect transfer. However, notwithstanding the foregoing factors, if such indirect transfer and other arrangements related thereto satisfy all of the following conditions, such indirect transfer is deemed to lack a "reasonable business purpose": (a) the PRC Taxable Property constitutes 75% or more of the value of the equity interests of the overseas holding company; (b) at any time within one (1) year before such indirect transfer, the overseas holding company's investment in China constitutes, directly or indirectly, 90% or more of its total assets (exclusive of any cash), or, within one (1) year before such indirect transfer, 90% or more of the overseas holding company's income was generated, directly or indirectly from within China; (c) the limited functions actually performed and the risks undertaken by the overseas holding company and its subsidiaries, directly or indirectly holding the PRC Taxable Property are insufficient to establish the economic substance of their corporate structure and (d) the foreign income tax rate on such indirect transfer is lower than that on the PRC Taxable Property under applicable PRC laws.

Circular 7 also provides some exceptions for indirect transfers of certain PRC Taxable Property, including (i) shares in an offshore listing company that are bought and sold by a non-PRC resident enterprise via a public market, (ii) gains derived from indirect transfers that would not have been subject to income tax pursuant to the applicable tax treaties or arrangements had the PRC Taxable Property been directly transferred or (iii) transactions that are internal transfers among affiliates via share swaps and would not ultimately decrease the amount of gain subject to PRC income tax, taking the contingent transactions into consideration. Gains derived from an indirect transfer of the PRC Taxable Property may be subject to PRC withholding tax at a rate of up to 10%. If they decide that any of such transactions do not have a reasonable commercial purpose, the PRC tax authorities may apply Circular 7 to our previous financing transactions where non-resident private equity investors were involved, or the sale or purchase of shares in other non-PRC resident companies or other taxable assets held by us. As a result, we and our non-resident investors in such transactions may become at risk of being taxed under Circular 7, and we may be required to expend valuable resources to comply with Circular 7 or to establish that we should not be taxed under the general anti-avoidance rule of the 2008 EIT Law. This may have a material and adverse effect on our financial condition and results of operations or such non-resident investors' investments in us.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject us to fines and other legal or administrative sanctions.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (國家外匯管理局關於境內個人參與境外上市公司股權激勵計畫外匯管理有關問題的通知) issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in the mainland of China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We and our directors, executive officers and other employees who are PRC citizens or who reside in the mainland of China for a continuous period of not less than one year and who have been granted restricted shares, restricted share units or options are subject to these regulations. Failure to complete the SAFE registrations may subject such individuals to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in the mainland of China and limit these subsidiaries' ability to distribute dividends to us.

In addition, the STA has issued certain circulars concerning employee share options or restricted shares. Under these circulars, the employees working in the mainland of China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of such overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes according to applicable laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

Fluctuations in exchange rates may have a material and adverse effect on your investment.

The value of the RMB against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on exchange rates set by the PBOC. Pursuant to reforms of the exchange rate system announced by the PBOC on 21 July 2005, RMB-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. Further, from 18 May 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the RMB against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on 21 May 2007. This allows the RMB to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0% on 16 April 2012 and further widened to 2.0% on 17 March 2014. These changes in currency policy resulted in the RMB appreciating against the U.S. dollar by approximately 24.5% from 21 July 2005 to 31 December 2016. On 11 August 2015, the PBOC announced plans to improve the central parity rate of the RMB against the U.S. dollar by authorising market-makers to provide parity to the China Foreign Exchange Trading Center operated by the PBOC with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies. On the same day, the central parity rate of the RMB against the U.S. dollar depreciated by nearly 2.0% as compared to 10 August 2015, and further depreciated by nearly 1.6% on 12 August 2015 as compared to 11 August 2015. The International Monetary Fund announced on 30 September 2016 that, effective from 1 October 2016, the RMB would be added to its Special Drawing Rights currency basket. Such change and additional future changes may increase the volatility in the trading value of the RMB against foreign currencies.

We mainly operate in China with most of our transactions settled in RMB. The conversion of RMB denominated balances into foreign currencies is subject to the rates and regulations of foreign exchange control promulgated by the PRC government. We hold some financial assets denominated in U.S. dollars, H.K. dollars, Euro and Korea Won subject to certain thresholds stated in our treasury mandate and borrow some bank loans denominated in U.S. dollars. We also issue long-term notes denominated in U.S. dollars and H.K. dollars from time to time. This exposes us to foreign exchange risk.

Any significant revaluation of RMB may materially and adversely affect our revenue, earnings and financial position, and the value of the Notes in U.S. dollars. For example, an appreciation of RMB against the U.S. dollar would reduce the amount of RMB we would receive if we need to convert U.S. dollars into RMB. Conversely, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the value of the Notes. It is difficult to predict how the PBOC's policy may impact the RMB exchange rate in the future.

We manage our foreign exchange risk by regularly reviewing net foreign exchange exposures and try to minimise these exposures through natural hedges wherever possible and may enter into forward foreign exchange contracts, when necessary. However, the availability and effectiveness of these current and future arrangements may be limited, and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by China's exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material and adverse effect on your investment.

Implementation of the labour laws and regulations in China may adversely affect our business and results of operations.

Pursuant to the PRC Labour Contract Law (中華人民共和國勞動合同法) that became effective in January 2008 and further amended on 28 December 2012 and became effective on 1 July 2013, and its implementation rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labour contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labour contracts. Due to the lack of detailed interpretation rules and uniform implementation practice and possible penalties, it is uncertain as to how it would affect our current employment policies and practices. Our employment policies and practices may violate the PRC Labour Contract Law or its implementation rules, and we may thus be subject to related penalties, fines or legal fees. Compliance with the PRC Labour Contract Law and its implementation rules may increase our operating expenses, in particular our personnel expenses. In the event that we decide to terminate some of our employees or otherwise change our employment or labour practices, the PRC Labour Contract Law and its implementation rules may also limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. On 28 October 2010, the SCNPC promulgated the PRC Social Insurance Law (中華人民共和國社會保險法) which became effective on 1 July 2011 and was amended on 29 December 2018. On 24 March 2019, the State Council amended the Regulation on the Administration of Housing Accumulation Funds. According to applicable PRC social insurance laws and the Regulation on the Administration of Housing Accumulation Funds (住房公積金管理條例), employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance and housing funds and the employers must, together with their employees or separately, pay the social insurance premiums and housing funds for such employees. On 20 July 2018, the General Office of the State Council issued the Plan for Reforming the State and Local Tax Collection and Administration Systems (國税地税徵管體制改革方案), which stipulated that the STA would become solely responsible for collecting social insurance premiums. On 24 January 2014, the Ministry of Human Resources and Social Security promulgated the Provisional Rules on Labour Dispatching (勞務派遣暫行規定), effective 1 March 2014. Intended to control labour

dispatching arrangements, these regulations require that dispatched workers may be designated only to positions of a temporary, supporting or substitute nature, and further require employers to change and adjust their employment structure so that their used dispatched workers should not exceed a statutory cap of 10% of total employees.

We expect our labour costs to increase due to the implementation of these laws and regulations. As the interpretation and implementation of these laws and regulations are still evolving, we cannot assure you that our employment practice will at all times be deemed in full compliance with labour-related laws and regulations in the PRC which may subject us to labour disputes or government investigations. If we are deemed to have violated relevant labour laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected. Further, labour disputes, work stoppages or slowdowns at our offices and facilities or any of our clients or suppliers could significantly disrupt our daily operation or our expansion plans and have material and adverse effects on our business.

Inflation in China and measures to contain inflation may negatively affect our profitability and growth.

While China's economy has experienced rapid growth, such growth has been uneven among various sectors of the economy and in different geographical areas of the country and among different demographic sectors in the community. If prices for our services and products rise at a rate that is insufficient to compensate for the rise in the costs, our business may be materially and adversely affected. In order to control inflation in the past, the PRC government has imposed controls on bank credits, limits on loans for fixed assets, and restrictions on state bank lending. Such austerity measures can lead to a slowing of economic growth in China, which could materially and adversely affect our business, future results of operations and prospects.

Risks Relating to Notes Issued under the Programme

Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Investors shall pay attention to any modification, waivers and substitution.

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

The Conditions of the Notes also provide that the Trustee may, without the consent of the Noteholders, agree to (i) any modification (except certain modifications, including increasing quorum requirements relating to meetings) of the Conditions or the Trust Deed which is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

Investors shall pay attention to the terms and conditions applicable to each Series of Notes issued under the Programme on or after the date of this Offering Circular, which may be different from the terms and conditions applicable to each Series of Notes issued under the Programme prior to the date of this Offering Circular.

Any Series of Notes issued under the Programme on or after the date of this Offering Circular will contain provisions regarding certain definitions, certain covenants including negative pledge and certain events of default, that differ from those applicable to each Series of Notes issued under the Programme prior to the date of this Offering Circular, as amended, supplemented and/or replaced by the relevant Pricing Supplement. See "*Terms and Conditions of the Notes*" applicable to each Series of Notes issued under the Programme on or after the date of this Offering Circular.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s).

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, or lodged with a sub-custodian for the CMU Service (each of Euroclear, Clearstream, the CMU Service and DTC). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders or, in the case of the CMU Service, to the persons for whose account(s) interests in such Global Note are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU Service to us in a relevant CMU Instrument Position Report or any other notification by the CMU Service.

A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. We, as the Issuer, do not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

The Issuer may be unable to redeem the Notes.

On certain dates, including the occurrence of any early redemption event specified in the relevant Pricing Supplement or otherwise and at maturity of the Notes, we, as the Issuer, may, and at maturity, will, be required to redeem all of the Notes. If such an event were to occur, we, as the Issuer, may not have sufficient cash on hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Notes would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Group.

The Notes are unsecured obligations.

As the Notes are unsecured obligations, the repayment of the Notes may be adversely affected if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets may not be sufficient to pay amounts due on the Notes.

The Notes will be structurally subordinated to all obligations of the Issuer's existing and future subsidiaries and consolidated affiliated entities.

The Notes will not be guaranteed by any of the Issuer's existing or future subsidiaries and consolidated affiliated entities, who together hold substantially all of the Issuer's operating assets and conduct substantially all of the Issuer's business. The Issuer's subsidiaries and consolidated affiliated entities will have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. The Notes will be structurally subordinated to all indebtedness and other obligations of the Issuer's subsidiaries and consolidated affiliated entities such that in the event of insolvency, liquidation, reorganisation, dissolution or other winding up of any of the Issuer's subsidiary or consolidated affiliated entity, all of that subsidiary's or consolidated affiliated entity's creditors (including trade creditors) would be entitled to payment in full out of that subsidiary's or consolidated affiliated entity's assets before the Issuer would be entitled to any payment.

In addition, the Trust Deed governing the Notes will, subject to some limitations, permit these subsidiaries and consolidated affiliated entities to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries and consolidated affiliated entities.

The terms of the Notes provide only limited protection against significant corporate events that could adversely impact your investment in the Notes.

While the terms of the Notes contain terms intended to provide protection to noteholders upon the occurrence of certain events involving significant corporate transactions and the Issuer's creditworthiness, these terms are limited and may not be sufficient to protect your investment in the Notes. See "*Terms and Conditions of the Notes — Redemption and Purchase*".

The Trust Deed for the Notes also does not:

- require the Issuer to maintain any financial ratios or specific levels of net worth, revenue, income, cash flows or liquidity;
- limit the Issuer's ability to incur indebtedness that is equal in right of payment to the Notes;
- restrict the Issuer's subsidiaries' or consolidated affiliated entities' ability to issue unsecured securities;
- otherwise incur unsecured indebtedness that would be senior to the Issuer's equity interests in our subsidiaries or consolidated affiliated entities and therefore rank effectively senior to the Notes;
- limit the ability of the Issuer's subsidiaries or consolidated affiliated entities to service indebtedness;
- restrict the Issuer's ability to repurchase or prepay any other of the Issuer's securities or other indebtedness; or
- restrict the Issuer's ability to make investments or to repurchase or pay dividends or make other payments in respect of the Issuer's shares or other securities ranking junior to the Notes.

As a result of the foregoing, when evaluating the terms of the Notes, you should be aware that the terms of the Notes do not restrict the Issuer's ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on your investment in the Notes.

The Notes do not restrict the Group's ability to incur additional debt or to take other actions that could negatively impact holders of the Notes.

Subject to the negative pledge covenant (see "*Terms and Conditions of the Notes — Certain Covenants — Negative Pledge*"), the Group is not restricted under the Terms and Conditions from incurring additional debt, including secured debt, or from repurchasing the Notes. In addition, the covenants applicable to the Notes do not require the Group to achieve or maintain any minimum financial results relating to the Group's financial position or results of operations. The Group's ability to recapitalise, incur additional debt and take other actions that are not limited by the Terms and Conditions could diminish the Group's ability to make payments on the Notes and amortising bonds when due.

Considerations related to a particular issue of Notes.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- the payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as Eurozone Inter-bank Offered Rate ("**EURIBOR**"), Secured Overnight Financing Rate ("**SOFR**") or another such benchmark. The market values of such Notes are typically more volatile than market values of other conventional floating rate debt securities based on the same

reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The regulation and reform of "benchmarks" may adversely affect the value of the Notes linked to or referencing such "benchmarks".

The Program allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", in particular with respect to certain Floating Rate Notes where the reference rate may be EURIBOR, SOFR or another such benchmark. The Pricing Supplement for the Notes will specify whether EURIBOR, SOFR or another such benchmark is applicable.

Interest rates and indices which are deemed to be or used as "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. These reforms are in different stages of implementation, with some already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. More broadly, any of the international or national reforms, or the general increase in regulatory scrutiny of benchmarks, could increase the costs and risks of administering or participating in the setting of a benchmark and complying with any such regulations or requirements.

Such factors may have the following effect on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to certain benchmarks, (ii) trigger changes in the rules or methodologies used in certain benchmarks, or (iii) lead to the disappearance of the benchmarks. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

In accordance with the terms and conditions of the Notes, Notes which reference any affected benchmark may be subject to the adjustment of the interest provisions in certain circumstances, such as the potential elimination of the relevant benchmark, an inability to obtain authorisation or registration by the administrator of the relevant benchmark, changes in the manner of administration of such benchmark or the availability of a successor or replacement benchmark. The circumstances which could trigger such adjustments are beyond the Issuer's control. The subsequent use of a replacement benchmark may result in changes to the terms and conditions of the Notes (which could be extensive) and/or interest payments that are lower than or that do not otherwise correlate over time with the payments that could have been made on such Notes if the relevant benchmark remained available in its current form.

In addition, reference rates and indices, including interest rate benchmarks, such as the EURIBOR, which are used to determine the amounts payable under financial instruments or the value of such financial instruments, have, in recent years, been the subject of political and regulatory scrutiny as

to how they are created and operated. This has resulted in regulatory reform and changes to existing benchmarks, with further changes possible. These reforms and changes may cause a benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a benchmark or its discontinuation could have a material adverse effect on any Notes referencing or linked to such benchmark.

Although pursuant to the terms and conditions of the Notes, spread adjustments may be applied to any such replacement benchmark in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. There is no assurance that the characteristics of any replacement benchmark would be similar to the affected benchmark, that any replacement benchmark would produce the economic equivalent of the affected benchmark or would be a suitable replacement for the affected benchmark.

In certain circumstances the ultimate fallback of interest for a particular interest period may result in the rate of interest for the immediately preceding interest period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page or the initial rate of interest. Furthermore, if the Issuer determines it is not able to follow the prescribed steps set out in the terms and conditions of the Notes, the relevant fallback provisions may not operate as intended at the relevant time. Any such consequence could have a material adverse effect on the trading markets for such Notes, the liquidity of such Notes and/or the value of and return on any such Notes.

The terms and conditions of the Notes may require the exercise of discretion by the Issuer, its designee or an independent adviser, as the case may be, and the making of potentially subjective judgments (including as to the occurrence or not of any events which may trigger amendments to the terms and conditions of the Notes) and/or the amendment of the terms and conditions of the Notes without the consent of Noteholders. The interests of the Issuer or those of its designee or the independent adviser, as applicable, in making such determinations or amendments may be adverse to the interests of the Noteholders. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under Notes linked to a benchmark or could have a material adverse effect on the market value or liquidity of, and the amount payable under, such Notes. Investors should consider these matters when making their investment decision with respect to such Notes. Investors should also consult their own independent advisers and make their own assessment about the potential risks imposed by any national or international reforms relating to benchmarks and/or risks arising from any possible cessation or reform of certain reference rates.

The market continues to develop in relation to risk-free rates (including overnight rates such as SOFR) as reference rates for floating rate notes.

Investors should be aware that use of risk-free rates, including SOFR, as reference rates for bond markets continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

Furthermore, SOFR reference rates are based on "overnight rates". Overnight rates differ from interbank offered rates, such as EURIBOR, in a number of material respects, including (without limitation) that such rates are backward-looking, risk-free overnight rates, whereas EURIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that overnight rates may behave materially differently as interest reference rates for Notes issued under the Program compared to interbank offered rates.

The future performance of SOFR is impossible to predict. The level of SOFR over the term of Floating Rate Notes may bear little or no relation to the historical level of SOFR. Prior observed patterns, if any, in the behaviour of market variables, such as correlations, may change in the future. While some pre-publication hypothetical performance data has been published by the Federal Reserve Bank of New York (the "**Federal Reserve**") for SOFR, such data inherently involves assumptions, estimates and approximations. As such, no future performance of risk-free rates or Floating Rate Notes linked to or which reference a risk-free rate may be inferred from any of the hypothetical or actual historical performance data. In addition, investors should be aware that risk-free rates may behave materially differently from interbank offered rates as interest reference rates. For example, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Market conventions for calculating the interest rate for bonds referencing risk-free rates may continue to develop. The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the terms and conditions of the Notes and used in relation to any that reference risk-free rates issued under the Program. The Issuer may in the future also issue Notes referencing risk-free rates that differ materially in terms of interest determination when compared with any previous Notes referencing the same risk-free rate issued by it under the Program. The development of risk-free rates as interest reference rates for the Eurobond markets and of the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes issued under the Program which references any such risk-free rate from time to time.

In addition, the manner of adoption or application of risk-free rates in the bond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates. In particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including those set out in the terms and conditions of the Notes, will gain widespread market acceptance. In addition, market participants and relevant working groups continue to explore alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing indices that are more widely used.

Since risk-free rates are relatively new market indices, Notes linked to any such risk-free rate may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to any risk-free rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Further, if any risk-free rate to which a series of Notes is linked does not prove to be widely used in securities like the Notes, the trading price of such Notes linked to a risk-free rate may be lower than those of Notes linked to indices that are more widely used. Holders of such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Daily changes in such rates may also be more volatile than daily changes in other benchmarks or market rates, such that the value on and value of Notes linked to risk-free rates may fluctuate more than floating rate debt securities linked to less volatile rates.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SOFR or any related indices.

We may be able to redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest in the event we are required to pay Additional Amounts because we are treated as a PRC "resident enterprise".

In the event we are treated as a PRC "resident enterprise" under the 2008 EIT Law, we may be required to withhold PRC tax on interest paid to certain of our non-resident investors. In such case, we will, subject to certain exceptions, be required to pay such Additional Amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. As described under Condition 10(b) of the "*Terms and Conditions of the Notes*", in the event we are required to pay Additional Amounts as a result of certain changes in or interpretations of tax law or the stating of an official position regarding the application or interpretation of such law, including any change or interpretation that results in our being required to withhold tax on interest payments as a result of our being treated as a PRC "resident enterprise", we may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

We may be able to redeem the Notes prior to maturity.

We may be able to redeem a series of the Notes at our option on a date prior to the maturity date if the relevant pricing supplement specifies this optional redemption. The optional redemption feature of a series of the Notes may limit the market value of such Notes. During any period when we may elect to redeem the Notes, the market value of the Notes may not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

We may also be expected to redeem the Notes with optional redemption feature when our cost of borrowing is lower than the interest rate on the Notes. At those times, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

We may be required to complete the post-issuance filing in connection with the offering of the Notes under the Programme. Additionally, the approval and/or other requirements of the NDRC or other PRC governmental authorities may be required in connection with any Notes under PRC laws and regulations, and if required, we cannot predict whether or how soon we will be able to obtain such approval or meet such requirements.

Pursuant to the Administrative Measures for Examination and Registration of Enterprise's Medium and Long-Term Foreign Debts (the "**Foreign Debts Measures**"), issued by the NDRC and effective on 10 February 2023, if a PRC enterprise or an offshore enterprise or subsidiary controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such PRC enterprise must, in advance of issuing such bonds, apply to the NDRC and obtain a Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprise from the NDRC in respect of such issue. The enterprise must also report certain information on the bonds (including the key operating indicators of the enterprise and its borrowing of foreign debts) to the NDRC within 10 business days upon the completion of the bond issue. In addition, the Foreign Debts Measures requires that: (i) the enterprise shall, within the first five working days at the end of January and July each year, submit to the NDRC the information on use of proceeds, plan and arrangement of payment of interest and principal and the issuer's financial indicators, (ii) for domestic and overseas debts repayment risks or material assets restructuring and other material events that may affect the normal performance of the debts, the enterprise shall submit the relevant information in time, and (iii) within 10 working days upon the expiration of the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprise, the enterprise shall also submit the relevant information on the borrowing of foreign debts.

We obtained a Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprise for the offering of the Notes under the Programme, if applicable, under the Foreign Debts Measures in December 2024. We are required to complete the post-issuance filing with the NDRC within the specified time period pursuant to the Foreign Debts Measures. However, as the interpretation and application of the newly promulgated Foreign Debts Measures continue to evolve, there is no assurance that we can complete the necessary registrations with relevant authorities for our future notes offerings or complete the required filings or other regulatory procedures in a timely manner, or at all.

Enforcing your rights as a holder of the Notes across multiple jurisdictions may be difficult.

We are registered in the Cayman Islands, and conduct most of our operations in China through our WFOEs and consolidated affiliated entities in China. All of our Directors are nationals or residents of countries other than the United States. As a result, it may not be possible to effect service of process within the United States or elsewhere outside of China upon our Directors and officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws.

It may also be difficult or impossible for you to bring an action against us or against our Directors and officers in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws of the United States. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgement against our assets or the assets of our Directors and officers. We have been advised by our Cayman Islands legal counsel, Maples and Calder (Hong Kong) LLP, that the courts of the Cayman Islands are unlikely (i) to recognise or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognise and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For such a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Moreover, our PRC counsel has advised us that the PRC does not have treaties with the United States or many other countries providing for the reciprocal recognition and enforcement of judgement of courts.

We have been advised by PRC and Cayman Islands counsel that there is doubt as to the enforceability, in original actions in PRC or Cayman Islands courts, of liabilities based on the United States federal securities laws or the securities or "blue sky" laws of any state within the United States and as to the enforceability in PRC or Cayman Islands courts of judgements of United States courts obtained in actions based on the civil liability provisions of the United States federal securities laws or any such state securities or blue sky laws.

As a result of all of the above, your rights under the Notes may thus be subject to the laws of several jurisdictions, and you may not be able to effectively enforce your rights in multiple legal, bankruptcy and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly and often result in substantial uncertainty and delay.

Risks Relating to Renminbi Notes

Notes denominated in Renminbi (the "**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Investment in the Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the Chinese and international political and economic conditions as well as many other factors. The Issuer will make all payments of interest and principal with respect to the Renminbi Notes in Renminbi. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the Hong Kong dollar or other foreign currencies, the value of the investment made by a holder of the Renminbi Notes in Hong Kong dollars or any other foreign currency terms will decline.

Renminbi is not freely convertible; there are significant restrictions on the remittance of Renminbi into and outside of China. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside China. In the event that the Group is not able to repatriate funds outside China in Renminbi, the Issuer will need to source Renminbi offshore to finance the Issuer's obligations under Renminbi Notes, and the Issuer's ability to do so will be subject to the overall availability of Renminbi outside China.

There is only limited availability of Renminbi outside China, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside China to service the Renminbi Notes.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside China is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licenced banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong and 10 other countries and territories. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (香港人民幣業務清算協議) (the "**Settlement Agreement**") between the PBOC and Bank of China (Hong Kong) Limited (the "**RMB Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong.

Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit (other than as provided in the following paragraph) on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi-denominated financial assets outside China is limited. In addition, although participating banks are no longer required by the Hong Kong Monetary Authority to apply a minimum Renminbi liquidity ratio of 25%, they are still required to account for Renminbi together with other currencies on the same basis as the statutory liquidity ratio. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The RMB Clearing Bank only has access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for Hong Kong

residents of up to RMB20,000 per person per day. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future, which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside China may affect the liquidity of Renminbi Notes. To the extent we, as the Issuer, are required to source Renminbi in the offshore market to service Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes.

All payments to investors in respect of Renminbi Notes cleared through the CMU Service will be made solely by (i) when Renminbi Notes are represented by Global Notes or Global Note Certificates cleared through the CMU Service, and transfer to a Renminbi bank account maintained in Hong Kong in accordance with the prevailing rules and procedures of the CMU Service, or (ii) when Renminbi Notes are in definitive form, and transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in China).

Risks Relating to the Market Generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Issuer's financial condition. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although an application will be made for the Notes issued under the Programme to be listed on, and permitted to deal in, the SEHK, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so listed or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes. In addition, Notes issued in definitive form pursuant to the terms of the Programme may be illiquid and difficult to trade if issued in denominations that are not an integral multiple of the minimum specified denomination.

The credit ratings assigned to the Notes may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will be revised by the rating agencies in the future if, in their judgement, the circumstances so warrant. A downgrade in the ratings of any Notes may effect the market price of the Notes.

FORM OF THE NOTES

Bearer Notes

Each Series of Notes to be issued in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the issue date of the relevant Series of the Notes with a depositary or a common depositary for Euroclear as operator of the Euroclear System and/or Clearstream and/or any other relevant clearing system and/or a sub-custodian for the CMU Service.

In the case of each Tranche of Bearer Notes, the relevant Pricing Supplement will also specify whether rules in substantially the same form as U.S. Treasury Regulation § 1.163 — 5(c)(2)(i)(C) for purposes of Section 4701 of the U.S. Internal Revenue Code (the "**TEFRA C Rules**") or rules in substantially the same form as U.S. Treasury Regulation §1.163 — 5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days (taking into account unilateral rights to extend or rollover) or are in registered form for U.S. federal income tax purposes, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable. Notes issued in compliance with the TEFRA D Rules must be initially issued in the form of a Temporary Global Note. Whilst any Bearer Note issued under the TEFRA D Rules is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification generally to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream and/or any other relevant clearing system, and Euroclear and/or Clearstream, or other relevant clearing system, as applicable, has given a like certification (based on the certifications it has received) to the relevant Paying Agent (or in the case of Bearer Notes held through the CMU Service, received by the CMU Lodging Agent from CMU Members).

Bearer Notes issued in compliance with the TEFRA D Rules will be issued through the CMU only if the CMU Members and the CMU Lodging Agent have procedures in place for the certification of non-U.S. beneficial ownership as required under the TEFRA D Rules.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be issued in the form of a Temporary Global Note, interests in which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, from the date (the "**Exchange Date**") which is 40 days after the issue date of the relevant Tranche of the Notes, which exchange, if the relevant Pricing Supplement specifies that the TEFRA D Rules are applicable, will be made only to the extent that certification as to non-U.S. beneficial ownership has been received in compliance with the TEFRA D Rules. No payments will be made under the Temporary Global Note after the Exchange Date unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of Temporary Global Notes subject to the TEFRA D Rules cannot be collected without such certification of non-U.S. beneficial ownership, as described above.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and

(ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership, as described above,

within seven days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than the Exchange Date of the relevant Tranche of the Notes.

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be issued in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes on or after the Exchange Date for the relevant Tranche of the Notes to the extent that certification as to non-U.S. beneficial ownership has been received as described above. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note and in the case where the TEFRA D Rules are applicable, subject to certification as to non-U.S. beneficial ownership, as described above, to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be issued in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or

(ii) at any time, if so specified in the relevant Pricing Supplement; or

(iii) if the relevant Pricing Supplement specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following event occurs:

  (a) Euroclear or Clearstream, the CMU Service or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or

(b) any of the circumstances described in Condition 14 (*Events of Default*) occurs in respect of any Note of the relevant Tranche.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Notes issued as Permanent Global Notes may not be issued using the TEFRA D Rules.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days (taking into account any unilateral rights to extend or rollover), the Notes in global form, the Notes in definitive form, each Bearer Note and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(f) AND 1287(a) OF THE U.S. INTERNAL REVENUE CODE."

The sections referred to provide that United States persons, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Registered Notes

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either:

(i) individual Note Certificates in registered form ("**Individual Note Certificates**"); or

(ii) one or more unrestricted global note certificates ("**Unrestricted Global Note Certificate(s)**") in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S ("**Unrestricted Notes**") and/or one or more restricted global note certificates ("**Restricted Global Note Certificate(s)**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A ("**Restricted Notes**"),

in each case as specified in the relevant Pricing Supplement, and references in this Offering Circular to "Global Note Certificates" shall be construed as a reference to Unrestricted Global Note Certificates and/or Restricted Global Note Certificates.

Each Note represented by a Restricted Global Note Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Pricing Supplement) as nominee for DTC or, as the case may be, in the name of the common depositary (or its nominee) for Euroclear and/or Clearstream and the relevant Restricted Global Note Certificate will be deposited on or about the issue date with the custodian for DTC (the "**DTC Custodian**") or a depositary of the common depositary for Euroclear and/or Clearstream. Beneficial interests in Notes represented by a Restricted Global Note Certificate may be held through DTC or, as the case may be, Euroclear and/or Clearstream at any time.

Each Note represented by an Unrestricted Global Note Certificate will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream and/or any other relevant clearing system or in the name of Cede & Co. as nominee for DTC, and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common depositary or the DTC Custodian.

If the relevant Pricing Supplement specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Global Note Certificate exchangeable for Individual Note Certificates

If the relevant Pricing Supplement specifies the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Note Certificates, each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

(i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or

(ii) at any time, if so specified in the relevant Pricing Supplement; or

(iii) if the relevant Pricing Supplement specifies "in the limited circumstances described in the Global Note Certificate", then:

  (a) in the case of any Global Note Certificate held by or on behalf of DTC, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Note Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;

  (b) in the case of any Unrestricted Global Note Certificate held by, or on behalf of, Euroclear and/or Clearstream and/or any other clearing system (other than DTC), if Euroclear, Clearstream or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and

  (c) in any case, if any of the circumstances described in Condition 14 (*Events of Default*) occurs in respect of any Note of the relevant Tranche.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding). In addition, whenever a Restricted Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in the Restricted Global Note Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out under "*Transfer Restrictions*".

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the Global Note Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Note Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Pricing Supplement, will be endorsed on each Note issued in definitive form under the Programme on or after the date of this Offering Circular. The terms and conditions applicable to any Note in global form will differ from the terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below. Solely for the purpose of the interpretation only, the definition "PRC" used in the Terms and Conditions shall be construed in the context of the laws and regulations of the People's Republic of China, exclusive of the laws and regulations of Hong Kong, Macau and Taiwan.

1. Introduction

(a) *Programme*: Tencent Holdings Limited (the "**Issuer**") has established a Global Medium Term Note Programme (the "**Programme**") for the issuance of up to US$30,000,000,000 (as may be increased from time to time) in aggregate principal amount of notes (the "**Notes**").

(b) *Pricing Supplement:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. The terms and conditions applicable to any particular Tranche of Notes are set out in the relevant pricing supplement (the "**Pricing Supplement**") which supplements, amends and/or replaces these terms and conditions (the "**Conditions**"). In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.

(c) *Trust Deed*: The Notes are constituted by, are subject to, and have the benefit of, an amended and restated trust deed dated 15 September 2025 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and DB Trustees (Hong Kong) Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed). The Issuer and the Trustee entered into a trust deed on 10 April 2014, which is amended and restated by an amended and restated trust deed dated 24 April 2015, an amended and restated trust deed dated 1 April 2019 and an amended and restated trust deed dated 25 May 2020 between the Issuer and the Trustee, and further amended and restated by the Trust Deed.

(d) *Agency Agreement*: The Notes are the subject of an amended and restated issue and paying agency agreement dated 15 September 2025 (which amends and restates the issue and paying agency agreement dated 10 April 2014 and 24 April 2015, the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, Hong Kong Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), Deutsche Bank AG, Hong Kong Branch as exchange agent (the "**Exchange Agent**", which expression includes any successor exchange agent appointed from time to time in connection with the Notes), Deutsche Bank Trust Company Americas, Deutsche Bank AG, Hong Kong Branch and Deutsche Bank Luxembourg S.A. as registrars (each, a "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), Deutsche Bank AG, Hong Kong Branch as CMU lodging agent (the "**CMU Lodging Agent**", which expression includes any successor CMU lodging agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent and the CMU Lodging Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), the transfer agents named therein (together with the Registrars, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the Trustee. In these Conditions references to the "**Agents**" are to the Paying Agents, the Exchange Agent and the Transfer Agents and any reference to an "**Agent**" is to any one of them.

For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Principal Paying Agent shall, with respect to a Series of Notes to be held in the CMU Service (as defined below), be deemed to be a reference to the CMU Lodging Agent and all such reference shall be construed accordingly.

(e) *The Notes:* The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). Registered Notes are not exchangeable to Bearer Notes or vice versa. No single tranche or series may comprise both Bearer Notes and Registered Notes. Bearer Notes will not be sold in the United States or to U.S. persons. All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for viewing and copies may be obtained from the Specified Office of each of the Paying Agents and Transfer Agents.

(f) *Summaries:* Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of the Paying Agents.

2. Interpretation

(a) *Definitions*: In these Conditions the following expressions have the following meanings:

"**2006 ISDA Definitions**" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);

"**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);

"**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Business Day**", other than in Condition 3(g) (Registration and delivery of Note Certificates) means:

(i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;

(ii) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre; and

(iii) for the purposes of Notes denominated in Renminbi only, any day (other than a Sunday or a Saturday) on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law or executive order to be closed;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Principal Paying Agent or such other Person, in each case as specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

"**Calculation Amount**" has the meaning given in the relevant Pricing Supplement;

"**Capital Stock**" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible or exchangeable into such equity;

"**CMU Service**" means the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority;

"**Consolidated Affiliated Entity**" of any Person means any corporation, association or other entity which is or is required to be consolidated with such Person under International Financial Reporting Standards 10, Consolidated Financial Statements (including any changes, amendments or supplements thereto) or, if such person prepares its financial statements in accordance with accounting principles other than IFRS, the equivalent of International Accounting Standards 27, Consolidated and Separate Financial Statements under such accounting principles. Unless otherwise specified herein, each reference to a Consolidated Affiliated Entity will refer to a Consolidated Affiliated Entity of the Issuer;

"**Controlled Entity**" of any Person means a Subsidiary or a Consolidated Affiliated Entity of such Person;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;

(ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\textbf{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\textbf{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if "**30E/360** (**ISDA**)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\textbf{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Triggering Event)**" means, in respect of any Note, 101 per cent. of its principal amount or such other amount as may be specified in, or determined in accordance with the relevant Pricing Supplement;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended; "Extraordinary Resolution" has the meaning ascribed to it in the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**First Interest Payment Date**" means the date specified in the relevant Pricing Supplement; "Fixed Coupon Amount" has the meaning given in the relevant Pricing Supplement; "Group" means the Issuer and its Controlled Entities, taken as a whole;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer — Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer — Title to Registered Notes*);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(i) amounts raised by acceptance under any acceptance credit facility;

(ii) amounts raised under any note purchase facility;

(iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"**Interest Determination Date**" has the meaning given in the relevant Pricing Supplement or, in the case of Notes to which Condition 7(f) (*Floating Rate Note and Index-Linked Interest Note Provisions — Interest — Floating Rate Notes referencing SOFR (Screen Rate Determination*)) applies, as otherwise specified in Condition 7(f) *(Floating Rate Note and Index-Linked Interest Note Provisions — Interest — Floating Rate Notes referencing SOFR (Screen Rate Determination*));

"**Interest Payment Date**" means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA Definitions**" means (1) if "2006 ISDA Definitions" is specified in the relevant Pricing Supplement, the 2006 ISDA Definitions, as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"); or (2) if "2021 ISDA Definitions" is specified in the relevant Pricing Supplement, the 2006 ISDA Definitions, as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by ISDA;

"**Issue Date**" has the meaning given in the relevant Pricing Supplement;

"**Lien**" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest;

"**Margin**" has the meaning given in the relevant Pricing Supplement;

"**Material Controlled Entities**" means any Non-listed Controlled Entities of the Issuer:

(i) whose total revenue (consolidated in the case of a Non-listed Controlled Entity which has Non-listed Controlled Entities) as shown by its latest audited income statement attributable to the Issuer is at least 10% of the consolidated total revenue as shown by the latest issued audited consolidated income statement of the Issuer and its consolidated Controlled Entities; or

(ii) whose net income (consolidated in the case of a Non-listed Controlled Entity which has Non-listed Controlled Entities) as shown by its latest audited income statement attributable to the Issuer, is at least 10% of the consolidated net income as shown by the latest issued audited consolidated income statement of the Issuer and its consolidated Controlled Entities; or

(iii) whose net assets (consolidated in the case of a Non-listed Controlled Entity which itself has Non-listed Controlled Entities) as shown by its latest audited balance sheet, are at least 10% of the consolidated net assets of the Issuer and its Controlled Entities as shown by the latest issued audited consolidated balance sheet of the Issuer and its Controlled Entities, including the investment of the Issuer and its consolidated Controlled Entities in each Controlled Entity whose accounts are not consolidated with the consolidated audited accounts of the Issuer and of associated companies and after adjustment for minority interests;

provided that, in the case of each of (i), (ii) and (iii) above:

(a) in the case of a corporation or other business entity becoming a Non-listed Controlled Entity after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer and its Non-listed Controlled Entities for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Non-listed Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer and its Non-listed Controlled Entities adjusted to consolidate the latest audited accounts (consolidated in the case of a Non-listed Controlled Entity which itself has Non-listed Controlled Entities) of such Non-listed Controlled Entity in such accounts;

(b) if at any relevant time in relation to the Issuer or any Non-listed Controlled Entity which itself has Non-listed Controlled Entities, no consolidated accounts are prepared and audited, total revenue, net income or net assets of the Issuer and/or any such Non-listed Controlled Entity shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Issuer;

(c) if at any relevant time in relation to any Non-listed Controlled Entity, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Non-listed Controlled Entity prepared for this purpose by or on behalf of the Issuer; and

(d) if the accounts of any Non-listed Controlled Entity (not being a Non-listed Controlled Entity referred to in proviso (a) above) are not consolidated with those of the Issuer, then the determination of whether or not such Non-listed Controlled Entity is a Material Controlled Entity shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer; or

(iv) any Non-listed Controlled Entity of the Issuer to which is transferred all or substantially all of the assets of a Non-listed Controlled Entity which immediately prior to such transfer was a Material Controlled Entity, provided that the Material Controlled Entity which so transfers its assets shall forthwith upon such transfer cease to be a Material Controlled Entity and the Non-listed Controlled Entity to which the assets are so transferred shall become a Material Controlled Entity at the date on which the first issued audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued unless such Non-listed Controlled Entity would continue to be a Material Controlled Entity on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above,

An Officers' Certificate stating that, in their opinion, a Non-listed Controlled Entity is or is not, or was or was not, a Material Controlled Entity shall, in the absence of manifest error, be conclusive and binding on all parties. The Officers' Certificate shall, if there is a dispute as to whether any Non-listed Controlled Entity of the Issuer is or is not a Material Controlled Entity be accompanied by a report by an internationally recognised firm of accountants addressed to the directors of the Issuer as to proper extraction of the figures used by the Issuer in determining the Material Controlled Entities of the Issuer and mathematical accuracy of the calculation;

"**Maturity Date**" has the meaning given in the relevant Pricing Supplement;

"**Maximum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**Minimum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**Non-listed Controlled Entities**" means the Controlled Entities of the Issuer other than (i) any Controlled Entities with shares of common stock or other common equity interests listed on an internationally recognised stock exchange; and (ii) any Subsidiaries or Consolidated Affiliated Entities of any Controlled Entity referred to in clause (i) of this definition;

"**Non-recourse Obligations**" means any Indebtedness substantially related to (i) the acquisition of assets not previously owned by the Issuer or any of the Controlled Entities or (ii) the financing of a project involving the purchase, development, improvement or expansion of properties of the Issuer or any of the Controlled Entities, as to which the obligee with respect to such Indebtedness or obligation has no recourse to the Issuer or any of the Controlled Entities or to the Issuer's or any such Controlled Entity's assets other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof);

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer — Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer — Title to Registered Notes*);

"**Officer**" means the chairman of the Board, the chief executive officer, the president, the chief financial officer, any vice president, the treasurer or the secretary of the Issuer, or in the event that the Issuer is a partnership or a limited liability company that has no such officers, a person duly authorised under applicable law by the general partner, managers, members or a similar body to act on behalf of the Issuer;

"**Officers' Certificate**" means a certificate signed by two Officers of the Issuer, one of whom is the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer, or by an Officer and either an assistant treasurer or an assistant secretary of the Issuer;

"**Opinion of Counsel**" means an opinion (in form and substance acceptable to the Trustee) of independent legal advisers of recognised international standing that is acceptable to the Trustee;

"**Optional Redemption Amount** (**Call**)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Date** (**Call**)" has the meaning given in the relevant Pricing Supplement;

"**Optional Redemption Date** (**Put**)" has the meaning given in the relevant Pricing Supplement;

"**Participating Member State**" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"**Payment Business Day**" means:

(i) if the currency of payment is euro, any day which is:

(A) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and (b) a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent has its Specified Office; and

(B) in the case of payment by transfer to an account, (a) a TARGET Settlement Day and (b) a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, any day which is:

(A) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies and (b) a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent has its Specified Office; and

(B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies (including, in the case of Notes denominated in Renminbi, settlement of Renminbi payments) may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**PRC**" means, for the purpose of these Conditions, the People's Republic of China excluding Hong Kong, Macau and Taiwan;

"**Preferred Shares**" as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends upon liquidation, dissolution or winding up;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

(i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

(ii) in relation to Australian dollars, it means Sydney and in relation to New Zealand dollars, it means Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent or, in each case, the principal financial centre as is specified in the applicable Pricing Supplement; and

(iii) in relation to Renminbi, it means Hong Kong or the principal financial centre as is specified in the applicable Pricing Supplement;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Redemption Amount (Triggering Event), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement;

"**Reference Price**" has the meaning given in the relevant Pricing Supplement;

"**Reference Rate**" has the meaning given in the relevant Pricing Supplement;

"**Regular Period**" means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Pricing Supplement;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are commonly, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, except (i) any Indebtedness in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities initially offered, marketed or issued primarily to Persons resident in the PRC and dominated in Renminbi and (ii) any Non-recourse Obligations;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Securities Act**" means the United States Securities Act of 1933, as amended;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**SEHK**" means The Stock Exchange of Hong Kong Limited;

"**Specified Currency**" has the meaning given in the relevant Pricing Supplement;

"**Specified Denomination(s)**" has the meaning given in the relevant Pricing Supplement;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Pricing Supplement;

"**Subsidiary**" of any person means (i) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50 per cent. of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (ii) any partnership, joint venture limited liability company or similar entity of which more than 50 per cent. of the capital accounts, distribution rights, total equity and voting; or interests or general or limited partnership interests, as applicable, is, in the case of clauses (i) and (ii), at the time owned or controlled, directly or indirectly, by (A) such Person, (B) such Person and one or more Subsidiaries of such Person or (C) one or more Subsidiaries of such Person; unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Issuer;

"**Talon**" means a talon for further Coupons;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**Total Equity**" means, as of any date, the total equity attributable to the Issuer's shareholders on a consolidated basis determined in accordance with IFRS, as shown on the Issuer's most recently published audited annual financial statements;

"**Treaty**" means the Treaty establishing the European Communities, as amended;

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors, managers or trustees, as applicable, of such Person; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Pricing Supplement.

(b) *Interpretation*: In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any premium payable in respect of a Note, any other amount in the nature of principal payable pursuant to these Conditions and, in each case, any Additional Amounts (as defined in Condition 13 (*Taxation*)) with respect thereto;

(v) any reference to interest shall be deemed to include any Additional Amounts and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "**outstanding**" shall be construed in accordance with the Trust Deed;

(vii) if an expression is stated in Condition 2(a) (*Interpretation — Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes; and

(viii) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination, Title and Transfer

(a) ***Bearer Notes***: Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Bearer Notes issued in compliance with United States Treasury Regulation § 1.163 — 5(c)(2)(i)(D) or any successor provision for purposes of Section 4701 of the US Internal Revenue Code ("**TEFRA D**") must be initially represented by a Temporary Global Note exchangeable for interests in a Permanent Global Note or definitive Bearer Notes upon certification of non-U.S. beneficial ownership in accordance with the TEFRA D Rules.

(b) ***Title to Bearer Notes***: Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.

(c) ***Registered Notes***: Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.

(d) ***Title to Registered Notes***: The relevant Registrar will maintain a register outside the United Kingdom in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**"). In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(e) ***Ownership***: The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(f) ***Transfers of Registered Notes***: Subject to paragraphs (i) (Closed periods) and (j) (Regulations concerning transfers and registration) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the relevant Registrar or any Transfer Agent, together with such evidence as such Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(g) ***Registration and delivery of Note Certificates***: Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the relevant Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the relevant Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) ***No charge***: The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the relevant Registrar or any Transfer Agent but against such indemnity by the transferor as the such Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) ***Closed periods***: Noteholders may not require transfers to be registered:

(i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes;

(ii) during the period of 15 days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 10(b) (*Redemption for tax reasons*) or Condition 10(c) (*Redemption at the option of the Issuer*); and

(iii) after a Put Option Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 10(e) (*Redemption at the option of the Noteholders*) or Condition 10(f) (*Redemption for Triggering Event*).

(j) ***Regulations concerning transfers and registration***: All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the relevant Registrar. A copy of the current regulations will be mailed (free of charge) by the relevant Registrar to any Noteholder who requests in writing a copy of such regulations.

*Notwithstanding anything contained in these Conditions, for so long as any of the Notes is represented by a Global Note or a Global Note Certificate held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream**") and/or The Depository Trust Company ("**DTC**") and/or the CMU Service (as the case may be), each person (other than Euroclear or Clearstream, DTC or the CMU Service) who is for the time being shown in the records of Euroclear or of Clearstream or of DTC or of the CMU Service as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream or DTC or the CMU Service as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Registrars, the Exchange Agent and the Transfer Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Global Note or the registered holder of the relevant Global Note Certificate shall be treated by the Issuer, any Paying Agent, any Transfer Agent, any Registrar and the Exchange Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note or Global Note Certificate, and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. Notes which are represented by a Global Note or a Global Note Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, DTC and the CMU Service as the case may be. References to Euroclear, Clearstream, DTC and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Trustee, the CMU Lodging Agent, as the case may be.*

4. Status

The Notes and any related Receipts and Coupons constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which will at all times rank (i) equally without any preference among themselves; (ii) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application; (iii) senior in right of payment to all of the Issuer's existing and future indebtedness expressly subordinated in right of payment to the Notes; (iv) be effectively subordinated to all of the Issuer's existing and future secured indebtedness, to the extent of the value of the assets serving as security therefor; and (v) be structurally subordinated to all existing and future indebtedness and other liabilities of the Issuer's Controlled Entities.

5. Certain Covenants

(a) Negative Pledge

So long as any Note remains outstanding, the Issuer will not create or have outstanding, and the Issuer will ensure that none of its Material Controlled Entities will create or have outstanding, any Lien upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled capital) securing any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness of either of the Issuer or any Material Controlled Entities, without (a) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution of Noteholders.

(b) Consolidation, Merger and Sale of Assets

The Issuer will not consolidate with or merge into any other Person in a transaction in which the Issuer is not the surviving entity, or sell, assign, convey, transfer, lease or otherwise dispose its properties and assets substantially as an entirety to any Person unless:

(i) any Person formed by such consolidation or into which the Issuer is merged or to whom the Issuer has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of the Cayman Islands or Hong Kong and such Person expressly assumes by a supplemental documentation all the obligations of the Issuer under the Notes, including the obligations to pay Additional Amounts in respect of principal, premium and interest which may be payable under Condition 13 (*Taxation*) with respect to any jurisdiction in which it is organised or resident for tax purposes, subject to exclusions equivalent to those contained in Condition 13 (*Taxation*);

(ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred; and

(iii) the Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease complies with the Conditions and that all conditions precedent therein provided for relating to such transaction have been complied with.

(c) Reports

(i) So long as any Notes remain outstanding, the Issuer will file with the Trustee and furnish to the Noteholders upon request, as soon as they are available but in any event not more than 30 calendar days after they are filed with SEHK or, if the Issuer's common shares are no longer listed on the SEHK, any other recognised exchange on which the Issuer's common shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; provided that if at any time the common shares of the Issuer ceases to be listed for trading on a recognised stock exchange, the Issuer will file with the Trustee and furnish to the holders upon request:

(A) as soon as they are available, but in any event within 120 calendar days after the end of the fiscal year of the Issuer, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement and a year-to-year comparison to the prior year) audited by a member firm of an internationally recognised firm of independent accountants;

(B) as soon as they are available, but in any event within 90 calendar days after the end of the first semi-annual fiscal period of the Issuer, copies of its unaudited financial statements (on a consolidated basis) in respect of such semi-annual period (including a statement of income, balance sheet and cash flow statement and a period-to-period comparison to the first semi-annual fiscal period of the prior year) prepared on a basis consistent with the audited financial statements of the Issuer and reviewed by a member firm of an internationally recognised firm of independent accountants, together with a certificate signed by the person then authorised to sign financial statements on behalf of the Issuer to the effect that such financial statements are true in all material respects and present fairly the financial position of the Issuer as at the end of, and the results of its operations for, the relevant semi-annual period;

(C) as soon as they are available, but in any event within 60 calendar days after the end of each of the first and third fiscal quarters of the Issuer, copies of the unaudited financial statements (on a consolidated basis) in respect of such fiscal quarter (including a statement of income, balance sheet and cash flow statement and a period-to-period comparison to the relevant fiscal quarter of the prior year) prepared on a basis consistent with the audited financial statements of the Issuer, together with a certificate signed by the person then authorised to sign financial statements on behalf of the Issuer to the effect that such financial statements are true in all material respects and present fairly the financial position of the Issuer as at the end of, and the results of its operations for, the relevant fiscal quarter; and

(D) as soon as possible and in any event within 14 calendar days after the Issuer becomes aware of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes, or which, after notice or lapse of time or both, would become, an Event of Default and an Officers' Certificate of the Issuer setting forth the details thereof and the action the Issuer is taking or proposes to take with respect thereto.

(ii) So long as any Notes representing Restricted Notes (as defined in the Trust Deed) remain outstanding and are "**restricted securities**" within the meaning of Rule 144(a)(3) of the Securities Act, the Issuer will furnish, upon the request of any holder of a beneficial interest in such Note, such information as is specified in paragraph (d)(4) of Rule 144A, to such holder or beneficial owner or to a prospective purchaser of the Note or interest therein who is a qualified institutional buyer within the meaning of Rule 144A, to the extent required to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of the Note or beneficial interest therein in reliance on Rule 144A unless, at the time of such request, the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or is exempt from the registration requirements of Section 12(g) of the Exchange Act pursuant to Rule 12g3-2(b) under the Exchange Act.

6. Fixed Rate Note Provisions

(a) ***Application***: This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Accrual of interest***: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Conditions 11 (*Payments — Bearer Notes*) and 12 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are

received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders of receipt of all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Fixed Coupon Amount***: The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) ***Calculation of interest amount***: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note and Index-Linked Interest Note Provisions

(a) ***Application***: This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Accrual of interest***: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Conditions 11 (*Payments — Bearer Notes*) and 12 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders of receipt of all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Screen Rate Determination (other than Floating Rate Notes which reference SOFR or SOFR Compounded Index)***: If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be (other than in respect of Notes for which SOFR or any related index is specified as the Reference Rate in the relevant Pricing Supplement) determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer shall appoint an Independent Adviser (as defined in Condition 7(h)(viii)) and the Independent Adviser shall, upon taking instructions from the Issuer, shall determine such rate at such time and by reference to such sources as it determines appropriate;

(iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) ***ISDA Determination***: If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) if the Pricing Supplement specify either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:

(A) the Floating Rate Option is as specified in the relevant Pricing Supplement;

(B) the Designated Maturity, if applicable, is a period specified in the relevant Pricing Supplement;

(C) the relevant Reset Date, unless otherwise specified in the relevant Pricing Supplement, has the meaning given to it in the ISDA Definitions;

(D) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(1) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(2) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer shall appoint an Independent Adviser and the Independent Adviser shall, upon taking instructions from the Issuer, determine such rate at such time and by reference to such sources as it determines appropriate.

(E) if the specified Floating Rate Option is an Overnight Floating Rate Option, Compounding is specified to be applicable in the relevant Pricing Supplement and:

(1) if Compounding with Lookback is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Pricing Supplement;

(2) if Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement; or

(3) if Compounding with Lockout is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Pricing Supplement and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Pricing Supplement;

(F) if the specified Floating Rate Option is an Overnight Floating Rate Option, Averaging is specified to be applicable in the relevant Pricing Supplement and:

(1) if Averaging with Lookback is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Pricing Supplement;

(2) if Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Observation Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement; or

(3) if Averaging with Lockout is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Pricing Supplement and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Pricing Supplement; and

(G) if the specified Floating Rate Option is an Index Floating Rate Option and Index Provisions are specified to be applicable in the relevant Pricing Supplement, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (b) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement;

(ii) references in the ISDA Definitions to:

(A) "Confirmation" shall be references to the relevant Pricing Supplement;

(B) "Calculation Period" shall be references to the relevant Interest Period;

(C) "Termination Date" shall be references to the Maturity Date; and

(D) "Effective Date" shall be references to the Interest Commencement Date; and

(iii) if the Pricing Supplement specify "2021 ISDA Definitions" as being applicable:

(A) "Administrator/Benchmark Event" shall be disapplied; and

(B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback — Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback — Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback — Previous Day's Rate".

(e) ***Index-Linked Interest***: If the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Pricing Supplement.

(f) Interest — Floating Rate Notes referencing SOFR (Screen Rate Determination):

(i) This Condition 7(f) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, and the "Reference Rate" is specified in the relevant Pricing Supplement as being "Compounded SOFR" or "SOFR Compounded Index".

(ii) Where "Compounded SOFR" is specified as the Reference Rate in the Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Pricing Supplement) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.

(iii) For the purposes of this Condition 7(f):

"**Benchmark**" means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 7(f).

Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 7(f)(iv) below will apply.

"**Compounded SOFR**" with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards to 0.00001 per cent.):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{D}\right)-1\right]\times\frac{D}{d}$$

"**d**" is the number of calendar days in:

(A) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or

(B) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period;

"**D**" is the number specified in the relevant Pricing Supplement (or, if no such number is specified, 360);

"$\mathbf{d_o}$" is the number of U.S. Government Securities Business Days in:

(A) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or

(B) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

(A) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or

(B) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period, to and including the last U.S. Government Securities Business Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"$\mathbf{n_i}$" for any U.S. Government Securities Business Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("**i+1**");

"**Observation Period**" in respect of an Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first day in such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Pricing Supplement or if no such period is specified, should not be less than five U.S. Government Securities Business Days;

"**SOFR**" with respect to any U.S. Government Securities Business Day, means:

(A) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or

(B) Subject to Condition 7(f)(iv) below, if the rate specified in paragraph (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"$\mathbf{SOFR_i}$" means the SOFR for:

(A) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or

(B) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant U.S. Government Securities Business Day "i"; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(iv) If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this Condition 7(f)(iv), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

(A) will be conclusive and binding absent manifest error;

(B) will be made in the sole discretion of the Issuer; and

(C) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

For the purposes of this Condition 7(f)(iv):

"**Benchmark**" means, initially, Compounded SOFR, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(A) the sum of: (x) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (y) the Benchmark Replacement Adjustment;

(B) the sum of: (x) the ISDA Fallback Rate and (y) the Benchmark Replacement Adjustment; or

(C) the sum of: (x) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (y) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(A) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(A) in the case of clause (A) or (B) of the definition of "**Benchmark Transition Event**", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(B) in the case of clause (C) of the definition of "**Benchmark Transition Event**", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(v) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under Condition 7(f)(iv) above will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Principal Paying Agent, the CMU Lodging and Paying Agent, and, in accordance with Condition 22 (*Notices*), the Noteholders and the Couponholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee an Officers' Certificate signed by two authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 7(f); and

(B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

Notwithstanding any other provision of this Condition 7(f), at the written request of the Issuer but subject to receipt by the Trustee of an Officers' Certificate pursuant to Condition 7(f), the Trustee, the Calculation Agent, the Principal Paying Agent, the CMU Lodging and Paying Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed or Agency Agreement), provided that the Trustee, the Calculation Agent, the Principal Paying Agent, the CMU Lodging and Paying Agent shall not be obliged to concur in respect of any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes if in their sole opinion doing so would (i) (in the case of the Trustee) expose it to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction, or (ii) impose more onerous obligations on them or expose them to any additional duties, responsibilities or liabilities or reduce or amend their rights and/or the protective provisions afforded to them in these Conditions or in any other document to which they are a party in any way. For the avoidance of doubt, no consent of the Noteholders of the relevant Series shall be required in connection with effecting the Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement (if required). In connection with any such variation in accordance with this Condition 7(f), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(vi) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 7(f), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

(vii) SOFR Compounded Index (Screen Rate Determination):

Where "**SOFR Compounded Index**" is specified in the relevant Pricing Supplement as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards to 0.00001 per cent.):

$$\left(\frac{\text{SOFR Compounded Index End}}{\text{SOFR Compounded Index Start}} - 1\right) \text{X} \frac{\text{Numerator}}{\text{d}}$$

and plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent on each Interest Determination Date, where:

"**d**" is the number of calendar days from (and including) the day on which the relevant SOFR Compounded Index Start is determined to (but excluding) the day on which the relevant SOFR Compounded Index End is determined;

"**Index Days**" means U.S. Government Securities Business Days;

"**Interest Determination Date**" is as specified in the applicable Pricing Supplement, but, unless otherwise specified, means in respect of any Interest Period, the date falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period (or the date falling the Relevant Number of Index Days prior to the Interest Payment Date prior to such earlier date, if any, on which the Notes are due and payable);

"**Numerator**" means 360;

"**Relevant Number**" is as specified in the applicable Pricing Supplement, but, unless otherwise specified shall not be less than five;

"**SOFR Compounded Index**" means the Compounded SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source;

"**SOFR Compounded Index End**" means the relevant SOFR Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

"**SOFR Compounded Index Start"** means the relevant SOFR Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

If, with respect to any Interest Period, the relevant rate is not published for the SOFR Compounded Index either on the relevant SOFR Compounded Index Start or SOFR Compounded Index End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if SOFR Compounded Index was not specified in the applicable Pricing Supplement and as if Compounded SOFR (as defined in this Condition 7(f) had been specified instead in the relevant Pricing Supplement, and "Observation Shift" had been specified as the Observation Method in the relevant Pricing Supplement, and where the Observation Period for the purposes of that definition in this Condition 7(f) shall be deemed to be the same as the Relevant Number specified in the relevant Pricing Supplement. For the avoidance of doubt, if a Benchmark Transition Event and its related Benchmark Replacement Date has occurred in respect of SOFR, the provisions of Condition 7(f)(iv) shall apply.

(g) ***Determination of Rate of Interest following acceleration***: If (i) the Notes become due and payable in accordance with Condition 14 (*Events of Default*) and (ii) the Rate of Interest for the Interest Period during which the Notes become due and payable is to be determined by reference to any of Condition 7(f) (*Floating Rate Note and Index Linked Interest Note Provisions — Interest — Floating Rate Notes referencing SOFR (Screen Rate Determination)*), then the final Interest Determination Date shall be the date on which the Notes become so due and payable, and such Rate of Interest shall continue to apply to the Notes for so long as interest continues to accrue thereon as provided in the Conditions.

(h) ***Benchmark Replacement (Independent Adviser) (other than Floating Rate Notes which reference SOFR or SOFR Compounded Index)***:

Other than in respect of Notes for which SOFR or SOFR Compounded Index is specified as the Reference Rate in the relevant Pricing Supplement, notwithstanding the provisions of this Condition 7, if the Issuer (in consultation with the Calculation Agent) determines that a

Benchmark Event has occurred (or will occur on or prior to the Interest Determination Date relating to the next succeeding Interest Period), when the Rate of Interest (or any relevant component part thereof) remains to be determined by reference to the Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the determination (with the Issuer's agreement) of a Successor Rate or, alternatively, if the Independent Adviser and the Issuer agree that there is no Successor Rate, an alternative rate (the "Alternative Benchmark Rate") and, in either case, an alternative screen page or source (the "Alternative Relevant Screen Page") and the applicable Adjustment Spread, all by no later than three (3) Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "Interest Determination Cut-off Date") for purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition7(h)).

In the absence of bad faith or fraud, neither the Issuer nor any Independent Adviser shall have any liability whatsoever to the Trustee or the Noteholders for any determination made by it pursuant to this Condition 7(h);

(ii) the Alternative Benchmark Rate shall be such rate as the Independent Adviser and the Issuer acting in good faith agree has replaced the Reference Rate in customary market usage for the purposes of determining floating rates of interest in respect of eurobonds denominated in the Specified Currency, or, if the Independent Adviser and the Issuer agree that there is no such rate, such other rate as the Independent Adviser and the Issuer acting in good faith agree is most comparable to the Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate;

(iii) if the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser and the Issuer cannot agree upon, or cannot select a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page prior to the Interest Determination Cut-off Date in accordance with sub-paragraph (i) and (ii) above, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine which (if any) rate has replaced the Reference Rate in customary market usage for purposes of determining floating rates of interest in respect of eurobonds denominated in the Specified Currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the Reference Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; provided, however, that if this sub-paragraph (iii) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this sub- paragraph (iii), the Reference Rate applicable to such Interest Period shall be equal to the Reference Rate for a term equivalent to the relevant Interest Period published on the Relevant Screen Page as at the last preceding Interest Determination Date. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 7(h);

(iv) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page (in each case as

adjusted by the applicable Adjustment Spread determined as provided in sub-paragraph (v) below) shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the subsequent operation of this Condition 7(h));

(v) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page is determined in accordance with the preceding provisions, the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith, shall determine (A) the Adjustment Spread to be applied to the Successor Rate or Alternative Benchmark Rate (as applicable) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, and such Adjustment Spread shall be applied to the Successor Rate or Alternative Benchmark Rate for each subsequent determination of the Rate of Interest and Interest Amount(s) (or a component part thereof) by reference to such Successor Rate or Alternative Benchmark Rate;

(vi) if a Successor Rate or an Alternative Benchmark Rate and (in either case) the applicable Adjustment Spread is determined in accordance with the above provisions, the Independent Adviser (with the Issuer's agreement) or, failing which, the Issuer, may also specify changes to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Day, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, as are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of the Successor Rate, Alternative Benchmark Rate and (in either case) the applicable Adjustment Spread (such amendments, the "Benchmark Amendments"), which changes shall (subject to the subsequent operation of this Condition7(h)) apply to the Notes for all future Interest Periods, without any requirement for the consent or approval of Noteholders; and

(vii) the Issuer shall promptly following the determination of any Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page and Adjustment Spread give notice thereof and of any Benchmark Amendments pursuant to sub-paragraph (vi) above to the Calculation Agent, the Trustee and the Noteholders in accordance with Condition 22 (*Notices*); and the Successor Rate or Alternative Benchmark Rate and (in either case) the applicable Adjustment Spread and the Benchmark Amendments (if any) specified in such notice will (in the absence of manifest error or bad faith in the determination thereof) be binding on the Issuer, the Trustee, the Calculation Agent, the other Agents and the Noteholders.

Each of the Trustee, the Calculation Agent and the other Agents shall be entitled to accept without verification or investigation and to rely conclusively on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Benchmark Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Benchmark Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Bond Trustee's or the Calculation Agent's or other Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the other Agents and the Noteholders. The Trustee shall be protected and shall have no liability to any Noteholder, the Issuer or any other person for so accepting and relying on any such certificate and/or opinion.

(viii) As used in this Condition 7(h):

"**Adjustment Spread**" means either a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, which in each case is to be applied to the relevant Successor Rate or the relevant Alternative Benchmark Rate (as applicable), and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) in the case of a Successor Rate for which no such recommendation has been made, or option provided, or in the case of an Alternative Benchmark Rate, is the spread, formula or methodology which the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith, determines to be appropriate as a result of the replacement of the Reference Rate with the Successor Rate or Alternative Benchmark Rate;

"**Benchmark Event**" means:

(A) the Reference Rate has ceased to be published for a period of at least five Business Days; or

(B) the making of a public statement by the administrator of the Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or

(C) the making of a public statement by the supervisor of the administrator of the Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or

(D) the making of a public statement by the supervisor of the administrator of the Reference Rate that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in circumstances where the same shall be applicable to the Notes; or

(E) the making of a public statement by the supervisor of the administrator of the Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of its underlying market, in circumstances where the same shall be applicable to the Notes; or

(F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable),

provided that in the case of paragraphs (B) to (E) above, the Benchmark Event shall occur on:

(1) in the case of (B) above, the date of the cessation of the publication of the Reference Rate;

(2) in the case of (C) above, the discontinuation of the Reference Rate;

(3) in the case of (D) above, the date on which the Reference Rate is prohibited from use or becomes subject to restrictions or adverse consequences (as applicable); or

(4) in the case of (E) above, the date on which the Reference Rate is deemed no longer to be representative,

(5) and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (1), (2), (3) or (4) above, as applicable);

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case appointed by the Issuer at its own expense;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the reference rate (and related alternative screen page or source, if available) that is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(i) ***Maximum or Minimum Rate of Interest***: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(j) ***Calculation of Interest Amount***: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(k) ***Calculation of other amounts***: If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

(l) ***Publication***: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Trustee and Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period, unless the Trustee otherwise requires. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(m) ***Notifications etc.***: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. Zero Coupon Note Provisions

(a) ***Application***: This Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Late payment on Zero Coupon Notes***: If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders of receipt of all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. Dual Currency Note Provisions

(a) ***Application***: This Condition 9 is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Rate of Interest***: If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

10. Redemption and Purchase

(a) ***Scheduled redemption***: Unless previously redeemed, or purchased and cancelled, each Note will be redeemed at its Final Redemption Amount on the Maturity Date, subject as provided in Conditions 11 (*Payments — Bearer Notes*) and 12 (*Payments — Registered Notes*).

(b) ***Redemption for tax reasons***: the Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if, before giving such notice, the Issuer (or a successor) satisfies the Trustee that:

(A) the Issuer or a successor has or will become obliged to pay Additional Amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, the PRC or other jurisdiction of incorporation or tax residence or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after, and which interpretation or position has not been announced before, the date of issuance of the Tranche of the Notes being redeemed, or in the case that the taxing jurisdiction is other than the Cayman Islands or the PRC on or after the date that the relevant jurisdiction's taxes, duties, assessments or governmental charges became subject to the provisions of Condition 13 (*Taxation*) pursuant to condition 13(c); and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall procure that there is delivered to the Trustee (A) an Officers' Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (B) an Opinion of Counsel to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

The Trustee shall be entitled without further enquiry to accept and rely upon such Officers' Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the holders of the Notes, Receipts and Coupons.

(c) ***Redemption at the option of the Issuer***: If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 10 nor more than 60 days' notice to the Noteholders (which notice shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice, on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date). Any redemption or a notice of any redemption at the option of the Issuer may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an equity offering, a financing, or other corporate transaction. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the redemption date, or by the redemption date so delayed.

(d) ***Partial redemption***: If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) ***Redemption at the option of the Noteholders***: If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes. For as long as Bearer Notes issued under the TEFRA D Rules are represented by a temporary Global Note, a holder's Put Option will be available only to the extent that the certifications required under the TEFRA D Rules with respect to non-U.S. beneficial ownership has been received by the Issuer or Agent.

(f) ***Redemption for Triggering Event***: If a Triggering Event occurs, unless the Issuer has exercised its right to redeem the Notes under Condition 10(b) (Redemption for tax reasons) or Condition 10(c) (*Redemption at the option of the Issuer*), it will be required to make an offer to repurchase all or, at the Noteholder's option, any part, of each Noteholder's Notes pursuant to the offer described below (the "**Triggering Event Offer**") on the terms set forth in the Trust Deed and the Notes. In the Triggering Event Offer, the Issuer will be required to offer payment in cash equal to the Early Redemption Amount (Triggering Event) plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase (the "**Triggering Event Payment**").

Within 30 days following any Triggering Event, the Issuer shall give notice to Noteholders, the Trustee and the Principal Paying Agent in accordance with Condition 22 (Notices), which notice shall describe the transaction or transactions that constitute the Triggering Event and set forth an offer to repurchase the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given (the "**Triggering Event Put Date**"), pursuant to the procedures required by the Notes and described in such notice.

To exercise such right, the holder of the relevant Note must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "**Triggering Event Put Exercise Notice**"), together with the Note Certificates evidencing the Notes to be redeemed. A Triggering Event Put Exercise Notice, once delivered, shall be irrevocable.

On the Triggering Event Put Date, the Issuer shall be required, to the extent lawful, to:

(i) accept for payment all Notes or portions of Notes properly tendered pursuant to the Triggering Event Offer;

(ii) deposit with the Principal Paying Agent an amount equal to the Triggering Event Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

In this Condition 10(f) (Redemption for Triggering Event):

"**Triggering Event**" means (i) any change in or amendment to the laws, regulations and rules of the PRC or the interpretation or application thereof ("**Change in Law**") that results in (A) the Group (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such Change in Law) as of the last date of the period described in the consolidated financial statements of the Issuer for the most recent fiscal quarter and (B) the Issuer being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law) in the same manner as reflected in the consolidated financial statements of the Issuer for the most recent fiscal quarter; and (ii) the Issuer has not furnished to the Trustee, prior to the date that is twelve months after the date of the Change in Law, an Opinion of Counsel or an opinion from an Independent Financial Advisor stating either (A) the Issuer is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law), taken as a whole, as reflected in the consolidated financial statements of the Issuer for the most recent fiscal quarter (including after giving effect to any corporate restructuring or reorganisation plan of the Issuer) or (B) such Change in Law would not materially adversely affect the Issuer's ability to make principal, premium (if any) and interest payments on the Notes when due; and

"**Independent Financial Advisor**" means an accounting, appraisal, investment banking firm or consultant of nationally recognised standing that is acceptable to the Trustee;

(g) ***Early redemption of Zero Coupon Notes***: Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 10(g) or, if none is so specified, a Day Count Fraction of 30E/360.

(h) ***Purchase***: The Issuer or any of its Controlled Entities may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.

(i) ***Cancellation***: All Notes so redeemed or purchased by the Issuer or any of its Controlled Entities and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

11. Payments — Bearer Notes

This Condition 11 is only applicable to Bearer Notes.

(a) ***Principal***: Payments of principal and premium shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency.

(b) ***Interest***: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

Payments of principal, premium and interest in respect of Bearer Notes held in the CMU Service will be made to the CMU Service for their distribution, on the order of the holder of the Bearer Notes, to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(c) ***Payments in New York City***: Payments of principal, interest or premium may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the principal, premium and interest on the Notes in U.S. dollars when due, (ii) payment of the full amount of such principal, premium and interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) ***Payments subject to fiscal laws***: All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but (except as described in (ii) below) subject to the provisions of Condition 13 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, any intergovernmental agreement with respect thereto, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons***: If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void:*** If the relevant Pricing Supplement specifies that this Condition 11(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption and Purchase — Redemption for tax reasons*), Condition 10(c) (*Redemption and Purchase — Redemption at the option of the Issuer*), Condition 10(e) (*Redemption and Purchase — Redemption at the option of the Noteholders*), Condition 10(f) (*Redemption and Purchase — Redemption for Triggering Event*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) ***Partial payments***: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 16 (*Prescription*). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12. Payments — Registered Notes

This Condition 12 is only applicable to Registered Notes.

(a) ***Principal***: Payments of principal and premium shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London), and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong, and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) ***Interest***: Payments of interest shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the

City of London), and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong, and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

Payments of principal, premium and interest in respect of Registered Notes held in the CMU Service will be made to the CMU Service for their distribution, on the order of the holder of the Registered Notes, to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(c) ***Payments subject to fiscal laws***: All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but (except as described in (ii) below) subject to the provisions of Condition 13 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, any intergovernmental agreement with respect thereto or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) ***Payments on business days***: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal, premium and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 12 arriving after the due date for payment or being lost in the mail.

(e) ***Partial payments***: If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) ***Record date***: Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the relevant Registrar's Specified Office on the fifth (in the case of Renminbi) and fifteenth (in the case of a currency other than Renminbi) day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

13. Taxation

(a) All payments of principal, premium and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, the PRC or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or

governmental charges is required by law. In that event, the Issuer shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note or Coupon:

(i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it or a beneficial owner having or having had some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

(ii) held by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon (where presentation is required) to another Paying Agent; or

(iii) where the relevant Note or Coupon or Note Certificate is presented (where presentation is required) or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such Additional Amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days; or

(iv) where the tax, duty, assessment or governmental charge would not have been imposed but for the failure by the Holder of such Note or Coupon or the beneficial owner thereof to comply with any request of the Issuer, addressed to the Holder, to provide certification or information concerning the nationality, residence or identity of the Holder or beneficial owner of the Note, to the extent such certification or information is required under the laws of the relevant taxing jurisdiction in order to reduce or eliminate the deduction or withholding.

(b) Nor will any Additional Amounts be paid with respect to any tax, duty, assessment or governmental charge (i) required to be withheld or deducted by sections 1471 through 1474 of the Code ("**FATCA**"), any current or future U.S. Treasury regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction pursuant to the implementation of FATCA, any law, regulation or other official guidance enacted or issued in any jurisdiction implementing FATCA or any intergovernmental agreement with respect thereto, or any other agreement pursuant to the implementation of FATCA, (ii) imposed other than by way of withholding or (iii) imposed on a payment to a Holder that is a fiduciary, partnership or person other than the beneficial owner to the extent that under the tax laws of the relevant taxing jurisdiction the payment would be required to be included in the income of a settlor or beneficiary with respect to such fiduciary, a partner of such partnership or the beneficial owner and such settlor, beneficiary, partner or beneficial owner would not have been entitled to receive Additional Amounts had it been the Holder of the Note or Coupon.

(c) If the Issuer or a successor is organised or becomes at any time tax resident in any jurisdiction other than the Cayman Islands and the PRC, references in these Conditions to the Cayman Islands and the PRC shall be construed as references to the Cayman Islands and the PRC and/or such other jurisdiction.

14. Events of Default

Each of the following events constitute an event of default (each, an "**Event of Default**") with respect to any Note:

(a) ***Non-Payment of principal***: the Issuer fails to pay the principal or premium (if any) of any of the Notes when due; or

(b) ***Non-Payment of interest***: the Issuer fails to pay the interest of any of the Notes when due and such failure continues for a period of 30 days; or

(c) ***Breach of Consolidation, Merger and Sale of Assets Covenant***: the Issuer defaults in the performance of, or breaches, its obligations under Condition 5(b) (*Consolidation, Merger and Sale of Assets*); or

(d) ***Breach of other obligations***: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes (other than a default specified in clauses (a),(b) or (c) above), the Agency Agreement or Trust Deed and such default remains unremedied for 90 days after written notice by the Trustee has been delivered to the Issuer; or

(e) ***Unsatisfied judgment***: one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer and continue(s) unsatisfied and unstayed for a period of 90 days after the date(s) thereof or, if later, the date therein specified for payment, and such judgment(s) or order(s) exceed the greater of (y) US$100 million (or its equivalent in any other currency or currencies) and (z) 2.5 per cent. of the Issuer's Total Equity; or

(f) ***Insolvency, etc.***: the entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of the Issuer or any of its Material Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or (ii) a decree or order adjudging the Issuer or any of its Material Controlled Entities bankrupt or insolvent, or approving as final and non-appealable a petition seeking reorganisation, arrangement, adjustment, or composition of or in respect of the Issuer or any of its Material Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Issuer or any of its Material Controlled Entities or of any substantial part of their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws), and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive calendar days; or

(g) ***Voluntary Arrangements***: the commencement by the Issuer or any of its Material Controlled Entities of a voluntary case or proceeding under any applicable state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Issuer or any of its Material Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganisation or relief with respect to the Issuer or any of its Material Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Issuer or any of its Material Controlled Entities or of any substantial part of their respective property pursuant to any such law, or the making by the Issuer or any of its Material Controlled Entities of a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as they become due, or the admission by the Issuer or any of its Material Controlled Entities in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Issuer or any of its Material Controlled Entities that resolves to commence any such action; or

(h) ***Analogous event***: any event occurs which under the laws of the Cayman Islands or the PRC has an analogous effect to any of the events referred to in paragraphs (e) (*Unsatisfied judgment*) to (g) (*Voluntary Arrangements*) above; or

(i) ***Unlawfulness***: the Notes, the Trust Deed or the Agency Agreement is or becomes or is claimed to be unenforceable, invalid, ceases to be in full force and effect by the Issuer, or is deemed to contravene, breach or violate the laws of any relevant jurisdiction.

If an Event of Default (other than an Event of Default described in clauses (f) and (g) above) shall occur and be continuing, either the Trustee at its discretion may or, if so requested in writing by Noteholders holding not less than 25 per cent. in aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution, shall give notice to the Issuer that the Notes are immediately due and payable at their Early Termination Amount (together with accrued interest and any Additional Amount payable in respect thereof) without further action or formality.

If an Event of Default in clauses (f) or (g) above shall occur, the Notes shall automatically, and without any declaration or other action by the Trustee or any Noteholder, become immediately due and payable at their Early Termination Amount (together with accrued interest and any Additional Amount payable in respect thereof).

15. Defeasance

(a) The Trust Deed will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Trust Deed will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the relevant Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

(i) the Issuer (A) has deposited with the Trustee (or its agent), in trust, cash in Specified Currency in an amount sufficient to pay the principal of, premium, if any, accrued interest and any other amount on the Notes on the relevant Maturity Date for such payments in accordance with the terms of the Trust Deed and the Notes and (B) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognised firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the relevant Maturity Date for such payment in accordance with the terms of the Trust Deed and the Conditions;

(ii) In the case of Notes that were issued as Restricted Notes (as defined in the Trust Deed), the Issuer has delivered to the Trustee either (A) an Opinion of Counsel with respect to U.S. federal income tax matters to the effect that, based on a change in applicable U.S. federal income tax law occurring after the date hereof, beneficial owners will not recognise income, gain or loss for U.S. federal income tax purposes as a result of the Issuer's exercise of its option under this Condition 15 and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (B) a ruling directed to the Issuer or the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel;

(iii) the Issuer has delivered to the Trustee (A) an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law and (B) an Opinion of Counsel acceptable to the Trustee to the effect that after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Articles 31 and 32 of the PRC Enterprise Bankruptcy Law; and

(iv) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Issuer or any of its Controlled Entities is a party or by which the Issuer or any of its Controlled Entities is bound.

(b) The Trust Deed will further provide that:

(i) the provisions of the Trust Deed applicable to the Notes will no longer be in effect with respect to:

(A) Condition 5(a) (*Negative Pledge*); and

(B) Condition 10(f) (*Redemption for Triggering Event*); and

(ii) any of the Events of Default provided in Condition 14(d) (*Breach of other obligation*), with respect to Condition 5(a) or Condition 10(f) and Events of Default provided in Condition 14(e) (*Unsatisfied judgment*) shall be deemed not to be Events of Default,

upon, among other things, (X) the deposit with the Trustee, in trust, of cash in Specified Currency in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the relevant Maturity Date of such payments in accordance with the terms of the Trust Deed and the Notes, (Y) the satisfaction of the provisions described in Condition 15(a)(iii) and (Z) in the case of Notes that were issued as Restricted Notes, the delivery by the Issuer to the Trustee of an Opinion of Counsel with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognise income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

(c) In the event the Issuer exercises its option to omit compliance with certain covenants and provisions of the Trust Deed with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default, the Issuer will remain liable for any amounts due on the Notes at the time of the acceleration resulting from such Event of Default.

16. Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

17. Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes, or the relevant Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock

exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

18. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or pre-funded and/or provided with security to its satisfaction, as well as relieved from responsibility in certain circumstances and to be paid its fees, costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or registrar or Calculation Agent and additional or successor paying agents; provided, however, that:

(i) the Issuer shall at all times maintain a principal paying agent and a registrar; and

(ii) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and

(iii) the Issuer shall at all times maintain a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU Service; and

(iv) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

19. Meetings of Noteholders; Modification and Waiver

(a) ***Meetings of Noteholders***: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or any modifications to the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than five per cent. of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing not less than 50 per cent. of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons

being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing more than 50 per cent. or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders of not less than 90 per cent. of the aggregate principal amount outstanding will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) ***Modification and waiver***: The Trustee may, but shall not be obliged to, without the consent of the Noteholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, but shall not be obliged to, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such authorisation, waiver of modification shall be binding on the Noteholders and unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

In addition, pursuant to Condition 7(f) (*Floating Rate Note and Index-Linked Interest Note Provisions — Interest — Floating Rate Notes referencing SOFR (Screen Rate Determination)) and Condition 7(h) (Floating Rate Note Provisions — Benchmark Replacement (Independent Adviser) (other than Floating Rate Notes which reference SOFR or SOFR Compounded Index)*), certain changes may be made to the interest calculation provisions of the Floating Rate Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders or the Couponholders.

(c) ***Directions from Noteholders***: Notwithstanding anything to the contrary in these Conditions, the Trust Deed or the Agency Agreement, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

(d) ***Certificates and Reports***: The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

20. Enforcement

The Trustee may at any time, at its absolute discretion and without notice, institute such proceedings, actions or steps as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

(i) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(ii) it has been indemnified and/or pre-funded and/or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

21. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, and in accordance with the Trust Deed, create and issue additional notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes; provided that in order for additional Registered Notes have the same CUSIP, ISIN or other identifying code as outstanding Registered Notes of the relevant Series, the additional Registered Notes must be fungible with the outstanding Registered Notes of such Series for U.S. federal income tax purposes; and provided further that, in the case of Bearer Notes that are issued under the "TEFRA D" rules and are initially represented by interests in a Temporary Global Note exchangeable for interests in a Permanent Global Note or definitive Bearer Notes, such additional Notes may have the same CUSIP, ISIN or other identifying code as Notes of the existing series only following certification of non-U.S. beneficial ownership and exchange of interests in the Temporary Global Note for interests in the Permanent Global Note or definitive Bearer Notes in accordance with the TEFRA D Rules.

22. Notices

(a) ***Bearer Notes***: Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in Hong Kong or if such publication is not practicable, in a leading English language daily newspaper having general circulation in Asia. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) ***Registered Notes***: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are represented by a Global Note or a Global Note Certificate and such Global Note or Global Note Certificate is held on behalf of (i) Euroclear or Clearstream, DTC or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or (ii) the CMU Service, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the Persons shown in a CMU Instrument Position Report issued by the Hong Kong Monetary Authority on the business day preceding the date of despatch of such notice.

23. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

24. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

25. Governing Law and Jurisdiction

(a) ***Governing law***: The Notes, the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by, and shall be construed in accordance with, English law.

(b) ***English courts***: The courts of England have jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of its nullity.

(c) ***Appropriate forum***: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) ***Rights of the Noteholders to take proceedings outside England***: Condition 25(b) (English courts) is for the benefit of the Noteholders only. As a result, nothing in this Condition 25 prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) ***Process agent***: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Cogency Global (UK) Limited at 6 Lloyds Avenue, Unit 4CL, London EC3N 3AX, United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Principal Paying Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

(f) ***Consent to enforcement etc.***: The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

(g) ***Waiver of immunity***: To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

EXCHANGE RATE INFORMATION

THE PRC

The PBOC, the central bank of the PRC, daily sets and publishes a central parity exchange rate with reference primarily to the supply and demand of the Renminbi against a basket of currencies in the market during the previous day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. Since 1994, the conversion of the Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of the Renminbi to U.S. dollars was generally stable. Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or securities, requires the approval of SAFE and other relevant authorities. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2% against the US dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the interbank foreign exchange market after the closing of the market on each working day and makes it the central parity for the trading against the Renminbi on the following working day. In March 2014, the PBOC increased the floating band for the trading prices in the interbank foreign exchange market of the Renminbi against the US dollar from 1.0% to 2.0% around the central parity rate. This allows the Renminbi to fluctuate against the US dollar by up to 2.0% above or below the central parity rate published by the PBOC.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this Offering Circular or will use in the preparation of our periodic reports or any other information to be provided to you:

	Noon Buying Rate			
	Period end	Average[1]	High	Low
	(RMB per US$1.00)			
Period				
2020	6.5250	6.9042	7.1681	6.5208
2021	6.3726	6.4508	6.5716	6.3435
2022	6.8972	6.7290	7.3048	6.3084
2023	7.0999	7.0809	7.3430	6.7010
2024	7.2993	7.1957	7.2993	7.0106
2025				
March	7.2567	7.2493	7.2843	7.2273
April	7.2706	7.2968	7.3499	7.2675
May	7.1991	7.2166	7.2706	7.1798
June	7.1636	7.1804	7.1975	7.1636
July	7.2002	7.1741	7.2002	7.1541
August	7.1304	7.1727	7.2116	7.1304
September (through 5 September 2025)	7.1323	7.1386	7.1415	7.1323

Source: U.S. Federal Reserve Statistical Release

(1) Determined by averaging the daily rates during that period.

On 5 September 2025, the U.S. dollar/Renminbi exchange rate was US$1.00 to RMB7.1323.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement in respect of each Series of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**EU Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[**MIFID II product governance**— [*appropriate target market legend to be included*]]

[**UK MiFIR Product Governance**— [*appropriate target market legend to be included*]]

Pricing Supplement dated [●]

Tencent Holdings Limited (the "Issuer")

Issue of [Aggregate Nominal Amount of Series] [Title of Notes] (the "Notes")
under the US$30,000,000,000 Global Medium Term Note Programme (the "**Programme**")

The document constitutes the Pricing Supplement relating to the issue of Notes described herein.

This document, together with the Offering Circular, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**SEHK**") for the purpose of giving information with regard to the Issuer and the Issuer and its subsidiaries taken

as a whole (the **"Group")**. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors"**) only.

SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and Notes on SEHK is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer, the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Notice to Hong Kong investors: the Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on SEHK on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [●] (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [and the supplemental Offering Circular dated [date]].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

1.	Issuer:	Tencent Holdings Limited
2.	[(i) Series Number:]	[●]
	[(ii) Tranche Number:	[●]
	(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	
3.	Specified Currency or Currencies:	[●]
4.	Aggregate Nominal Amount:	[●]
	[(i)] [Series]:	[●]
	[(ii) Tranche:	[●]

5.	(i)	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*in the case of fungible issues only, if applicable*)]
	(ii)	Net Proceeds:	[●] [(Required only for listed issues)]
6.	(i)	Specified Denominations[2] [3]:	[●]
	(ii)	Calculation Amount:	[●]
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
8.		Maturity Date:	[*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*][4] [*If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.*]
9.		Interest Basis:	[[●] per cent. Fixed Rate] [[*Specify* reference rate] +/-[●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (*Specify*)] (further particulars specified below)

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[2] Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

[3] If the specified denomination is expressed to be EUR50,000 (or EUR100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) or its equivalent and multiples of a lower principal amount (for example EUR1,000), insert the additional wording as follows: EUR50,000 (or EUR100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) and integral multiples of [EUR1,000] in excess thereof up to and including [EUR99,000]/[EUR199,000]. No Notes in definitive form will be issued with a denomination above [EUR99,000]/[EUR199,000]. In relation to any issue of Notes which are a "Global Note exchangeable for Definitive Notes" in circumstances other than "in the limited circumstances specified in the Global Notes", such Notes may only be issued in denominations equal to, or greater than, EUR100,000 (or equivalent) and multiples thereof.

[4] Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

10.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*Specify*)]
11.	Change of Interest or Redemption/Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	Listing:	[SEHK/Other (*specify*)/None] (For Notes to be listed on the [SEHK], insert the expected effective listing date of the Notes)
14.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[●] per cent. Per annum [payable [annually/semiannually/quarterly/monthly/other (*specify*)] in arrears]
	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount[5]
	(iv) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]

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[5] For Renminbi or Hong Kong dollar-denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi-denominated Fixed Rate Notes to the nearest HK$0.01, HK$0.005 for the case of Hong Kong dollar-denominated Fixed Rate Notes, being rounded upwards.

	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
16.	Floating Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i) Interest Period(s):	[●]
	(ii) Specified Period:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"*)
	(iii) Specified Interest Payment Dates:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*)
	(iv) First Interest Payment Date:	[●]
	(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
	(vi) Additional Business Centre(s):	[Not Applicable/give details]
	(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/ other (give details)]

(viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Principal Paying Agent]):	[[Name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]
(ix) Screen Rate Determination:	
Reference Rate:	[*For example, EURIBOR/SOFR/SOFR Compounded Index*]
Interest Determination Date(s):	[●]
Relevant Screen Page:	[*For example, EURIB0R 01*]
Relevant Time:	[*For example, 11.00 a.m. London time/Brussels time*]
Linear Interpolation:	[*Applicable/Not Applicable*]
Relevant Financial Centre:	[*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro*]
(x) ISDA Determination:	
Floating Rate Option:	[●]
Designated Maturity:	[●]
Reset Date:	[●]
Linear Interpolation:	[*Applicable/Not Applicable*]
(xi) Margin(s):	[+/-][●] per cent. per annum
(xii) Minimum Rate of Interest:	[●] per cent. per annum
(xiii) Maximum Rate of Interest:	[●] per cent. per annum
(xiv) Day Count Fraction:	[●]
(xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	

17.	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Accrual Yield:	[●] per cent. per annum [●]
	(ii) Reference Price:	[●]
	(iii) Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [11(f)]*]
18.	Index-Linked Interest Note/other[6] variable-linked interest Note Provisions:	[Applicable/Not Applicable]
	(i) Index/Formula/other variable:	[give or annex details] [●]
	(ii) Calculation Agent responsible for calculating the interest due:	[●]
	(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv) Interest Determination Date(s):	[●]
	(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi) Interest or calculation period(s):	[●]
	(vii) Specified Period:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"*)

[6] U.S. tax advice should be sought where indices are linked to U.S. securities, even for Regulation S only offerings.

(viii)	Specified Interest Payment Dates:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*)
(ix)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
(x)	Additional Business Centre(s):	[●]
(xi)	Minimum Rate/Amount of Interest:	[●] per cent. per annum
(xii)	Maximum Rate/Amount of Interest:	[●] per cent. per annum
(xiii)	Day Count Fraction:	[●]

19.	Dual Currency Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Rate of Exchange/method of calculating Rate of Exchange:	[give details]
(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[●]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

20.	Call Option:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Optional Redemption Date(s):	[●]

	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]
21.	Put Option:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) Notice period:	[●]
22.	Final Redemption Amount of each Note: In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	[●] per Calculation Amount
	(i) Index/Formula/variable:	[*give or annex details*]
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[●]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable:	[●]

(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
(vi)	[Payment Date]:	[●]
(vii)	Minimum Final Redemption Amount:	[●] per Calculation Amount
(viii)	Maximum Final Redemption Amount:	[●] per Calculation Amount

23. Early Redemption Amount:

(i)	Early Redemption Amount (Tax) per Calculation Amount payable on redemption for taxation reasons and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[*Principal Amount/specify the Early Redemption Amount (Tax) if different*]
(ii)	Early Redemption Amount (Triggering Event) per Calculation Amount payable on redemption for triggering event and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[*101 per cent./specify the Early Redemption Amount (Triggering Event) if different*]
(iii)	The Redemption Amount per Calculation Amount payable on redemption of Zero Coupon Notes prior to the Maturity Date and/or the method of calculating the same (if different from that set out in the Conditions):	[*Specify*]

24.	Early Termination Amount:	
	Early Termination Amount (s) per Calculation Amount payable on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[*Principal Amount/specify the Early Termination Amount if different*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	**Bearer Notes**[7,8]:
		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable]
		[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice][9]
		[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
		Registered Notes:
		[Unrestricted Global Certificate exchangeable for unrestricted Individual Note Certificates in the limited circumstances described in the Unrestricted Global Certificate]
		[and]
		[Restricted Global Certificate exchangeable for Restricted Individual Note Certificates in the limited circumstances described in the Restricted Global Certificate]
26.	AdditionalFinancial Centre(s) or other special provisions relating to payment dates:	[*Not Applicable/give details Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 16(vi) and 18(x) relate*]
27.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]

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7 Bearer Notes must be issued only pursuant to Regulation S outside the United States to non-U.S. persons.

8 Bearer Notes issued in compliance with the TEFRA D Rules must initially be represented by a Temporary Global Note exchangeable upon U.S. tax certification for a Permanent Global Note or Definitive Note.

9 If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "[EUR50,000]/[EUR100,000] and integral multiples of [EUR1,000] in excess thereof up to and including [EUR99,000]/[EUR199,000]", the Temporary Global Note shall not be exchangeable on [●] days' notice.

28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:	[Not Applicable/give details]
29.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/give details]
30.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
31.	Consolidation provisions:	The provisions in Condition 21 (***Further Issues***)] [annexed to this Pricing Supplement] apply]
32.	Any applicable currency disruption/fallback provisions:	[Not Applicable/give details]
33.	Other terms or special conditions:	[Not Applicable/give details]

DISTRIBUTION

34.	(i)	If syndicated, names of Managers:	[Not Applicable/give name]
	(ii)	Stabilising Manager(s) (if any):	[Not Applicable/give names]
35.		If non-syndicated, name and address of Dealer:	[Not Applicable/give name and address]
36.		Total commission and concession:	[●] per cent. of the Aggregate Nominal Amount
37.		U.S. Selling Restrictions:	[Reg. S Category [2]];[10] (*In the case of Bearer Notes*) — [TEFRA C RULES/TEFRA D RULES/TEFRA not applicable][11] (*In the case of Registered Notes*) — [Not] 144A Eligible
38.		Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable]

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[10] Bearer Notes must be issued under Reg. S.

[11] TEFRA not applicable may only be used for Registered Notes, or Bearer Notes with a maturity of 365 days or less (taking into account any unilateral rights to extend or rollover). Bearer Notes with a maturity of more than 365 days (taking into account unilateral rights to extend or rollover) that are held through the CMU Service must be issued in compliance with the TEFRA C Rules, unless at the time of issuance the CMU Service and the CMU Lodging Agent have procedures in place so as to enable compliance with the certification requirements under the TEFRA D Rules.

39.	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable]
40.	Additional selling restrictions:	[Not Applicable/give details]

OPERATIONAL INFORMATION

41.	ISIN Code:	[●]
42.	Common Code:	[●]
43.	CUSIP:	[●]
44.	CMU Instrument Number:	[●]
45.	Any clearing system(s) other than Euroclear/Clearstream, DTC and the CMU Service and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)]
46.	Delivery:	Delivery [against/free of] payment [●]
47.	Additional Paying Agent(s) (if any):	[●]

GENERAL

48.	The aggregate principal amount of Notes issued has been translated into United States dollars at the rate of [●], producing a sum of (for Notes not denominated in United States dollars):	[Not Applicable/US$[●]]
49.	[Ratings:	The Notes to be issued have been rated: [[●]:[●]]; [[●]:[●]]; [and] (each a "**Rating Agency**"). If any Rating Agency shall not make a rating of the Notes publicly available, the Issuer shall select and substitute them with [●] or [●] and its successors.]

HONG KONG SFC CODE OF CONDUCT

50.	Rebates:	[A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
51.	Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	[Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent — Overall Coordinators to provide] / [Not Applicable]
52.	Marketing and Investor Targeting Strategy:	[if different from the Offering Circular]

[USE OF PROCEEDS

Give details if different from the "**Use of Proceeds**" section in the Offering Circular.]

[STABILISING

In connection with this issue, [insert name of Stabilising Manager] (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for listing on the SEHK of the Notes described herein pursuant to the US$30,000,000,000 Global Medium Term Note Programme of the Issuer.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of Tencent Holdings Limited

By: _____
Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Series of Notes represented by a Global Note, references in the Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system and/or a sub-custodian for the CMU Service, will be that depositary, common depositary or, as the case may be, sub-custodian.

In relation to any Series of Notes represented by one or more Global Note Certificates, references in the Conditions of the Notes to "Noteholder" are references to the person in whose name the relevant Global Note Certificate is for the time being registered in the Register which (a) in the case of a Restricted Global Note Certificate held by or on behalf of DTC will be Cede & Co. (or such other entity as is specified in the applicable Pricing Supplement) as nominee for DTC and (b) in the case of any Unrestricted Global Note Certificate which is held by or on behalf of a depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system, will be that depositary or common depositary or a nominee for that depositary or common depositary.

Each of the persons shown in the records of DTC, Euroclear, Clearstream and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Note Certificate (each an "**Accountholder**") must look solely to DTC, Euroclear, Clearstream and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Note Certificate and in relation to all other rights arising under such Global Note or Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Note Certificate will be determined by the respective rules and procedures of DTC, Euroclear and Clearstream and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Note Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes, and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Note Certificate.

If a Global Note or a Global Registered Note is lodged with a sub-custodian for or registered with the CMU Service, the person(s) for whose account(s) interests in such Global Note or Global Registered Note are credited as being held in the CMU Service in accordance with the CMU Rules as notified by the CMU Service to the CMU Lodging Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error) shall be the only person(s) entitled or, in the case of Registered Notes, directed or deemed by the CMU Service as entitled to receive payments in respect of Notes represented by such Global Note or Global Registered Note, and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Note Certificate are credited as being held in the CMU Service in respect of each amount so paid. Each of the persons shown in the records of the CMU Service as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Registered Note must look solely to the CMU Lodging Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Registered Note.

Transfers of Interests in Global Notes and Global Note Certificates

Transfers of interests in Global Notes and Global Note Certificates within DTC, Euroclear and Clearstream or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Registrar, the Dealer or the Agents will have any responsibility or liability for any aspect of the records of any DTC, Euroclear and Clearstream or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Note Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Note Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Note Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Transfer Restrictions*", transfers between DTC participants, on the one hand, and Euroclear or Clearstream accountholders, on the other, will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the Registrar and the Principal Paying Agent.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream accountholders, on the other, will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, on the other, transfers of interests in the relevant Global Note Certificates will be effected through the Principal Paying Agent, the DTC Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Note Certificate resulting in such transfer and (ii) two business days after receipt by the Principal Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

Upon the issue of a Restricted Global Note Certificate to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests represented by such Global Note Certificate to the account of DTC participants. Ownership of beneficial interests in such Global Note Certificate will be held through participants of DTC, including the respective depositaries of Euroclear and Clearstream. Ownership of beneficial interests in such Global Note Certificate will be shown on, and the transfer of such ownership will be effected

only through, records maintained by DTC or its nominee. DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes represented by a Global Note Certificate held by or on behalf of DTC (including, without limitation, the presentation of such Global Note Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in such Global Note Certificate are credited, and only in respect of such portion of the aggregate nominal amount of such Global Note Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Global Note Certificate for Individual Note Certificates (which will bear the relevant legends set out in "*Transfer Restrictions*").

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note Certificates among participants and account holders of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Registrar, the Dealer or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Note Certificate is lodged with DTC, Euroclear, Clearstream or any relevant clearing system, Individual Note Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

Conditions applicable to Global Notes

Each Global Note and Global Note Certificate will contain provisions which modify the Conditions of the Notes as they apply to the Global Note or Global Note Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Note Certificate which, according to the Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Note Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

Payment Business Day: In the case of a Global Note or a Global Note Certificate, "Payment Business Day" shall be: (x) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or (y) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU Service) will be made to, or to the order of, the person whose name is entered on the relevant Register at the close of business on the Clearing System Business Day immediately prior to the date for payment (the "**record date**"), where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January. In respect of a Global Note or Global Certificate held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service as at the business day before the date for payment) and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose.

Exercise of put options: In order to exercise the options contained in Condition 10(e) (*Redemption at the option of the Noteholders*) and 10(f) (*Redemption for Triggering Event*) the bearer of a Permanent Global Note or the holder of a Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Note Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of the CMU Service, DTC, Euroclear and/or Clearstream (to be reflected in the records of the CMU Service, DTC, Euroclear and/or Clearstream as either a pool factor or a reduction in principal amount, at their discretion).

Notices: So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of (a) Euroclear and/or Clearstream and/or DTC or any other clearing system (except as provided in (b) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (b) the CMU Service, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of dispatch of such notice as holding interests in the relevant Global Note or Global Certificate.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth our debt and capitalisation as at 30 June 2025.

This table should be read in conjunction with "*Use of Proceeds*", "*Selected Consolidated Financial and Other Data*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Company's unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025 and related notes thereto included elsewhere in this Offering Circular.

	As at 30 June 2025	
	(RMB in millions)	(US$ in millions)
	(Unaudited)	
Current liabilities:		
Borrowings	58,631	8,185
Notes payable	12,880	1,798
	71,511	9,983
Non-current liabilities:		
Borrowings	202,966	28,333
Notes payable	119,338	16,659
	322,304	44,992
Total debts	**393,815**	**54,975**
Equity attributable to equity holders of the Company		
Share capital	–	–
Share premium	52,346	7,307
Treasury shares	(2,288)	(319)
Shares held for share award schemes	(4,491)	(627)
Other reserves	148,880	20,783
Retained earnings	920,192	128,453
	1,114,639	155,597
Non-controlling interests	88,210	12,314
Total equity	**1,202,849**	**167,911**
Total capitalisation(1)	**1,596,664**	**222,886**

Note:

(1) Total capitalisation represents the sum of total debts under current and non-current liabilities and total equity.

As at the date of this Offering Circular, there has been no material adverse change in the consolidated capitalisation and indebtedness of the Group since 30 June 2025.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The selected consolidated financial information as at and for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 have been derived from our audited consolidated financial statements as at and for the years ended 31 December 2023 and 2024 and our unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025 included elsewhere in this Offering Circular, each of which have been prepared in accordance with IFRS Accounting Standards.

In preparing the audited consolidated financial statements as at and for the year ended 31 December 2023, certain items in our consolidated income statement for the year ended 31 December 2023 have been reclassified and the comparative figures for the year ended 31 December 2022 have been restated to conform to the new presentation for the year ended 31 December 2023. For the impact on the changes in presentation of the consolidated income statement, please refer to Note 2.2 to our audited consolidated financial statements as at and for the year ended 31 December 2023 included elsewhere in this Offering Circular.

The summary financial data below should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the audited consolidated financial statements and unaudited interim condensed consolidated financial information included elsewhere in this Offering Circular. Our unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025 may not provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. None of the Arrangers, Dealers nor any of their directors, officers, employees, representatives, agents, advisers or affiliates makes any representation or warranty, express or implied, regarding the sufficiency of such financial information for an assessment of our financial condition and results of operations, and potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. Our unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025 should not be taken as an indication of our expected financial condition or results of operations for the full financial year ending 31 December 2025 and they are not comparable to the financial information for the years ended 31 December 2022, 2023 and 2024.

Amounts in the Company's consolidated financial statements are stated in Renminbi. The translation of Renminbi amounts into U.S. dollars is for convenience only and has been made at the rate of RMB7.1636 to US$1.00 as at 30 June 2025. No representation is made that Renminbi amounts have been, could have been, or could be converted into U.S. dollars at the rate indicated or at any other rate.

SELECTED CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2022, 2023 AND 2024 AND THE SIX MONTHS ENDED 30 JUNE 2024 AND 2025

	Year ended 31 December			Six months ended 30 June		
	2022	2023	2024	2024	2025	
		(Audited)			(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Revenues:						
VAS	287,565	298,375	319,168	157,451	183,501	25,616
Marketing Services[(1)]	82,729	101,482	121,374	56,377	67,615	9,439
FinTech and Business Services	177,064	203,763	211,956	102,742	110,443	15,417
Others	7,194	5,395	7,759	4,048	2,967	414
Total revenues	**554,552**	**609,015**	**660,257**	**320,618**	**364,526**	**50,886**
Cost of revenues	(315,806)	(315,906)	(311,011)	(150,853)	(159,020)	(22,198)
Gross profit	**238,746**	**293,109**	**349,246**	**169,765**	**205,506**	**28,688**
Selling and marketing expenses	(29,229)	(34,211)	(36,388)	(16,692)	(17,276)	(2,412)
General and administrative expenses	(106,696)	(103,525)	(112,761)	(52,300)	(65,585)	(9,155)
Other gains/(losses), net[(2)]	8,006	4,701	8,002	2,515	(4,975)	(695)
Operating profit[(2)]	**110,827**	**160,074**	**208,099**	**103,288**	**117,670**	**16,426**
Net gains/(losses) from investments and others[(2)]	116,287	(6,090)	4,187	2	4,045	565
Interest income[(2)]	8,592	13,808	16,004	8,098	7,869	1,098
Finance costs	(9,352)	(12,268)	(11,981)	(5,938)	(7,801)	(1,089)
Share of profit/(loss) of associates and joint ventures, net	(16,129)	5,800	25,176	9,904	9,054	1,264
Profit before income tax	**210,225**	**161,324**	**241,485**	**115,354**	**130,837**	**18,264**
Income tax expense	(21,516)	(43,276)	(45,018)	(24,337)	(25,068)	(3,499)
Profit for the year/period	**188,709**	**118,048**	**196,467**	**91,017**	**105,769**	**14,765**

Note:

(1) We have renamed this revenue segment from "Online Advertising" to "Marketing Services" since the third quarter of 2024 to better represent the breadth of the marketing solutions and accompanying technology services across the online marketing properties.

(2) Since the fourth quarter of 2023, we changed the presentation of the consolidated income statement during the three months ended 31 December 2023. Certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated for the year ended 31 December 2022. For the impact on the changes in presentation of the consolidated income statement, please refer to Note 2.2 to our audited consolidated financial statements as at and for the year ended 31 December 2023 included elsewhere in this Offering Circular.

SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022, 2023 AND 2024 AND 30 JUNE 2025

	As at 31 December			As at 30 June	
	2022	2023	2024	2025	
		(Audited)		(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Cash and cash equivalents	156,739	172,320	132,519	182,057	25,414
Term deposits	104,776	185,983	192,977	169,423	23,651
Total current assets	**565,989**	**518,446**	**496,180**	**545,497**	**76,148**
Term deposits	28,336	29,301	77,601	92,424	12,902
Total non-current assets	**1,012,142**	**1,058,800**	**1,284,815**	**1,467,813**	**204,899**
Total assets	**1,578,131**	**1,577,246**	**1,780,995**	**2,013,310**	**281,047**
Borrowings	11,580	41,537	52,885	58,631	8,185
Notes payable	10,446	14,161	8,623	12,880	1,798
Total current liabilities	**434,204**	**352,157**	**396,909**	**435,111**	**60,739**
Borrowings	163,668	155,819	146,521	202,966	28,333
Notes payable	148,669	137,101	130,586	119,338	16,659
Total non-current liabilities	**361,067**	**351,408**	**330,190**	**375,350**	**52,397**
Total liabilities	**795,271**	**703,565**	**727,099**	**810,461**	**113,136**
Total equity	**782,860**	**873,681**	**1,053,896**	**1,202,849**	**167,911**
Total liabilities and equity	**1,578,131**	**1,577,246**	**1,780,995**	**2,013,310**	**281,047**

SELECTED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022, 2023 AND 2024 AND THE SIX MONTHS ENDED 30 JUNE 2024 AND 2025

	Year ended 31 December			Six months ended 30 June		
	2022	2023	2024	2024	2025	
		(Audited)			(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Net cash flows generated from operating activities	146,091	221,962	258,521	126,458	151,265	21,116
Net cash flows used in investing activities[(1)]	(104,871)	(125,161)	(122,187)	(45,449)	(72,407)	(10,108)
Net cash flows used in financing activities[(2)]	(59,953)	(82,573)	(176,494)	(99,781)	(30,111)	(4,203)
Net (decrease)/increase in cash and cash equivalents	(18,733)	14,228	(40,160)	(18,772)	48,747	6,805
Cash and cash equivalents at beginning of the year/period	**167,966**	**156,739**	**172,320**	**172,320**	**132,519**	**18,499**
Exchange gains/(losses) on cash and cash equivalents	7,506	1,353	359	(37)	791	110
Cash and cash equivalents at end of the year/period	**156,739**	**172,320**	**132,519**	**153,511**	**182,057**	**25,414**

Note:

(1) Includes, among others, payments for capital expenditures as well as media content. Payments for capital expenditure represents the amount paid for investments in IT infrastructure (including computer equipment, components, and software), data centres, land use rights, office premises and intellectual properties (excluding media content), which amounted to RMB24.4 billion, RMB22.7 billion and RMB72.1 billion for the years ended 31 December 2022, 2023 and 2024, respectively, and RMB21.1 billion and RMB45.9 billion (US$6.4 billion) for the six months ended 30 June 2024 and 2025, respectively.

(2) Includes, among others, dividends paid to our shareholders and non-controlling interest owners, which amounted to RMB15,117 million, RMB21,788 million and RMB31,244 million for the years ended 31 December 2022, 2023 and 2024, respectively, and RMB30,413 million and RMB39,400 million (US$5,500 million) for the six months ended 30 June 2024 and 2025, respectively.

OTHER FINANCIAL DATA

	Year ended 31 December			Six months ended 30 June		
	2022	2023	2024	2024	2025	
	(RMB in millions, except for %)	(RMB in millions, except for %)	(RMB in millions, except for %)	(RMB in millions, except for %)	(RMB in millions, except for %)	(US$ in millions, except for %)
EBITDA[(1)]	164,037	214,381	256,310	127,996	153,284	21,398
Adjusted EBITDA[(1)]	188,986	235,454	277,012	137,777	166,681	23,268
Adjusted EBITDA margin[(2)]	34%	39%	42%	43%	46%	46%
Net cash/(debt)[(3)]	(14,832)	54,740	76,798	71,757	74,592	10,412

	Year ended 31 December			Six months ended 30 June		
	2022	2023	2024	2024	2025	
	(RMB in millions, except for ratios)	(RMB in millions, except for ratios)	(RMB in millions, except for ratios)	(RMB in millions, except for ratios)	(RMB in millions, except for ratios)	(US$ in millions, except for ratios)
Adjusted EBITDA[(1)]	188,986	235,454	277,012	137,777	166,681	23,268
Interest and related expenses	9,985	11,885	12,447	5,962	6,927	967
Ratios:						
Adjusted EBITDA[(1)] to interest and related expenses	19x	20x	22x	21x	23x	23x
Total debts[(4)] to Adjusted EBITDA[(1)]	1.77x	1.48x	1.22x	1.33x	1.29x	1.29x

Note:

(1) 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. EBITDA and Adjusted EBITDA are not standard measures under IFRS Accounting Standards. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA and Adjusted EBITDA should not be considered in isolation or as any other measure of performance or as indicators of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA and Adjusted EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA and Adjusted EBITDA because we believe they are a useful supplement to cash flows data as a measure of our performance and our ability to generate cash flows from operations to cover debt service and taxes. EBITDA and Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA or Adjusted EBITDA to the EBITDA or Adjusted EBITDA presented by other companies because not all companies use the same definition.

(2) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues.

(3) Net cash/(debt) represents period end balance and is calculated as cash and cash equivalents, plus term deposits and others, including highly liquid investment products held for treasury purposes, minus borrowings and notes payable.

(4) Total debts consist of borrowings and notes payable.

(5) Adjusted EBITDA to interest and related expenses ratio and total debts to Adjusted EBITDA ratio for the six months ended 30 June 2024 and 2025 is calculated using Adjusted EBITDA for the last twelve months and interest and related expenses for the last twelve months.

The following table reconciles our operating profit under IFRS Accounting Standards to our EBITDA and Adjusted EBITDA for the years/periods indicated.

	Year ended 31 December			Six months ended 30 June		
	2022 (1)	2023 (1)	2024	2024	2025	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Operating profit	**110,827**	**160,074**	**208,099**	**103,288**	**117,670**	**16,426**
Adjustments:						
Other (gains)/losses, net	(8,006)	(4,701)	(8,002)	(2,515)	4,975	695
Depreciation of property, plant and equipment and investment properties	21,724	19,908	21,141	10,147	11,371	1,587
Depreciation of right-of-use assets	6,720	6,397	6,191	3,047	3,070	429
Amortisation of intangible assets and land use rights	32,772	32,703	28,881	14,029	16,198	2,261
EBITDA	**164,037**	**214,381**	**256,310**	**127,996**	**153,284**	**21,398**
Equity-settled share-based compensation	24,949	21,073	20,702	9,781	13,397	1,870
Adjusted EBITDA	**188,986**	**235,454**	**277,012**	**137,777**	**166,681**	**23,268**

Note

(1) Since the fourth quarter of 2023, we changed the presentation of the consolidated income statement during the three months ended 31 December 2023. Certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated for the year ended 31 December 2022.

OPERATING DATA

The following data sets forth certain operating statistics relating to our Internet platforms and VAS as at the dates presented:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	(in millions)	(in millions)	(in millions)	(in millions)
Combined MAU of *Weixin* and *WeChat*(1)	1,313	1,343	1,385	1,411
Mobile device MAU of *QQ*(2)	572	554	524	532
Fee-based VAS paying users(3)	234	244	262	264

Note:

(1) Combined MAU of *Weixin* and *WeChat* figures refers to the total number of user accounts that logged in and sent a message, or conducted an activity in *Weixin Moments*, games, etc. during the last month prior to the relevant date.

(2) Mobile device MAU of *QQ* figures denote the total number of MAU that logged in via applications on smart devices (iOS, Android) and sent a message, or conducted an activity in *Qzone, Tencent Channels*, etc. during the last month prior to the relevant date.

(3) Adjusted to report the average daily number of subscriptions since the first quarter of 2024. Historical comparative figures have been restated for the year ended 31 December 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of our financial condition and results of operations as at and for the years ended 31 December 2022, 2023 and 2024 and as at and for the six months ended 30 June 2024 and 2025, and of the material factors that we believe are likely to affect our financial condition and results of operations. You should read this section in conjunction with our audited consolidated financial statements and unaudited interim condensed consolidated financial information included in this Offering Circular beginning on page F-2. Our consolidated financial statements and unaudited interim condensed consolidated financial information have been prepared in accordance with IFRS Accounting Standards.

In preparing the audited consolidated financial statements as at and for the year ended 31 December 2023, certain items in our consolidated income statement for the year ended 31 December 2023 have been reclassified and the comparative figures for the year ended 31 December 2022 have been restated to conform to the new presentation for the year ended 31 December 2023. For the impact on the changes in presentation of the consolidated income statement, please refer to Note 2.2 to our audited consolidated financial statements as at and for the year ended 31 December 2023 included elsewhere in this Offering Circular.

In addition, the following discussion contains certain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Offering Circular, including "Risk Factors".

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the most significant factors that have affected or are expected to affect our results of operations and financial condition include, among others:

Ability to increase the engagement and monetisation of our vast user base

The growth of our business and revenues depends on the attractiveness and demand for our service and product offerings and our ability to deepen user engagement and further increase the monetisation of our vast user base. We have seen a modest growth in our *Weixin* and *WeChat* user base and maintained large numbers of *QQ* users. As at 30 June 2025, combined MAU of *Weixin* and *WeChat* reached 1,411 million, an increase of 3%, from 1,371 million as at 30 June 2024, and mobile device MAU of *QQ* was 532 million.

We believe the depth of user engagement of our massive online communities is one of our key competitive advantages. We continue to increase user engagement by enhancing user experience and broadening our products and services, creating opportunities for our ecosystem partners. We introduce high-quality digital content, including games, video, music and literature, and seek to integrate these digital content services with our social platforms to enhance the holistic and differentiated social experience for our users. We seek to leverage the size of our user base and integrated nature of our platforms to build up user traffic for our new services and products. In addition, our large and logged-in user base and our leading mobile payment services also makes our platforms more attractive to advertisers and merchant partners.

We have also monetised user traffic generated from our various digital content and *Weixin* services. We have accumulated expertise in cross-marketing our services and products across our massive user base. Our major digital content, including games, video, music and literature, help attract users and drive conversion into paying users. Our paid subscriptions of digital content have increased over the years. The numerous *Weixin* services, such as *Mini Programs, Video Accounts, Mini Shops* and *Weixin Pay*, help merchants digitalise their businesses and complete more online-to-offline transactions. Leveraging AI-powered technology platform, we enhance our capabilities for marketing and business services, generating higher revenues.

Ability to innovate and adopt new technologies such as AI

The technology industry is highly competitive, innovative and ever changing due to the relatively low entry barrier and evolving preferences of users. We have endeavored to embrace generative AI technologies, implement AI technologies to in-house marketing and business services, and provide AI based solutions to external customers.

We not only encourage our employees to innovate, but also allocate considerable resources to the research and development of new technologies and the optimisation of product features as well as enhancement of user experience of products. We will continue to invest in and develop our AI infrastructure and application to our products and services to enhance user acquisition while maintaining our existing market share.

Ability to develop content and applications to maintain our market position

Our ability to develop relevant content and applications will affect our users' engagement and usage of our platforms. We have devoted significant resources to the research and development of content and applications in order to keep our existing platforms relevant and attractive to users. We have established a strong market position and built a brand name widely recognised by consumers and industry participants. For example, *Weixin* has become the leading communication and social network platform, connecting users, enterprises, content and services. We have also maintained our leadership in the games market in China and globally leveraging the success of developing and operating evergreen titles.

As we seek to expand our business lines and diversify our portfolio of services and products, our ability to launch new attractive contents and applications will continue to be the key to our revenue growth. Our ability to compete effectively and maintain our leading brand and market position will continue to affect our results of operations going forward.

BASIS OF PRESENTATION

During the years presented in the consolidated financial statements, we derived our revenue substantially under a series of contractual arrangements between certain of our WFOEs and our consolidated affiliated entities. These contractual arrangements are designed to provide us and the WFOEs with effective control over, and (to the extent permitted by PRC laws) the right to acquire the equity interests in and assets of our consolidated affiliated entities. Based on such contractual arrangements, we have concluded that it is appropriate to consolidate the financial statements of our consolidated affiliated entities, notwithstanding the lack of direct share ownership, because, in substance, the contractual arrangements transfer the economic risks and benefits of these consolidated affiliated entities to us.

DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

Revenues

We generate our revenues primarily from four lines of business:

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

Our revenues were RMB554,552 million and RMB609,015 million and RMB660,257 million and RMB320,618 million and RMB364,526 million (US$50,886 million) for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively. The following table sets forth our revenues by line of business for the years/periods indicated:

	Year ended 31 December						Six months ended 30 June				
	2022		2023		2024		2024		2025		
	(Audited)						(Unaudited)				
	(RMB in millions)	% of total revenues	(RMB in millions)	% of total revenues	(RMB in millions)	% of total revenues	(RMB in millions)	% of total revenues	(RMB in millions)	(US$ in millions)	% of total revenues
Revenues											
VAS	287,565	52%	298,375	49%	319,168	49%	157,451	49%	183,501	25,616	50%
Marketing Services	82,729	15%	101,482	17%	121,374	18%	56,377	18%	67,615	9,439	19%
FinTech and Business Services	177,064	32%	203,763	33%	211,956	32%	102,742	32%	110,443	15,417	30%
Others	7,194	1%	5,395	1%	7,759	1%	4,048	1%	2,967	414	1%
Total revenues	**554,552**	**100%**	**609,015**	**100%**	**660,257**	**100%**	**320,618**	**100%**	**364,526**	**50,886**	**100%**

VAS

Revenues from VAS are derived principally from the provisions of online games and social networks services. Our VAS is primarily provided on a subscription basis, per-item basis or revenue share basis.

We derive online games revenues primarily from sales of in-game virtual items and social networks revenues primarily from subscriptions, sales of virtual items and online games revenues attributable to social networks business. We have an extensive portfolio of market leading game titles across genres in both domestic and international markets.

We also derive revenues from the massive and engaged user base across our social networks and platforms. Through providing access to services offered in *Mini Games*, such as making in-app purchases, we collect *Mini Games* platform service fees from the operation. In addition, we generate subscription revenues from offering access to premium digital content and other privileges on our digital content services, such as video, music and literature. Revenue generated from in-game virtual item sales also attributed to our social networks.

Revenues from VAS were RMB287,565 million, RMB298,375 million and RMB319,168 million and RMB157,451 million and RMB183,501 million (US$25,616 million) for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively.

For a detailed discussion of how revenues from VAS is recognised in our consolidated financial statements, see "— *Critical Accounting Policies, Estimates and Judgments — Revenue Recognition — VAS.*"

Marketing Services

Marketing Services revenues mainly include revenues derived from sales of advertising inventories from our various platforms, such as *Video Accounts*, *Weixin Moments*, *Mini Programs*, *Official Accounts*, *Weixin Search*, *Tencent Video*, *QQ Music*, mobile advertising network and eSports events. Significant traffic on our various properties offer ample advertising opportunities. Through leveraging our advertising technology and transaction ecosystem, we drive relevant and targeted advertising to generate attractive returns for advertisers.

Revenues from Marketing Services were RMB82,729 million, RMB101,482 million and RMB121,374 million and RMB56,377 million and RMB67,615 million (US$9,439 million) for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively.

For a detailed discussion of how revenues from Marketing Services is recognised in our consolidated financial statements, see "— *Critical Accounting Policies, Estimates and Judgments — Revenue Recognition — Marketing Services*".

FinTech and Business Services

FinTech and Business Services revenues mainly comprise revenues derived from provision of FinTech and cloud services. FinTech service revenues mainly include commissions from payment transactions, wealth management and other FinTech services. Cloud service revenues mainly include revenues derived from the provision of cloud services to customers based on the subscription for a period of time or consumption of cloud resources.

Revenues from FinTech and Business Services were RMB177,064 million, RMB203,763 million and RMB211,956 million and RMB102,742 million and RMB110,443 million (US$15,417 million) for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively.

For a detailed discussion of how revenues from FinTech and Business Services is recognised in our consolidated financial statements, see "— *Critical Accounting Policies, Estimates and Judgments — Revenue Recognition — FinTech and Business Services*".

Others

Revenues from our other businesses are primarily derived from investments in, production of and distribution of television programmes for third parties, copyrights licensing, merchandise sales and various other activities. Revenues from others were RMB7,194 million, RMB5,395 million and RMB7,759 million and RMB4,048 million and RMB2,967 million (US$414 million) for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively.

Cost of Revenues

Our cost of revenues was RMB315,806 million, RMB315,906 million and RMB311,011 million and RMB150,853 million and RMB159,020 million (US$22,198 million) for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively.

Cost of revenues consists of the direct costs for operating and offering our services and products, which consist primarily of transaction costs, content costs, bandwidth and server custody fees, equipment depreciation and other direct costs. Employee benefits expenses that directly relate to the provision of our services and products are also included in cost of revenues. The following table sets forth our cost of revenues by line of business for the years/periods indicated:

	Year ended 31 December						Six months ended 30 June				
	2022		2023		2024		2024		2025		
	(Audited)						(Unaudited)				
	(RMB in millions)	% of segment revenues	(RMB in millions)	% of segment revenues	(RMB in millions)	% of segment revenues	(RMB in millions)	% of segment revenues	(RMB in millions)	(US$ in millions)	% of segment revenues
Cost of Revenues											
VAS	141,918	49%	136,456	46%	137,511	43%	67,464	43%	73,367	10,242	40%
Marketing Services	47,720	58%	50,138	49%	54,142	45%	25,236	45%	29,336	4,095	43%
FinTech and Business Services	118,690	67%	123,127	60%	112,255	53%	54,878	53%	53,894	7,523	49%
Others	7,478	104%	6,185	115%	7,103	92%	3,275	81%	2,423	338	82%
Total cost of revenues	**315,806**		**315,906**		**311,011**		**150,853**		**159,020**	**22,198**	

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of costs incurred with our promotional and advertising activities, such as purchasing third-party advertising, holding promotion events and related employee benefits expenses. In recent years, our selling and marketing expenses have increased as we continue to launch and promote new services and seek to enhance our brand recognition.

General and Administrative Expenses

General and administrative expenses primarily consist of research and development expenses, related employee benefits expense, office rental/depreciation of right-of-use assets, travel and entertainment expenses, consulting fees, office maintenance and other general office expenses.

Other Gains/(Losses), Net

Other gains/(losses), net consist primarily of subsidies and tax rebates.

Net gains/(losses) from investments and others

Net gains/(losses) from investments and others consist primarily of net gains/(losses) on disposals and deemed disposals of investee companies, net fair value gains/(losses) on FVPL, other net fair value gains/(losses), impairment (provision)/reversal for investee companies, goodwill and other intangible assets arising from acquisitions, dividend income and donations.

Interest Income

Interest income mainly represents interest income from bank deposits, including bank balance and term deposits.

Finance Costs

Finance costs include interest and related expenses primarily arising from the borrowings, notes payable and lease liabilities, as well as foreign currency exchange gains or losses.

Income Tax Expense

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

(i) Cayman Islands and British Virgin Islands CIT

We were not subject to any taxation in the Cayman Islands and the British Virgin Islands for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

(ii) 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 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

(iii) 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 our entities established in the Mainland of China for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025. The general PRC CIT rate was 25% in 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

Certain subsidiaries in the Mainland of China were approved as High and New Technology Enterprise, and accordingly, they were subject to a preferential CIT rate of 15% for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

In addition, certain subsidiaries of the Company are 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 fulfilment of certain requirements of the respective local governments.

(iv) CIT in other jurisdictions

Income tax on profit arising from other jurisdictions, including the North America, Europe, Asia and South America, had been calculated on the estimated assessable profit at the respective rates prevailing in the relevant jurisdictions, which were not higher than 39% for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

(v) Withholding tax

According to applicable tax regulations prevailing in the Mainland of China, 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 our entities operate in are also subject to withholding tax at respective applicable tax rates.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our consolidated financial information. The determination of these accounting policies is fundamental to our financial condition and results of operations, and requires management to make subjective and complex judgments about matters that are inherently uncertain based on information and data that may change in future periods. As a result, determinations regarding these items necessarily involved the use of assumptions and subjective judgments as to future events and are subject to change, and the use of different assumptions or data could produce materially different results. In addition, actual results could differ from estimates and may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting the estimates may differ significantly from management's current judgments. We believe the following represents our critical accounting policies, judgments and estimates.

Revenue recognition

We generate revenues primarily from provision of VAS, Marketing Services, FinTech and Business Services, and other online related services in the PRC. Revenue is recognised when the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

VAS

Revenues from VAS primarily include revenues from the provision of online games and social networks services. Online games revenues are mainly derived from sales of in-game virtual items, and social networks revenues are mainly derived from subscriptions, sales of virtual items, and online games revenues attributable to social networks business.

Revenues from VAS are recognised when we satisfy our performance obligations by rendering relevant promised services.

Revenues from sales of in-game permanent virtual items are recognised ratably over the respective estimates of expected users' relationship periods of the applicable games determined by the management as there is an explicit or implicit obligation of us to maintain the virtual items operated on our platforms and allow users to gain access to them, whereas revenues from sales of in-game limited life virtual items and social networks virtual items, are recognised based on the consumption or over the stipulated period of validity of the relevant virtual items ratably.

Revenues from subscriptions are recognised ratably over the subscription period.

Where the contracts include multiple performance obligations, we allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to be recovered from customers.

In respect of our VAS directly delivered to our customers and paid through various third-party platforms, these third-party platforms collect the relevant service fees (the "**Online Service Fees**") on behalf of us and they are entitled to platform provider fees at a pre-determined percentage (as part of "**Channel and distribution costs**"). Such Channel and distribution costs are withheld and deducted from the gross Online Service Fees collected by these platforms from the users, with the net amounts remitted to us.

We recognise the Online Service Fees as revenue on a gross or net basis depending on whether we are acting as a principal or an agent in these transactions based on the assessment according to the criteria.

We also open our online platforms to third-party game/application developers under certain cooperation agreements, under which we pay to the third-party game/application developers a predetermined percentage of the fees paid by and collected from the users of our online platforms for the virtual items sold. We recognise the related revenue on a gross or net basis depending on whether we are acting as a principal or an agent in the transaction.

We adopt different revenue recognition methods based on our specific responsibilities/obligations in different VAS offerings.

Marketing Services

Marketing Services revenues mainly include revenues derived from sales of advertising inventories from various platforms of the Group.

Revenue is recognised either ratably over the agreed period of display, or when the performance is fulfilled, such as impression, view or click. Where a contract includes multiple performance obligations, we allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to be recovered from customers.

FinTech and Business Services

FinTech and Business Services revenues mainly include revenues derived from the provision of FinTech services and cloud services.

FinTech service revenues mainly include commissions from payment transactions, wealth management services and other FinTech services, where the commissions received by us are generally determined as a percentage of the value of each single transaction or periodic retention amount. Revenue from these commissions is recognised at a point in time when we satisfy our performance obligations by rendering the relevant services.

Cloud services revenues mainly include revenues derived from the provision of cloud services to customers based on the subscription for a period of time or consumption of cloud resources. For cloud service contracts based on subscription for a specified service period, revenue is recognised over the subscribed period when the services are delivered to customers ratably. For cloud service provided on a consumption basis, revenue is recognised based on the customer utilisation of the cloud resources. When a cloud-based service contract includes multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to be recovered from customers.

Other Revenues

Our other revenues are primarily derived from investments in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities. We recognise other revenues when the respective services are rendered, or when the control of the products is transferred to customers.

Share-based compensation benefits

We operate a number of share-based compensation plans (including share option schemes and share award schemes), under which we receive services from employees and other qualifying participants as consideration for equity instruments (including share options and awarded shares) of us. The fair value of the employee services and other qualifying participants' services received in exchange for the grant of equity instruments of us is recognised as an expense over the vesting period, i.e., the period over which all of the specified vesting conditions are to be satisfied and credited to equity.

For grant of share options, the total amount to be expensed is determined by reference to the grant-date fair value of the options granted by using option-pricing model, "Enhanced FAS 123" binomial model (the "**Binomial Model**"), which includes the impact of market performance conditions (such as our share price) but excludes the impact of service condition and non-market performance conditions. For grant of awarded shares, the total amount to be expensed is determined by reference to the market price of our shares at the grant date. We also adopt valuation and actuarial techniques to assess the grant-date fair value of other equity instruments of us granted under the share-based compensation plans as appropriate.

Non-market performance and service conditions are included in assumptions about the number of options and awarded shares that are expected to become vested.

From our perspective, the grants of our equity instruments to employees of our subsidiaries are made in exchange for their services related to the subsidiaries. Accordingly, the share-based compensation expenses are treated as part of the "Investments in subsidiaries", or "Amounts due from subsidiaries" if rechargeable, in our statement of financial position.

At each reporting period end, we revise our estimates of the number of options and awarded shares that are expected to ultimately vest. We recognise the impact of the revision to original estimates, if any, in the consolidated income statement of us, with a corresponding adjustment to equity.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. When the vested equity instruments are later forfeited prior to expiry date, the amount previously recognised in share premium may be transferred to retained earnings.

If we repurchase vested equity instruments, the payments made to the employees and other qualifying participants are accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date. Any such excess is recognised as an expense.

If the terms of an equity-settled share-based award are modified, an additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees and other qualifying participants, as measured at the date of modification. Modifications of an equity-settled share-based award in a manner that is not beneficial to employees are not taken into account when determining the expenses to be recognised.

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), we account for the cancellation or settlement as an acceleration of vesting, and therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

Cash-settled share-based payment transactions are those arrangements where the terms provide us to settle the transaction in cash. For cash-settled share-based payments, a liability is recognised at the current fair value determined at the end of the reporting period to the extent of the portion of the services received until the date of settlement, with any changes in fair value recognised in profit or loss.

Income taxes

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such outcome is decided.

Recoverability of non-financial assets

We test at least annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, construction in progress, other intangible assets, investment properties, land use rights, right-of-use assets as well as investments in associates and joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be fully recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgments and estimates.

Judgment is required to identify any impairment indicators existing for any of our goodwill and other non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect our financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated income statement.

Fair value measurement of FVPL and FVOCI

The fair value assessment of FVPL and FVOCI that are measured at Level 3 fair value hierarchy requires significant estimates, which include risk-free rates, expected volatility, market information of recent transactions (such as recent fund-raising transactions undertaken by the investees) and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

Scope of consolidation

Consolidation is required only if control exists. We control an investee when we have all the following: (i) power over the investee; (ii) exposure, or rights, to variable returns from our involvement with the investee; and (iii) the ability to use our power over the investee to affect the amount of our returns. Power results from rights that can be straightforward through voting rights or complicated in contractual arrangements. Variable returns normally encompass financial benefits and risks, but in certain cases, they also include operational values specific to us. These three factors cannot be considered in isolation by us in our assessment of control over an investee. Where the factors of control are not apparent, significant judgment is applied in the assessment, which is based on an overall analysis of all of the relevant facts and circumstances.

We are required to reassess whether we control the investee if facts and circumstances indicate a change to one or more of the three factors of control.

RESULTS OF OPERATIONS

Six months ended 30 June 2025 compared to six months ended 30 June 2024

Revenues. Revenues increased by 14% year-on-year to RMB364,526 million (US$50,886 million) for the six months ended 30 June 2025.

The following table sets forth our revenues by line of business for the six months ended 30 June 2024 and 2025:

	Six months ended 30 June				
	2024		2025		
	(Unaudited)				
	Amount (RMB in millions)	% of total revenues	Amount (RMB in millions)	Amount (US$ in millions)	% of total revenues
VAS	157,451	49%	183,501	25,616	50%
Marketing Services	56,377	18%	67,615	9,439	19%
FinTech and Business Services	102,742	32%	110,443	15,417	30%
Others	4,048	1%	2,967	414	1%
Total revenues	**320,618**	**100%**	**364,526**	**50,886**	**100%**

Revenues from VAS business increased by 17% year-on-year to RMB183,501 million (US$25,616 million) for the six months ended 30 June 2025. Games revenues grew by 23% to RMB118,654 million (US$16,563 million) for the six months ended 30 June 2025. The increase was primarily driven by the contribution from evergreen games including *Honour of Kings*, *Peacekeeper Elite*, *VALORANT* and Supercell's games, and newly released *Delta Force* and *DnF Mobile*. Social networks revenues increased by 7% to RMB64,847 million (US$9,053 million) for the six months ended 30 June 2025. The increase was primarily due to the growth in app-based game virtual item sales, *Video Accounts* live streaming revenue, music subscription revenue and *Mini Games* platform service fees.

Revenues from Marketing Services increased by 20% year-on-year to RMB67,615 million (US$9,439 million) for the six months ended 30 June 2025. Such growth was primarily due to ongoing AI-driven improvements to our advertising platform and enhancements to the Weixin transaction ecosystem, which resulted in robust advertiser demand across *Video Accounts*, *Mini Programs* and *Weixin Search*. Marketing Services revenues increased across most major industry categories during this period.

Revenues from FinTech and Business Services increased by 7% year-on-year to RMB110,443 million (US$15,417 million) for the six months ended 30 June 2025. FinTech Services revenue growth was driven by higher revenues from consumer loan services and wealth management services. Increased cloud services revenue, including higher demand for AI-related services, along with increased eCommerce technology service fees, resulted in Business Services revenue growth.

Cost of revenues. Cost of revenues increased by 5% year-on-year to RMB159,020 million (US$22,198 million) for the six months ended 30 June 2025. The increase was primarily due to higher content costs and channel and distribution costs, as well as bandwidth and server costs.

Gross profit. Gross profit increased by 21% year-on-year to RMB205,506 million (US$28,688 million) for the six months ended 30 June 2025, which was driven by increased contributions from high-margin revenue streams including Domestic Games, *Mini Games*, *Video Accounts* and *Weixin Search*, as well as enhanced cost efficiency in our payment services and cloud services. Our gross margin was 56% for the six months ended 30 June 2025 as compared to 53% for the six months ended 30 June 2024. The following table sets forth our gross profit and gross margin by line of business for the six months ended 30 June 2024 and 2025:

	Six months ended 30 June				
	2024		2025		
	(Unaudited)				
	Amount	Gross margin	Amount	Amount	Gross margin
	(RMB in millions)		(RMB in millions)	(US$ in millions)	
VAS	89,987	57%	110,134	15,374	60%
Marketing Services	31,141	55%	38,279	5,344	57%
FinTech and Business Services	47,864	47%	56,549	7,894	51%
Others	773	19%	544	76	18%
Total gross profit	**169,765**	**53%**	**205,506**	**28,688**	**56%**

Gross profit for VAS grew by 22% year-on-year to RMB110,134 million (US$15,374 million), primarily driven by Domestic Games, which benefitted from enhanced contributions from certain internally developed games, including *Delta Force*, and *Mini Games* platform service fees. Gross margin rose to 60%, up from 57% in the same period last year.

Gross profit for Marketing Services was RMB38,279 million (US$5,344 million), up 23% year-on-year, driven by increased high-margin revenues from *Video Accounts* and *Weixin Search*. Gross margin was 57%, up from 55% in the same period last year.

Gross profit for FinTech and Business Services rose by 18% year-on-year to RMB56,549 million (US$7,894 million), due to higher revenue contributions from consumer loan services and wealth management services, as well as enhanced cost efficiency in our payment services and cloud services. Gross margin increased to 51%, up from 47% in the same period last year.

Selling and marketing expenses. Selling and marketing expenses increased by 3% year-on-year to RMB17,276 million (US$2,412 million) for the six months ended 30 June 2025. The increase primarily reflected promotional and advertising efforts to support the growth of our AI-native applications, partly offset by reduced advertising spending on new game launches versus the year ago period. As a percentage of revenues, selling and marketing expenses remained stable at 5% for the six months ended 30 June 2024 and 2025.

General and administrative expenses. General and administrative expenses increased by 25% year-on-year to RMB65,585 million (US$9,155 million) for the six months ended 30 June 2025. The increase was primarily driven by higher staff costs, including a one-off share-based compensation expense amounting to RMB4.0 billion arising from restructuring of an existing commercial arrangement at an overseas subsidiary in first quarter of 2025, alongside higher R&D expenses to support our AI-related efforts. As a percentage of revenues, general and administrative expenses were 18% for the six months ended 30 June 2025, increased from 16% for the six months ended 30 June 2024.

Other gains/(losses), net. We recorded net other losses of RMB4,975 million (US$695 million) for the six months ended 30 June 2025.

Operating profit. Operating profit increased by 14% year-on-year to RMB117,670 million (US$16,426 million) for the six months ended 30 June 2025. Non-IFRS operating profit[12] increased by 18% year-on-year to RMB138,568 million (US$19,343 million) for the six months ended 30 June 2025.

Net gains/(losses) from investments and others. We recorded net gains from investments and others of RMB4,045 million (US$565 million) for the six months ended 30 June 2025.

Interest income. Interest income decreased by 3% year-on-year to RMB7,869 million (US$1,098 million) for the six months ended 30 June 2025. This decrease was primarily due to lower interest yields, which outweighed the growth in interest income generated from increased cash reserves.

Finance costs. Finance costs increased by 31% year-on-year to RMB7,801 million (US$1,089 million) for the six months ended 30 June 2025. The increase was primarily due to higher interest expenses and increased foreign exchange losses.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB9,054 million (US$1,264 million) for the six months ended 30 June 2025, compared to share of profits of RMB9,904 million in the same period last year. Non-IFRS share of profits of associates and joint ventures[12] was RMB13,988 million (US$1,953 million) for the six months ended 30 June 2025, compared to share of profits of RMB15,377 million in the same period last year, primarily due to lower estimated associate income from a large associate.

Profit before income tax. Profit before income tax increased by 13% year-on-year to RMB130,837 million (US$18,264 million) for the six months ended 30 June 2025.

Income tax expense. Income tax expense increased by 3% year-on-year to RMB25,068 million (US$3,499 million) for the six months ended 30 June 2025. The increase was mainly driven by growth of domestic corporate income tax expenses, partially offset by lower withholding tax provision in the period.

Profit for the period. As a result of the factors discussed above, profit for the period increased by 16% year-on-year to RMB105,769 million (US$14,765 million) for the six months ended 30 June 2025. Our profit margin increased from 28% for the six months ended 30 June 2024 to 29% for the six months ended 30 June 2025.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 16% year-on-year to RMB103,449 million (US$14,441 million) for the six months ended 30 June 2025. Non-IFRS profit attributable to equity holders of the Company[12] increased by 16% year-on-year to RMB124,381 million (US$17,363 million) for the six months ended 30 June 2025. Excluding non-IFRS share of profits of associates and joint ventures in both the current period and the same period last year as mentioned above, non-IFRS profit attributable to equity holders of the Company would have increased by 20% year-on-year to RMB110.6 billion for the six months ended 30 Jun 2025.

Year ended 31 December 2024 compared to year ended 31 December 2023

Revenues. Revenues increased by 8% year-on-year to RMB660,257 million for the year ended 31 December 2024.

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[12] Certain non-IFRS financial measures (in terms of operating profit, share of profit/(loss) of associates and joint ventures, net, profit attributable to equity holders of the Company) represents the IFRS financial measures after adjusting for share-based compensation, net (gains)/losses from investee companies, amortisation of intangible assets resulting from acquisitions, impairment provisions/(reversals), donations and expenses incurred for the sustainable social value and common prosperity programmes, non-recurring compliance-related costs and expenses incurred for certain litigation settlements and the related income tax effects.

The following table sets forth our revenues by line of business for the years ended 31 December 2023 and 2024:

	Year ended 31 December			
	2023		2024	
	(Audited)			
	Amount	% of total revenues	Amount	% of total revenues
	(RMB in millions)		(RMB in millions)	
VAS	298,375	49%	319,168	49%
Marketing Services	101,482	17%	121,374	18%
FinTech and Business Services	203,763	33%	211,956	32%
Others	5,395	1%	7,759	1%
Total revenues	**609,015**	**100%**	**660,257**	**100%**

Revenues from VAS increased by 7% year-on-year to RMB319,168 million for the year ended 31 December 2024. International Games revenues were RMB58.0 billion, reflecting 9% growth in both reported and constant currency terms, driven by strong performances from *PUBG MOBILE* and Supercell's games. Domestic Games revenues rose by 10% to RMB139.7 billion, driven by revenue growth from *VALORANT*, *Naruto Mobile*, *Fight of the Golden Spatula* and *League of Legends: Wild Rift*, alongside new contributions from *DnF Mobile* and *Delta Force*. Social Networks revenues were RMB121.5 billion, up 2% year-on-year, driven by higher revenues from music and long-form video subscription services, increased app-based game virtual item sales and *Mini Games* platform service fees, partially offset by a decline in music-related and games-related live streaming revenues.

Revenues from Marketing Services increased by 20% year-on-year to RMB121,374 million for the year ended 31 December 2024. This increase was primarily due to robust advertiser demand for *Video Accounts*, *Mini Programs* and *Weixin Search* inventories, and ongoing enhancement of our AI-powered advertising infrastructure. Advertising spending rose across most major categories, with notable growth from games, eCommerce, education and Internet services categories.

Revenues from FinTech and Business Services grew by 4% year-on-year to RMB211,956 million for the year ended 31 December 2024. The increase in FinTech Services revenues primarily reflected growth in wealth management services and commercial payment services. Higher Business Services revenues were driven by growth in *WeCom* revenue and eCommerce technology service fees.

Cost of revenues. Cost of revenues were RMB311,011 million for the year ended 31 December 2024, representing a 2% year-on-year decline, due to lower live streaming revenue sharing costs, long-form video content costs and cloud project deployment costs.

Gross profit. Gross profit rose by 19% year-on-year to RMB349,246 million for the year ended 31 December 2024, primarily driven by robust growth in high-margin revenue streams from Domestic Games, *Video Accounts*, *Weixin Search* and the *Mini Games* platform. Improved profitability in our cloud services and long-form video businesses also contributed to the overall increase in gross profit. Gross margin increased to 53%, compared to 48% in the prior year. The following table sets forth our gross profit and gross margin by line of business for the years ended 31 December 2023 and 2024:

	Year ended 31 December			
	2023		2024	
	(Audited)			
	Amount	Gross margin	Amount	Gross margin
	(RMB in millions)		(RMB in millions)	
VAS	161,919	54%	181,657	57%
Marketing Services	51,344	51%	67,232	55%
FinTech and Business Services	80,636	40%	99,701	47%
Others	(790)	(15%)	656	8%
Total gross profit	**293,109**	**48%**	**349,246**	**53%**

Gross profit for VAS increased by 12% year-on-year to RMB181,657 milion, driven by growth in high-margin revenues from Domestic Games and *Mini Games* platform service fees, as well as long-form video subscription revenue growth and content cost optimisation. Gross margin improved to 57% from 54% in the previous year.

Gross profit for Marketing Services increased by 31% year-on-year to RMB67,232 million, primarily due to growth in high-margin revenues from *Video Accounts* and *Weixin Search* marketing services. Gross margin increased to 55% from 51% in the previous year.

Gross profit for Fintech and Business Services rose by 24% year-on-year to RMB99,701 million, driven by revenue growth from wealth management services, *WeCom*, and eCommerce technology service fees, as well as enhanced cost efficiency in our cloud services. Gross margin rose to 47% from 40% in the previous year.

Selling and marketing expenses. Selling and marketing expenses grew by 6% year-on-year to RMB36,388 million for the year ended 31 December 2024, reflecting higher promotional and advertising efforts to support new content releases. As a percentage of revenues, selling and marketing expenses remained largely stable at 6%, consistent with the previous year.

General and administrative expenses. General and administrative expenses increased by 9% year-on-year to RMB112,761 million for the year ended 31 December 2024. This increase was primarily driven by higher R&D expenses, including those related to our AI initiatives, alongside higher staff costs. As a percentage of revenues, general and administrative expenses remained broadly stable at 17%, in line with the prior year.

Operating profit. Operating profit increased by 30% year-on-year to RMB208,099 million for the year ended 31 December 2024. Non-IFRS operating profit increased by 24% year-on-year to RMB237,811 million for the year ended 31 December 2024.

Interest income. Interest income increased by 16% year-on-year to RMB16,004 million for the year ended 31 December 2024 due to growth in cash reserves.

Finance costs. Finance costs decreased by 2% year-on-year to RMB11,981 million for the year ended 31 December 2024, primarily due to recognition of foreign exchange gains this year versus losses in the previous year, partially offset by higher interest expenses.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB25,176 million for the year ended 31 December 2024, up from share of profits of RMB5,800 million for the previous year. Non-IFRS share of profits of associates and joint ventures rose to RMB31,635 million, compared to RMB13,041 million for the previous year. The increase in non-IFRS share of profits of associates and joint ventures reflected stronger financial performances across several associates, driven by company-specific factors, including business growth, new content releases and operational efficiency improvements.

Profit before income tax. Profit before income tax increased by 50% year-on-year to RMB241,485 million for the year ended 31 December 2024.

Income tax expense. Income tax expense increased by 4% year-on-year to RMB45,018 million for the year ended 31 December 2024, primarily due to our operating profit growth, partially offset by the high base effect from deferred tax adjustments at an overseas subsidiary in the previous year. Excluding the deferred tax adjustments in the prior year, income tax expense would have increased by 15% year-on-year.

Profit for the year. As a result of the factors discussed above, profit for the year increased by RMB78,419 million, or 66%, from RMB118,048 million for the year ended 31 December 2023 to RMB196,467 million for the year ended 31 December 2024. Our profit margin increased from 19% for the year ended 31 December 2023 to 30% for the year ended 31 December 2024.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 68% year-on-year to RMB194,073 million for the year ended 31 December 2024. Non-IFRS profit attributable to equity holders of the Company increased by 41% to RMB222,703 million for the year ended 31 December 2024.

Year ended 31 December 2023 compared to year ended 31 December 2022

Revenues. Revenues increased by 10% year-on-year to RMB609,015 million for the year ended 31 December 2023.

The following table sets forth our revenues by line of business for the years ended 31 December 2022 and 2023:

	Year ended 31 December			
	2022		2023	
	(Audited)			
	Amount	% of total revenues	Amount	% of total revenues
	(RMB in millions)		(RMB in millions)	
VAS	287,565	52%	298,375	49%
Marketing Services	82,729	15%	101,482	17%
FinTech and Business Services	177,064	32%	203,763	33%
Others	7,194	1%	5,395	1%
Total revenues	**554,552**	**100%**	**609,015**	**100%**

Revenues from VAS increased by 4% year-on-year to RMB298,375 million for the year ended 31 December 2023. International Games revenues increased by 14% to RMB53.2 billion, or by 8% excluding the effect of currency fluctuations, benefitting from the robust performance of *VALORANT*, contributions from newly launched games *Goddess of Victory: NIKKE* and *Triple Match 3D* and a recovery in *PUBG Mobile* in the second half of 2023. Domestic Games revenues increased by 2% to RMB126.7 billion, on contributions from *VALORANT* and *Lost Ark*, and robust growth in emerging titles such as *Arena Breakout* and *Fight of the Golden Spatula*, partly offset by a weak contribution from *Peacekeeper Elite*. Social Networks revenues grew by 1% year-on-year to RMB118.5 billion, due to revenue growth from music subscriptions and *Mini Games* platform service fees, partially offset by revenue declines from music-related and games-related live streaming services.

Revenues from Marketing Services increased by 23% year-on-year to RMB101,482 million for the year ended 31 December 2023. This growth was driven by new inventories in *Video Accounts* and *Weixin Search*, plus the ongoing upgrade of our advertising platform. We saw increased advertising spending with us by all major advertiser categories except automotive, with notable step-ups in spending by consumer goods, Internet services and healthcare categories.

Revenues from FinTech and Business Services rose by 15% year-on-year to RMB203,763 million for the year ended 31 December 2023. FinTech Services achieved double-digit growth, driven by increased payment activities and higher revenue from wealth management services. Business Services revenues also increased at a double-digit rate, driven by the introduction of eCommerce technology service fees in *Video Accounts*, alongside moderate growth for cloud services.

Cost of revenues. Cost of revenues were RMB315,906 million for the year ended 31 December 2023, largely stable year-on-year. Transaction costs, and channel and distribution costs, increased, while bandwidth and server costs, along with content costs, decreased.

Gross profit. Gross profit rose by 23% year-on-year to RMB293,109 million for the year ended 31 December 2023. This margin improvement was primarily driven by a shift in revenue mix towards high-quality revenue streams, particularly *Video Accounts*, eCommerce technology service fees, and *Mini Games* platform service fees, and away from lower-margin revenue streams, such as music-related and games-related live streaming services. Gross margin increased to 48% from 43% in the previous year. The following table sets forth our gross profit and gross margin by line of business for the years ended 31 December 2022 and 2023:

	Year ended 31 December			
	2022		2023	
	(Audited)			
	Amount	Gross margin	Amount	Gross margin
	(RMB in millions)		(RMB in millions)	
VAS	145,647	51%	161,919	54%
Marketing Services	35,009	42%	51,344	51%
FinTech and Business Services	58,374	33%	80,636	40%
Others	(284)	(4%)	(790)	(15%)
Total gross profit	**238,746**	**43%**	**293,109**	**48%**

Gross profit for VAS increased by 11% year-on-year to RMB161,919 million for the year ended 31 December 2023. The improved gross margin was driven by a higher mix of high-margin games revenues and *Mini Games* platform service fees, and music subscriptions margin enhancement, together with decreased contributions from low-margin music-related and games-related live streaming revenues, and cost efficiency improvement. Gross margin improved to 54% from 51% in the previous year.

Gross profit for Marketing Services increased by 47% year-on-year to RMB51,344 million for the year ended 31 December 2023. The increase in gross margin was primarily driven by the robust growth in high-quality revenue streams, notably from Video Accounts, along with our cost control measures. Gross margin increased to 51% from 42% in the previous year.

Gross profit for FinTech and Business Services rose by 38% year-on-year to RMB80,636 million for the year ended 31 December 2023. The higher gross margin was due to margin enhancement resulting from our cloud business restructuring, the introduction of high-margin revenues from eCommerce technology service fees, and increased monetisation from other business services, alongside growth of high-margin products within FinTech services. Gross margin rose to 40% from 33% in the previous year.

Selling and marketing expenses. Selling and marketing expenses grew by 17% year-on-year to RMB34,211 million for the year ended 31 December 2023, driven by increased promotional and advertising efforts in support of new content releases. As a percentage of revenues, selling and marketing expenses rose to 6% for the year ended 31 December 2023, from 5% for the previous year.

General and administrative expenses. General and administrative expenses decreased by 3% year-on-year to RMB103,525 million for the year ended 31 December 2023, primarily due to reduced staff costs, including share-based compensation expenses. As a percentage of revenues, general and administrative expenses decreased to 17% for 2023 from 19% for the previous year.

Operating profit. Operating profit increased by 44% year-on-year to RMB160,074 million for the year ended 31 December 2023. Non-IFRS operating profit increased by 34% year-on-year to RMB191,886 million for the year ended 31 December 2023.

Net gains/(losses) from investments and others. We recorded net losses from investments and others of RMB6,090 million for the year ended 31 December 2023, versus net gains of RMB116,287 million for the previous year, primarily due to impairment provisions against certain investees, partially offset by net gains from disposals/deemed disposals of certain investees.

Interest income. Interest income increased by 61% year-on-year to RMB13,808 million for the year ended 31 December 2023, driven by increased cash reserves and improved yields on term deposits.

Finance costs. Finance costs rose by 31% year-on-year to RMB12,268 million for the year ended 31 December 2023. This increase was driven by higher interest expenses, as well as the recognition of foreign exchange losses in 2023, in contrast to gains in the previous year.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB5,800 million for 2023, versus share of losses of RMB16,129 million for the previous year. Non-IFRS share of profits of associates and joint ventures increased to RMB13.0 billion for 2023 from RMB2.4 billion for the previous year. This improvement was attributable to enhanced profitability in certain associates, underpinned by their revenue growth and efficiency improvements, as well as a successful game release by an overseas game studio investee.

Profit before income tax. Profit before income tax decreased by 23% year-on-year to RMB161,324 million for the year ended 31 December 2023.

Income tax expense. Income tax expense increased by 101% year-on-year to RMB43,276 million for the year ended 31 December 2023, driven by operating profit growth, a higher provision for withholding tax, and deferred tax adjustments at an overseas subsidiary.

Profit for the year. As a result of the factors discussed above, profit for the year decreased by 37% year-on-year to RMB118,048 million for the year ended 31 December 2023. Our profit margin decreased from 34% for the previous year to 19% for the year ended 31 December 2023.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company decreased by 39% year-on-year to RMB115,216 million for the year ended 31 December 2023. This decline was primarily due to a RMB106.6 billion gain from the deemed disposal of Meituan recognised in the fourth quarter of 2022. Non-IFRS profit attributable to equity holders of the Company increased by 36% to RMB157,688 million for the year ended 31 December 2023.

QUARTERLY RESULTS OF OPERATIONS

The following table presents our unaudited quarterly results of operations for the most recent eight quarters. You should read the table in conjunction with the consolidated financial information contained elsewhere in this Offering Circular. Results of operations for any quarter are not necessarily indicative of results for any future quarters or full year.

	Three months ended (Unaudited)							
	30 September 2023	31 December 2023	31 March 2024	30 June 2024	30 September 2024	31 December 2024	31 March 2025	30 June 2025
	(RMB in millions)							
Revenues:								
VAS	75,748	69,079	78,629	78,822	82,695	79,022	92,133	91,368
Marketing Services[(1)]	25,721	29,794	26,506	29,871	29,993	35,004	31,853	35,762
FinTech and Business Services	52,048	54,379	52,302	50,440	53,089	56,125	54,907	55,536
Others	1,108	1,944	2,064	1,984	1,416	2,295	1,129	1,838
Total revenues	**154,625**	**155,196**	**159,501**	**161,117**	**167,193**	**172,446**	**180,022**	**184,504**
Cost of revenues	(78,102)	(77,632)	(75,631)	(75,222)	(78,365)	(81,793)	(79,529)	(79,491)
Gross profit	**76,523**	**77,564**	**83,870**	**85,895**	**88,828**	**90,653**	**100,493**	**105,013**
Selling and marketing expenses	(7,912)	(10,971)	(7,536)	(9,156)	(9,411)	(10,285)	(7,866)	(9,410)
General and administrative expenses	(26,289)	(27,175)	(24,809)	(27,491)	(29,058)	(31,403)	(33,664)	(31,921)
Other gains/(losses), net[(2)]	2,026	1,983	1,031	1,484	2,974	2,513	(1,397)	(3,578)
Operating profit[(2)]	**44,348**	**41,401**	**52,556**	**50,732**	**53,333**	**51,478**	**57,566**	**60,104**
Net gains/(losses) from investments and others[(2)]	618	(6,730)	656	(654)	3,066	1,119	1,407	2,638
Interest income[(2)]	3,509	3,917	4,248	3,850	3,996	3,910	3,748	4,121
Finance costs	(2,784)	(3,543)	(2,826)	(3,112)	(3,531)	(2,512)	(3,860)	(3,941)
Share of profit/(loss) of associates and joint ventures, net	2,098	2,463	2,186	7,718	6,019	9,253	4,581	4,473
Profit before income tax	**47,789**	**37,508**	**56,820**	**58,534**	**62,883**	**63,248**	**63,442**	**67,395**
Income tax expense	(11,008)	(9,658)	(14,169)	(10,168)	(8,900)	(11,781)	(13,717)	(11,351)
Profit for the period	**36,781**	**27,850**	**42,651**	**48,366**	**53,983**	**51,467**	**49,725**	**56,044**

Note:

(1) We have renamed this revenue segment from "Online Advertising" to "Marketing Services" since the third quarter of 2024 to better represent the breadth of the marketing solutions and accompanying technology services across the online marketing properties.

(2) Since the fourth quarter of 2023, we changed the presentation of the consolidated income statement during the three months ended 31 December 2023. Certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated accordingly.

We experienced growth in our quarterly revenues for the eight quarters in the period from 30 September 2023 to 30 June 2025.

LIQUIDITY AND CAPITAL RESOURCES

On a consolidated basis, we currently fund our operations primarily with cash flows from operating activities. Our cash requirements relate primarily to:

- our working capital requirements, such as transaction costs, content costs (excluding amortisation of intangible assets), employee benefits expenses, bandwidth and server custody fees (excluding depreciation of right-of-use assets), selling and marketing expenses, as well as research and development expenses; and

- costs associated with the expansion of our business.

We had cash and cash equivalents of RMB156,739 million, RMB172,320 million and RMB132,519 million and RMB182,057 million (US$25,414 million) as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. Our term deposits and others included in current and non-current assets were RMB162,792 million, RMB231,038 million and RMB282,894 million and RMB286,350 million (US$39,973 million) as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

We bill and collect revenues for our VAS principally through these prepaid channels: mobile payment solutions (mainly Weixin Pay) and online banking. A majority of our revenues from VAS are prepaid, allowing us to minimise our credit risk.

Our accounts receivable were RMB45,467 million, RMB46,606 million and RMB48,203 million and RMB51,315 million (US$7,163 million) as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively, which 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.

Our accounts payable were RMB92,381 million, RMB100,948 million and RMB118,712 million and RMB130,501 million (US$18,217 million) as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. We normally settle the amount due to us according to the terms of our contracts.

Cash flows

The following table sets forth our cash flows information for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025:

	Year ended 31 December			Six months ended 30 June		
	2022	2023	2024	2024	2025	
		(Audited)			(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Net cash flows generated from operating activities	146,091	221,962	258,521	126,458	151,265	21,116
Net cash flows used in investing activities	(104,871)	(125,161)	(122,187)	(45,449)	(72,407)	(10,108)
Net cash flows used in financing activities	(59,953)	(82,573)	(176,494)	(99,781)	(30,111)	(4,203)
Net (decrease)/increase in cash and cash equivalents	(18,733)	14,228	(40,160)	(18,772)	48,747	6,805
Cash and cash equivalents at beginning of the year/period	**167,966**	**156,739**	**172,320**	**172,320**	**132,519**	**18,499**
Exchange gains/(losses) on cash and cash equivalents	7,506	1,353	359	(37)	791	110
Cash and cash equivalents at end of the year/period	**156,739**	**172,320**	**132,519**	**153,511**	**182,057**	**25,414**

Cash Flows from Operating Activities

For the six months ended 30 June 2025, we had a net cash inflow from operating activities in the amount of RMB151,265 million (US$21,116 million). Our net cash inflow from operating activities was after deduction of income tax paid of RMB29,006 million.

For the six months ended 30 June 2024, we had a net cash inflow from operating activities in the amount of RMB126,458 million. Our net cash inflow from operating activities was after deduction of income tax paid of RMB30,306 million.

In 2024, we had a net cash inflow from operating activities in the amount of RMB258,521 million. This was primarily a result of cash flows generated from operations before changes in working capital in the amount of RMB282,824 million and changes in working capital in the amount of RMB21,881 million. Our net cash inflow from operating activities was after deduction of income tax paid of RMB46,184 million. The changes in working capital primarily consisted of (i) an increase in deferred revenue of RMB16,533 million, (ii) an increase in accounts payable of RMB10,872 million, (iii) a decrease in prepayments, deposits and other receivables of RMB2,632 million, and (iv) a decrease in inventories of RMB20 million, partially offset by (i) a decrease in other payables and accruals of RMB6,765 million, (ii) an increase in accounts receivable of RMB1,048 million, and (iii) a decrease in other tax liabilities of RMB363 million.

In 2023, we had a net cash inflow from operating activities in the amount of RMB221,962 million. This was primarily a result of cash flows generated from operations before changes in working capital in the amount of RMB237,458 million and changes in working capital in the amount of RMB19,233 million. Our net cash inflow from operating activities was after deduction of income tax paid of RMB34,729 million. The changes in working capital primarily consisted of (i) an increase in accounts payable of RMB8,044 million, (ii) a decrease in prepayments, deposits and other receivables of

RMB5,469 million, (iii) an increase in deferred revenue of RMB3,821 million, (iv) a decrease in inventories of RMB1,882 million, and (v) an increase in other payables and accruals of RMB1,349 million, partially offset by (i) an increase in accounts receivable of RMB1,010 million, and (ii) a decrease in other tax liabilities of RMB322 million.

In 2022, we had a net cash inflow from operating activities in the amount of RMB146,091 million. This was primarily a result of cash flows generated from operations before changes in working capital in the amount of RMB192,232 million and negative changes in working capital in the amount of RMB18,472 million. Our net cash inflow from operating activities was after deduction of income tax paid of RMB27,669 million. The changes in working capital primarily consisted of (i) a decrease in deferred revenue of RMB6,637 million, (ii) a decrease in accounts payable of RMB6,518 million, (iii) an increase in prepayments, deposits and other receivables of RMB5,840 million, (iv) a decrease in other payables and accruals of RMB4,851 million, and (v) an increase in inventories of RMB1,201 million, partially offset by (i) a decrease in accounts receivable of RMB4,336 million and (ii) an increase in other tax liabilities of RMB2,239 million.

Cash Flows from Investing Activities

Net cash used in investing activities for the six months ended 30 June 2025 was RMB72,407 million (US$10,108 million), primarily reflecting the payments for acquisition of financial assets at fair value through profit or loss in the amount of RMB71,170 million, purchase of property, plant and equipment, construction in progress and investment properties in the amount of RMB45,558 million, payments for acquisition of financial assets at fair value through other comprehensive income in the amount of RMB43,023 million and purchase of or prepayment for intangible assets in the amount of RMB11,899 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss in the amount of RMB60,699 million, proceeds from disposal of financial assets at fair value through other comprehensive income in the amount of RMB38,139 million and net receipt flow of term deposits with initial terms of over three months in the amount of RMB8,400 million.

Net cash used in investing activities for the six months ended 30 June 2024 was RMB45,449 million, primarily reflecting net placement flow of term deposits with initial terms of over three months in the amount of RMB35,737 million, the payments for acquisition of financial assets at fair value through profit or loss in the amount of RMB17,224 million, purchase of property, plant and equipment, construction in progress and investment properties in the amount of RMB12,552 million, purchase of or prepayment for intangible assets in the amount of RMB11,846 million and payments for acquisition of financial assets at fair value through other comprehensive income in the amount of RMB3,820 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss in the amount of RMB22,009 million and proceeds from disposal of financial assets at fair value through other comprehensive income in the amount of RMB11,395 million.

Net cash used in investing activities for the year ended 31 December 2024 was RMB122,187 million, primarily reflecting the payments for acquisition of financial assets at fair value through profit or loss in the amount of RMB66,603 million, purchase of property, plant and equipment, construction in progress and investment properties in the amount of RMB62,927 million, net placement flow of term deposits with initial terms of over three months in the amount of RMB52,277 million, purchase of or prepayment for intangible assets in the amount of RMB26,394 million and payments for acquisition of financial assets at fair value through other comprehensive income in the amount of RMB14,022 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss in the amount of RMB69,562 million, proceeds from disposal of financial assets at fair value through other comprehensive income in the amount of RMB25,490 million and interest received in the amount of RMB14,913 million.

Net cash used in investing activities for the year ended 31 December 2023 was RMB125,161 million, primarily reflecting net placement flow of term deposits with initial terms of over three months in the amount of RMB80,706 million, payments for acquisition of financial assets at fair value through profit or loss in the amount of RMB45,614 million, purchase of or prepayments for intangible assets in the amount of RMB26,042 million, purchase of property, plant and equipment, construction in progress and investment properties in the amount of RMB21,008 million and payments for acquisition of financial assets at fair value through other comprehensive income in the amount of RMB8,511 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss in the amount of RMB49,324 million and interest received in the amount of RMB10,349 million.

Net cash used in investing activities for the year ended 31 December 2022 was RMB104,871 million, primarily reflecting the payments for acquisition of financial assets at fair value through profit or loss in the amount of RMB41,181 million, net placement flow of term deposits with initial terms of over three months in the amount of RMB34,847 million, purchase of or prepayments for intangible assets in the amount of RMB27,645 million, purchase of property, plant and equipment, construction in progress and investment properties in the amount of RMB22,679 million, payments for acquisition of financial assets at fair value through other comprehensive income in the amount of RMB12,925 million, payments for business combinations, net of cash acquired in the amount of RMB12,267 million and payments for acquisition of investments in associates in the amount of RMB11,602 million, partially offset by proceeds from disposal of investments in associates in the amount of RMB22,269 million, proceeds from disposal of financial assets at fair value through profit or loss in the amount of RMB20,019 million and interest received in the amount of RMB8,506 million.

Cash Flows from Financing Activities

Net cash used in financing activities for the six months ended 30 June 2025 was RMB30,111 million (US$4,203 million), primarily reflecting repayments of short-term borrowings of RMB66,262 million, repayments of long-term borrowings of RMB48,414 million, dividends paid to the Company's shareholders of RMB37,535 million, payments for repurchase of shares of RMB34,525 million, interest paid of RMB7,003 million and repayments of notes payable of RMB6,456 million, partially offset by proceeds from long-term borrowings of RMB100,230 million and proceeds from short-term borrowings of RMB76,168 million.

Net cash used in financing activities for the six months ended 30 June 2024 was RMB99,781 million, primarily reflecting payments for repurchase of shares of RMB47,715 million, dividends paid to the Company's shareholders of RMB28,859 million, repayments of short-term borrowings of RMB27,228 million, repayments of notes payable of RMB14,213 million, repayments of long-term borrowings of RMB13,522 million and interest paid of RMB6,070 million, partially offset by proceeds from short-term borrowings of RMB31,192 million and proceeds from long-term borrowings of RMB16,684 million.

Net cash used in financing activities for the year ended 31 December 2024 was RMB176,494 million, primarily reflecting payments for repurchase of shares of RMB102,331 million, repayments of long-term borrowings of RMB74,642 million, repayments of short-term borrowings of RMB40,049 million, dividends paid to the Company's shareholders of RMB28,859 million, repayments of notes payable of RMB14,213 million and interest paid of RMB12,417 million, partially offset by proceeds from short-term borrowings of RMB62,563 million and proceeds from long-term borrowings of RMB52,021 million.

Net cash used in financing activities for the year ended 31 December 2023 was RMB82,573 million, primarily reflecting payments for repurchase of shares of RMB43,767 million, repayments of long-term borrowings of RMB34,116 million, dividends paid to the Company's shareholders of RMB20,983 million, interest paid of RMB11,478 million and repayments of notes payable of RMB10,141 million, partially offset by proceeds from long-term borrowings of RMB33,641 million and proceeds from short-term borrowings of RMB29,809 million.

Net cash used in financing activities for the year ended 31 December 2022 was RMB59,953 million, primarily reflecting payments for repurchase of shares of RMB29,307 million, repayments of short-term borrowings of RMB15,378 million, dividends paid to the Company's shareholders of RMB12,952 million, interest paid of RMB9,342 million and repayments of long-term borrowings of RMB8,451 million, partially offset by proceeds from long-term borrowings of RMB22,535 million and proceeds from short-term borrowings of RMB7,701 million.

Capital Expenditure

Our capital expenditures consist of the amount paid for investments in IT infrastructure (including computer equipment, components, and software), data centres, land use rights, office premises and intellectual properties (excluding media content), which amounted to RMB24.4 billion, RMB22.7 billion and RMB72.1 billion and RMB21.1 billion and RMB45.9 billion (US$6.4 billion) for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively.

We believe that our existing cash and cash equivalents, cash flows from operations and term deposits will be sufficient to meet the anticipated cash needs for our operating activities and capital expenditures for at least the next 12 months.

INDEBTEDNESS

Our total borrowings amounted to RMB175,248 million, RMB197,356 million and RMB199,406 million and RMB261,597 million (US$36,518 million) as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

Our total notes payable amounted to RMB159,115 million, RMB151,262 million, RMB139,209 million and RMB132,218 million (US$18,457 million) as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. On 15 July 2015, we completed the issue of the 2035 Notes. The 2035 Notes bear an interest of 4.700% per annum from 15 July 2015, payable semi-annually in arrears on 15 January and 15 July of each year. The 2035 Notes will mature on 15 July 2035. See "*Description of Other Material Indebtedness — 2035 Notes*". On 19 January 2018, we completed the issue of the 2028 Notes. The 2028 Notes bear an interest of 3.595% per annum from 19 January 2018, payable semi-annually in arrears on 19 January and 19 July of each year. The 2028 Notes will mature on 19 January 2028. See "*Description of Other Material Indebtedness — 2028 Notes*". On 19 January 2018, we completed the issue of the 2038 Notes. The 2038 Notes bear an interest of 3.925% per annum from 19 January 2018, payable semi-annually in arrears on 19 January and 19 July of each year. The 2038 Notes will mature on 19 January 2038. See "*Description of Other Material Indebtedness — 2038 Notes*". On 11 April 2019, we completed the issue of the 2026 Notes. The 2026 Notes bear an interest of 3.575% per annum from 11 April 2019, payable semi-annually in arrears on 11 April and 11 October of each year. The 2026 Notes will mature on 11 April 2026. See "*Description of Other Material Indebtedness — 2026 Notes*". On 11 April 2019, we completed the issue of the 2029 Notes. The 2029 Notes bear an interest of 3.975% per annum from 11 April 2019, payable semi-annually in arrears on 11 April and 11 October of each year. The 2029 Notes will mature on 11 April 2029. See "*Description of Other Material Indebtedness — 2029 Notes*". On 11 April 2019, we completed the issue of the 2049 Notes. The 2049 Notes bear an interest of 4.525% per annum from 11 April 2019, payable semi-annually in arrears on 11 April and 11 October of each year. The 2049 Notes will mature on 11 April 2049. See "*Description of Other Material Indebtedness — 2049 Notes*". On 3 June 2020, we completed the issue of the January 2026 Notes. The January 2026 Notes bear an interest of 1.810% per annum from 3 June 2020, payable semi-annually in arrears on 26 January and 26 July of each year.

The January 2026 Notes will mature on 26 January 2026. See "*Description of Other Material Indebtedness — January 2026 Notes*". On 3 June 2020, we completed the issue of the 2030 Notes. The 2030 Notes bear an interest of 2.390% per annum from 3 June 2020, payable semi-annually in arrears on 3 June and 3 December of each year. The 2030 Notes will mature on 3 June 2030. See "*Description of Other Material Indebtedness — 2030 Notes*". On 3 June 2020, we completed the issue of the 2050 Notes. The 2050 Notes bear an interest of 3.240% per annum from 3 June 2020, payable semi-annually in arrears on 3 June and 3 December of each year. The 2050 Notes will mature on 3 June 2050. See "*Description of Other Material Indebtedness — 2050 Notes*". On 3 June 2020, we completed the issue of the 2060 Notes. The 2060 Notes bear an interest of 3.290% per annum from 3 June 2020, payable semi-annually in arrears on 3 June and 3 December of each year. The 2060 Notes will mature on 3 June 2060. See "*Description of Other Material Indebtedness — 2060 Notes*". On 3 September 2020, TME completed the issue of the TME 2025 Notes. The TME 2025 Notes bear an interest of 1.375% per annum from 3 September 2020, payable semi-annually in arrears on 3 March and 3 September of each year. The TME 2025 Notes have been fully repaid on 3 September 2025. See "*Description of Other Material Indebtedness — TME 2025 Notes*". On 3 September 2020, TME completed the issue of the TME 2030 Notes. The TME 2030 Notes bear an interest of 2.000% per annum from 3 September 2020, payable semi-annually in arrears on 3 March and 3 September of each year. The TME 2030 Notes will mature on 3 September 2030. See "*Description of Other Material Indebtedness — TME 2030 Notes*". On 22 April 2021, we completed the issue of the 2031 Notes. The 2031 Notes bear an interest of 2.880% per annum from 22 April 2021, payable semi-annually in arrears on 22 April and 22 October of each year. The 2031 Notes will mature on 22 April 2031. See "*Description of Other Material Indebtedness — 2031 Notes*". On 22 April 2021, we completed the issue of the 2041 Notes. The 2041 Notes bear an interest of 3.680% per annum from 22 April 2021, payable semi-annually in arrears on 22 April and 22 October of each year. The 2041 Notes will mature on 22 April 2041. See "*Description of Other Material Indebtedness — 2041 Notes*". On 22 April 2021, we completed the issue of the 2051 Notes. The 2051 Notes bear an interest of 3.840% per annum from 22 April 2021, payable semi-annually in arrears on 22 April and 22 October of each year. The 2051 Notes will mature on 22 April 2051. See "*Description of Other Material Indebtedness — 2051 Notes*". On 22 April 2021, we completed the issue of the 2061 Notes. The 2061 Notes bear an interest of 3.940% per annum from 22 April 2021, payable semi-annually in arrears on 22 April and 22 October of each year. The 2061 Notes will mature on 22 April 2061. See "*Description of Other Material Indebtedness — 2061 Notes*".

The following table sets forth our debt as at the dates indicated:

	As at 31 December			As at 30 June	
	2022	2023	2024	2025	
		(Audited)		(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Current:					
USD bank borrowings, unsecured[1]	–	18,415	20,487	16,107	2,248
HKD bank borrowings, unsecured[1]	–	–	–	3,465	484
RMB bank borrowings					
- Unsecured[1]	5,981	7,046	28,039	38,905	5,431
- Secured[1]	–	100	–	100	14
Current portion of long-term USD bank borrowings, unsecured[2]	5,572	15,936	4,313	–	–
Current portion of long-term RMB bank borrowings, unsecured[2]	–	15	28	40	6
Current portion of long-term EUR bank borrowings					
- Unsecured[2]	4	4	3	–	–
- Secured[2]	3	4	3	2	–
Current portion of long-term JPY bank borrowings					
- Unsecured[2]	19	16	12	12	2
- Secured[2]	1	1	–	–	–
	11,580	41,537	52,885	58,631	8,185
Non-Current:					
Non-current portion of long-term USD bank borrowings, unsecured[2]	141,090	109,782	92,012	49,394	6,895
Non-current portion of long-term RMB bank borrowings, unsecured[2]	22,514	46,000	48,655	133,425	18,626
Non-current portion of long-term HKD bank borrowings, unsecured[2]	–	–	5,837	11,313	1,579
Non-current portion of long-term JPY bank borrowings					
- Unsecured[2]	45	26	14	10	1
- Secured[2]	3	2	–	–	–
Non-current portion of long-term EUR bank borrowings					
- Unsecured[2]	7	3	–	8,823	1,232
- Secured[2]	9	6	3	1	–
	163,668	155,819	146,521	202,966	28,333
Total borrowings	**175,248**	**197,356**	**199,406**	**261,597**	**36,518**
Current:					
Notes payable[3]	10,446	14,161	8,623	12,880	1,798
Non-current:					
Notes payable[3]	148,669	137,101	130,586	119,338	16,659
Total notes payable	**159,115**	**151,262**	**139,209**	**132,218**	**18,457**
Total	**334,363**	**348,618**	**338,615**	**393,815**	**54,975**

Note:

(1) The aggregate principal amounts of short-term USD, HKD and RMB bank borrowings as at 30 June 2025 were US$2,250 million, HKD3,800 million and RMB39,174 million, respectively. Applicable interest rates are at SOFR + 0.30% ~ 0.40% for USD bank borrowings, HIBOR + 0.15% for HKD bank borrowings and 1.03% ~ 4.00% for RMB bank borrowings per annum.

(2) The aggregate principal amounts of long-term USD, JPY, EUR, HKD and RMB bank borrowings as at 30 June 2025 were US$6,900 million, JPY438 million, EUR1,050 million, HKD12,402 million and RMB133,465 million, respectively. Applicable interest rates are at SOFR + CAS + 0.80% for USD bank borrowings, 0.11% ~ 1.73% and TIBOR + 1.70% for JPY bank borrowings, EURIBOR + 0.70% ~ 0.75% for EUR bank borrowings, HIBOR + 0.25% ~ 0.60% for HKD bank borrowings, 2.52% ~ 3.90% and 1-Year LPR - 0.65% ~ + 0.15% for RMB bank borrowings per annum.

Following the IBOR benchmark reform, all the borrowings the Group held which referenced to USD LIBOR, had been transitioned to SOFR-referenced in July 2023.

The long-term bank borrowings are repayable as follows:

	As at 31 December			As at 30 June	
	2022	2023	2024	2025	
		(Audited)		(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Within 1 year	5,599	15,976	4,359	54	8
Between 1 and 2 years	33,178	41,643	45,784	1,925	269
Between 2 and 5 years	130,487	114,174	95,759	196,089	27,373
Over 5 years	3	2	4,978	4,952	691
Total	**169,267**	**171,795**	**150,880**	**203,020**	**28,341**

(3) On 15 July 2015, we completed the issue of the 2035 Notes in an aggregate principal amount of US$100 million that will mature on 15 July 2035. The 2035 Notes bear an interest of 4.700% per annum from 15 July 2015, payable semi-annually in arrears on 15 January and 15 July of each year. The 2035 Notes were issued at a price of 99.359% of the aggregate principal amount. On 19 January 2018, we completed the issue of the 2028 Notes in an aggregate amount of US$2,500 million that will mature on 19 January 2028. The 2028 Notes bear an interest of 3.595% per annum from 19 January 2018, payable semi-annually in arrears on 19 January and 19 July of each year. The 2028 Notes were issued at a price of 99.975% of the aggregate principal amount. On 19 January 2018, we completed the issue of the 2038 Notes in an aggregate amount of US$1,000 million that will mature on 19 January 2038. The 2038 Notes bear an interest of 3.925% per annum from 19 January 2018, payable semi-annually in arrears on 19 January and 19 July of each year. The 2038 Notes were issued at a price of 99.959% of the aggregate principal amount. On 11 April 2019, we completed the issue of the 2026 Notes in an aggregate amount of US$500 million that will mature on 11 April 2026. The 2026 Notes bear an interest of 3.575% per annum from 11 April 2019, payable semi-annually in arrears on 11 April and 11 October of each year. The 2026 Notes were issued at a price of 99.994% of the aggregate principal amount. On 11 April 2019, we completed the issue of the 2029 Notes in an aggregate amount of US$3,000 million that will mature on 11 April 2029. The 2029 Notes bear an interest of 3.975% per annum from 11 April 2019, payable semi-annually in arrears on 11 April and 11 October of each year. The 2029 Notes were issued at a price of 99.967% of the aggregate principal amount. On 11 April 2019, we completed the issue of the 2049 Notes in an aggregate amount of US$500 million that will mature on 11 April 2049. The 2049 Notes bear an interest of 4.525% per annum from 11 April 2019, payable semi-annually in arrears on 11 April and 11 October of each year. The 2049 Notes were issued at a price of 99.967% of the aggregate principal amount. On 3 June 2020, we completed the issue of the January 2026 Notes in an aggregate amount of US$1,000 million that will mature on 26 January 2026. The January 2026 Notes bear an interest of 1.810% per annum from 3 June 2020, payable semi-annually in arrears on 26 January and 26 July of each year. The January 2026 Notes were issued at a price of 99.988% of the aggregate principal amount. On 3 June 2020, we completed the issue of the 2030 Notes in an aggregate amount of US$2,250 million that will mature on 3 June 2030. The 2030 Notes bear an interest of 2.390% per annum from 3 June 2020, payable semi-annually in arrears on 3 June and 3 December of each year. The 2030 Notes were issued at a price of 99.973% of the aggregate principal amount. On 3 June 2020, we completed the issue of the 2050 Notes in an aggregate amount of US$2,000 million that will mature on 3 June 2050. The 2050 Notes bear an interest of 3.240% per annum from 3 June 2020, payable semi-annually in arrears on 3 June and 3 December of each year. The 2050 Notes were issued at a price of 99.943% of the aggregate principal amount. On 3 June 2020, we completed the issue of the 2060 Notes in an aggregate amount of US$750 million that will mature on 3 June 2060. The 2060 Notes bear an interest of 3.290% per annum from 3 June 2020, payable semi-annually in arrears on 3 June and 3 December of each year. The 2060 Notes were issued at a price of 99.934% of the aggregate principal amount. On 3 September 2020, TME completed the issue of the TME 2025 Notes in an aggregate amount of US$300 million that have been fully repaid on 3 September 2025. The TME 2025 Notes bear an interest of 1.375% per annum from 3 September 2020, payable semi-annually in arrears on 3 March and 3 September of each year. The TME 2025 Notes

were issued at a price of 99.928% of the aggregate principal amount. On 3 September 2020, TME completed the issue of the TME 2030 Notes in an aggregate amount of US$500 million that will mature on 3 September 2030. The TME 2030 Notes bear an interest of 2.000% per annum from 3 September 2020, payable semi-annually in arrears on 3 March and 3 September of each year. The TME 2030 Notes were issued at a price of 99.595% of the aggregate principal amount. On 22 April 2021, we completed the issue of the 2031 Notes in an aggregate principal amount of US$500 million that will mature on 22 April 2031. The 2031 Notes bear an interest of 2.880% per annum from 22 April 2021 payable semi-annually in arrears on 22 April and 22 October of each year. The 2031 Notes were issued at a price of 99.991% of the aggregate principal amount. On 22 April 2021, we completed the issue of the 2041 Notes in an aggregate principal amount of US$900 million that will mature on 22 April 2041. The 2041 Notes bear an interest of 3.680% per annum from 22 April 2021, payable semi-annually in arrears on 22 April and 22 October of each year. The 2041 Notes were issued at a price of 99.972% of the aggregate principal amount. On 22 April 2021, we completed the issue of the 2051 Notes in an aggregate principal amount of US$1,750 million that will mature on 22 April 2051. The 2051 Notes bear an interest of 3.840% per annum from 22 April 2021, payable semi-annually in arrears on 22 April and 22 October of each year. The 2051 Notes were issued at a price of 99.965% of the aggregate principal amount. On 22 April 2021, we completed the issue of the 2061 Notes in an aggregate principal amount of US$1,000 million that will mature on 22 April 2061. The 2061 Notes bear an interest of 3.940% per annum from 22 April 2021, payable semi-annually in arrears on 22 April and 22 October of each year. The 2061 Notes were issued at a price of 99.960% of the aggregate principal amount.

CONTRACTUAL OBLIGATIONS

Capital Commitments

The following table sets forth our capital commitments as at the dates indicated:

	As at 31 December			As at 30 June	
	2022	2023	2024	2025	
		(Audited)		(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Contracted:					
Construction/purchase of buildings and purchase of land use rights	4,821	4,480	2,937	2,563	358
Capital investment in investees	12,623	9,685	9,298	8,820	1,231
Purchase of other capital assets	158	3,444	2,470	3,069	428
Total	**17,602**	**17,609**	**14,705**	**14,452**	**2,017**

Other Commitments

Our commitments under agreements mainly for bandwidth, online game licensing, media content and other technical services, which were contracted but not provided in the consolidated financial statements, are as follows:

	As at 31 December			As at 30 June	
	2022	2023	2024	2025	
		(Audited)		(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US$ in millions)
Contracted:					
Not later than one year	13,037	11,404	11,799	15,459	2,158
Later than one year and not later than five years	14,124	12,801	13,612	13,022	1,818
Later than five years	5,427	5,103	5,659	5,447	760
Total	**32,588**	**29,308**	**31,070**	**33,928**	**4,736**

Off-balance sheet commitments and arrangements

TME has proposed to acquire one of our existing investee companies accounted for as FVPL, which is one of the leading online audio platforms in China. Upon closing of the transaction, this investee company will become a wholly-owned subsidiary of us. Our aggregate consideration for the acquisition will consist of a combination of cash consideration and certain ordinary shares to be issued by TME. The closing of the transaction is subject to relevant regulatory approvals and certain other closing conditions.

Except for the commitments set forth above, we had no other material off-balance sheet transactions or arrangements as at 30 June 2025.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

Foreign Exchange Risk

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to HKD, USD and EUR. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. The functional currency of us and the majority of our overseas subsidiaries is USD whereas the functional currency of the subsidiaries which operate in the Mainland of China is RMB.

We manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposures.

Price Risk

We are exposed to equity price risk mainly arising from investments held by us that are classified either as FVPL or FVOCI. To manage our price risk arising from the investments, we diversify our investment portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing our liquidity level simultaneously. Each investment is managed by management on a case by case basis.

Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates and we have no significant interest-bearing assets except for loans to investees and investees' shareholders, term deposits with initial terms of over three months, restricted cash and cash and cash equivalents.

Our exposure to changes in interest rates is also attributable to its borrowings and notes payable, representing a substantial portion of our debts. Borrowings and notes payable carried at floating rates expose us to cash flow interest-rate risk whereas those carried at fixed rates expose us to fair value interest-rate risk.

We regularly monitor our interest rate risk to identify if there are any undue exposures to significant interest rate movements and manages our cash flow interest rate risk by using interest rate swaps, whenever considered necessary.

We entered into certain interest rate swap contracts to hedge our exposure arising from borrowings carried at floating rates. Under these interest rate swap contracts, we agreed with the counterparties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. These interest rate swap contracts had the economic effect of converting borrowings from floating rates to fixed rates and were qualified for hedge accounting.

Swaps currently in place covered certain floating-rate borrowings principal outstanding as at 30 June 2025.

Credit Risk

We are exposed to credit risk in relation to our cash, deposits and restricted cash placed with banks and other financial institutions, accounts receivable, other receivables, derivative financial instruments, as well as debt investments measured at amortised cost, at FVOCI and at FVPL. The carrying amount of each class of these financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

The majority of the balances of accounts receivable are due from marketing services customers and agents, FinTech and cloud customers, content production related customers and third party platform providers. To manage the credit risk arising from accounts receivable, we have policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of our counterparties. The credit periods granted to these customers are usually not more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. We have a large number of customers and there is no significant concentration of credit risk.

Other receivables are mainly comprised of loan receivables related to financial services, interest receivables, loans to investees and investees' shareholders, lease deposits and other receivables. Management manages the loans by category, makes periodic assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experience.

For financial assets whose impairment losses are measured using ECL model, we assess whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

— Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial instrument is included in stage 1.

— Stage 2: If the credit risk has increased significantly since its initial recognition but not yet deemed to be credit-impaired, the financial instrument is included in stage 2.

— Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in stage 3.

We consider the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, lifetime or 12-month ECL are provided respectively.

We consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the years. To assess whether there is a significant increase in credit risk, we compare risk of a default occurring on the assets as at year end with the risk of default as at the date of initial recognition. In particular, the following indicators are incorporated:

- internal credit rating;

- external credit rating (as far as available);

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

- actual or expected significant changes in the operating results of the counterparty; and

- significant changes in the expected performance and behavior of the counterparty, including changes in the payment status of the counterparty.

(i) Credit risk of cash and deposits

To manage this risk, we only make transactions with state-owned banks and other financial institutions in the PRC and reputable international banks and other financial institutions outside of the PRC, which are of high credit quality. The ECL is close to zero.

(ii) Credit risk of accounts receivable

We apply the simplified approach to provide for ECL prescribed by IFRS 9, which requires the recognition of the lifetime expected loss provision for all accounts receivable. In view of the sound financial position and collection history of receivables due from these counterparties and insignificant risk of default, to measure the ECL, accounts receivable have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenue over 12 months before 30 June 2025 and the corresponding historical credit losses experienced within this period or probability of a receivable progressing through successive stages of delinquency to write-off. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. We have identified the Gross Domestic Product ("**GDP**") to be the most relevant factor. Various economic scenarios are considered in generating the forward-looking adjustment.

A default on accounts receivable occurs when the counterparty fails to make contractual payments within 90 days after they fall due. To measure the ECL, accounts receivable are grouped on the basis of shared credit risk characteristics, such as industry, with the objective of facilitating recognition of loss allowance on a timely basis. Accounts receivable are written off, in whole or in part, when we have exhausted all practical recovery efforts and have concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with us, and a failure to make contractual payments for a period of greater than three years past due.

Impairment losses on accounts receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same item.

(iii) Credit risk of loan receivables related to financial services

To manage credit risk arising from loan receivables related to financial services, standardised credit management procedures are performed. We measure credit risk using Probability of Default ("**PD**"), Exposure at Default ("**EAD**") and Loss Given Default ("**LGD**"). This is consistent with the general approach used for the purpose of measuring ECL under IFRS 9. ECL is the product of the PD, EAD and LGD.

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition. No significant changes to estimation techniques or assumptions were made during the reporting period.

As at 30 June 2025, the majority of the gross carrying amount of loan receivables was classified in stage 1, and the amounts of loan receivables transferred from stage 1 to stage 2 or stage 3 were immaterial. During the six months ended 30 June 2025, the impairment loss resulting from loan receivables related to financial services was immaterial.

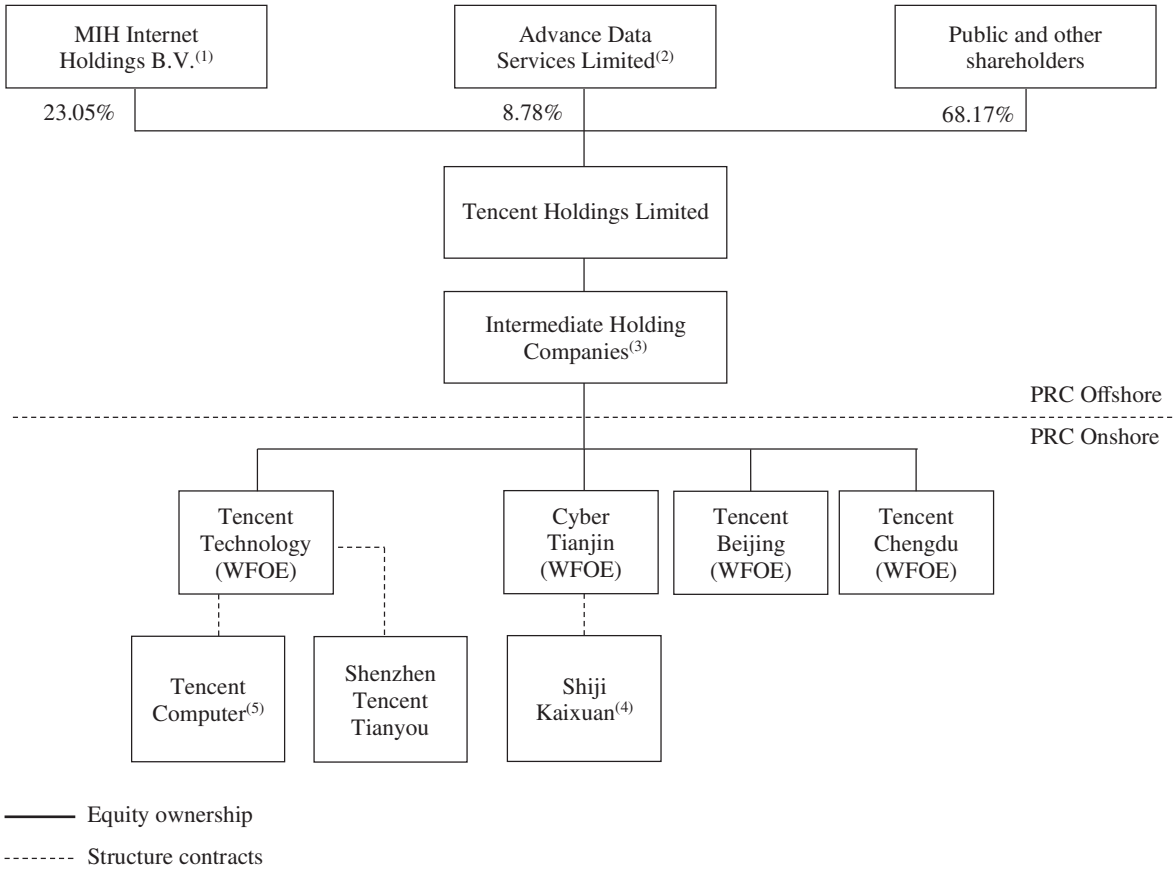
Liquidity Risk

We aim to maintain sufficient cash and cash equivalents, and readily marketable securities which are classified as FVPL. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate balances of such.

OUR CORPORATE STRUCTURE

We were incorporated in the British Virgin Islands on 23 November 1999 as an international business company with limited liability. We redomiciled to the Cayman Islands on 27 February 2004 and continued as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands.

The following diagram illustrates our principal corporate and share ownership structure as at 30 June 2025.



Note:

(1) MIH Internet Holdings B.V. is controlled by Naspers Limited through its non wholly-owned subsidiary, Prosus N.V.

(2) Advance Data Services Limited held 709,859,700 shares directly and 95,000,000 shares indirectly through its wholly-owned subsidiary, Ma Huateng Global Foundation. Advance Data Services Limited is wholly-owned by Mr Ma Huateng.

(3) Intermediate Holding Companies include various Group companies established for the purpose of holding interests in various WFOEs as well as other investments of the Group.

(4) The shareholders are Mr Ma Huateng, Mr Zhang Zhidong, Mr Xu Chenye and Mr Chen Yidan.

(5) The shareholders are Mr Ma Huateng, Mr Zhang Zhidong, Mr Xu Chenye and Mr Chen Yidan.

We primarily conduct our Chinese operations through our WFOEs, including *Tencent Technology*, *Cyber Tianjin*, *Tencent Beijing* and *Tencent Chengdu*. The Company holds its interests in the WFOEs through certain intermediate holding companies wholly-owned by the Company. Our WFOEs employ a substantial portion of our staff, develop the principal software (other than software acquired from third-party providers) for our operations and hold our principal intellectual property rights.

STRUCTURE CONTRACTS

PRC regulations currently restrict foreign ownership of companies that provide value-added telecommunications services in China. See also "*General Regulation on Internet and Telecommunications Industries*". As foreign-invested enterprises, our WFOEs do not have licences to provide Internet content or information services and other value-added telecommunications services. Accordingly, we conduct Internet businesses, our value-added telecommunications businesses and other related businesses mainly through *Tencent Computer, Shiji Kaixuan and Shenzhen Tencent Tianyou* by themselves or through their subsidiaries, under a series of contractual agreements (collectively, the "**Structure Contracts**") entered into among certain of our WFOEs, consolidated affiliated entities and shareholders of our consolidated affiliated entities. *Tencent Computer* is licenced to provide Internet information services, value-added telecommunications services and other related services and operate those services. The shareholders of *Tencent Computer* are Mr Ma Huateng, Mr Zhang Zhidong, Mr Xu Chenye and Mr Chen Yidan.

As a result of the Structure Contracts, the Group is able to effectively control, and recognise and receive substantially all the economic benefit of the business and operations of, our consolidated affiliated entities. In summary, the Structure Contracts provide the Company through the WFOEs with, among other things:

(a) the right to receive the cash received by the consolidated affiliated entities from their operations which is surplus to their requirements, having regard to their forecast working capital needs, capital expenditure and other short-term anticipated expenditure through various commercial arrangements;

(b) the right to ensure that the WFOEs own the valuable assets of the business through the assignment to the WFOEs of the principal present and future intellectual property rights of the consolidated affiliated entities without making any payment; and

(c) the right to control the management and financial and operating policies of the consolidated affiliated entities.

The Structure Contracts establish a cooperation committee (the "**Co-operation Committee**") for each of the consolidated affiliated entities to oversee its business and operations. The Co-operation Committees advise, supervise and effectively control the businesses of the consolidated affiliated entities. Through the Co-operation Committees, the WFOEs advise, supervise and effectively control the business of the consolidated affiliated entities. Under the Structure Contracts, the Co-operation Committees will adopt an internal governance mechanism for payments, expenditure and expenditure-related contracts. Our approval matrix is required to be consistent throughout the Group and can be amended only by the Directors of the Company, and any such amendment applies to all members of the Group.

The Structure Contracts also effectively transfer from the consolidated affiliated entities to the WFOEs all of the cash that is surplus to the requirements of the consolidated affiliated entities, primarily in the form of fees paid for the WFOE's provision of certain technology and information services to the consolidated affiliated entities under the applicable Structure Contracts between the WFOEs and the consolidated affiliated entities. The Co-operation Committee determines and adjusts periodically the fees to be paid by the consolidated affiliated entities to the WFOEs to ensure that all such surplus cash of the consolidated affiliated entities is transferred to the WFOEs.

These arrangements, taken as a whole, permit the results and financial condition of the consolidated affiliated entities to be consolidated with the Company as if they were subsidiaries of the Company and that the economic benefit of their businesses flows to the Company and the WFOEs.

Our PRC legal counsel, Han Kun Law Offices, is of the opinion that the Structure Contracts setting forth our contractual arrangements among *Tencent Technology*, *Tencent Computer* and shareholders of *Tencent Computer* who are Chinese individuals have been duly authorised, executed and delivered by the applicable Chinese companies and Chinese individuals who are parties thereto and that each of the Structure Contracts (i) constitutes a legal, valid and binding obligation of the Chinese companies and Chinese individuals who are parties thereto and is enforceable against such parties in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and (ii) is in compliance with, and does not violate any applicable existing requirements of, PRC Laws. In providing their opinion our counsel has noted that there are ongoing uncertainties and risks in this area as further described under "*Risk Factors — Risks Related to our Corporate Structure*" and "*General Regulation on Internet and Telecommunications Industries*".

OUR MISSION AND VISION

Our mission and vision is "Value for Users, Tech for Good", guided by our values of "Integrity, Proactivity, Collaboration and Creativity". Throughout our history, users are at the heart of everything we do. We are committed to investing in our content platforms and technology infrastructure, and expect AI to become a growth multiplier that enables us to better serve our users, customers and society at large.

OVERVIEW

We are a leading technology company offering a broad range of services, including communications and social networks, games, digital content, marketing services, FinTech and business services for our users, enterprises and merchants. We develop and deliver highly popular products and services to enhance the quality of life and improve connectivity for users, and to maximise business opportunities for enterprises and merchants through digital transformation. Our comprehensive product offerings, advanced technologies and robust infrastructure form a hub that fulfills living needs of users, as well as growing business needs of enterprises and merchants, covering a massive spectrum of online and offline scenarios.

We operate the largest communications and social community in China in terms of user base through *Weixin and QQ*. *Weixin* and *WeChat* had a combined MAU of 1,411 million, and *QQ* had a mobile device MAU of 532 million as at 30 June 2025. Over the years, we supplement instant messaging with open platforms, and have established a diversified and thriving digital ecosystem. The open platforms extend connectivity with external content and services, where users can fulfill not only their social networking needs, but also their lifestyle pursuits.

We fulfill users' perpetual need to connect with other users, such as friends, family members and business associates, through communicating, sharing and interacting in our ecosystem. Users chat via instant messaging, post in *Moments*, discover via *Weixin Search*, read news and information from *Official Accounts*, entertain through *Video Accounts* and transact in *Mini Shops*. *Video Accounts* complement our other social networking services with short videos and live streaming, as users can watch videos and easily share them in *Moments* and chats. *Mini Shops* are our platform for indexed and standardised merchandise, where merchants can operate storefronts similar to those in eCommerce marketplaces, while leveraging *Weixin* social interactions, content services and payment capabilities.

Enterprises, merchants, advertisers and content providers benefit from the massive traffic and digital transformation brought by our digital ecosystem, which better fulfill their business needs and enhance conversion and efficiency. Services such as *Weixin Pay*, *Mini Programs*, *Video Accounts* and *Mini Shops* are becoming increasingly interconnected, and serve as central hubs of mobile connectivity among users, enterprises and content providers, enhancing overall user engagement and usage frequency. *Mini Programs*, a light feature embedded in *Weixin*, enable a simple and innovative way to connect content and service providers online and offline with users, and to convert user interactions into transactions and repeat sales. The close connection of *Video Accounts* with other *Weixin* functions links public and private domains, allowing content providers and merchants to increase user reach and drive transactions. Our services within *Weixin* ecosystem is further enriched via the integration of AI, allowing us to continue to provide best user experience.

As a cross-platform instant messaging platform, *QQ* offers a wide range of features including communications, interest-based communities, content, and social network, catering to users across different generations. *QQ* empowers users to express themselves freely, discover and engage with interest groups, utilise productivity tools such as file management and photo albums. With *QQ*, users can enjoy diverse social experiences online.

We provide leading digital content services leveraging our rich portfolio of high-quality IPs. We create appealing content based on these IPs to attract paying users, extending our IP value across various formats, such as music, video, literature, anime and games. We offer premium music content through *TME*, with 553 million online music average mobile MAU and 124 million by online music paying users during the second quarter of 2025. We are the leader in the long-form video industry, with 114 million video paying users for the second quarter of 2025. We operate *China Literature*, a leading online literature and IP incubation platform in China, with over 200 genres, as well as approximately 330,000 writers and 650,000 literary works added in 2024.

We believe we are the largest game developer and publisher globally by revenues in 2024. We have a strong and expanding portfolio, led by our 14 evergreen games with various vintages and continuously nurture popular new games with evergreen potential. Over the years, we have achieved success across a wide variety of genres, both in domestic and international markets, and across mobile, PC, and console platforms. In China, we operated seven out of the top 10 domestic mobile games by average quarterly DAU in the second quarter of 2025, according to QuestMobile. In international markets, we operated 4 out of Top 10 international mobile games by average quarterly DAU in the second quarter of 2025, according to Sensor Tower. We have strengthened our global leadership through self-developed titles and collaboration with IP partners and investee companies. In addition to our leadership in gameplay-focused games, including battle arena and action games, we have also achieved initial success in content-driven and narrative games.

Our massive and engaged user base as well as advanced technology make us the preferred choice for advertisers. We leverage our advertising platform which is powered by foundation models, and offer generative AI-empowered tools for advertisers. These tools enable the creation of advertisements, streamline the ad approval process, enhance recommendation algorithms and facilitate performance analysis, ultimately boosting ROI for advertisers. We offer marketing solutions across our digital ecosystem and content platforms, and provide unified access to our own and third-party marketing inventories through mobile marketing network. The significant traffic across our various properties offers ample opportunities for marketing services.

We have spent many years establishing a solid base for FinTech services through our widely used payment platform. We facilitate users' basic payment needs, such as transaction and utility payments, red packets, money transfers with friends and bill sharing. Building on top of our payment services, we offer additional value-added FinTech services, including wealth management, consumer loans and insurance via deepened cooperations with licensed financial institutions, maintaining an unwavering focus on risk management.

Our robust technology and infrastructure lay a solid foundation for our business services. We offer high-performance computing services that power our enterprise customers, serving over 2 million customers across more than 55 markets and regions. We have been accelerating AI integration into our cloud business across IaaS, PaaS and SaaS solutions. Through our IaaS solutions, enterprise customers can achieve high performance AI training and inference capabilities at scale, while developers can access and deploy mainstream foundation models. Our PaaS platform provides powerful solutions, enabling enterprise customers to customise AI assistants using their own proprietary data and developers to generate mini programs and mobile applications through natural language prompts. We ranked second by PaaS revenue in the first quarter of 2025, according to IDC. Our SaaS products, such as *WeCom*, *Tencent Meeting* and *Tencent Docs*, have achieved strong user and revenue growth and deepened penetration into key verticals. *WeCom*, the enterprise version of *Weixin*, has become an integral communications tool for remote workplaces, serving over 14 million enterprises as at August 2025. *WeCom* and *Tencent Meeting* combined, we ranked first in productivity office software applications by total user time spent in the first half of 2025, according to QuestMobile.

Our self-developed *HunYuan* foundation model enables us to develop end-to-end foundation model capabilities in terms of infrastructure, algorithm, training, alignment, and data management, and also to tailor solutions for the different needs of internal and external use cases. This is expected to become a key amplifier for our future growth across multiple businesses by enabling enterprises, merchants and advertisers to better connect with our users, and facilitating the digital upgrade of the economy.

We strive to harness our technology, connectivity and platform to create sustainable social value, and have made significant progress integrating sustainability into our strategy, development of products and services, and daily operations. For more details of our ESG initiatives, please see "*Environmental, Social and Governance ("ESG") Initiatives*".

OUR STRENGTHS

We believe that the following strengths contribute to our success and differentiate us from our competitors:

Vibrant Digital Ecosystem Based on Fundamental Communication and Social Needs

We have built an integrated and vibrant digital ecosystem with social communications at its core to fulfill the expanding needs of our users and enterprise partners. We operate the largest communications and social community in China in terms of user base, with 1,411 million combined MAU of *Weixin* and *WeChat*.

Our flagship product, *Weixin*, satisfy the most fundamental communications and social needs of users. Messaging fulfills the perpetual social networking needs among friends, family and colleagues, and *Weixin*'s MAU and total time spent increased in 2024. Building upon *Weixin*'s core functionality, our thriving *Weixin* ecosystem is expanding rapidly through an open platform, which seamlessly connects users with products, services and content via *Video Accounts*, *Mini Programs*, *Mini Shops*, *Official Accounts* and *Weixin Search*. We pioneered and proliferated these programs, which complement our native mobile applications, and materially enhance our user experience, enterprise relationships, and the development of our marketing, payment and business services.

Our thriving ecosystem continuously enhances value for users, merchants and advertisers, and content providers:

— **Users**: Users can interact and share via messaging and group chats, discover their desired content and services in *Moments*, *Weixin Search* and *Official Accounts*, upload videos to *Video Accounts* and share with other users, as well as enjoy products and services via *Mini Programs*. In June 2025, *Weixin* accounted for approximately 21% of mobile user time spent in China, with a consistent time share leadership among all mobile apps, according to QuestMobile.

— **Merchants and advertisers**: The seamless connections of our merchants and advertisers with users increase their operational efficiency, conversion rates and revenue opportunities. *Video Accounts, Mini Programs* and *Mini Shops* empower merchants and advertisers to effectively target a broader audience, increase user engagement and usage frequency, therefore converting user interactions into transactions and repeat sales. These platforms not only lower entry barriers and launch costs for developers and merchants, but also connect them with the broader non-app users within our digital ecosystem. *Mini Programs*' light and easy-to-access nature suits industries that require online-offline integration, and also provides a unique platform for complex apps to offer select popular functions, and for low-frequency services to increase exposure. Total GMV facilitated by Mini Programs exceeded RMB8 trillion in 2024 and have achieved further growth in 2025.

— **Content providers**: Content providers also benefit from the close interactions with users and massive traffic, which help them expand audience reach and nurture the creation of high-quality content. We provide more targeted traffic support for creators in key categories, such as knowledge-based content, lifestyle and music, and have enhanced recommendation algorithms to prioritise original content. As a result, daily video uploads and the number of creators with over 10,000 followers grew rapidly in 2024 for *Video Accounts*. We also enriched our content offering in *Mini Programs* with increasingly popular *Mini Games* and *Mini Dramas*.

We have deeply integrated marketing, payment and business services within our digital ecosystem platform. Through *Weixin Pay*, we enable users and merchants to settle transactions across our ecosystem. Seamless integration with *Weixin*, *Tencent Meeting* and *Tencent Docs* enables *WeCom* to become a core platform with enhanced collaboration and productivity.

We continue to introduce AI features within *Weixin* to enhance communication efficiency and content discovery for our users and as a result, this strengthens our value propositions to the merchants, advertisers and content providers on our platforms.

Effective Marketing Services With Improving ROI Driven by Ad Tech, User Engagement and Transaction Ecosystem

We have been powering our advertising technology platform with foundation model and generative AI capabilities which allow for a deeper understanding of merchandise and user interests, enabling better ad targeting and click-through rates and ultimately providing more value to advertisers.

Robust advertiser demand for *Video Accounts* has been a key driver behind the strong growth of our marketing services. *Video Accounts* have become an attractive platform for advertisers due to their growing popularity among users. With features like short-form video, live-streaming, and user-generated content, *Video Accounts* appeal to a wide range of advertisers, from large-scale consumer brands to small and medium-sized enterprises, who can utilise our marketing tools to enhance content exposure, promote live streams and drive sales conversion.

We have been enhancing the transaction ecosystem within *Weixin*, which has contributed to the growth of closed-loop advertising. We direct large amount of traffic from various touchpoints such as *Weixin Search*, *Moments* and *Video Accounts*, to advertisers' respective *Official Account, Mini Programs* and *Mini Shops*. Users can explore products and services by going through product catalogs or watching live-streamings, complete the purchases through *Weixin Pay* and manage after-sales services, all within the *Weixin* Ecosystem. This closed-loop model reduces the friction between ad exposure and purchase conversion, making it more appealing to advertisers, as they can track the entire customer journey more effectively from ad impression to conversion and optimise their marketing strategies accordingly.

Leading Global Game Platform With an Expanding Evergreen Games Portfolio and Growing Overseas Presence

Throughout our over 20-year journey with games, we have accumulated top-notch industry know-how, user insights, production and distribution capabilities. These strengths enable us to develop and operate many evergreen games across various genres, such as battle arena and action, and on mobile, PC and console platforms. In 2024, we expanded our evergreen games portfolio to 14 titles, up from 12 in 2023, while nurturing new games with evergreen potential. In recent years, we have solidified our leadership in our evergreen gameplay-focused games, launched several major new titles, achieved success in content-driven and casual games and further expanded our leadership in international markets.

In China, we have achieved success with our evergreen games with various vintages and further strengthened our leadership via new games with evergreen potential. We define evergreen games as those that surpass average quarterly DAU of 5 million for mobile or 2 million for PC and generate RMB4 billion annual gross receipts. Our flagship evergreen games *Honour of Kings* and *Peacekeeper Elite* have been in operation since 2015 and 2019, respectively, and remain highly popular and continue to achieve solid growth today. *Honour of Kings*, *Peacekeeper Elite* and *Fight of the Golden Spatula* ranked among the top five games by DAU in the second quarter of 2025, according to QuestMobile.

We have extended our market leadership to international games markets. Our international games business has become an increasingly large contributor to revenue, contributing to 32% of games revenues in the second quarter of 2025. We grew our international business through in-house studios

and collaborations with external partners via strategic investments and partnerships, and have achieved widespread popularity. In the second quarter of 2025, *Brawl Stars* was a top five mobile game by average quarterly DAU in international markets, according to Sensor Tower.

We continue to launch new games with evergreen potential, such as *Delta Force*, our first in-house developed multi-platform first-person shooter, ranked among the top five games in by DAU in China in July 2025, according to QuestMobile, demonstrating strong enduring potential.

We also leveraged AI in games to accelerate content production speed and scale, optimise the matching experience by enabling virtual teammates and providing more human-like interactions, and enhance marketing for player acquisition and engagement, thereby empowering our evergreen games strategy.

Digital Content Powerhouse With Significant Monetisation Potential Arising From Self-Owned IPs

We are the leading player in the entire digital content value chain, from IP, production to distribution. We possess a rich, high-quality, differentiated IP and content library that spans across multiple formats, including video, music, audio, literature and comics. With our industry-leading production and distribution capabilities, we can develop these into highly popular digital content works, and then distribute to our massive user base. Our online literature, comics, music and game platforms nurture high quality IPs, while our studios including New Classics Media create and convert into premium video content. Our self-owned IPs pave way for monetisation potential.

By driving synergies across our digital content services, we have significantly enhanced the value of our IP portfolio. We ranked No. 1 by paid subscription across music, video and literature, as at the second quarter of 2025, with these subscription revenues recurring in nature. *TME* is the largest online music entertainment platform in China in terms of online music paying users during the second quarter of 2025. *Tencent Video* ranked first in long-form video by paid subscription for the second quarter of 2025. *China Literature* is the leading online literature and IP incubation platform in China.

We also leverage AI to improve productivity, boost content discovery and enhance content recommendation algorithms, and offer personalised experiences. These initiatives enable us to better unlock the potential of our content platforms.

Solid and Expanding FinTech Platform With Prudent Risk Management

We have spent many years building our ubiquitous payment services, which set a solid foundation for our other FinTech services, with strict adherence to regulatory requirements and careful risk management. Product upgrades have propelled our success in payment services. Over the years, we have launched a series of upgrades and deeply integrated payment services with our ecosystem, fulfilling both the lifestyle needs of users and the business needs of enterprises and merchants. We introduced Weixin Palm Pay in 2023, and expanded beyond mainland China with a launch in Macau in September 2024. We have strengthened our payment ecosystem by improving user security, refining *Mini Programs*-based transaction tools and enhancing cross-border payment experience. Daily average number of commercial payment transactions on *Weixin Pay* exceeds 1 billion since the fourth quarter of 2019. Our payment business has structurally benefitted from synergies with *Mini Programs,* which provide online and offline solutions for merchants to reduce transaction friction and drive repeat sales.

Leveraging our robust payment platform, we facilitate the distribution of wealth management as well as consumer loan products and services in collaboration with licensed financial institutions. We have achieved a strong growth in aggregated customer assets, driven by an increase in users and average fund investment per user. As we prudently expanding our FinTech business beyond payment, risk management continues to be our core strength and focus.

High Quality Revenue Growth Model Powers Sustainable Value Creation

Over the years, we have established a diversified and resilient revenue model encompassing both consumer and enterprise-facing businesses. This approach allows us to maintain resilience amidst economic cycles and capture opportunities during growth periods. We started with consumer-facing businesses, such as social networks, games and digital content, and expanded into enterprise-facing services, such as marketing services, FinTech, cloud and other business services. Our growing international presence, driven by our games and cloud businesses, provides an additional healthy stream of revenue from outside China.

We have consistently generated healthy cash flows from our operations and maintained positive operating cash flows since 2001, even through various economic cycles. A significant majority of our revenues are derived from micro-transactions or subscription revenues generated by our massive user base, which are recurring in nature. Consequently, our business is generally less affected by economic slowdowns and macro or industry headwinds. Since our first bond issuance in 2011, we have achieved 23 times revenue growth and 20 times Adjusted EBITDA growth by 2024, compared with 2011.

We strategically focus on high-quality growth, translating solid revenue growth into faster gross and operating profit growth by achieving positive revenue mix shift and delivering greater operating leverage. In the last twelve months ended 30 June 2025, year-over-year growth in revenue, gross profit and Adjusted EBITDA reached 12%, 19% and 18%, respectively.

We bill and collect a significant amount of our revenues on a prepaid basis, which minimises our working capital needs and results in a high cash flow conversion ratio. In addition, our business model demonstrates significant operational scalability and requires low capital expenditures. For the last twelve months ended 30 June 2025, our operating cash flow increased 15% year-over-year to RMB283.3 billion.

Solid Balance Sheet With Prudent Capital Management

We adopt a prudent balance sheet management strategy, and have maintained a strong and stable liquidity position alongside a significant investment portfolio. As at 30 June 2025, our cash and cash equivalents and term deposits and others in total amounted to RMB468.4 billion. The fair value of our shareholdings in listed investee companies (excluding subsidiaries) amounted to RMB714.3 billion as at 30 June 2025, while the carrying book value of our shareholdings in unlisted investee companies (excluding subsidiaries) amounted to RMB342.3 billion as at 30 June 2025. In recent years, we have also diversified our debt funding mix with a broader spectrum of borrowing maturity mix and a diverse set of lending and relationship banks. For the last twelve months ended 30 June 2025, total debt/Adjusted EBITDA was 1.3x, Adjusted EBITDA/interest and related expense was 22.8x, and total debt/total capitalisation was 24.7%.

Stable Management Team With Proven Execution Track Record

We have a stable and seasoned senior management team with extensive operating experience in the Internet and technology industries, coupled with strong capabilities in developing and executing innovative business strategies. In addition to our core founders, we have recruited senior management talent from leading global firms. We also have competitive training and career development plans in place to continuously build our teams. The collective experience of our management team combines local and international expertise, industry knowledge and complementary skill sets, which have led us to become a leading technology company. We believe our committed and experienced management team will continue to drive our success by creating value for users, enterprises and society.

OUR STRATEGIES

We have strategically shifted our focus into a "High Quality Revenue Growth Model" to support our continued economic value creation. Under this model, we aim to translate solid revenue growth into faster gross and operating profit growth by achieving positive revenue mix shift and delivering greater operating leverage. We remain focused to drive high quality revenue streams such as the *Video Accounts* ads, the search ads, *Mini Games*, value-added FinTech services, the eCommerce technology services fees, and our own games, which continue to grow faster than our overall revenue and contribute substantially higher margins than our blended margin. This approach provides us the capacity to reinvest this leverage for the exciting AI opportunity. Our investment in AI is both a growth multiplier for our existing businesses and a new growth driver. We aim to implement the following strategies:

Enrich our Ecosystem Through Better User Engagement and Strengthening Transaction Capabilities

We believe that the depth of user engagement within our vast online communities is one of our key competitive advantages. Our goal is to further increase user engagement by enhancing their experience and connecting them to our broadening online and offline products and services. We will continuously enhance functionalities and enrich high-quality content across our various digital content platforms, including games, music, video, etc., in collaboration with third-party developers, merchants and content providers, and further integrate them to our ecosystem to enhance the holistic and differentiated social experience for our users.

We will continue to boost user engagement through *Video Accounts* by refining recommendation algorithms and providing more original and local content. Additionally, we will focus on emerging popular content such as *Mini Games* and *Mini Drama*, to further enrich our platform's offerings.

We will continue to drive transactions within our *Weixin* ecosystem. We aim to provide more support for *Mini Shops* merchants to enrich product listings on our platforms and add features to stimulate new and repeat transactions. We will also offer more monetisation support for *Video Accounts* creators, such as facilitating merchandise sales through live streaming and matching creators with brands for marketing campaigns. As a result, we aim to ramp up monetisation in higher-margin businesses such as *Video Accounts* marketing services and eCommerce technology services.

Moreover, there is still tremendous room to expand *Weixin* use case and consumption scenarios to increase utility values for users, merchants, advertisers and content providers. We are well positioned to capture business opportunities arising from the structural shift from offline to online through business and industry digitalisation. With our rich experience in empowering the digital transformation of many enterprises, we will continue to build up our vibrant ecosystem and connect users to a wide variety of online and offline content and services.

Upgrade AI Capabilities To Fuel Growth for Existing Businesses and Capture New Opportunities

We will continue to invest in our proprietary *HunYuan* Foundation Model, which enables us to develop end-to-end foundation model capabilities in terms of infrastructure, algorithm, training, alignment and data management, while fulfilling customised internal and external needs.

We adopt a multi-model strategy and seek to provide best user experience leveraging all available models. At application level, we will continue to strengthen *Yuanbao*, our AI-native application and enrich AI features within our Weixin ecosystem.

We plan to accelerate AI integration into enterprise-facing services. We will remain focused on strengthening our IaaS solutions, and enable enterprise customers to achieve high performance AI training and inference capabilities at scale. For PaaS, we will continue to provide powerful solutions supporting enterprise customers and developers. Furthermore, we will focus on enhancing our AI-powered tools to expand and upgrade our SaaS products, enabling more AI functions to enhance user productivity.

For our existing businesses, we will leverage AI to boost ad targeting and ad content creation, as well as to enhance entertainment content production and experience. For marketing services, we have been enhancing our ad tech platform with AI technologies, including recent addition of LLM capabilities and scaled-up foundation model. For entertainment content, we are integrating LLM capabilities into our high production value games, as well as improving productivity in music and video content creation and discovery.

Our AI investments have started to generate revenue, such as increased marketing services revenue driven by improved ad recommendations, games revenue boosted by AI usage in evergreen games, and cloud revenue enhanced by the deployment of GPUs and AI across our computing infrastructure. We will continue to step up AI development to meet our business needs, train foundation models, and support surging demand for inference from our users. We sharpened our focus on both fast product innovation and deep model research, matching our stepped up execution momentum and decision making velocity. We will continue to invest in our own models and accelerate the development of AI applications across our business groups. Additionally, we are investing in marketing to build user awareness and promote the adoption of AI native products. We believe these investments will yield good economic returns over time.

Leverage Our Technology Expertise and Operational Know-How To Expand Game and Cloud Business Internationally

Global expansion has been an important growth engine for us, and is integral to our long-term growth strategy. By leveraging our industry expertise, domestic operational excellence and strategic investments, we have achieved initial success in international expansion. Going forward, we plan to selectively assess and expand our overseas presence in order to capture additional growth opportunities.

We seek to maintain existing partnerships and establish new ones with leading global game companies. We target to release more evergreen games in international markets, utilising our strong in-house game development capabilities, expertise in operating large-scale games and events, as well as our global publishing and operation experience.

Cloud business also plays a pivotal role in our international expansion strategy. By leveraging Tencent Cloud's technological capabilities in cloud computing, big data and AI, we will continue to establish a vast infrastructure network globally and offer reliable services to a wide range of enterprise customers worldwide.

BUSINESS OPERATIONS

Communications and Social Networks

We develop and provide a wide range of easy-to-use instant messaging and social networks, which primarily consist of *Weixin* and QQ. Through *Weixin* and *QQ*, we operate the largest communication and social community in China in terms of user base. The basic features of our social network services are generally provided for free. We generate revenues from membership privileges and subscriptions of a diverse and comprehensive range of digital content services such as literature, video and music,

as well as from virtual item sales. We primarily offer item-based sales and subscriptions for premium services and products. We intend to improve user activeness and interaction through enhancements in content, functionalities, diversity of third-party applications and online and offline member privileges.

Weixin

Our *Weixin* ecosystem consists of an open platform centered around *Weixin Chat*, extending connectivity with services including *Video Accounts, Mini Shops, Mini Programs*, *Official Accounts, Moments* and *Weixin Search*. As at 30 June 2025, the combined monthly active user accounts of *Weixin* and *WeChat* exceeded 1.4 billion. *Weixin* has increasingly become a hub of mobile connectivity in which we connect our users, enterprises, merchants, advertisers and content providers with access to a wide variety of online and offline content and services.

Video Accounts are a separate ID-based, short-form content creation product to enable video uploads and sharing to public audience of informative and educational content, as well as live streaming, offered to users through enhanced social and algorithmic recommendations and traffic support. *Video Accounts* also enable merchants and content providers to broaden their audience reach and drive transactions, especially via links to *Mini Programs* and Mini Shops. We aggregate content providers' digital assets within *Weixin*, supported by *Official Accounts* and *Mini Programs* to reinforce branding and facilitate user engagement and transactions. We also link public and private domains to provide a unique channel for businesses to acquire and manage customers efficiently. In addition, we provide AI tools so that content creators can generate video effects for *Video Accounts* videos utilising preset templates.

Mini Shops is a platform for indexed and standardised merchandise, where merchants can operate virtual shops, while leveraging *Weixin* social interactions, content services and payment capabilities. *Mini Shops* not only enables customisable design and development but also provides a secure and efficient transaction experience. We also introduce features on *Mini Shops* to deepen integration with *Weixin*'s ecosystem, such as enabling merchants to port SKU library from *Mini Programs* and unify loyalty programs across platforms, encouraging users to share products and shops with friends on Weixin and *Moments*, and extending gifting feature from *Mini Shops* to *Mini Programs, Video Accounts* and Official Accounts. Having equipped with AI-powered customer service tools, Mini Shops aims to provide merchants with increasingly intelligent responses to customer inquiries and personalised product recommendations.

Mini Programs connect online and offline services with users on *Weixin*. Service providers and developers utilise the feature of mini-programs on the *Weixin* platform that cater to their business needs and targeted user demographics. We provide various tools to help developers and service providers quickly access and complete their mini-programs development. Via an AI coding assistant for creating AI program that supports natural language prompts and image inputs, time for mini-programs development is further reduced. Service providers benefit from the increased traffic arising from integration in *Mini Programs* and conversion of user interactions into transactions and repeat sales. *Mini Programs* provides access to a wide range of use cases embedded to cater various demands of users, including *Mini Games*. Total GMV facilitated by Mini Programs exceeded RMB8 trillion in 2024 and have achieved further growth in 2025.

Within *Mini Programs*, *Mini Games* are game features that are embedded in *Weixin* with a large variety of genres. Users may also engage in social interactions, make in-app purchases and share game achievements with friends. Mini Games are also an important part of our social networks and marketing services businesses. Powered by technical upgrades such as broader compatibility with advanced game engines, improved image rendering, and reduced load times, *Mini Games* bolsters user engagement and contributes to the overall conversion of users interactions into monetisation across platform. The total gross receipts from *Mini Games* increased 20% year-on-year in the second quarter of 2025.

Official Accounts allow individuals, media and businesses to share original content and engage with readers/customers, which strengthens brand awareness and enhance content management. We introduced AI-powered citation to content, enabling users to activate contextual AI commentary on related information when reading articles on *Official Accounts*. *Weixin Service Accounts* provide companies and organisations with powerful business services and user management capabilities to quickly reach and better serve users. *Weixin Subscription Accounts* provide media and individuals with a new way of posting stories and information, which innovates author-reader interaction and content management.

Moments allow users to share videos, photos and articles and interact with friends. We enabled sharing live streaming to broaden information-sharing channels and facilitate one-to-many user interactions. We also launched *Status* for *Weixin* users to share current emotions and thoughts and connect with like-minded friends.

Weixin Search offers comprehensive search feature enabling users to seamlessly access content and services within the *Weixin* ecosystem, and across the web. It helps users discover products and services and direct them to eventually complete the transactions in *Mini Programs* or *Mini shops*. *Weixin Search* increasingly includes results powered by large language models, such as the fast-thinking model, *HunYuan* Turbo S, and the Chain of Thought reasoning models, including *HunYuan* T1 and leading third-party open-sourced model. *Weixin Search* has become an increasingly popular search tool, with over 100 million DAU and content query volume grew over 30% year-on-year in 2023.

QQ

QQ is one of our communication and social services and allows users to send and receive instant messages and interact in the QQ community. It allows users to meet new friends and establish new social circles based on location and interests. In addition, through the *QQ client*, our users can have access to a variety of our services such as *QQ Mail*, *Qzone, WeGame, QQ Music* and *QQ Reading*.

Digital Content

We operate leading digital content services offering a broad range of high-quality IPs and content. We have curated popular IPs and created appealing content based on these IPs to attract paying users, extending our IP value across various forms, such as video, music, literature and anime.

Through China Literature, we incubate original IPs from Chinese language online literature platform, which are subsequently adapted on a range of digital entertainment mediums, including comics, animation, film, TV series, web series and games. We offer a wide range of literature content with 330,000 new writers and 650,000 new literary works added in 2024 on *China Literature*'s platforms. We create and promote IPs mainly through *QQ Reading* and *Qidian*, as well as our studios including *New Classics Media*, a renowned film and TV drama series production house in China. We released a series of top-tier content in film, drama series, animation and comics in 2024. We distribute and develop literature content through a variety of self-owned/operated and third-party channels so as to enhance IP value. We operate a freemium model where we typically offer the beginning chapters of a literary work for free and then monetise via pay-as-you-read and subscriptions model. We are integrating AI into various formats such as audiobooks, radio dramas, animation and videos to further accelerate the development of our IP. We introduced AI-powered tools to supports writing, plot development, and inspiration for content creation. Our AI translation models have accelerated global spread of Chinese literary works through our international reading platform in the first half of 2025.

We provide self-commissioned and licensed long-form video content from domestic and overseas content providers through *Tencent Video*, including drama series, movies, variety shows, animation and documentaries. As at 30 June 2025, *Tencent Video* had a total of 114 million paying users. We operate a freemium model and content sales model, and offer subscription plans which provide users with access to premium content and a range of added features. We achieved notable audience and subscriber growth with drama series developed from *China Literature* IPs and produced internally.

Through TME, we offer the largest music streaming services in China with over 553 million mobile MAU in online music in the second quarter of 2025. We operate four major music mobile applications, i.e. *QQ Music*, *Kugou Music*, *WeSing* and *Kuwo Music*, through which we provide online music and social entertainment services to address the diverse music entertainment needs of a massive audience in China. We also offer audiobooks as an effective complement to our music-centric mobile application. We license music content from several domestic and overseas music labels, including *Sony Music Group*, *Universal Music Group* and *Warner Music Group*. We also support independent artists to produce quality music content and enable them to reach an extensive user base. We have created a wide variety of use cases for our users, including listening to streaming music, watching music videos, participating in fan-based activities and games, as well as singing along with the music. We operate a freemium model and content sales model, and also offer subscription plans which provide users with access to premium content and a range of added features. In addition, we enhance user activity and engagement through the sale of virtual items. TME paying users grew to 124 million (being the average number of paying users as at the last day of each month during the second quarter of 2025) for the second quarter of 2025. We are incorporating AI technology across our product offerings to enhance music content distribution and promotion as well as creation and production.

Games

We are a leading global game platform offering a wide variety of domestic and international games across multiple channels including mobile, PC and console, covering a variety of popular genres such as MOBA, tactical shooters and racing. In 2024, we have 14 evergreen games, which surpassed average quarterly DAU of 5 million for mobile or 2 million for PC and generated RMB4 billion annual gross receipts, across different genres. Our flagship evergreen games *Honour of Kings*, *Peacekeeper Elite* and *Fight of the Golden Spatula* ranked among the top five games by DAU in the second quarter of 2025, according to QuestMobile. We have also achieved proven success in content-driven games such as *Naruto Mobile*.

Our games revenues are derived primarily from sales of virtual items, such as avatars and accessories, that enhance gameplay experience, as well as season passes and copy sales. These in-game items allow players to personalise the appearance of a game character. Our game monetisation strategy is also empowered by marketing activities across our e-sports engagement and game communication collaboration. We expand value creation through e-sports tournaments which attract large-scale audience to enhance popularity of our marketing offerings. We collaborate closely with game communities and influencers to drive marketing activities that expand content reach. By leveraging community and influencer partnerships, we extend the lifecycle of our games, stimulate in-game spending and deepen the bond between users and our products and services.

We have strong in-house development capabilities, demonstrated by our highly acclaimed in-house games in a variety of genres such as MOBA (*Honour of Kings, League of Legends and Brawl Stars*), tactical tournament (*PUBG Mobile* and *Peacekeeper Elite*), tactical shooter (VALORANT), extraction shooter (*Delta Force*), real-time strategy (*Clash Royale*). We are also the partner of choice for game publishers due to our leading distribution capabilities in China and globally. We work with other major game developers and operators from China and overseas, and customised and localised their games to suit the culture and needs of the Chinese market.

We also leveraged AI technologies in games to optimise matching experience, improve game balance and facilitate AI coaching for new players, empowering our evergreen games strategy. Our games business is increasingly integrating large language model capabilities to enhance 3D content

production efficiency and to empower in-game chatbots. AI technologies enrich PvP and PvE games by accelerating content production speed and scale. They also provide more human-like virtual teammates and enable more realistic human-like nonplayer characters, as well as enhancing marketing for player acquisition and engagement.

Marketing Services

We offer a wide spectrum of marketing services through our social network inventories, such as Video Accounts, *Moments*, *Mini Programs*, *Official Accounts* and *Weixin Search*, as well as our content platform inventories, such as video, music and news, and our games inventories.

In addition to leveraging our internal advertising inventories, we also operate a mobile advertising network to help third-party merchants to reach targeted audience and promote their products. To further empower our services, we provide innovative marketing tools that direct traffic effectively to targeted audience and enhance visibility of the products of merchants. We have introduced an innovative content marketing mutual selection platform, *Weixin Creator Marketplace*, where advertisers with specific traffic goals can collaborate with a large number of KOLs, influencers and content creators. By leveraging on the comprehensive creator ecosystem, we empower advertisers access to high-quality, influential creators for diverse campaign needs and expand content reach via content virality distribution across platforms. Embedding a large amount of short videos or promotional content, this platform not only amplifies brand reach but also directly support merchants in boosting product sales. Popular eSports tournaments and events also attract large viewers, creating significant opportunities for brand exposure and adding unique value to our marketing services.

By combining diverse advertising models, proprietary inventories, mobile network distribution and innovative content marketing formats, we provide merchants with comprehensive solutions to optimise return on their businesses and generate sustainable marketing growth.

We have been upgrading our advertising system with foundation model capabilities to enhance our user targeting capability to increase return on investments for advertisers. We have strengthened our marketing services by embedding large model capabilities in our advertising system to enable the analysis of long-sequence user behavior across multiple properties, while improving advertising ranking mechanism to drive higher engagement and click-through rates. The integration of large language model capabilities further enhanced efficiency by accelerating advertising content approval, improving merchandise categorisation, and better identification of user commercial intent. These advancements also automated and scaled creative production for advertisers, leading to improved targeting accuracy and cost efficiency. In the first half of 2025, we upgraded our ad platform architecture by deploying a scaled-up foundation model, which analyses advertisement click through rates and transactions across multiple apps and services, as well as user interactions across text, image and video, to determine user interests and optimise ad performance in real time.

FinTech Services

Our FinTech services primarily consist of payment and FinTech products which cover wealth management, consumer loan and other FinTech value-added services. We have spent many years building a solid base for FinTech services in the form of our widely used payment services, with straight adherence to regulatory requirement and careful risk management. We have strengthened our payment ecosystem by improving user security, refining *Mini Programs*-based tools and enhancing the cross-border transaction experience. Leveraging this solid base, we also provide products and services by collaboration with licensed financial institutions.

Payment

We provide support and mobile payment solutions to connect merchants and consumers through *Weixin Pay*, a consumer-facing mobile payment tool with expanding use cases. *Weixin Pay* services are available in more than 60 markets and support transactions in over 30 currencies as at 31 December 2024. Daily average number of commercial payment transactions on *Weixin Pay* exceeds 1 billion since the fourth quarter of 2019. Our *Weixin Pay* platform goes beyond a payment tool, but also serves as a comprehensive solution that supports everyday essential utilities functions, such as processing fare and untilities bill and other consumer services. As we provide our users with a frictionless experience for completing either online or offline transactions, our commercial payment transaction volume is growing rapidly and diversifying from large merchants to small to mid-sized offline merchants. We collect take rate from merchants on commercial transactions and also cash withdrawal fees and credit card repayment charges collected from users. Our robust payment system provides high-level payment security, service reliability and transaction speed. In the second quarter of 2025, growth in commercial payment volume turned positive year-on-year, as decline in value per transaction narrowed and number of transactions grew faster year-on-year.

Other FinTech Services

We offer a wide spectrum of financial services such as wealth management, consumer loan and other FinTech value-added services. Our *Weixin Pay* provides a channel for financial institutions to distribute FinTech products. For wealth management service, the products are primarily low-risk money market funds. This generates high margin fee income from a large, growing pool of aggregated customer assets. For consumer loans, we partner with our affiliate WeBank, a licensed bank, and other licensed banks to distribute small size cash loans and installment payment services, while applying stringent risk management procedures. Our insurance service provider, *WeSure*, works with well-known insurance companies to provide users with professional and convenient insurance services.

Business Services

We provide enterprises and developers with a suite of cloud services, including IaaS (such as compute, networking and storage, PaaS (such as database, audio and video cloud solutions, security and SaaS (such as *Tencent Meeting*, *WeCom* and Tencent Docs), as well as other enterprise-facing services. Building upon our advanced cloud and AI technologies, top-tier foundation model *HunYuan*, we have built a holistic ecosystem which offers a comprehensive suite of business products and services.

Cloud Services

Through Tencent Cloud, we provide global infrastructure coverage and leading cloud services to games and live broadcast sectors. Combining our advanced security, data analytics and artificial intelligence technologies, we have built an expanding portfolio of cloud products and customised industry solutions, accelerating our expansion in different industries. We charge usage-based billings or services fees on IaaS, PaaS and SaaS and technology solutions from enterprise customers.

The enterprise version of *Tencent Meeting* has gained access to key accounts in the energy, healthcare and education industries. We also offered new conference room solutions via *Tencent Meeting Rooms* and *Connector*, which are compatible with our users' existing equipment and facilitate high-quality, real-time communication. We have deepened the integration between *Weixin* and *WeCom* to facilitate customer management and sales conversion, and millions of enterprises use *WeCom* to support flexible work arrangements. We introduced multiple cooperation models to grow partnerships with OA application vendors and leverage synergies with *Tencent Cloud*. For *Tencent Docs*, we strengthened integration with other software to expand its use cases.

AI Technologies

We apply AI technology across key areas of our businesses to improve user experience and support the growth of enterprise partners. Our proprietary foundation model, *HunYuan*, launched in 2023, is equipped with strong Chinese creation capabilities, logical reasoning capabilities and reliable task execution capabilities. Since launch, we have continued to iterate and upgrade *HunYuan*, expanding its context understanding depth and deepening integration with our platforms to deliver higher performance and accuracy. We are an early adopter of new techniques in core large language models, including the Mixture of Expert architecture in March 2024, the Heterogeneous MoE-based *HunYuan* Turbo in September 2024. We also released our *HunYuan* T1 deep-thinking model in February 2025, which is amongst the first Long Chain-of-Thought models in China, delivering performance comparable to top-tier models.

We developed multi-modal foundation models that include text-to-image, text-to-video, and text-to-3D generation. *HunYuan*'s 3D generation ranked first on Hugging Face in August 2025, and 3D World-Voyager ranked first on Worldscore in September 2025. We also contribute to the open-source community actively to drive broader adoption and have open-sourced a series of advanced models in the *HunYuan* family for 3D generation, 3D World, large language, and image generation. Several of these models have gained great popularity among developers worldwide.

HunYuan powers a wide range of generative AI functionalities within our productivity applications, such as summarisation in *Tencent Meeting* and content generation in *Tencent Docs*. It also serves as the foundation model for our AI-native application, *Yuanbao*, which offers users capabilities such as intelligent search, content creation, image processing and document summarisation and provides access to proprietary high-quality content from Tencent ecosystem. *Yuanbao* ranked third among AIGC applications by DAU in June 2025, according to QuestMobile. Enterprises customers can utilise *HunYuan* in our cloud via APIs or MaaS, for functions such as coding, data analysis and customer service automation. In 2024, we also launched our AI-powered productivity tool designed for learning and office scenarios, *ima*. *ima* integrates search, retrieval, summarisation and writing functions for knowledge management, helping users efficiently find, process and output knowledge and content. At the application level, *HunYuan* has already been deployed in over 700 internal use cases.

We continue to accelerate the integration of AI across enterprise-facing services by leveraging a full stack of IaaS, PaaS, and SaaS capabilities. On the IaaS level, our *Hyper Computing Cluster* delivers high-performance AI training and inference with low latency and elastic scalability, while *Hyper Application Inventor* enables one-click deployment of foundation models through intuitive visual interfaces. On the PaaS level, our *TI Platform* supports fine-tuning and inference, and the *Tencent Cloud Agent Development Platform* empowers enterprises to build tailored customer service and coding assistants with proprietary data. Additionally, Tencent CloudBase enhances developer productivity by enabling natural language—driven creation of mini programs and mobile apps. On the SaaS level, *Tencent Meeting* now provides AI-powered transcription, recording, and automated summaries and *Tencent Docs* boosts efficiency in documentation and content generation.

CORPORATE OPERATIONS

Intellectual Property

We regard our patents, copyrights, trademarks and other intellectual property as critical to our success. We rely primarily on a combination of patent, trademark, copyright, trade secret and other intellectual property-related laws and contractual restrictions to establish and protect our intellectual property rights. We require that substantially all of our employees enter into agreements requiring them to keep confidential all proprietary and other confidential information relating to our customers, methods, technology, business practices and trade secrets, and such obligations shall survive the expiration or earlier termination of their employment with us. Our employees are required to acknowledge and recognise that all inventions, trade secrets, works of authorship, developments and

other processes, whether or not patentable or copyrightable, made by them during their employment are our property. We have independently developed key software used in our business and have registered a number of these software copyrights. We currently have over 48,000 issued patents that cover our self-developed key technologies and infrastructure.

Despite our precautions, it may be possible for third parties to obtain and use our intellectual property without our authorisation. Furthermore, the validity, enforceability and scope of protection of intellectual property rights in the Internet and telecommunications-related industries are uncertain and still evolving. Infringement and misappropriation of our intellectual property could materially harm our business. We have been and may in the future be subject to intellectual property lawsuits or other legal proceedings, and also be involved as an applicant or opposing party in several administrative actions involving trademark disputes.

We have registered domain names, including "*qq*.com" and "tencent.com", with the Internet Corporation for Assigned Names and Numbers and the domain names "tencent.com.cn" and "tencent.cn" with CNNIC, a domain name registration organisation in China. In addition, we have registered over 10,000 domain names with various domain name registration services as at 30 June 2025.

Our "*QQ (stylised)*" mark, the "*penguin*" device, the "*Weixin*" and "*WeChat*" marks and many associated marks have been registered as trademarks in various classes in China, Hong Kong and other jurisdictions. We have also registered our "*QQ (stylised)*" mark and the "*penguin*" device in various classes in jurisdictions including the United States, Japan, Hong Kong, Singapore, India, Malaysia and the European Union. In addition, a series of "*QQ*" marks, the "penguin" device and the "*Weixin*" and "*WeChat*" marks have also been registered as copyrighted artworks in China.

We licence our trademarks from time to time to increase our brand recognition and further penetrate the consumer market in China. We have licenced the *QQ* brand to manufacturers of various products, including electronic and consumer goods products. Our trademarks have also appeared along with trademarks of other corporate entities for joint marketing, co-branding and merchandising initiatives.

Research and Development

We believe that our ability to develop technology and Internet, mobile and online entertainment applications has been a key factor in the success of our business. To maintain and enhance our leadership position, we will need to continue to invest in research and development in order to enhance our services and products. Research and development expenses constituted 11%, 11%, 11%, 10% and 11% of our total revenues for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively. Our self-developed technologies include communication technologies, social and other interactive technologies. We also licence some services and technologies from third parties such as database technology and audio/video codec technology. We have established an in-house research institute and an integrated customer research and user experience design center. We will continue to develop our core technologies in-house and when required, licence technology from third parties.

Sales and Marketing

We believe that our large *Weixin* and *QQ* user base in themselves are key drivers of our business growth, as many Internet users in China seek to join an established and vibrant online community. We market our value-added services primarily through our products and portals. In our online community, "word of mouth" is important as positive feedback from users can be quickly communicated by various channels, including *QQ* and *Weixin*. Sales and marketing expenses constituted 5%, 6%, 6%, 5% and 5% of our total revenues for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively.

Our sales and marketing efforts are supported by a network of sales and marketing teams throughout China. We conduct a variety of online and offline marketing and promotion activities, including joint marketing activities with telecommunications operators and device manufacturers, in-game promotional events, marketing, and advertisements on our portals. Going forward, we will further enhance our position as a mainstream digital content service provider in China. For sales and marketing in the international market, we will also utilise both online and offline marketing and promotional activities to enhance our brand awareness.

Employees

The number of employees employed by us varies from time to time, depending on needs. Our employee count was 111,221 as at 30 June 2025. Most of our employees are based in China.

The remuneration policy and package of our employees is 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. Our total remuneration costs were RMB111,182 million, RMB107,675 million, RMB112,826 million, RMB54,349 million and RMB64,979 million (US$9,071 million) for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively.

All of our management and key executives, and substantially all of our other employees, have entered into employment agreements with us, which contain confidentiality and non-competition provisions.

Insurance Coverage

Insurance companies in China offer limited business insurance products and do not, to our knowledge, offer business liability insurance. While business interruption insurance is available to a limited extent in China, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to subscribe for such insurance. As a result, we do not have any business liability, disruption or litigation insurance coverage for our operations in China. Any business disruption or litigation, or any liability or damage to, or caused by, our facilities or our personnel may result in our incurring substantial costs and the diversion of resources. We carry mandatory automobile liability insurance and property insurance.

Competition

The competitive landscape of the technology industry is dynamic. Our competitors for providing value-added services are mainly Internet companies that offer various social, video, live streaming, games and other online entertainment, communications and eCommerce services. We also compete with other companies that provide marketing services through display, search and content advertising as well as advertising networks. As we expand our FinTech and Business Services, we also face competition from other technology or financial service providers. With the advent of disruptive technology, we also face potential competition from AI native companies, including players in generative AI, foundation models and AI native applications. We aim to compete by continuing to invest in talent and technologies that bring quality products and services to improve our user experiences.

Legal Proceedings

From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property claims, breach of contract claims, unfair competitive practice claims, labour and employment claims and other matters. Internet media companies are frequently involved in litigation based on allegations of infringement or other violations of intellectual property rights and other allegations based on the content available on their website or services they provide.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") INITIATIVES

Sustainability is vital to the development of our strategy and operations, and we strive to integrate social responsibility into our products and services. We execute our Environmental, Social and Governance strategy through our corporate risk management process, which manages existing ESG issues and monitors emerging risks, while integrating sustainable social value creation into our daily operations and product development.

Environmental

We are advancing towards our carbon neutrality goal, annually assessing progress and ensuring progress remains on track through energy efficiency improvements and transitioning to renewable energy. Leveraging our fourth-generation high efficiency data centre technology, T-block, we implemented cooling efficiency upgrades and applied AI algorithms to optimise energy consumption. Meanwhile, we accelerated renewable energy adoption via increases in installed renewable energy facilities and procurement of renewable electricity, raising our renewable electricity use from 12.4% in 2023 to 22.0% of our total electricity use in 2024.

We explored digital technologies for biodiversity conservation, applying AI in species protection and promoting public engagement through social platforms. These efforts were recognised as notable contributions to sustainable development in China under the United Nations Global Compact's "20 Case Examples in 20 Years" Project.

Social

We strengthened our technical capabilities in privacy protection compliance, prioritising user value and focusing on core data security. We improved governance capabilities by refining management requirements, optimising platform tools, integrating compliance requirements into business processes, and conducting internal audits. Leveraging AI-enabled efficiency, we achieved significant improvements in the effectiveness of our cloud security, data security, and business continuity safeguards. Our AI safety governance framework builds upon data, algorithms and operations to address emerging risks and respond to stakeholder concerns.

We execute Tech for Good by investing in sustainable social value innovations aligned with the UN Sustainable Development Goals. The "Xplorer Prize" and the "New Cornerstone Investigator Program" have supported over 360 scientists with long-term and stable funding for pioneering research. In emergency response, *Weixin*'s instant communication capabilities can assist public safety efforts by reducing response time. Using digital solutions to preserve culture and inheritance, the "Digital Beijing Central Axis" project employs high precision digital simulations to recreate heritage sites, engaging over 17,000 online volunteer inspectors. After three years of honing, we implemented our self-developed methodology, SQI, for evaluating the scale, quality and impact of our sustainable social innovation projects.

We further promoted accessibility and inclusion across digital products and physical spaces. By leveraging AI to boost the efficiency of producing accessible content, we released more than 190 accessible films in *Tencent Video* platform in 2024. We have developed an accessible version of "First Lesson in AI Programming", which was incorporated into the curriculum for special education schools in Guangzhou, Beijing and Nanjing, enabling visually impaired students to learn AI fundamentals. We introduced accessibility design in our new campus under construction in Shenzhen and received China's highest 3-star accessibility rating for the first batch of buildings completed in 2024.

Governance

We maintained high standards of business ethics, and recently applied AI capabilities to identifying and assessing ethical risks. We also continued to enhance anti-fraud training for our employees and key suppliers.

We collaborated with suppliers to embed ESG in business practices. The Tencent Supplier ESG Code of Conduct has been integrated into our supplier engagement process. We have promoted green energy transition in leased data centres to reduce Scope 3 emissions. During the year, several leased data centres broke ground in procuring green energy to support our operations.

We maintained a high standard of corporate governance. We closely monitor emerging trends and will adopt appropriate measures to continuously enhance governance at the company and board level, as well as address stakeholder requirements.

Directors

Our Board currently consists of eight Directors, comprising one Executive Director, two Non-executive Directors and five Independent Non-executive Directors. The following table sets out the name, age and position of our Directors as at 13 August 2025:

Name	Age	Position
Ma Huateng	53	Executive Director/Chairman of the Board/ Chief Executive Officer
Jacobus Petrus (Koos) Bekker	72	Non-executive Director
Charles St Leger Searle	61	Non-executive Director
Li Dong Sheng	68	Independent Non-executive Director
Ian Charles Stone	74	Independent Non-executive Director
Yang Siu Shun	69	Independent Non-executive Director
Ke Yang	70	Independent Non-executive Director
Zhang Xiulan	62	Independent Non-executive Director

Executive Director

Ma Huateng, age 53, is an Executive Director, Chairman of the Board and Chief Executive Officer of the Company. Mr Ma has overall responsibilities for strategic planning and positioning and management of the Group. Mr Ma is one of the core founders and has been employed by the Group since 1999. Prior to his current employment, Mr Ma was in charge of research and development for Internet paging system development at China Motion Telecom Development Limited, a supplier of telecommunications services and products in China. Mr Ma was a deputy to the 12th and 13th National People's Congress. Mr Ma has a Bachelor of Science degree specialising in Computer and its Application obtained in 1993 from Shenzhen University and more than 31 years of experience in the telecommunications and Internet industries. He is a director of Advance Data Services Limited, which has an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Mr Ma also serves as a director of certain subsidiaries of the Company.

Non-executive Directors

Jacobus Petrus (Koos) Bekker, age 72, has been a Non-executive Director since November 2012. Koos led the founding team of the M-Net/MultiChoice pay-television business in 1985. He was also a founder director of MTN in cellular telephony. Koos headed the MIH group in its international and Internet expansions until 1997, when he became chief executive of Naspers, which is listed on the Johannesburg Stock Exchange. He serves on the boards of other companies within the group and associates, as well as other bodies. In April 2015, he became non-executive chair. On 14 August 2019, he was appointed as non-executive chair of Prosus N.V., which is listed on Euronext Amsterdam and on the Johannesburg Stock Exchange. Academic qualifications include BA Hons and honorary doctorate in commerce (Stellenbosch University), LLB (University of the Witwatersrand) and MBA (Columbia University, New York).

Charles St Leger Searle, age 61, has been a Non-executive Director since June 2001. Mr Searle is currently the Chief Executive Officer of Naspers Internet Listed Assets. He serves on the board of a number of companies associated with the Naspers Group. Prior to joining the Naspers Group, he held positions at Cable & Wireless plc and at Deloitte & Touche in London and Sydney. Mr Searle is a member of the Institute of Chartered Accountants in Australia and New Zealand. Mr Searle has more than 31 years of international experience in the telecommunications and Internet industries. Mr Searle also serves as a director of certain subsidiaries of the Company.

Independent Non-executive Directors

Li Dong Sheng, age 68, has been an Independent Non-executive Director since April 2004. Mr Li is the Chairman and Chief Executive Officer of TCL Technology Group Corporation that is listed on the Shenzhen Stock Exchange, and the strategic development consultant of TCL Electronics Holdings Limited that is listed on the Stock Exchange. He is also a deputy to the 14th National People's Congress and the Chairman of Council of Shenzhen General Chamber of Commerce. Mr Li was a deputy to the 16th CPC National Congress, a deputy to the 10th to 13th National People's Congress, the 12th Vice Chairman of the All-China Federation of Industry and Commerce and the Vice Chairman of the China Chamber of International Commerce. Mr Li graduated from South China University of Technology in 1982 with a Bachelor degree in radio technology, and completed the professional doctoral program offered by the University of Minnesota in partnership with the Tsinghua University and received his Global Doctor of Business Administration (DBA) Degree in 2022. Mr Li has more than 30 years of experience in the information technology field.

Ian Charles Stone, age 74, has been an Independent Non-executive Director since April 2004. Mr Stone is currently an independent advisor on Technology, Media and Telecoms after retiring from PCCW in Hong Kong in 2011. His career in the last 35 years has been primarily in leading mobile telecoms businesses, and new wireless and Internet technology, during which time he held senior roles in PCCW, SmarTone, First Pacific, Hong Kong Telecom and CSL, as Chief Executive or at Director level, primarily in Hong Kong, and also in London and Manila. Since 2011, Mr Stone has provided telecoms advisory services to telecom companies and investors in Hong Kong (China), the Mainland of China, South East Asia and the Middle East and has more than 54 years of experience in the telecom and mobile industries. Mr Stone was an independent director of Summit Healthcare Acquisition Corp. that was listed on NASDAQ, up to 16 March 2023. Mr Stone is a fellow member of The Hong Kong Institute of Directors.

Yang Siu Shun, age 69, has been an Independent Non-executive Director since July 2016. Mr Yang is currently serving as a Member of the 14th National Committee of the Chinese People's Political Consultative Conference, a Justice of the Peace in Hong Kong, a Steward of The Hong Kong Jockey Club, and an independent non-executive director of Man Wah Holdings Limited which is publicly listed on the Stock Exchange. Mr Yang was an independent non-executive director of Xinyi Glass Holdings Limited which is publicly listed on the Stock Exchange, up to 31 May 2024 and was also an independent non-executive director of Industrial and Commercial Bank of China Limited which is publicly listed on the Stock Exchange and the Shanghai Stock Exchange, up to 8 August 2024. Mr Yang retired from PricewaterhouseCoopers ("**PwC**") on 30 June 2015. Before his retirement, he served as the Chairman and Senior Partner of PwC Hong Kong, the Executive Chairman and Senior Partner of PwC China and Hong Kong, one of the five members of the Global Network Leadership Team of PwC and the PwC Asia Pacific Chairman. Mr Yang served as a Board Member and the Audit Committee Chairman of The Hang Seng University of Hong Kong (formerly known as Hang Seng Management College), up to 30 September 2018 and the Deputy Chairman of the Council of Hong Kong Metropolitan University ("**HKMU**") (formerly known as The Open University of Hong Kong), up to 19 June 2019. Mr Yang also served as a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, up to 31 August 2021. Mr Yang graduated from the London School of Economics and Political Science in 1978 and was awarded the degree of Honorary Doctor of Social Sciences by HKMU in 2019. Mr Yang is a Fellow Member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.

Ke Yang, age 70, has been an Independent Non-executive Director since August 2019. Professor Ke is currently the Director of Laboratory of Genetics of Peking University Cancer Hospital and an international member of the United States National Academy of Medicine. Professor Ke is also the President of the Peking University Health Science Center Alumni Association and Vice-president of Cancer Foundation of China. Professor Ke's research focus is on the upper gastrointestinal tumors, including the cloning of gastric cancer related genes and the functional study of such genes. Together

with her team, she has also established the population-based cohort in esophageal cancer high incidence regions in China, studied the etiology of esophageal cancer, and evaluated the effects and economic efficacy of early screening of the disease. She has published more than 100 papers and had registered patents and been granted awards at national and provincial levels for technological and educational achievements. Professor Ke was a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference, an executive Vice-president of Peking University and of the Peking University Health Science Center (formerly known as Beijing Medical College), a member of the Committee of Academic Degrees of the State Council, a member of the Healthcare Reform Advisory Committee of the State Council, the Chairperson of the Working Committee for Graduate Medical and Pharmaceutical Education of the Office of Academic Degrees of the State Council, Vice-president of the 24th and 25th Chinese Medical Association, Vice-chairperson of the Steering Committee of Clinical Medicine of the Committee of Academic Degrees of the State Council, Vice-president of the Peking University Alumni Association, President of the Health Professional Education Committee of the China Association of Higher Education and Vice-president of China Medical Women's Association. Professor Ke graduated from the Peking University Health Science Center in 1982. From 1985 to 1988, Professor Ke worked at the National Cancer Institute of the National Institutes of Health of the United States as a postdoctoral fellow. Professor Ke is currently an independent non-executive director of Keymed Biosciences Inc. which is publicly listed on the Stock Exchange.

Zhang Xiulan, age 62, has been an Independent Non-executive Director since August 2022. Professor Zhang is currently a member of ChinaInfo100 and a standing director of China Cloud System Pioneer Strategic Alliance. She was previously the Dean of the School of Social Development and Public Policy, Beijing Normal University. She was also a member of the 11th and 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference, a member of the Healthcare Reform Advisory Committee of the State Council and the consultant at the University of California, San Francisco. Professor Zhang has led over 40 research projects, including national level priority social science projects, and projects funded by the Ministry of Science and Technology and the Ministry of Education. In expert capacity, Professor Zhang has also provided expert consultation to government on policy making, including the 11th National Five-Year Plan, the "Five Guarantees Regulations", the Adjustment Mechanism for Urban Minimum Living Standard, Urban and Rural Medical Assistance Policy, Social Assistance System and others. In addition, Professor Zhang has also worked on mandates from the State Council Healthcare Restructuring Office, Ministry of Education, Ministry of Health, Ford Foundation, European Union, World Bank, World Health Organization, UNICEF, Save the Children Foundation and other organizations. Professor Zhang received her Bachelor's Degree in Physical Geography, and Master's Degree in Economic Geography from the Beijing Normal University in 1985 and 1988, respectively. After graduation, she joined the "China Society", a newspaper published by the Ministry of Civil Affairs as an Editor. In 1999, she received her Doctor of Philosophy in Social Welfare from the University of California at Berkeley with her research focused on social protection, social policy, social welfare and healthcare. In the same year, Professor Zhang founded the first Institute of Social Development and Public Policy in China at the Beijing Normal University, which subsequently became the School of Social Development and Public Policy.

Senior Management (Non-Directors)

The following sets out the name, age and position of our senior management (non-Directors) as at 19 March 2025:

Lau Chi Ping Martin, age 51, President, joined the Company in 2005 as the Chief Strategy and Investment Officer and was responsible for corporate strategies, investments, mergers and acquisitions and investor relations. In 2006, Mr Lau was promoted to President of the Company to manage the day-to-day operations of the Company. In 2007, Mr Lau was appointed as an executive director of the Company until his retirement by rotation on 17 May 2023. Prior to joining the Company, Mr Lau was an executive director at Goldman Sachs (Asia) L.L.C.'s investment banking

division and the Chief Operating Officer of its Telecom, Media and Technology Group. Prior to that, he worked at McKinsey & Company, Inc. as a management consultant. Mr Lau received a Bachelor of Science degree in Electrical Engineering from University of Michigan, a Master of Science degree in Electrical Engineering from Stanford University and an MBA degree from Kellogg Graduate School of Management, Northwestern University. Mr Lau currently serves as a director or corporate representative of certain subsidiaries of the Company.

Xu Chenye, age 53, Chief Information Officer, oversees the strategic planning and development for the website properties and communities, and customer relations of the Company. Mr Xu is one of the core founders and has been employed by the Group since 1999. Prior to that, Mr Xu had experiences in software system design, network administration as well as marketing and sales management in his previous position at Shenzhen Data Telecommunications Bureau. Mr Xu received a Bachelor of Science degree in Computer Science from Shenzhen University in 1993 and a Master of Science degree in Computer Science from Nanjing University in 1996. Mr Xu currently serves as a director or officer of certain subsidiaries of the Company.

Ren Yuxin, age 49, Chief Operating Officer and President of Platform & Content Group and Interactive Entertainment Group, joined the Company in 2000 and had served as the General Manager for the Value-Added Services Development Division and General Manager for the Interactive Entertainment Business Division. Since September 2005, Mr Ren has been responsible for the research and development, operations, marketing and sales of gaming products for the Interactive Entertainment Business. Since May 2012, Mr Ren has been appointed as Chief Operating Officer and is now in charge of the overall operation of the Platform & Content Group and the Interactive Entertainment Group. Prior to joining the Company, Mr Ren worked at Huawei Technologies Co., Ltd. Mr Ren received a Bachelor of Science degree in Computer Science and Engineering from University of Electronic Science and Technology of China in 1998 and an EMBA degree from China Europe International Business School (CEIBS) in 2008.

Zhang Xiaolong, age 55, Senior Executive Vice President and President of Weixin Group, joined the Company in March 2005 and had served as the General Manager for the Guangzhou R&D Division and led the QQ Mail team to be the top mail service provider in China. Later he was promoted to Corporate Vice President and since September 2012, Mr Zhang has been appointed as Senior Vice President in charge of the product and team management of Weixin/WeChat and QQ Mail. He is also responsible for the management and review of major innovation projects. In May 2014, Mr Zhang was promoted to Senior Executive Vice President in charge of the Weixin Group. Prior to joining the Company, Mr Zhang developed Foxmail independently in 1997 as the first generation of Internet software developer in China. He joined Boda China as Corporate Vice President in 2000, responsible for corporate mail developing. Mr Zhang received a Master's degree in Telecommunications from Huazhong University of Science and Technology in 1994. Mr Zhang currently serves as a director of a subsidiary of the Company.

James Gordon Mitchell, age 51, Chief Strategy Officer and Senior Executive Vice President, joined the Company in 2011. He is responsible for various functions, including the Company's strategic planning and implementation, investor relations, mergers and acquisitions and investment activities. Prior to joining the Company, Mr Mitchell had worked in investment banking for 16 years. Most recently, Mr Mitchell was a managing director at Goldman Sachs in New York, leading the bank's Communications, Media and Entertainment research team, which analysed Internet, entertainment and media companies globally. Mr Mitchell received a degree from Oxford University and holds a Chartered Financial Analyst Certification. Mr Mitchell currently serves as a chairman and/or a director of certain subsidiaries of the Company.

Tong Tao Sang, age 51, Senior Executive Vice President and President of Cloud and Smart Industries Group, is leading the Industrial Internet strategy and the enterprise businesses for Tencent. Mr Tong manages the security labs, the multi-media lab, and Youtu AI lab, and he is one of the co-chairs of Tencent's technology council. Mr Tong joined the Company as a technical architect in 2005, and had

previously led QQ, Qzone, QQshow, and their advertising and value-added services. Mr Tong received a Bachelor of Science degree in Computer Engineering from University of Michigan, Ann Arbor and a Master of Science degree in Electrical Engineering from Stanford University. Mr Tong currently serves as a director of a subsidiary of the Company.

Lu Shan, age 50, Senior Executive Vice President and President of Technology and Engineering Group, joined the Company in 2000 and had served as the General Manager for the IM Product Division, Vice President for the Platform Research and Development System and Senior Vice President for the Operations Platform System. Since March 2008, Mr Lu has been in charge of management of the Operations Platform System of the Company. Since May 2012, Mr Lu has been in charge of management of the Technology and Engineering Group. Prior to joining the Company, he worked for Shenzhen Liming Network Systems Limited. Mr Lu received a Bachelor of Science degree in Computer Science and Technology from University of Science and Technology of China (USTC) in 1998. Mr Lu currently serves as a director or officer of certain subsidiaries of the Company.

Ma Xiaoyi, age 51, Senior Vice President, joined the Company in 2007 and has been responsible for international publishing of Tencent Games, establishing and maintaining long-term business partnerships and cooperation for the Company since November 2008. Prior to joining the Company, Mr Ma served as the General Manager of the games division of OPTIC Communication Co., Ltd. Prior to that, Mr Ma worked as the General Manager in Shanghai EasyService Technology Development Ltd. Mr Ma graduated from Shanghai Jiaotong University in 1997, and received an EMBA degree from Fudan University in 2008. Mr Ma currently serves as a director of certain subsidiaries of the Company.

Lin Ching-Hua, age 52, Senior Vice President, joined the Company in 2013 and has been responsible for the exploration and development of the Company's Advertising and Smart Retail businesses. He also oversees strategic development of the Company and drives the Group's strategic upgrade and business collaboration. In 2020, Mr Lin was promoted to Senior Vice President. Prior to joining the Company, Mr Lin was a partner at McKinsey & Company and the managing partner of its Taiwan office. Mr Lin received a Bachelor of Sociology degree from National Taiwan University and a Master of Business Administration degree from Harvard University. Mr Lin currently serves as a director or officer of certain subsidiaries of the Company.

John Shek Hon Lo, age 56, Chief Financial Officer and Senior Vice President, joined the Company in 2004 and was appointed as Chief Financial Officer in May 2012. Prior to joining the Company, Mr Lo worked at PricewaterhouseCoopers. He is a Fellow of the CPA Australia, a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Chartered Institute of Management Accountants and a Fellow of the Association of Chartered Certified Accountants. Mr Lo received a Bachelor of Business degree in Accounting from Curtin University and an EMBA degree from Kellogg Graduate School of Management, Northwestern University and The Hong Kong University of Science and Technology. Mr Lo currently serves as a director of a subsidiary of the Company.

Guo Kaitian, age 52, Senior Vice President, joined the Company in 2002 and has been responsible for overseeing the Company's functional divisions of legal affairs, administration, infrastructure, procurement, public strategy, information security and corporate social responsibility. Mr Guo received a Bachelor of Law degree from Zhongnan University of Economics and Law in 1996. Mr Guo currently serves as a director or officer of certain members of the Group.

Xi Dan, age 49, Senior Vice President, joined the Company in 2002 and has been responsible for overseeing the Company's talent development and functional management since May 2008. Prior to joining the Company, Mr Xi was responsible for HR management in ZTE Corporation and has more than 29 years of experience in IT and Internet industries. Mr Xi received a Bachelor of Science degree in Applied Computer Science from Shenzhen University in 1996 and an MBA degree from Tsinghua University in 2005. Mr Xi currently serves as a director or officer of certain subsidiaries of the Company.

Yeung Kwok On, age 63, Senior Management Adviser, joined the Company in 2008. He supports and facilitates organisational innovation and leadership development within the Company and its key strategic partners. Mr Yeung also serves as Dean of TencentX, a corporate learning platform that has approximately 700 entrepreneur alumni. Prior to joining the Company, Mr Yeung, as a professor, had taught at University of Michigan and China Europe International Business School and also served as Chief HR Officer of Acer Group from 1998 to 2002. Mr Yeung received a Bachelor's and a Master's degree from The University of Hong Kong and a Doctoral degree from University of Michigan.

Audit Committee

The Audit Committee currently comprises two Independent Non-executive Directors and one Non-executive Director, with Mr Yang Siu Shun as the Chairman. To retain independence and objectivity, the Audit Committee is chaired by an Independent Non-executive Director (with appropriate professional qualifications or accounting or related financial management expertise).

Corporate Governance Committee

The Corporate Governance Committee currently comprises four Independent Non-executive Directors and one Non-executive Director, with Mr Charles St Leger Searle as the Chairman.

Investment Committee

The Investment Committee currently comprises one Executive Director, one Non-executive Director and with the President of the Company, Mr Lau Chi Ping Martin, as the Chairman.

Nomination Committee

The Nomination Committee currently comprises four Independent Non-executive Directors, one Non-executive Director and one Executive Director, with Mr Ma Huateng as the Chairman.

Remuneration Committee

The Remuneration Committee currently comprises two Independent Non-executive Directors and one Non-executive Director, with Mr Ian Charles Stone as the Chairman.

Compensation of Directors and Senior Management

During the six months ended 30 June 2025, no options were granted to any Director of the Company and 59,280 awarded shares were granted to five Independent Non-executive Directors of the Company. During the year ended 31 December 2024, no options were granted to any Director of the Company and 105,760 awarded shares were granted to five Independent Non-executive Directors of the Company. During the year ended 31 December 2023, no options were granted to any Director of the Company, and no options previously granted were voluntarily waived by Directors, except for voluntary waiver of 843,658 options held by a former Executive Director in January 2024 which did not take place during his term of directorship, while 74,542 awarded shares were granted to five Independent Non-executive Directors of the Company. During the year ended 31 December 2022, no options were granted to any Executive Director of the Company, while 843,657 options and 1,687,315 options previously granted were voluntarily waived by an Executive Director in February 2022 and November 2022, respectively, and 58,398 awarded shares (excluding the additional 3,182 awarded shares awarded pursuant to adjustments as a result of the distribution in specie of JD.com shares) were granted to five Independent Non-executive Directors of the Company.

For the year of 2025, Mr Ma Huateng is entitled to an annual base salary of RMB8,879,900 which was covered by the current service contract with the Company and the basis of determining his emoluments including the base salary and bonus as set out in the service contract remained the same; Mr Jacobus Petrus (Koos) Bekker and Mr Charles St Leger Searle as Non-executive Directors of the Company are not entitled to any director's fee or emoluments; Mr Li Dong Sheng is entitled to a director's fee of HKD1,000,000, which is determined with reference to his duties and responsibilities with the Company; Mr Ian Charles Stone is entitled to a director's fee of HKD1,300,000, which is determined with reference to his duties and responsibilities with the Company; Mr Yang Siu Shun is entitled to a director's fee of HKD1,300,000, which is determined with reference to his duties and responsibilities with the Company; Professor Ke Yang is entitled to a director's fee of HKD1,000,000, which is determined with reference to her duties and responsibilities with the Company; and Professor Zhang Xiulan is entitled to a director's fee of HKD1,000,000, which is determined with reference to her duties and responsibilities with the Company.

For more information on the compensation of our directors and senior management, see notes 14 and 15 of the consolidated financial statements for the year ended 31 December 2024 included in this Offering Circular.

GENERAL REGULATION ON INTERNET AND TELECOMMUNICATIONS INDUSTRIES

The following discussion summarises certain aspects of PRC laws and regulations, which are relevant to our operations and business. For a description of the legal risks relating to government regulation of our business, see "*Risk Factors*".

CORPORATE LAWS AND INDUSTRY CATALOGUE RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the Mainland of China are governed by the Company Law of the PRC (中華人民共和國公司法) ("**Company Law**"), effective in 1994, amended in December 1999, August 2004, October 2005, December 2013, October 2018 and December 2023 (effective as at 29 December 2023). The Company Law is applicable to our subsidiaries and consolidated affiliated entities in the Mainland of China unless the PRC laws on foreign investment have stipulated otherwise.

The establishment, approval, registered capital requirement and day-to-day operational matters of wholly foreign-owned enterprises are regulated by the Foreign Investment Law (中華人民共和國外商投資法) effective on 1 January 2020, and the Implementation Rules of the Foreign Investment Law (中華人民共和國外商投資法實施條例) effective on 1 January 2020. Pursuant to the Foreign Investment Law (中華人民共和國外商投資法), "foreign investors" means natural person, enterprise, or other organisation of a foreign country, "foreign-invested enterprises" ("**FIEs**") means any enterprise established under PRC law that is wholly or partially invested by foreign investors, and "foreign investment" means any foreign investor's direct or indirect investment in the Mainland of China, including: (i) establishing FIEs in the Mainland of China either individually or jointly with other investors; (ii) acquiring stock shares, stock equity, property shares and other similar interests in Chinese domestic enterprises; (iii) investing in new projects in the Mainland of China either individually or jointly with other investors; and (iv) making investment through other means provided by laws, administrative regulations, or State Council provisions. In addition, foreign investors or FIEs are required to file information reports and foreign investment shall be subject to the national security review.

Investment activities in the Mainland of China by foreign investors are principally governed by the Special Administrative Measures for Entrance of Foreign Investment (2024 Version) (外商投資准入特別管理措施 (負面清單) (2024年版)) ("**2024 Foreign Investment Negative List**"), which were promulgated jointly by MOFCOM and NDRC on 6 September 2024 and became effective on 1 November 2024, and the Industry Guidelines of Encouraged Foreign Investment (2022 Version) (鼓勵外商投資產業目錄 (2022年版)), which were promulgated jointly by MOFCOM and NDRC on 26 October 2022 and became effective on 1 January 2023, collectively replaced and abolished the Industry Guidelines of Encouraged Foreign Investment (2020 Version) and the Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2021 Version) regulating foreign investment in China. Pursuant to the 2024 Foreign Investment Negative List, foreign investors should refrain from making investment in any of the prohibited sectors specified in the 2024 Foreign Investment Negative List, and foreign investors are required to obtain permits or fulfill the specific requirements for access to other sectors that are listed in the 2024 Foreign Investment Negative List but not classified as "prohibited".

On 30 December 2019, the Ministry of Commerce and the State Administration of Market Regulation issued the Measures for the Reporting of Foreign Investment Information (外商投資信息報告辦法), which became effective on 1 January 2020. Since 1 January 2020, for foreign investors carrying out investment activities directly or indirectly in China, foreign investors or foreign-invested enterprises must submit investment information through the Enterprise Registration System and the National Enterprise Credit Information Publicity System. They are also required to file an annual report for the previous year between 1 January and 30 June of each year.

Pursuant to the 2024 Foreign Investment Negative List, foreign investment access in the telecommunications services industry shall be limited to areas committed to be liberalised by the PRC government upon its accession to the World Trade Organisation. Specifically, foreign investment access shall not exceed 50% in the industry of value-added telecommunications services (excluding eCommerce business, domestic multi-party communication, storage and forwarding business and call center). The 2024 Foreign Investment Negative List also provides that foreign investment is prohibited in businesses that operate in Internet news information services, online publication services, online audio-visual programme services, online cultural businesses (excluding music services) and Internet public information release services (services already liberalised by China under its commitments upon accession to the World Trade Organisation shall be excluded from the foregoing services).

REGULATORY AUTHORITIES

Certain areas related to the Internet, such as telecommunications, Internet information services, international connections to computer information networks, information security and censorship are regulated heavily in the PRC and are covered extensively by a number of existing laws and regulations issued by various PRC governmental authorities, including but not limited to:

- China Securities Regulatory Commission ("**CSRC**");
- NPPA;
- MIIT;
- MPS;
- MOCT;
- MOFCOM;
- NRTA;
- PBOC;
- the State Council Information Office ("**SCIO**");
- SAFE;
- SAMR; and
- CAC.

GENERAL REGULATIONS ON INTERNET AND TELECOMMUNICATIONS INDUSTRIES

Regulations on Value-added Telecommunications Services

The Telecommunications Regulations (電信條例) ("**Telecom Regulations**") which was promulgated on 25 September 2000 and amended on 29 July 2014 and 6 February 2016 respectively by the State Council draws a distinction between 'basic telecommunication services' and 'value-added telecommunication services'. Pursuant to the currently effective Catalogue of Telecommunications Business (電信業務分類目錄(2015 edition)), which supersedes the 2003 edition and took effect on 1 March 2016 and has been amended on 6 June 2019, "value-added telecommunication services" are divided into Category I with respect to services based on infrastructure and resources and Category II regarding services based on public application platforms. Category I value-added telecommunications services cover: (i) Internet Data Centre Services; (ii) Content Delivery Network

Services; (iii) Domestic Internet Protocol Virtual Private Network Services; and (iv) Internet Access Services. Category II value-added telecommunications services cover: (i) Online Data Processing and Transaction Processing Services; (ii) Domestic Multiparty Communications Services; (iii) Storage and Forwarding Services; (iv) Call Centre Services; (v) Information Services; and (vi) Code and Protocol Translation Services. Under the Telecom Regulations, commercial operators of value-added telecommunications services must first obtain an operating licence from MIIT or its local branch.

On 25 September 2000, the State Council promulgated the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) ("**Internet Measures**"), which was amended on 8 January 2011 and 6 December 2024. According to the Internet Measures, Internet content provision services ("**ICP**") are a subcategory of value-added telecommunications services and ICP operators must obtain an ICP Licence ("**ICP Licence**") from MIIT or its local branch before engaging in any commercial ICP operations within the PRC. When the Internet information service involves certain particular areas, such as news, publication, education, medical care, pharmaceuticals and medical equipment, prior approval from the respective regulatory authorities must be obtained prior to applying for the ICP Licence.

On 3 July 2017, MIIT promulgated the Administrative Measures on Telecommunications Business Operating Licence (電信業務經營許可管理辦法) ("**Telecom Licence Measures**"), which supersedes the 2009 edition and took effect on 1 September 2017. The Telecom Licence Measures set forth the qualifications and procedures for obtaining the telecommunication operating licences, the supervision obligation of telecommunications service operators and the obligation to submit annual reports. Telecommunication operators are required to file an annual report including the information with respect to their operations during the previous year and implementation of the network and information security maintenance systems and measures with the competent authorities in first quarter of each year. A telecommunication operator conducting value-added telecommunications services within a single province must obtain the telecommunication operator from MIIT's local branch, while a telecommunication operating licences providing value-added telecommunication services across different provinces must obtain a transregional telecommunication operating licence directly from MIIT and file with the relevant MIIT's local branches.

In July 2013, MIIT promulgated the Regulations on Protection of Personal Information of Telecommunications and Internet Users (電信和互聯網用戶個人信息保護規定) ("**Regulations on Network Information Protection**"), effective on 1 September 2013, to enforce the Network Information Protection Decision (全國人民代表大會常務委員會關於加強網絡信息保護的決定), promulgated by the Standing Committee of the PRC National People's Congress in December 2012, with the goal of enhancing and protecting information security and privacy on the Internet. The Regulations on Network Information Protection require Internet operators to take various measures to ensure the privacy and confidentiality of user information, including supervision and management over those third-party services provided by Internet operators.

On 8 June 2020, MIIT promulgated the Notice regarding Strengthening the Management of Call Center Business (關於加強呼叫中心業務管理的通知), which has further strengthening the management on the admittance, codes, accessing, operation activities and certain other items.

Regulations on Foreign Investment in the Value-added Telecommunications Services

Foreign investment in the telecommunications sector is governed by the Regulations on Administration of Foreign Invested Telecommunications Enterprises (外商投資電信企業管理規定) ("**FITE Regulations**"), which were promulgated by the State Council on 11 December 2001 and amended on 10 September 2008, 6 February 2016 and 7 April 2022 respectively. Pursuant to the FITE Regulations, a foreign investor must establish a foreign invested telecommunications enterprise ("**FITE**") with a PRC joint venture partner to engage in basic telecommunications and value-added telecommunications businesses. The FITE Regulations, amended on 7 April 2022, remove the performance and operational requirements for main foreign investors that invest in PRC companies conducting value-added telecommunication business as set out in the FITE Regulations.

The 2024 Foreign Investment Negative List classified the value-added telecommunication services as a restricted foreign investment industry by requiring that the equity ratio of foreign investors shall not exceed 50%, except for the eCommerce, storage and forwarding or call center, which means that a foreign investor may hold more than 50% of the equity in a PRC company engaging in the eCommerce, storage and forwarding or call center industry.

On 13 July 2006, MIIT issued the Circular on Intensifying the Administration of Foreign Investment in and Operation of Value-added Telecommunications Services (關於加強外商投資經營增值電信業務管理的通知) (the "**MIIT Circular**"). The MIIT Circular emphasises that a foreign investor planning to invest in the value-added telecommunications sector in the PRC must set up a FITE and apply for the applicable telecommunications business operation licence. A domestic value-added telecommunications services provider shall not lease, transfer or sell any telecommunications business operation licence to a foreign investor, or provide resources, sites, facilities or other conditions for a foreign investor in any way to illegally operate a telecommunications business in the PRC. Foreign invested enterprises would need to submit relevant foreign investment materials to MIIT for the establishment or change of telecommunication operating permits.

According to the MIIT Circular, if a foreign investor co-operates with a domestic value-added telecommunications services provider, the following requirements apply: (i) the domain names and registered trademarks used by the value-added telecommunications services provider must be legally owned by itself or its shareholder; (ii) the value-added telecommunications services provider must have the necessary premises and facilities for its approved business operations and maintain such facilities in the regions covered by its licence; and (iii) the value-added telecommunications services provider must safeguard its network and Internet security in accordance with standards set forth in the Baseline Requirements for Network and Information Security of Value-added Telecommunication Services (增值電信業務網絡信息安全保障基本要求).

On 28 September 2009, GAPP, the National Copyright Administration and the National Office of Combating Pornography and Illegal Publications jointly issued the Notice on Implementing the Provisions of the State Council on "Three Determinations" and the Relevant Explanations of the State Commission Office for Public Sector Reform and Further Strengthening of the Administration of Pre-examination and Approval of Online Games and the Examination and Approval of Imported Online Games (關於貫徹落實國務院"三定"規定和中央編辦有關解釋,進一步加強網絡遊戲前置審批和進口網絡遊戲審批管理的通知) ("**Circular 13**"). Circular 13 states that foreign investors are not permitted to invest in online game operating businesses in the PRC via wholly-owned, PRC-foreign equity joint ventures or co-operative joint ventures or to exercise control over or participate in the operation of domestic online game businesses through indirect means, such as other joint venture companies or contractual or technical arrangements. Regarding the risks with respect to the MIIT Circular and Circular 13, please see "*Risk Factors — Risks Related to our Corporate Structure — If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in Internet businesses, value-added telecommunications businesses or other related businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations*".

On 8 April 2024, the MIIT issued the Circular on Implementing the Pilot Programs Work to Expand the Opening-up of the Value-Added Telecommunications Services (關於開展增值電信業務擴大對外開放試點工作的通告). The circular states that the MIIT will launch pilot programs to expand the opening-up of value-added telecommunications services, and the pilot programs will be initially launched in several regions, including Beijing, Shanghai, Hainan and Shenzhen. In the regions approved to launch pilot programs, foreign ownership restrictions in certain value-added telecommunications business will be removed, including Internet data center services, content delivery network services, Internet access services, online data processing and transaction processing services, information publishing platforms and delivery services (excluding Internet news information, online publishing, online audiovisual, and Internet cultural operations) and information

protection and processing services. Foreign invested enterprises conducting these services in approved pilot regions are required to obtain approval from the MIIT in accordance with applicable law and regulations. The circular also indicates that based on the implementation of the pilot programs, the scope of the pilot regions may be expanded.

Regulations on the Order of the Internet Information Service Market

On 29 December 2011, the MIIT promulgated Certain Rules on Regulating the Order of the Internet Information Service Market (規範互聯網信息服務市場秩序若干規定) ("**Internet Market Order Rules**"), effective from 15 March 2012. The Internet Market Order Rules aim to regulate the order of the Internet information service market, protect the legitimate rights and interests of Internet information service providers and users and promote the healthy development of the technology industry. Pursuant to the Internet Market Order Rules, an Internet information service provider shall offer services under the principles of equality, voluntariness, fairness and integrity, and shall not commit acts infringing the legitimate rights and interests of other service providers and users such as maliciously interfering in services offered by other Internet information service providers at user terminals, or maliciously interfering in the downloading, installation, operation and upgrading of software and other products related to Internet information services, or refusing, postponing or ceasing to provide users with Internet information services or products without any proper reason. An Internet information service provider may be subject to administrative penalties, including warnings and fines and other legal liabilities, for violation of the Internet Market Order Rules.

Regulations on Internet Content Services

National security considerations are an important factor in the regulation of Internet content in the PRC. Under the Internet Measures, violators may be subject to penalties, including criminal sanctions, for the production, duplication, posting or dissemination of any Internet content that:

- opposes the fundamental principles stated in the PRC Constitution;
- jeopardises national security, divulges state secrets, subverts state power or damages national unity;
- harms the dignity or interests of the state;
- incites ethnic hatred or racial discrimination or damages inter-ethnic unity;
- undermines PRC religious policy or propagates heretical teachings or feudal superstitions;
- disseminates rumors, disturbs social order or disrupts social stability;
- disseminates obscenity, pornography, gambling, violence, murder, terror or induces crimes;
- humiliates or defames any other person, or infringes upon the legal interests of any other person; or
- is otherwise prohibited by the laws or administrative regulations.

ICP operators are required to monitor their websites. They shall not post or disseminate any content that falls within these prohibited categories and must remove any such content from their websites. Those who fail to observe the requirements shall be sanctioned by the public security or State security authorities in accordance with the Law of the People's Republic of China on Public Security Control and Sanctions (2025 Revision) (中華人民共和國治安管理處罰法(2025修訂)) and the Regulation on Protection of Security in International Connection of Computer Information Networks (2011 Revision) (計算機信息網絡國際聯網安全保護管理辦法(2011修訂)) as well as other laws and administrative regulations. In the case of commercial Internet information service providers who fail

to observe the requirements, they shall be ordered by the authority issuing the Service Licence to temporarily suspend their services or their Service Licences may be revoked while non-profit Internet information service providers shall be ordered by the record-filing authority to temporarily or permanently shut down their websites.

Pursuant to the Decisions on Maintenance of Internet Security (關於維護互聯網安全的決定) ("**Internet Security Decisions**") that was adopted by the Standing Committee of National People's Congress, the PRC national legislative body, on 28 December 2000 and was amended on 27 August 2009, individuals or entities may be subject to criminal charges for certain misconduct which threatens or harms (i) the Internet operation safety; (ii) national security and social stability; (iii) economic system and social management; and (iv) legal rights and interests of individuals, legal persons and other organisations.

On 21 January 2010, MIIT promulgated the Administrative Measures on the Security and Protection of Communication Networks (通信網絡安全防護管理辦法), according to which, Internet operators shall file the certain information regarding its operated public networks and Internet with MIIT.

The PRC Supreme People's Court and the Supreme People's Procuratorate jointly issued the Interpretations and the Interpretations II, on Several Issues Relating to the Specific Application of Laws in Handling Criminal Cases Involving the Use of Internet, Mobile Communication Terminal or Information Service Station for Producing, Duplicating, Publishing, Selling or Disseminating Obscene Electronic Information (最高人民法院、最高人民檢察院關於辦理利用互聯網、移動通訊終端、聲訊台製作、複製、出版、販賣、傳播淫穢電子信息刑事案件具體應用法律若干問題的解釋和解釋(一)/(二)) on 3 September 2004 and 2 February 2010, respectively. According to these judicial interpretations, the executive assuming direct responsibility and other directly responsible personnel of the Internet service operator shall be convicted and punished accordingly if the Internet service operator knowingly provides any service to an obscene website or an obscene information provider.

On 4 February 2015, the CNNIC promulgated the Administrative Provisions on Account Names of Internet Users (互聯網用戶賬號名稱管理規定), which became effective on 1 March 2015. According to such provisions, Internet service providers must inspect the account names, Avatars and profiles submitted by users, authenticate the identity information of the registered users and report to the competent authorities regarding any violation of the provisions.

Pursuant to the Ninth Amendment to the Criminal Law (刑法修正案(九)) which became effective on 1 November 2015, Internet service providers that fail to fulfill the obligations related to Internet information security administration as required by applicable laws and regulations and refuse to rectify upon orders will be subject to criminal liability for (i) any dissemination of illegal information at a large scale; (ii) any severe impact due to the leakage of the information of users; (iii) any serious loss of evidence of criminal activities; or (iv) other severe circumstances. An Internet service provider will be subject to criminal liability if it is aware of any individual or entity committing crime by Internet and provides Internet access, server hosting, network storage, communication transmission and other technical support, or provides advertising services, payment services or other assistance to such individual or entity.

On 7 November 2016, the SCNPC promulgated the Cyber Security Law (網絡安全法), which became effective on 1 June 2017. Pursuant to the Cyber Security Law, Internet service providers must take technical measures to safeguard the operation of networks, respond to cyber security incidents effectively, prevent illegal and criminal activities and maintain the integrity, confidentiality and usability of network data. Internet service providers shall require the users to provide their real identity information when signing agreements or confirmations on the provision of such services as network access, domain name registration, fixed phone and mobile phone network access or information release and instant communication, and in case that a user does not provide his/her real

identity information, Internet service providers shall not provide related services for the user. The Cyber Security Law further requires Internet service providers to formulate contingency plans for cyber security incidents, report to the competent departments immediately upon the occurrence of any incident endangering cyber security and take corresponding remedial measures.

At the end of 2019, the CAC issued the Provisions on the Management of Network Information Content Ecology (網絡信息內容生態治理規定) (the "**CAC Order No. 5**"), which became effective on 1 March 2020, to further strengthen the regulation and management of network information content. Pursuant to the CAC Order No. 5, each network information content service platform is required, among others, (i) not to disseminate any information prohibited by laws and regulations, such as information jeopardising national security; (ii) to strengthen the examination of advertisements published on such network information content service platforms; (iii) to promulgate management rules and platform conventions and improve user agreements, such that such network information content service platforms could clarify users' rights and obligations and perform management responsibilities required by laws, regulations, rules and conventions; (iv) to establish convenient means for complaints and reports; and (v) to prepare an annual work report regarding its management of network information content ecology. In addition, a network information content service platform must not, among others, (i) utilise new technologies such as deep-learning and virtual reality to engage in activities prohibited by laws and regulations; (ii) engage in online traffic fraud, malicious traffic rerouting and other activities related to fraudulent accounts, illegal transaction accounts or maneuver of users' accounts; and (iii) infringe upon a third-party's legitimate rights or seek illegal interests by way of interfering with information display.

Regulations on Internet Cultural Activities

On 10 May 2003, MOC promulgated the Interim Regulations on Administration of Internet Culture (互聯網文化管理暫行規定) (the "**Internet Culture Regulations**"), which were revised on 17 February 2011 and 15 December 2017 and the revised Internet Culture Regulations became effective on 15 December 2017. The Internet Culture Regulations apply to entities that engage in activities related to "Internet cultural products", which are classified as cultural products produced, disseminated and circulated via the Internet, including Internet cultural products: (i) specifically produced for the Internet, such as online music entertainment, online games, network games, network performance programmes, online performing arts, online artworks and online animation features and cartoons and so forth; and (ii) converted from music entertainment, games, performance programmes, performing arts, artworks and animation features and cartoons and disseminated via the Internet. Pursuant to the Notice on Adjustment of Approval Scope of the Internet Culture Operation Licence and Further Regulation on Approval issued by the office of the MOCT (文化和旅遊部辦公廳關於調整網絡文化經營許可證審批範圍進一步規範審批工作的通知) on 14 May 2019, MOCT no longer assumes the responsibility for the administration of online game industry and online games were removed from "Internet cultural products".

Pursuant to the Internet Culture Regulations effective on 15 December 2017, an entity is required to obtain a Network Culture Operating Permit from the relevant local branch of MOC (currently MOCT), in addition to the ICP Licence if it intends to commercially engage in any of the following types of activities:

(i) production, duplication, import, distribution or broadcasting of Internet cultural products;

(ii) publication of Internet cultural products on the Internet or transmission of Internet cultural products via an information network, such as the Internet and mobile networks, to a computer, fixed-line or mobile phones, television sets or game consoles for the purpose of browsing, reviewing, using or downloading such products by online users; or

(iii) exhibitions or contests related to Internet cultural products.

On 12 August 2013, MOC promulgated the Administrative Rules on Self-Censorship by Internet Culture Operators (網絡文化經營單位內容自審管理辦法) ("**Internet Culture Operators Self-Censorship Measures**"), effective as at 1 December 2013, according to which, each Internet cultural operator shall undertake an internal review by at least two qualified staff members on the content of the Internet cultural products before they are made public which is verified by the manager in charge of such review.

REGULATIONS ON ONLINE GAMES AND PUBLICATIONS

Regulations on Electronic and Internet Publications

On 21 February 2008, GAPP issued the Regulations on the Administration of the Publication of Electronic Publications (電子出版物出版管理規定) ("**Electronic Publications Regulations**"), which was amended on 28 August 2015 and repealed the prior Regulations on Administration of Electronic Publications (電子出版物管理規定) issued on 30 December 1997. Pursuant to the Electronic Publications Regulations, the PRC implements a licensing system for publishing electronic publications. A company wishing to publish electronic publications must meet the specified requirements with respect to registered capital, equipment, premise and organisational structure and obtain an approval from GAPP. With such approval, the company must then register with the local branch of GAPP and obtain an Electronic Publications Publishing Licence. A company engaged in publishing electronic publications is also required to go through a regular inspection process every two years, during which the company's registration, qualification, business operation, compliance and internal management will be reviewed by the local branch of GAPP.

On 31 March 2015, the SAPPRFT issued the Guiding Opinion on Promoting the Integrated Development of Traditional and New Publication (關於推動傳統出版和新興出版融合發展的指導意見). Pursuant to this Opinion, competent authorities shall (i) promote a content dissemination system integrating online and offline development and (ii) use big data, cloud computing, mobile Internet, Internet of things and other technologies to strengthen the building of publication content, product and user databases and improve the capacity of data gathering, storage, management, analysis and use.

GAPP and MIIT Provisions was issued by GAPP and MIIT on 4 February 2016 and effective on 10 March 2016, which abolished the Interim Regulations on Administration of Internet Publication (互聯網出版管理暫行規定) issued on 27 June 2002. GAPP and MIIT Provisions require business operations involving Internet publishing to be approved by GAPP. Internet publishing services are defined as activities of providing Internet publications to the public through information networks.

Under Circular 13, provision of online games via Internet is regarded as an Internet publishing activity and online game operators must be examined and approved by GAPP (currently NPPA). With such approval, the online game operator will receive an Internet Publishing Licence specifically allowing for online game operation business. The notice prohibits any direct foreign investment in online game operation business. Furthermore, it prohibits foreign control or participation in domestic companies' online game operation business in an indirect way, such as entering into technical support agreements or in any other disguised manner.

Regulations on Online Game Operations

Online game operations are covered extensively by a number of existing laws and regulations issued by various PRC governmental authorities, including MIIT, GAPP and MOC. Under the Electronic Publications Regulations and other regulations issued by GAPP, online games are classified as a kind of electronic production. It requires online games to be published by licenced electronic publishing entities with standard publication codes. The GAPP (currently NPPA) and MIIT Provisions require online game operators to obtain an Internet Publication Licence from GAPP prior to directly making

its online games publicly available in the PRC. Under the revised Internet Culture Regulations, which became effective on 1 April 2011, online game operators are required to apply to the local branch of MOC (currently MOCT) for a Network Culture Operating Permit as online games fall within the scope of Internet cultural products.

However, online games have been removed from the scope of "Internet cultural products" since 14 May 2019. On 14 May 2019, the MOC promulgated the Notice on Adjustment of Approval Scope and Further Standardise Examinaton and Approval of Network Culture Operating Permit (關於調整《網絡文化經營許可證》審批範圍進一步規範審批工作的通知) ("**MOCT Adjustment Notice**"). According to such notice, the MOC no longer assumes responsibility for administering the industry of online games.

Pursuant to the Computer Software Protection Regulations (計算機軟件保護條例) promulgated by the State Council on 4 June 1991, and revised in December 2001, January 2011 and January 2013, a software copyright holder may apply to register his/her software with the competent software registration organ and a registration certificate issued by the software registration organ shall be a prima facie evidence of items having been registered. In order to further implement the Computer Software Protection Regulations, the National Copyright Administration of the PRC issued the Computer Software Copyright Registration Procedures (計算機軟件著作權登記辦法) on 20 February 2002, which apply to software copyright registration, licence contract registration and transfer contract registration. Pursuant to the Computer Software Copyright Registration Procedures, the software being registered shall be independently developed software or software where important improvements have been made in terms of the functionality or performance of the original software through changes being made to the software with the approval of the original copyright owner. If an application for the registration of software is approved, a corresponding registration of software certificate shall be issued and the registration shall be publicly announced.

On 22 December 2023, the NPPA released the Measures for the Administration of Online Games (Draft for Comment) (網絡遊戲管理辦法(草案徵求意見稿)) (the "**Online Games Measures Draft**") for public comments, aiming to regulate the order of the online game industry, protect the lawful rights and interests of users, ensure the physical and mental well-being of minors and promote the healthy and orderly development of the online game industry. According to the draft measures, any entity that is engaged in online game operations must obtain a Network Culture Operating Permit. Before publishing and operating an online game, the entity must submit an application to the local provincial-level publication authorities, which, if approved, shall be forwarded to the national publication authority for approval. In addition, online game publishers and operators shall implement a content self-review policy, and ensure the legality and quality of published online game content. The Online Games Measures Draft also set up some other requirements for the publishing and operating of online games, such as restrictions on excessive game usage and high expenditure, rules for indication of information, rules for random draws and the requirement for real-name registration. Furthermore, the Online Games Measures Draft reiterates the importance of "protecting minors" or "the protection of minors", which requires online game publishers and operators to (i) strictly control minors' online game usage hours and duration; (ii) prohibit minors from logging into games that are likely to cause addiction or include content unsuitable for minors; (iii) strictly enforce restrictions on the provision of paid services to minors, reasonably limit the expenditure by minors of different age groups when using their services; (iv) prohibit the provision of the leasing or sale of accounts, in-game currency and virtual item trading services, as well as third-party services such as booster and power-leveling, to minors; (v) prohibit the provision of random draw services to minors; and (vi) prohibit tipping by minors in online game live streaming. The Online Games Measures Draft further stipulates relevant rules for the issuance and trading of virtual currency and items in online games, and online game publishers and operators must not allow the conversion of virtual currency or items obtained by users from online games into legal currency.

Regulations on Online Game Censorship and Imported Games

On 12 July 2005, MOC and MIIT promulgated the Opinions on the Development and Administration of Online Games (關於網絡遊戲發展和管理的若干意見), reflecting the government's intent to both foster and control the development of the online game industry in the PRC. In addition, MOC will censor online games that "threaten state security", "disturb the social order", or contain "obscenity" or "violence".

Pursuant to Circular 13, online game operators must provide each online game to GAPP (currently NPPA) for examination and approval prior to its online release. Circular 13 further provides that GAPP (currently NPPA) is responsible for the examination and approval of any imported online games. Any online game operator that intends to operate imported online games shall first apply for approval on copyright registration certificate from the relevant local branch of the Copyright Administration and then pre-approval from GAPP (currently NPPA).

On 30 August 2018, eight PRC regulatory authorities at national government level, including the National Administration of Press and Publication and the Ministry of Education, released the Implementation Programme. As part of the plan to prevent myopia among children, the Implementation Programme plans to regulate the number of new online games and restrict the amount of time children spend playing on electronic devices.

On 11 October 2018, the General Office of the State Council promulgated the Implementation Scheme of Improvement and Promotion of Consumption Mechanism (2018-2020) (完善促進消費體制機制實施方案 (2018-2020)), which expressly calls for developing digital cultural content such as digital video and audio, animation and games and online literature, promoting transformation and upgrading of online games, and regulating development, publishing and operation of online games.

In accordance with " Notice on Adjustment of Approval Scope and Further Standardise Examination and Approval of Network Culture Operating Permit" promulgated by Ministry of Culture and Tourism (文化和旅遊部關於調整《網絡文化經營許可證》審批範圍進一步規範審批工作的通知) on 14 May 2019, MOCT shall no longer be responsible for the management of the online games industry. Up to now, there are no clear provisions in laws and regulations on which government authority shall undertake the responsibility after the MOCT, and whether it is still required to obtain any licence.

On 6 November 2019, the MOCT promulgated the Circular on Management Measure of Game and Entertainment Equipment (文化和旅遊部關於印發遊戲遊藝設備管理辦法的通知) ("**Circular 129**"), which became effective on 1 January 2020, and replaced the Circular of the Ministry of Culture on Permitting Domestic and Foreign-invested Enterprises to Engage in the Production and Sales of Game and Entertainment Equipment (文化部關於允許內外資企業從事遊戲遊藝設備生產和銷售的通知) ("**Circular 576**"). Under Circular 129, enterprises that produce game and entertainment equipment shall obtain approval from the provincial-level cultural and tourism administration. Once approved, the local cultural and tourism administration shall issue a "game and entertainment equipment electronic identification" to such enterprises.

Regulations on Web-based Games

In general, Circular 13 includes web-based games within the definition of online games. Prior to the promulgation of Circular 13, both GAPP and MOC attempted to regulate the operation and operators of MMORPGs, although there was no specific regulation or policy that included web-based games as online games. However, due to the growing popularity of social and web-based games, these games are coming under increasing scrutiny with efforts being made to limit the role and impact of foreign companies in this sector. GAPP has indicated that social and web-based games should be regulated similarly to other online games.

Regulations on Virtual Currency

On 15 February 2007, MOC, PBOC and other relevant government authorities jointly issued the Notice on the Reinforcement of the Administration of Cybercafe and Online Games (關於進一步加強網吧及網絡遊戲管理工作的通知) ("**Cybercafe Notice**"). Under the Cybercafe Notice, PBOC is directed to strengthen the administration of virtual currency in online games to avoid any adverse impact on the real economic and financial systems. The Cybercafe Notice provides that the total amount of virtual currency issued by online game operators and the amount purchased by individual users should be strictly limited, with a strict and clear division between virtual transactions and real eCommerce transactions. This Cybercafe Notice also provides that (i) virtual currency should only be used to purchase virtual items provided in the online games by the online game operator; (ii) if the customers would like to redeem the virtual currency for legal currency, the amount so redeemed shall not exceed the original purchase amount; and (iii) the activity of buying and reselling virtual currency for a profit is strictly prohibited.

On 4 June 2009, MOC and MOFCOM jointly issued the Virtual Currency Notice. Virtual currency is broadly defined in the Virtual Currency Notice as a type of virtual exchange instrument issued by Internet game operation enterprises, purchased directly or indirectly by the game user by exchanging legal currency at a certain exchange rate, saved outside the game programmes, stored in servers provided by the Internet game operation enterprises in electronic record format and represented by specific numeric units. Virtual currency is used to exchange Internet game services provided by the issuing enterprise for a designated extent and time, and is represented by several forms, such as prepaid game cards, prepaid amounts or Internet game points. Game props, which are virtual items or equipment obtained from playing online games, are excluded from the definition of virtual currency. The Virtual Currency Notice specifically states that game props should not be confused with virtual currency and that MOC, jointly with other authorities, will issue separate rules to govern them.

The Virtual Currency Notice divides the virtual currency business into (i) enterprise engaging in virtual currency issuing service, which is an online game operating enterprise engaged in the issuance and provision of virtual currency use service and (ii) enterprise engaging in virtual currency trading service, which is an enterprise providing a trading platform between the users in respect of the virtual currency. Pursuant to the Virtual Currency Notice, virtual currency may not be used to pay for any services outside of the online game realm. The Virtual Currency Notice prohibits online game operators from awarding game props or virtual currency through lucky draws or lotteries that require users to first contribute cash or virtual currency. The Virtual Currency Notice also prohibits a single enterprise from operating both virtual currency issuing services and virtual currency trading services.

Regulations on Anti-Fatigue System and Real-Name Registration System

On 15 April 2007, MIIT, GAPP, the Ministry of Education and five other government authorities jointly issued the Notice on the Implementation of Online Game Anti-Fatigue System to Protect the Physical and Psychological Health of Minors (關於保護未成年人身心健康實施網絡遊戲防沉迷系統的通知) ("**Anti-Fatigue Notice**"). Pursuant to the Anti-Fatigue Notice, online game operators are required to install an "anti-fatigue system" that discourages game players under 18 years of age from playing games for more than five hours per day. Under such anti-fatigue system, three hours or less of accumulative play by minors is considered to be "healthy", three to five hours to be "fatiguing", and five hours or more to be "unhealthy". Game operators are required to reduce the value of in-game benefits to a game player by half if the player has reached the "fatiguing" level, and to zero for the "unhealthy" level. To identify whether a game player is a minor and thus subject to the anti-fatigue system, online game operators must also use a real-name registration system.

On 1 July 2011, the GAPP, the Ministry of Education, MPS, MIIT and four other governmental authorities issued the Notice on Implementing the Verification of Real-Name Registration for the Anti-Fatigue System of Online Games (關於啟動網絡遊戲防沉迷實名驗證工作的通知) ("**Real-Name Verification Notice**"). Pursuant to the Real-Name Verification Notice, starting from 1 October 2011, real-name verification for online game (excluding mobile online games) anti-fatigue systems shall be

launched nationwide and the National Center for Citizen's Identification Card Number Search Service ("**ID Card Search Center**"), an affiliate of MPS, is responsible for the real-name verification for online game anti-fatigue systems. The ID Card Search Center shall verify the identification information reported by online game operators in a timely manner and effectively in accordance with the Procedures for Real-Name Verification for Online Game Anti-Fatigue System (網絡遊戲防沉迷實名驗證流程). Online game operators shall be responsible for the recognition of real-name registration information of users, report any user identification information that needs to be verified and include users who have been determined to have provided fake identification information to the online game anti-fatigue system by real-name verification. The general office of SAPPRFT promulgated the Notice on Further Implementing the Verification of Real-Name Registration for the Anti-Fatigue System of Online Games (關於深入開展網絡遊戲防沉迷實名驗證工作的通知) on 25 July 2014, further strengthening the implementation of the anti-fatigue system and the real-name registration system provided under the Real-Name Verification Notice.

On 25 October 2019, NPPA promulgated the Circular of the National Press and Publication Administration on Preventing Minors from Online Game Addictions (國家新聞出版署關於防止未成年人沉迷網絡遊戲的通知) effective on the same day, which requires that online game enterprises shall strictly control the time slot, duration and paid services provided for minors, and specifies that online game enterprises shall not provide game services in any form for new users without real-name registration commencing from 25 October 2019, and online game enterprises must require all their existing users to complete real-name registration and stop providing game services for users who have not completed real name registration within two months after the foregoing circular took effect.

On 30 August 2021, the GAPP issued the Circular on Further Strengthening Regulation to Effectively Prevent Online Gaming Additions Among Minors (關於進一步嚴格管理切實防止未成年人沉迷網絡遊戲的通知), which provides that online game operators can only provide online game services to minors from 8:00 p.m. to 9:00 p.m. on Fridays, Saturdays, Sundays and public holidays. In addition, online game operators shall not provide online game services in any form to users who have not logged in with their real-name registration. Failure to comply with the foregoing provisions may subject the online game operator to sanctions.

On 20 October 2021, the Ministry of Education issued the Circular on Further Preventing Middle School and Primary Students from Addiction to Online Games (關於進一步加強預防中小學生沉迷網絡遊戲管理工作的通知). Pursuant to this circular, online game operators shall take technical measures to avoid primary and secondary school students being exposed to inappropriate games or game features and shall not operate online games without approval. Online game operators are further required to strictly implement the requirements of real-name registration. All real-name registration information submitted by online game users must be verified by the real-name verification system of the GAPP.

On 16 October 2023, the State Council Promulgated the Regulations on the Protection of Minors Online (未成年人網絡保護條例), which became effective on 1 January 2024. Pursuant to these regulations, Internet service providers shall assume their social responsibilities for protecting minors online and accept oversight from both the government and society. If an Internet product or service contains information that may cause or induce minors to imitate unsafe behavior, violate social ethics, generate extreme emotions, develop bad habits or otherwise impact the physical and mental well-being of minors, any organisation or individual producing, reproducing, releasing or disseminating such information shall provide a prominent reminder before displaying the information. Internet product and service providers shall establish and improve their anti-addiction systems, must not offer products and services to minors that induce addiction and shall promptly modify content, functions or rules that may lead to addiction in minors. Internet service providers, including online gaming, online livestreaming, online audio and video and online social networking service providers, shall establish minor modes based on the characteristics of usage of their services by minors of different ages and employ measures to reasonably limit the single expenditure amount and single-day

expenditure amount for minors of different ages when using their services. Internet product and service providers that have been ordered to close their website or had their relevant business permit or business license revoked, as the penalty for violation of these regulations, are not allowed to reapply for the relevant permit for five years.

REGULATIONS ON INTERNET VALUE-ADDED SERVICES

Regulations on Instant Messaging

Pursuant to the currently effective Catalogue of Telecommunications Business, IM services fall within the category of information service business. IM services through the Internet shall be provided by an ICP operator holding an ICP Licence.

Regulations on Internet Bulletin Board Services, Internet Post Comments, Internet Chat Group Services and Internet Public Account Services

Microblog or other SNS activities provided by an ICP operator are usually regarded as a type of BBS service.

On 7 March 2001, MIIT issued a Notice on Further Strengthening Administrative Regulation on Internet Information Bulletin Board Services (關於進一步做好互聯網信息服務電子公告服務審批管理工作的通知) ("**BBS Notice**"). However, the special examination and approval of the record filing of the Internet electronic bulletin board services has been canceled by Decision of the State Council on the Fifth Batch of Administrative Examination and Approval Items to be Canceled and Delegated to Lower Administrative Levels (國務院關於第五批取消和下放管理層級行政審批項目的決定) on 4 July 2010. Nevertheless, where the BBS service provided by the ICP operator involves any Internet cultural activities, such as online contests or online music, a Network Culture Operating Permit is also required.

On 25 August 2017, CAC issued the Management Rules on the Internet Post Comments Services (互聯網跟帖評論服務管理規定), which were amended in 16 November 2022 and became effective on 15 December 2022. These rules require the Internet post comments service providers to strengthen the management of the registrant and to establish an examination system upon the contents of the post comments. For any illegal contents published on the Internet platform, Internet post comments service providers shall immediately take measures such as warning, rejecting to release, deleting the information, restricting functions, suspending update and closing the account, and keep the relevant records. Internet post comments service providers shall establish a hierarchical management system, the registrant who is seriously dishonest shall be named on the blacklist and shall be prohibited from using the post comments service even by re-registration. In addition, Internet post comments service providers shall establish a public complaint and report system and timely accept and investigate the public complaints and reports.

On 25 August 2017, CAC issued the Management Rules on the Internet Forum and Community Services (互聯網論壇社區服務管理規定), which came into effect on 1 October 2017. The rules require the Internet forum and community service providers to strengthen the administration of the information published by their users. By following the principal of using real names at the background and volunteering to do so at the foreground, Internet forum and community service providers shall request users to register accounts upon passing their real identity information verification and file as well as regularly check and verify the real identity information of the initiators and administrators of sections.

On 7 September 2017, CAC issued the Management Rules on the Internet Groups (互聯網群組信息服務管理規定), which came into effect on 8 October 2017. These rules aim to tighten the control of IM groups by imposing upon Internet chat service providers the duty to verify the identities of their users and keep a blog of group chats for no less than six months. These rules also require Internet chat service providers to establish a credit system, and to provide group chat services to users in

accordance to their credit ratings. In addition, founders and managers of the Internet chat group should bear responsibility for the management of the group. Groups that release illegal information like pornographic, violent, terrorism-related or false information may be warned, be suspended use of group chat services or be closed down, and the group's founders or managers will be downgraded, or suspended his/her management power of groups or his/her ability to set up new groups, or named on a blacklist.

On 7 September 2017, CAC issued the Management Rules on the Online Public Accounts (互聯網用戶公眾賬號信息服務管理規定), which came into effect on 8 October 2017 and were amended on 22 February 2021. "Online public account service platform" refers to those that provide registration and operation of online public accounts, release of information content and technical support services for Internet users. The amended Management Rules on the Online Public Accounts strengthen the responsibility of the online public account service platforms, including that (i) they shall verify the legality and compliance of the names, avatars or introduction, etc. of the online public accounts registered by Internet users, and shall suspend the provision of services for the users and notify such registrants to make corrections within a prescribed time limit in case of any inconsistency between such account name, avatar or introduction and their real identity information, especially any unauthorised use of the names of such organisations as political party and government authorities, (ii) they shall require the registrants to provide their professional background and relevant materials such as qualifications or licences and conduct necessary verification with regard to any application for registration for engaging in the production of information content in the fields of economy, education, medical care and health, justice, etc., (iii) they shall establish a mechanism for monitoring and evaluating online public accounts and prevent data falsification in respect of the number of subscribers, user attention, content click-through rate and the number of comments forwarded, etc., and (iv) without the informed consent of an Internet user, they shall not force in any way the Internet user to subscribe or follow the online public accounts.

Regulations on Mobile Applications

On 28 June 2016, CAC issued the Management Rules on Mobile Internet Application Information Services (移動互聯網應用程序信息服務管理規定) ("**Mobile Application Rules**"), which were promulgated on 28 June 2016 and amended on 14 June 2022 and became effective on 1 August 2022. Pursuant to these rules, a mobile Internet application refers to an application software that runs on mobile smart devices providing information services after being pre-installed, downloaded or embedded through other means. Mobile Internet application providers refer to the owners or operators of mobile Internet applications. Internet application stores refer to platforms which provide services related to online browsing, searching and downloading of application software and releasing of development tools and products through the Internet. Pursuant to the Mobile Application Rules, an Internet application program provider must verify a user's mobile phone number and other identity information under the principle of mandatory real name registration at the back-office end and voluntary real name display at the front office end. An Internet application provider must not enable functions that can collect a user's geographical location information, access a user's contact list, activate the camera or recorder of the user's mobile smart device or other functions irrelevant to its services, nor is it allowed to conduct bundle installations of irrelevant application programs, unless it has clearly indicated to the user and obtained the user's consent on such functions and application programs. In respect of an Internet application store service provider, the Mobile Application Rules require that, among others, it must file a record with the local authority within 30 days after it rolls out the Internet application store service online. It must also examine the authenticity, security and legality of Internet application providers on its platform, establish a system to monitor application providers' credit and file a record of such information with relevant governmental authorities.

On 16 December 2016, MIIT promulgated the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (移動智能終端應用軟件預置和分發管理暫行規定), which came into effect on 1 July 2017. The Interim Measures aim to enhance the administration of mobile application, and require, among others, that mobile phone manufacturers and Internet information service providers must ensure that a mobile applications, as well as its ancillary resource files, configuration files and user data can be uninstalled by a user on a convenient basis, unless it is a basic function software, which refers to a software that supports the normal functioning of the hardware and operating system of a mobile smart device.

Regulations on Internet News Publication and Dissemination

On 7 November 2000, SCIO and MIIT jointly promulgated the Provisional Measures for Administration of Internet Websites Carrying on the News Publication Business (互聯網站從事登載新聞業務管理暫行規定) ("**Internet News Measures**"). These measures require an ICP operator, other than a government authorised news unit/organisation, to obtain the approval from SCIO to publish news on its website or disseminate news through the Internet. Furthermore, any disseminated news is required to be obtained from government-approved sources based on contracts between the ICP operator and these sources or produced by the ICP operators themselves. The copies of such contracts must be filed with the news office of the provincial-level government.

On 2 May 2017, CAC issued the Provisions on the Administration of Internet News Information Services (互聯網新聞信息服務管理規定) ("**Internet News Provisions**"), which became effective on 1 June 2017 and replaced the Internet News Provisions jointly issued by SCIO and MIIT on 25 September 2005. Pursuant to the Internet News Provisions, anyone who intends to provide the public with news information services on the Internet via Internet websites, applications, forums, blogs, micro-blogs, official accounts, instant message tools or network-based broadcast, shall obtain the Internet News Information Service Licence from CAC before they can provide the approved service and file application to CAC or its local branch for approval if it intends to change its principal, chief editor, governing body, equity structure or any other major item that will affect the licensing conditions. Where an Internet news information service provider intends to adopt new technologies, and adjust or introduce new application functions which are of a media opinion nature or able to result in social mobilisation, it shall report the same to CAC or its local counterpart at provincial level for the purpose of safety evaluation of its Internet news information services. The CAC and local cyberspace administrators shall establish a supervisory and administrative system that combines routine inspections and regular inspections, sets up credit records for Internet news information service networks, and establishes a blacklist system for dishonest service providers and an interview system.

On 30 October 2017, CAC issued the Provisions on the Administration of the Safety Evaluation of New Technologies and Applications for Internet News Information Services (互聯網新聞信息服務新技術新應用安全評估管理規定) ("**Safety Evaluation Provisions**"), which became effective on 1 December 2017. Pursuant to the Safety Evaluation Provisions, the Internet news information service provider shall establish and improve the management system for the evaluation of the safety of new technologies and applications, organise safety evaluation, provide necessary cooperation with CAC for the safety evaluation and complete the rectification in a timely manner if there is any safety risk. If the Internet news information service provider intends to adopt new technologies or add functions that have the attribute of news and public opinion or the social mobilisation ability, or the change of new technologies or new application functions in respect of user scale, function attribute, technical realisation mode or basic resource allocation result in the significant change in the attribute of news and public opinion or the social mobilisation ability, it shall organise the relevant safety evaluation of such technologies and applications, prepare a safety evaluation report in writing and be liable for the evaluation results.

Regulations on Internet Medical Care Information Services

Online medical advertisements shall comply with the Measures for the Administration of Medical Advertisements (醫療廣告管理辦法) jointly promulgated by Ministry of Health and SAIC on 27 September 1993 and amended on 10 November 2006. The advertising agent or advertising publisher shall examine the medical advertisement examination certificate of the medical institution that needs to publish the medical advertisement and verify the contents of the advertisement before publishing the medical advertisement.

On 27 July 2017, the SAPPRFT issued the Notice on Strengthening the Management on Medicine Advertisement Involved in the Internet Audio and Video Programme (國家新聞出版廣電總局辦公廳關於加強網絡視聽節目領域涉醫藥廣告管理的通知) to require the Internet audio and video programme service providers to rigorously scrutinise the advertisements and programmes on medical products and resolutely resist deceptive and illegal advertisements.

On 17 July 2025, the SMAR, Ministry of Health and the National Administration of Traditional Chinese Medicine jointly issued the Medical Advertising Identification Guidelines (醫療廣告認定指南), which provide specific and actionable criteria to address the issue of blurred lines between medical advertising and scientific information in the current environment, particularly online.

Regulations on Online Music

On 20 November 2006, MOC issued Several Suggestions of the Ministry of Culture on the Development and Administration of Internet Music (關於網絡音樂發展和管理的若干意見) ("**Suggestions**"), which became effective on the same date. The Suggestions, among other things, reiterate the requirement for an ICP operator to obtain the Network Culture Operating Permit to carry out any business relating to Internet music products. In addition, foreign investors are prohibited from operating Internet culture businesses. The Suggestions further provide that any online music that will be circulated within the PRC is required to (i) for foreign music, be approved for importation by MOC; and (ii) for domestic music, be filed with MOC. Imported online music is required to be filed for content review by MOC before being circulated online.

In October 2015, the MOC promulgated the Notice on Further Strengthening and Improving the Administration of Content Review of Online Music (關於進一步加強和改進網絡音樂內容管理工作的通知), which became effective on 1 January 2016. According to this notice, an online music operator is required to review the content of music products by itself before making the products available on its platform, and the administrative department of culture is responsible for supervising the implementation of such self-review. To comply with the self-review requirement, an online music operator must file information regarding its self-review regime, including personnel deployment, duty allocation, self-review protocol and others with the competent administrative department of culture. Furthermore, it must file a summary of its self-review result for the preceding quarter on a quarterly basis.

In addition, MOC has taken great efforts to crack down on music websites, which carry out an online music operation without approval since 2010. The Ministry of Culture of the People's Republic of China promulgated a blacklist of Internet animation products (網絡動漫作品黑名單) and a blacklist of music products (網絡音樂作品黑名單) in June and August 2015, respectively. Pursuant to these two blacklists, no one may provide the specified 120 music and 38 Internet animations.

Regulations on Online Audio/Video Broadcasting

On 13 April 2005, the State Council announced Several Decisions on Investment by Non-State-Owned Companies in Culture-Related Business in China (國務院關於非公有資本進入文化產業的若干決定). These decisions encourage and support non-state-owned companies to enter into certain culture-related business in the PRC, subject to restrictions and prohibitions for investment in audio or video broadcasting, website news and certain other businesses by non-state-owned companies. These decisions authorise SARFT, MOC and GAPP to adopt detailed implementation rules according to these decisions.

On 20 December 2007, SARFT and MIIT jointly issued the Rules for the Administration of Internet Audio and Video Programme Services (互聯網視聽節目服務管理規定) ("**Circular 56**"), as amended on 28 August 2015. Circular 56 requires that Internet (including mobile network) audio and video service providers must obtain the Information Network Audio and Video Programme Dissemination Licence from SARFT. Furthermore, Circular 56 requires all Internet audio or video service providers to be either wholly state-owned or state-controlled. According to relevant official answers to press questions published on SARFT's website dated 3 February 2008, officials from SARFT and MIIT clarified that Internet audio or video service providers (foreign-invested websites not included) that have been operating lawfully prior to the issuance of Circular 56 may re-register and continue to operate without becoming state-owned or controlled, provided that such providers have not engaged in any unlawful activities. This exemption will not be granted to Internet audio or video service providers established after Circular 56 was issued. Such policies have been reflected in the application procedures for Audio and Video Programme Dissemination Licence.

On 28 December 2007, SARFT issued the Notice on Strengthening the Administration of TV Dramas and Films Transmitted via the Internet (關於加強互聯網傳播影視劇管理的通知) ("**Notice on Dramas and Films**"). According to the Notice on Dramas and Films, films or drama programmes without the corresponding Permit for Issuance of TV Dramas, the Permit for Public Projection of Films, the Permit for Issuance of Cartoons and/or the Permit for Public Projection of Academic Literature Movies and TV Plays (as applicable) are not allowed to be published or disseminated online. In addition, an online audio/radio service provider must obtain authorisation from the copyright owners of the film and drama programmes regarding the online dissemination.

On 30 March 2009, SARFT issued the Notice on Strengthening the Administration on Content of Internet Audio/Visual Programmes (關於加強互聯網視聽節目內容管理的通知) which requires that Internet audio and video service providers must edit or delete programmes that contain illegal content and improve their programme content administration systems.

On 15 September 2009, SARFT issued the Notice on Issues Concerning the Administration of Internet Audio-Video Programme Service Permits (關於互聯網視聽節目服務許可證管理有關問題的通知). According to this notice, any website or individual that has not obtained an Information Network Audio and Video Programme Dissemination Licence may not provide audio/video programme services via the Internet. The administrative departments in charge of radio, film and television at all levels shall order the websites and individuals that provide Internet-based audio/video programme services without having obtained the Information Network Audio and Video Programme Dissemination Licences to immediately cease such unauthorised services.

On 10 March 2017, SARFT issued the Internet Audio and Video Programme Services Categories (Provisional)(互聯網視聽節目服務業務分類目錄(試行)) ("**Categories**"), which revised the previous version issued on 17 March 2010, and classified Internet audio and video programmes into four categories.

On 6 April 2011, the GAPP and General Administration of Customs jointly issued the "Administrative Measures for Importing Audio and Video Products" (音像製品進口管理辦法) and repealed the old Administrative Measures for Importing Audio and Video Products, which had been effective since 1 June 2002. According to these Measures, the government implemented a licensing system for the import of audio and video products, and the importer of audio and video products shall report to the GAPP for content examination before import and may import audio and video products only after obtaining a licence upon approval.

On 16 December 2016, the SAPPRFT issued the Circular on Strengthening the Administration of Video and Audio Programmes on microblog, *Weixin* and other Social Media Platforms (關於加強微博、微信等網絡社交平臺傳播視聽節目管理的通知). Pursuant to this circular, any network operators that provide online audio/video programme service through social media platforms such as microblog or *Weixin* must obtain an Information Network Audio and Video Programme Dissemination Licence. For those organisations and individuals that do not hold such a licence, the hosting social networking platform shall be responsible for supervising the content of the posted programmes, and the scope of the programmes must not exceed the scope stated on the platform's Information Network Audio and Video Programme.

In addition, film and TV dramas disseminated on social media platforms are required to obtain a licence for public airing, and social media platforms are not allowed to repost user-generated video or audio programmes featuring political news.

The PRC government has also promulgated a series of special regulatory measures governing live-streaming services. On 2 September 2016, the SAPPRFT issued the Circular on Strengthening Administration of Live-Streaming Service of Network Audio/Video Programmes (關於加強網絡視聽節目直播服務管理有關問題的通知) ("**Circular 172**"). Pursuant to Circular 172, any entity that intends to engage in live audio/video broadcasting of major political, military, economic, social, cultural or sport events or activities, or live audio/video broadcasting of general social or cultural group activities, general sporting events or other organisational events must obtain an Information Network Audio and Video Programme Dissemination Licence with the permitted operation scope covering the above business activities. Any entity or individual without qualification is prohibited from broadcasting live audio/radio programmes on news, variety shows, sports, interviews, commentary or other forms of programmes through online live-streaming platforms or online live broadcasting booths, nor are they permitted to start a live broadcasting channel for any audio or radio programmes.

On 4 November 2016, CAC promulgated the Provisions on the Administration of Online Live-Streaming Services (互聯網直播服務管理規定) ("**Live-streaming Provisions**"), which became effective on 1 December 2016. Pursuant to the Live-streaming Provisions, Internet live-streaming service refers to continuous publishing of real-time information to the public on the Internet by means of video, audio, graphics, text or other forms, and an Internet live-streaming service provider refers to an operator of the platform providing Internet live-streaming service. In accordance with the Live-Streaming Provisions, an Internet live-streaming service provider must verify and register the identity information of publishers of live-streaming programmes and users on its platform, and file the identity information of the publishers with the local governmental authority for record. Any Internet live-streaming service provider engaging in news service must obtain Internet news information service qualification and operate within the permitted scope of such qualification.

On 2 December 2016, MOC promulgated the Provisions on the Administration of Business Activities of Online Performance (網絡表演經營活動管理辦法) ("**Online Performance Provisions**"), which took effect on 1 January 2017. Pursuant to the Online Performance Provisions, an operator that intends to conduct online performance platform business must obtain a Network Culture Operation Licence with permitted business scope covering "online performance" as issued by the competent provincial cultural administration department. The Online Performance Administration Measures further provide

that the operator must enter into a contract with the performer who intends to open an online performance channel to specify rights and obligations of both parties, and require the performer to conduct real name registration by virtue of his valid identification documents, which shall be duly verified by the operator.

On 1 August 2018, National Working Group of Attacking Pornography and Illegal Publications, the MIIT, the MPS, the MOCT and the NTRA, the CAC jointly promulgated the Circular on Tightening the Administration of Online Live Services (關於加強網絡直播服務管理工作的通知), pursuant to which, a company that operates live-stream service shall make the filing to the local public security authority within 30 days of their live services being launched.

On 9 February 2021, the CAC, the National Working Group of Attacking Pornography and Illegal Publications, the MIIT, the MPS, the MOCT, the SAMR and the NRTA jointly promulgated the Circular on Issuing the Guiding Opinions on Strengthening Standardised Management of Online Live-Streaming (關於加強網絡直播規範管理工作的指導意見). The guiding opinions emphasise that online live-streaming platforms are required to: (i) establish and improve their system for standardised classified and hierarchical management of live-streaming accounts, the management rules for online rewards services and the management system for sales through live-streaming; (ii) set limits on the maximum amount of rewards accepted by a live-streamer during a single live-stream, the live streaming popularity, and other aspects; (iii) set a reasonable upper limit for the value of a single virtual consumer product and the amount of a single reward; (iv) remind users of their accumulated amount of rewards in a single day triggering the corresponding threshold; and (v) set a cooling-off period for giving rewards and a period for delay in receipt of the rewards when necessary.

On 9 January 2019, China Netcasting Services Association (中國網絡視聽節目服務協會) issued the Specification for Network Short Video Platform Management (網絡短視頻平臺管理規範) and Detailed Rules for Content Censorship Criteria of Network Short Video (網絡短視頻內容審核標準細則) (collectively "**Short Video Rules**"). Pursuant to the Short Video Rules, Network Short Video Platforms shall: (i) obtain relevant qualifications stipulated in the laws and regulations, such as the "Information Network Audio and Video Programme Dissemination Licence" (AVSP), and conduct business strictly within the scope of business stipulated in the licence; (ii) actively invite news media, government, army and other institutions to create accounts; (iii) establish the chief editor's content management responsibility system; (iv) implement the system of "censor before broadcast"; (v) establish censor team according to its business scale; and (vi) implement a system of accountability in case of non-compliance.

On 18 November 2019, CAC issued the Management Rules on the Online Audio and Video Information Service (網絡音視頻信息服務管理規定). These rules apply to the online audio and video information service, which is defined as providing audio and video information production, release or dissemination services to the public through online platforms such as online websites or applications and programs. Online audio and video information service providers shall be responsible for the information content security and shall verify the identities of their users. Further, these rules require the online audio and video information service providers to tighten their management over the audio and video information released by their users, and deploy verification technologies to detect illegal or fake audio and video information. If the online audio and video information service providers find that the users produce, release or disseminate any illegal information, they shall stop transmitting such information in accordance with laws and the stipulations with their users, take actions such as eliminating the information, prevent the information from distribution, keep relevant records and report to the cyberspace administrations, culture and tourism departments and radio and television departments.

On 12 April 2022, the Online Audio-Visual Program Management Department of the NRTA and the Publishing Bureau of the Central Propaganda Department issued the Notice on Strengthening the Management of Live-streaming of Online Games on the Online Audio-Visual Program Platforms (關於加強網絡視聽節目平臺遊戲直播管理的通知). The Notice provides that online audio-visual

program platforms, including live streaming platforms, shall not (i) disseminate illegal games on audio-visual program platforms; (ii) stream online games that have not been approved by the competent authorities; and (iii) use live broadcast rooms and other forms to drive traffic for the illegal game content on various platforms. Further, the Notice requires live streaming platforms to strengthen the management of game livestreaming content. For example, livestreaming platforms, in particular, online game livestreaming platforms, shall strictly control the content setting, publicity and interactions of users and take effective measures to strengthen the management of livestreaming of online games, such as establishing and improving the management system of information release, follow-up comments and emergency response related to living game programs and improving the program monitoring and public opinion monitoring mechanism. In addition, livestreaming platforms are also required to strengthen the guidance of the game anchor's code of conduct and establish and implement the protection mechanism for minors. The platforms that conduct livestreaming of online games shall set up anti-addiction mechanisms for minors, take effective measures to ensure that the "teenager mode" is effective, implement the requirements of real-name system, prohibit minors from recharging and rewarding and set up special channels for refund of rewards given by minors. The Notice also provides that those who violate the laws should not use livestreaming to make sound appearances. In addition, online audio-visual platforms (including various domestic and overseas individual and institutional accounts opened on relevant platforms) should not live broadcast overseas game programs or competitions without obtaining approval from relevant authorities.

Regulations on Production and Operation of Radio and TV Programmes

On 19 July 2004, SARFT promulgated the Administrative Measures on the Production and Operation of Radio and Television Programmes (廣播電視節目製作經營管理規定) ("**Radio and TV Programmes Measures**"), which became effective on 20 August 2004 and were amended on 28 August 2015, 31 October 2018, 29 October 2020 and 3 June 2025. These measures provide that anyone who intends to produce or operate radio or television programmes must first obtain the Permit for Production and Operation of Radio and TV Programmes from SARFT or its local branches. Applicants for this permit must meet several criteria. Entities with the Permit for Production and Operation of Radio and TV Programmes must conduct their business operations in strict compliance with the approved scope of production and operation provided under the permit. Furthermore, entities other than radio and TV stations are strictly prohibited from producing radio and TV programmes covering contemporary political news or similar subjects and topics.

On 6 July 2012, SARFT and CAC jointly issued the Notice on Further Strengthening the Administration of Internet Dramas, Micro-Films, and Other Internet Audio/Video Programmes (關於進一步加強網絡劇、微電影等網絡視聽節目管理的通知). Pursuant to this notice, Internet companies offering audio/video programming services must review the contents of Internet dramas, micro-films and other Internet audio/video programmes before broadcasting in accordance with the principle of "you provide Internet services, you take responsibility for it". The notice also requires Internet audio/video programming industry associations to perform industry self-regulation functions and government departments shall regulate market access to and strengthen the exit mechanism of the Internet audio/video programming service in accordance with the relevant laws and regulations.

On 2 January 2014, the SAPPRFT issued the Supplementary Notice on Further Improving the Administration of Internet Dramas, Micro-Films, and Other Internet Audio/Video Programmes (關於進一步完善網絡劇、微電影等網絡視聽節目管理的補充通知). This Notice further emphasises that Internet audio/video programme service providers must review the contents of the Internet audio/video programmes before broadcasting, and shall not broadcast any Internet dramas, micro-films or other Internet audio/video programmes, which the manufacturers have not obtained the Permit for Production and Operation of Radio and TV Programmes.

Regulations on Online Trading

On 12 April 2011, MOFCOM promulgated the Service Norms for Third-Party Electronic Commerce Trading Platform (第三方廠商電子商務交易平臺服務規範) ("**Service Norms**"), which was amended on 18 August 2016. The Service Norms recommend that platform operators supervise online merchandisers in the following aspects: member registration, contract standardisation, information management, order maintenance, error trading handling, intellectual property protection and prohibited acts. The Service Norms propose that the platform requires online merchandisers to establish and carry out the reputation system with respect to various commercial commodities by contracts or other methods. It should be noted that all technical contents of the Service Norms are recommended approaches.

On 26 January 2014, SAIC promulgated the Administrative Measures for Online Trading (網絡交易管理辦法) ("**Online Trading Measures**"), which became effective on 15 March 2014, to replace the Interim Measures for the Trading of Commodities and Services through the Internet (網絡商品交易及有關服務行為管理暫行辦法) dated 1 July 2010. Under the Online Trading Measures, each online trading platform operator is obligated to, among others, (i) examine, verify and record the real identification of merchandisers using the platform; (ii) enter into an agreement with each merchandiser using the platform; (iii) set up platform rules and regulations; (iv) inspect and supervise the trading information and activities on the platform; (v) take measures to protect trademark, enterprise name use right and other proprietary rights; (vi) examine, record and preserve the products and service information as published in such platform; and (vii) comply with other requirements and co-operate with SAIC or its local branch for monitoring illegal online trading activities and protecting consumers' rights. Furthermore, operators of the third-party trading platforms are required to distinguish the in-house commodities and services from those operated by other operators on the platform by marks in an obvious way to avoid causing misleading perceptions to the consumers. The Online Trading Measures also encourage operators of third-party trading platforms to set earnest money in favor of consumers' rights and interests. On 15 March 2021, SARM issued the Measures for the Supervision and Administration of Online Transactions (網絡交易監督管理辦法) ("**Measures on Online Transactions**"), which will become effective on 1 May 2021 and will replace the Online Trading Measures. The Measures on Online Transactions further emphasises that eCommerce platform operators are required to establish a system to monitor products and services provided by the merchants, and shall submit the identity information of the merchants to the local branches of the SAMR.

On 31 August 2018, the SCNPC promulgated the eCommerce Law (電子商務法) ("**eCommerce Law**"), which became effective on 1 January 2019. The eCommerce Law clarifies obligations for the operators of eCommerce platforms. For example, among other things, an operator of an eCommerce platform shall (i) require business operators that apply to sell products or provide services on its platform to submit truthful information, including the identities, addresses, contacts and licences; (ii) verify and examine such information; (iii) establish registration archives and verify, examine and update such information on a regular basis; (iv) submit identification information of business operators on its platform to market regulatory authorities and remind business operators that have not registered with market regulatory authorities to complete the relevant registration; (v) submit identities and tax information of the business operators on its platform to tax authorities and remind business operators that have not registered with tax authorities to complete the relevant tax registration; (vi) conspicuously display the terms of platform service agreements, transaction rules or links to such information on the homepage of the platform, and ensure that business operators and consumers are able to read and download such information conveniently; and (vii) restrain from deleting any comments made by consumers on any products sold or service provided on its platform. Where an eCommerce platform operator fails to take necessary measures when it knows or should have known that the products or services provided by business operators on its platform do not meet the requirements regarding personal or property safety, or commits any other acts that impair the lawful rights and interests of consumers, such platform operator shall be held jointly liable with the business operators on its platform. Where an eCommerce platform operator fails to verify and examine

the qualifications of business operators on its platform or fails to fulfill its obligation to assure the safety of consumers with respect to products or services affecting consumers' life and health, which results in damage to consumers, such platform operator shall take corresponding liability. Where an eCommerce platform operator knows or should have known that a business operator on its platform has infringed any intellectual property right of other third parties, it shall take necessary measures, such as deleting or blocking the relevant information, disabling the relevant links, and terminating the relevant transactions and services; otherwise, such platform operator shall be held jointly liable with the infringing party.

In November 2018, the MOFCOM, the NDRC, the MOF, the General Administration of Customs, the STA and the SAMR jointly issued the Circular on Improving the Regulation of Cross-Border eCommerce Retail Imports (關於完善跨境電子商務零售進口監管有關工作的通知) and the MOF, the General Administration of Customs and the STA jointly promulgated the Circular on Improving Tax Policies for Cross-Border eCommerce Retail Imports (關於完善跨境電子商務零售進口税收政策的通知). In December 2019, 13 authorities including the MOF, the General Administration of Customs and NDRC issued the Circular on Adjusting and Expanding the Commodities List of Cross-Border eCommerce Retail Imports (關於調整擴大跨境電子商務零售進口商品清單的公告). In March 2020, the General Administration of Customs issued the Circular on Regulatory Issues Regarding Returns on Cross-border eCommerce Retail Importing Goods (海關總署關於跨境電子商務零售進口商品退貨有關監管事宜的公告). Pursuant to these circulars, a Cross-Border eCommerce enterprise shall entrust an enterprise registered with the customs to make truthful custom declaration, take the responsibility for the protection of consumers' rights and interests and fulfill the obligation to provide risk notice to the customers.

Regulations on Online Payment Services

On 9 December 2023, the State Council promulgated Regulations on the Supervision and Administration of Nonbank Payment Institutions (非銀行支付機構監督管理條例) ("**Payment Regulation**"), which became effective on 1 May 2024. PBOC promulgated the Detailed Rules for the Implementation of the Regulations on the Supervision and Administration of Nonbank Payment Institutions (非銀行支付機構監督管理條例實施細則) ("**Detailed Rules**"), which became effective on 7 July 2024. Pursuant to the Payment Regulation and Detailed Rules, nonbanking payment institutions which intend to engage in online payment services shall satisfy various requirements in connection with registered capital, good financial status and credit records of principal shareholders and actual controllers, safety protection measures, corporate structure, internal control and risk management, and its principal shareholders, actual controllers, directors, supervisors and senior executives shall maintain full compliance records for the last three years. The Payment Regulation requires all nonbanking payment institutions engaged in online payment services to obtain a Payment Service Licence from PBOC. Failure to obtain the Payment Service Licence will lead to the termination of the right to provide online payment services.

On 16 June 2011, the PBOC promulgated the Provisions on the Administration of Testing and Certification of the Payment Service Business Systems of Non-Financial Institutions (非金融機構支付服務業務系統檢測認證管理規定), which require that non-financial institutions shall have their business systems tested and certified within six months before applying for the payment service permits. Non-financial institutions must have their business systems tested and certified in a comprehensive manner at least once every three years according to their needs for payment business development and safety management.

On 19 January 2021, PBOC promulgated the Measures for the Depositing of Clients' Reserves of Nonbank Payment Institutions (非銀行支付機構客戶備付金存管辦法), which became effective on 1 March 2021 and replaced the Measures on the Deposit and Management of Customer Excess Reserves by Payment Institutions (支付機構客戶備付金存管辦法). The Measures on the Deposit and Management of Customer Excess Reserves by Nonbank Payment Institutions strengthens the regulation over deposit and application of customer excess reserves and to enhance account security

and customer rights. According to these measures, the advance payment received by the payment institutions from the customers for deposits shall constitute "customer excess reserves" and shall be fully deposited into a special account opened with PBOC or a qualified commercial banking financial institution or PBOC, which has entered into an agreement with the payment institution for such deposit purpose. These measures further require that the reserves can only be used for the payment service entrusted by the customer and other circumstances as prescribed by these Measures, and the reserves cannot be misappropriated, occupied or borrowed.

On 29 April 2019, SAFE promulgated the Administrative Measures for the Foreign Exchange Services of Payment Institutions (支付機構外匯業務管理辦法), which repealed the SAFE Notice on Pilot Services of Cross-border Foreign Exchange Payment by Payment Institutions (國家外匯管理局關於開展支付機構跨境外匯支付業務試點的通知). The measures allow the payment institutions to provide small, quick and convenient electronic payment services and carry out foreign exchange business for domestic individuals in relation to cross-border shopping, overseas study, tourism and other items. The measures further require the payment institutions to establish effective risk control policies and systems, improve their management on market players and enhance the verification of the transactions in terms of the authenticity and legality.

On 18 July 2015, the PBOC, the MIIT, the MPS, the MOF, the SAIC, the Legislative Affairs Office, the China Banking Regulatory Commission, the China Securities Regulatory Commission, the China Insurance Regulatory Commission and the CAC jointly released the Guiding Opinions on Promoting the Healthy Development of Internet Finance (關於促進互聯網金融健康發展的指導意見). Pursuant to these guiding opinions, the PBOC is responsible for the administration and supervision of Internet payment. It is required that service information be fully disclosed to clients, clients be clearly reminded of business risks, and the nature and functions of payment services intermediaries shall not be exaggerated.

In December 2015, the PBOC promulgated the Administrative Measures on the Online Payment Business of Nonbank Payment Institutions (非銀行支付機構網絡支付業務管理辦法) ("**Measures on Online Payment Business**"). The Measures on Online Payment Business require payment institutions to comply with the "Know Your Client" principle and establish a client identification mechanism. Payment institutions shall register and verify real-name and basic identification of clients that open accounts with them. In addition, the Measures on Online Payment Business categorise online payment accounts of individuals into three types, with each type subject to particular use of purposes and different limits on the amounts that can be paid from the accounts. Individuals that pass more verifications are entitled to open accounts that are allowed be used for more purposes and have higher caps on the amount payable through these accounts. For example, an individual client whose identity is verified by the payment institution or by a partner authorised by the payment institution face to face, or whose basic identity information is subject to multiple cross-validation by at least five legal and safe external channels in a non-face-to-face manner, may open Type-III payment accounts, the balance in which may be used for consumption, account transfers, and procurement of financial products. The accumulative amount of balance payment transactions through all payment accounts of the individual shall not exceed RMB200,000 during a year (excluding account transfers from the payment account to the client's same-name bank account). An individual client that passes the verification of basic identity information in a non-face-to-face manner through at least one legal and safe external channel and opening a payment account with the institution for the first time may open a Type-I payment account, the balance in which may be used for consumption and account transfers only. The accumulative amount of balance payment transactions through such payment account shall not exceed RMB1,000 (including account transfer from the payment account to the client's same-name bank account), from the date of the opening of the account.

On 12 April 2016, the General Office of the State Council issued the Implementing Scheme for Special Rectification of Internet Financial Risks (國務院辦公廳關於印發互聯網金融風險專項整治工作實施方案的通知), which reiterates that a nonbank payment institution must not misappropriate or possess clients' reserves, and instead it must open a reserve account with the PBOC or a qualified

commercial bank. In addition, a nonbank payment institution must not use schemes to carry out inter-bank clearing business in a disguised form. Instead, a nonbank payment institution must operate inter-bank payment business through the inter-bank clearing system of the People's Bank of China or a qualified clearing institution.

On 4 August 2017, the Payment and Settlement Department of the PBOC issued the Circular 209. Prior to the promulgation of the Circular 209, the third-party payment institutions are directly connected to banks. Pursuant to the Circular 209, all online payment involved bank accounts conducted by nonbank payment institution should be processed by the unified platform operated by the NetsUnion Clearing Corporation ("**NetsUnion Platform**") since 30 June 2018. The banks and nonbank payment institutions are required to complete preparation of connecting to the NetsUnion Platform network and transfer of business prior to 15 October 2017.

Regulations on Financial Holding Companies

On 11 September 2020, PBOC promulgated the Decision of the State Council on Implementation of Access Management of Financial Holding Companies (國務院關於實施金融控股公司准入管理的決定), which was last amended on 13 January 2024, and the Provisional Administrative Measures of Financial Holding Companies (金融控股公司監督管理試行辦法). Under certain circumstances, a non-financial enterprise, natural person or recognised legal person holds controlling shares in or actually controls two or more types of financial institutions, shall submit an application to the China Banking and Insurance Regulatory Commission ("**CBIRC**") for approval to establish a financial holding company, and the CBIRC will be responsible for regulating financial holding companies in accordance with the law, examining and approving the establishment, change, termination and business scope of a financial holding company. A financial holding company shall not abuse its substantive control to interfere with the normal and independent operation of the entities under its control and damage the legitimate rights and interests of such entities and the interested parties. Where a financial holding company abuses its substantive control or adopts improper intervention, thereby causing losses to an entity under its control, it shall be liable for such losses.

Regulations on Online Search Services

On 25 June 2016, the CAC promulgated the Administrative Provisions on Internet Information Search Services (互聯網信息搜索服務管理規定) ("**Search Services Provisions**"), which became effective on 1 August 2016. Pursuant to the Search Services Provisions, Internet information search service refers to the service whereby users can search for information that is collected from the Internet and processed by computer technology. The Search Services Provisions requires that an Internet information search service provider must not publish any information or contents prohibited by law in the form of links, abstracts, snapshots, associative words, related search or recommendations or otherwise. If an Internet information search service provider identifies any search results that contain any information, website or application that is prohibited by law, it must stop displaying the search results, record and report it to the relevant governmental authority. In addition, an Internet information search service provider is prohibited from seeking illegitimate interest by means of unauthorised disconnection of links, or provision of search results containing false information. If an Internet information search service provider engages in paid search services, it must examine and verify the qualifications of its customers of the paid search services, specify the maximum percentage of search results as paid search results on a webpage, clearly distinguish paid search results from natural search results, and notably identify the paid search information item by item.

Pursuant to the currently effective Catalogue of Telecommunications Business, the information service is categorised as a form of "value-added telecommunication services" and includes, among other things, information search and inquiry services. Therefore, online search service falls within the scope of value-added telecommunication services. An enterprise that intends to carry out the business of online search service is required to hold a valid ICP Licence, setting out that the ICP operator is permitted by the MIIT to provide Internet information services.

An online search service provides links to other websites in response to search queries. The operators of such linked websites shall be responsible for maintaining appropriate approvals, licences, permits and registrations in connection with the contents on the linked websites.

The newly amended Anti-Unfair Competition Law (反不正當競爭法), effective on 15 October 2025, explicitly regulates the use of search keywords, defining the practice of "misleading others to believe that the goods are those of another person or that there exists a specific connection with another person" through search keywords as confusing acts, which constitute unfair competition. This implies that search engine service providers may bear a higher duty of care to prevent platform merchants from engaging in confusing acts by purchasing keywords or through other means.

Regulations on Online Maps

In accordance with the Surveying and Mapping Law of the People's Republic of China (測繪法) ("**Surveying and Mapping Law**") issued in 1992 and revised in 2002 and 2017 respectively, Internet map service providers must use maps that have been reviewed and approved in accordance with the law.

On 26 November 2015, the State Council promulgated the Administrative Regulations on Maps (地圖管理條例), which took effect on 1 January 2016. Pursuant to the entities engaging in Internet map services shall obtain an appropriate qualification certificate for surveying and mapping in accordance with the law.

According to the Administrative Measures of Surveying Qualification Certificate (測繪資質管理辦法) issued by the Ministry of Natural Resources with the latest amendments becoming effective on 1 July 2021, the provision of Internet map services by any non-surveying and mapping enterprise is subject to the approval of the local competent natural resources department and requires a Surveying and Mapping Qualification Certificate. Internet maps refer to maps called or transmitted through the Internet.

Pursuant to the Notice on Further Strengthening the Administration of Internet Map Services Qualification (關於進一步加強互聯網地圖服務資質管理工作的通知), issued by the National Administration of Surveying, Mapping and Geo—information on 23 December 2011 and effective on the same day, any entity not applying for a Surveying and Mapping Qualification Certificate for Internet map services is prohibited from providing any Internet map services.

Regulations on Email Services

On 20 February 2006, the MIIT promulgated the Administrative Measures on Electronic Mail Services on the Internet (互聯網電子郵件服務管理辦法), which became effective on 30 March 2006. Pursuant to these measures, an Internet email service provider shall obtain a licence for the operation of value-added telecommunications services or go through the formalities for record-filing for nonprofit Internet information services. An Internet email service provider shall, 20 days prior to the commencement of use of the email servers, register the IP address of the Internet email server with the MIIT or its local branches.

Regulations on Cloud Computing Business

Pursuant to the currently effective Catalogue of Telecommunications Business (2019 Version), enterprises engaged in Internet data centre (IDC) services, including Internet resource collaboration services, shall obtain a value-added telecommunication service operating licence for IDC business ("**IDC Licence**").

On 30 November 2012, MIIT issued the Circular of the Ministry of Industry and Information Technology of the People's Republic of China on Further Standardising the Market Access-Related Work for Businesses Concerning Internet Data Centres and Internet Service Providers (工業和信息化部關於進一步規範因特網數據中心業務和因特網接入服務業務市場准入工作的通告), which further specifies requirements on capitals, personnel, premises and facilities which applicants for IDC Licences shall meet. On 17 January 2017, MIIT issued the Circular of the Ministry of Industry and Information Technology on Clearing up and Regulating the Internet Access Service Market (工業和信息化部關於清理規範互聯網網絡接入服務市場的通知), which requires enterprises that have obtained IDC Licences prior to the implementation of the Catalog of Telecommunication Services (2015 Version) and have actually carried out the business of Internet resources collaboration services or CDN business shall, before 31 March 2017, make a written commitment to the original licence issuing authority that it will meet the relevant requirements for business licencing and obtain the corresponding telecommunication business licence by the end of 2017. This circular further emphasises that IDC Licence holders shall not conduct business beyond its approved business scopes or regions.

On 6 January 2015, the State Council issued the Opinions of the State Council on Promoting the Creative Development of Cloud Computing and Cultivating New Business Types in the Information Industry (國務院關於促進雲計算創新發展培育信息產業新業態的意見), which provided the principles on promoting the development of cloud computing and the innovation of the cloud computing industry.

On 24 November 2016, MIIT issued the Announcement on Seeking Comments on the Notice on Regulating Business Activities in the Cloud Services Market (關於徵集《關於規範雲服務市場經營行為的通知》意見的公告) ("**Cloud Business Announcement**"). The Draft Cloud Business Announcement provided that, to provide cloud services within the territory of China, business operators shall meet relevant requirements on capital, staff, premises and facilities, pass the relevant technical evaluation, and obtain the corresponding business licence for value-added telecommunications services in accordance with the Administrative Measures on Telecommunications Business Operating Licence (電信業務經營許可管理辦法) and the Circular of the MIIT of the People's Republic of China on Further Regulating the Market Access for Businesses of Internet Data Centres and Internet Services Providers (工業和信息化部關於進一步規範因特網數據中心業務和因特網接入服務業務市場准入工作的通告). Moreover, cloud service operators shall build a cloud service platform within the territory of the PRC. If the related servers need to connect with Internet sites outside of the PRC, the data shall be routed through the international Internet gateways approved by the MIIT, and the cloud service operators shall not build or use other channels via leased lines or VPN to connect with foreign sites. No formal regulations in connection with the Draft Cloud Business Announcement is promulgated to date.

On 2 July 2019, CAC, NDRC, MIIT and MOF jointly promulgated the Measures on Safety Evaluation for Cloud Computing Services (雲計算服務安全評估辦法) ("**Safety Evaluation Measures**"), which took effect on 1 September 2019. Pursuant to the Safety Evaluation Measures, cloud service providers may apply for a safety evaluation on the cloud platform which provides cloud computing services for the party and government departments or for the key information infrastructure operators, which result will be considered by the party and government departments or the key information infrastructure operators in purchasing cloud computing services.

On 21 January 2010, MIIT issued the Administrative Measures for Communications Network Security Protection (通信網絡安全防護管理辦法), which became effective on 1 March 2010. Pursuant to the measures, MIIT and its local counterpart will assign experts to review ratings of telecommunication networks operated by telecommunication business operators and Internet domain name service providers, who shall file the result of ratings with MIIT or its local counterpart after they have passed review. These operators shall implement security protection measures, conduct compliance testing and risk assessment regularly and eliminate major network security risks in a timely manner.

In addition, cloud service operators are required to conduct business activities in accordance the applicable national standards in respect of cloud service, including the Cloud Computing Service Security Capability Requirement (雲計算服務安全能力要求(GB/T31168-2014)), and the Publicly-Owned Cloud Service Security Protection Requirement (公有雲服務安全防護要求(YD/T 3157-2016)).

On 28 June 2012, the State Council issued the Certain Opinions of the State Council on Promoting Informatisation Development and Practically Safeguarding Information Security (國務院關於大力推進信息化發展和切實保障信息安全的若干意見), according to which the data centres and cloud computing service platforms which provide services for the governmental authorities shall be located within the territory of the PRC.

On 30 December 2014, the Office of Central Leading Group for Cyberspace Affairs issued the Opinions on Further Strengthening the Internet Securities Management of Cloud Computing of Party and Government Departments (關於加強黨政部門雲計算服務網絡安全管理的意見), which provided that the cloud computing service platforms and data centres which provide services to the party and government departments shall be located within the territory of the PRC, and the sensitive information shall not be transferred, processed or reserved overseas without approval.

Moreover, as the Internet service providers, cloud service providers shall also comply with the regulations of the Cyber Security Law of the PRC (中華人民共和國網絡安全法), according to which the cloud service providers must take technical measures to safeguard the operation of networks, respond to cyber security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. For the crucial information infrastructure operators, the personal information and important data collected by it during the business activities shall be reserved within the territory of the PRC and under circumstance that such information shall be transferred overseas, relevant security assessment procedure shall be taken prior to the transfer.

REGULATIONS ON MOBILE AND TELECOMMUNICATION VALUE-ADDED SERVICES

Regulations on Short Messaging Services and Other Mobile-Based Wireless Services

Pursuant to the currently effective Catalogue of Telecommunications Business, messaging services and certain other mobile based wireless services fall under the scope of information service, and therefore an Operating Permit (Mobile Network) Value-added Telecommunications Business ("**SP Licence**") is required for engaging in such business operations.

On 15 April 2004, MIIT issued the Notice on Certain Issues Regarding Standardising Short Messaging Service (關於規範短信息服務有關問題的通知) ("**SMS Notice**"), specifying that only those information service providers holding the SP Licence can provide short messaging services in the PRC. The SMS Notice provides that service providers are required to expressly advise users of the charge standards, collection methods and subscription and cancellation procedures. In addition, operators shall provide SMS strictly in accordance with users' requirements. The SMS Notice also specifies that operators shall examine the contents of short messages and automatically record and store for five months the time of sending and receiving the short messages, the mobile numbers or codes of the sending and receiving terminals.

On 19 May 2015, the MIIT promulgated the Administrative Provisions on Short Messaging Services (通信短信息服務管理規定) ("**Provisions on Short Message Service**"), which became effective as at 30 June 2015. The Provisions on Short Message Service further clarify that short messaging services ("**SMS**") providers and short message content providers shall not send commercial short messages to users without the users' consent or request, and shall provide convenient and effective ways for users to refuse receipt of such short messages.

Regulations on Telecommunications Networks Code Number Resources

A value-added telecommunications service provider must apply to MIIT authorities to obtain a telecommunications network code number. On 29 January 2003, MIIT issued the Administrative Measures on Telecommunications Networks Code Number Resources (電信網碼號資源管理辦法) ("**Code Number Measures**"), which were amended on 23 September 2014 to regulate network code numbers, including those of mobile communications networks. According to the Code Number Measures, service providers who provide services across provinces shall apply to MIIT, and entities which apply for network code numbers to be used within a provincial-level administrative regions shall apply to the relevant provincial branch of MIIT. The Code Number Measures also specify the qualification requirements, application materials and application procedures to obtain network code numbers.

In June 2006, MIIT issued the Administrative Measures on Application, Distribution, Usage and Withdrawal of SMS Services Access Codes (短消息類服務接入代碼申請、分配、使用和收回管理辦法) ("**SMS Code Measures**"). According to the SMS Code Measures, the administration and usage of services relating to SMS codes shall comply with the Code Number Measures. The SMS Code Measures also specify that operators who provide services relating to SMS codes across provinces shall apply with the relevant provincial branch of MIIT. The SMS code for a commercial SMS provider is valid for the term specified in the SP Licence, while the SMS code for the noncommercial SMS provider is valid for five years.

REGULATIONS ON ONLINE ADVERTISEMENTS

The principal regulations governing advertising businesses in the PRC include but are not limited to: (i) the Advertising Law of the PRC (廣告法) promulgated by the SCNPC on 27 October 1994, which has been amended on 24 April 2015, 26 October 2018 and 29 April 2021 and (ii) the Advertising Administrative Regulations (廣告管理條例), promulgated by the State Council on 26 October 1987 and effective on 1 December 1987.

The PRC government regulates advertising, including online advertising, principally through SAMR. An enterprise that engages in advertising activities must obtain a business licence, which specifically includes operating an advertising business within its business scope from SAMR or its local branches.

On 9 February 2012, the Provisions on the Pre-release Review of Advertisements by Mass Media (大眾傳播媒介廣告發佈審查規定) was jointly promulgated by 11 governmental authorities (namely, SAIC, Propaganda Department of the Communist Party of China, SCIO, MPS, Ministry of Supervision, State Council Office for Rectifying Business Misconducts, MIIT, Ministry of Health, GAPP, State Food and Drug Administration and State Administration of Traditional Chinese Medicine). These provisions require Internet service providers to undertake internal review before the release of any advertisement, among other things.

According to the amended Advertising Law of the PRC in 2021 (廣告法(2021年修訂)) ("**Amended Advertising Law**"), all the provisions thereunder apply to the advertising activities conducted via the Internet. In addition, the Amended Advertising Law further provides that the release or distribution of advertisements via Internet shall not affect the normal use of the Internet by users. Advertisements released on Internet pages such as pop-up advertisements shall be indicated with clear close button to ensure that the users may close such advertisements by one click.

The Administrative Measures for Internet Advertising (互聯網廣告管理辦法) ("**Administrative Measures for Internet Advertising**") were promulgated by SAIC on 25 February 2023, and became effective on 1 May 2023. Online advertisements are broadly defined as commercial advertisements in the form of texts, pictures, audio and video and can be found on websites, webpages and online

applications. Pursuant to the Administrative Measures for Internet Advertising, online advertisements must be distinctive, which enable consumers to easily identify them as advertisements. Specifically, paid online search shall be arranged distinctively from regular search results. In addition, online advertisement providers should be responsible for the authenticity of the online advertisements.

On 5 November 2020, the SAMR has promulgated the Guidance regarding Strengthening the Supervision over Marketing Activities by Internet Live-Streaming (關於加強網絡直播營銷活動監管的指導意見) to further regulated marketing activities by Internet live-streaming. The NRTA also issued a circular on the Strengthening Management of Live-Streaming of Internet Shows and Electronic Commerce (關於加強網絡秀場直播和電商直播管理的通知) on 12 November 2020 to provide instruction to online marketing activities through live-streaming. Platforms providing live-streaming of Internet show or electronic commerce shall register with National Internet Video-audio Platform Information Management System no later than 30 November 2020. The overall ratio of front-line content reviewers to live-streaming rooms on such platforms shall be no less than 1:50. The training for content reviewers shall be strengthened and content reviewers who have passed the training shall be registered in the Reviewer Information Management System. The platform shall report the number of its live-streaming rooms, streamers and content reviewers to the provincial branch of the NRTA on a quarterly basis. Internet show live-streaming platforms shall tag content of live-streaming rooms and corresponding streamers by category. A streamer cannot change the category of the programmes tagged in his or her live-streaming room without prior approval from the platform. Users that are minors or without real-name registration are prohibited from virtual tipping, and platforms shall cap the amount of virtual tipping per time, per day, and per month. When the virtual tipping by a user reaches half of the daily/monthly limit, a consumption notification from the platform and a confirmation from the user by text messages or other means are required before processing the next transaction. When the amount of virtual tipping by a user reaches the daily/monthly limit, the platform shall suspend the virtual tipping function for such user for that day or month. To host any electronic commerce promotion events such as eCommerce Festival, eCommerce Day or Promotion Day in the forms of live-streaming rooms, live performances, live variety shows and other live programmes, the platforms shall register the information of guests, streamers, content and settings with the local branch of NRTA 14 business days in advance. Internet electronic commerce live-streaming platforms shall conduct relevant qualification examination and real-name authentication on businesses and individuals providing live-streaming marketing services and keep complete examination and authentication records, and shall not enable imposters or businesses or individuals without qualification or real-name registration to conduct live-streaming marketing services.

PRC advertising laws and regulations set forth certain content requirements for advertisements in the PRC, which include prohibitions of, among other things, misleading content, superlative wording, socially destabilising content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisements for anesthetic, psychotropic, toxic, radioactive drugs, pharmaceutical precursor chemicals, drug addiction treatment medicines, medical devices and treatment methods are prohibited. The dissemination of advertisements of some other products, such as tobacco, patented products, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics is also subject to specific restrictions and requirements.

Advertisers, advertising operators and advertising distributors are required by PRC advertising laws and regulations to ensure that the contents of the advertisements they produce or distribute are true and in full compliance with applicable laws and regulations. In addition, where a special government review is required for certain categories of advertisements before publishing, the advertisers, advertising operators and advertising distributors must ensure that such review has been duly performed and that the relevant approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to eliminate the ill-effect of the advertisements. In circumstances involving

serious violations, SMAR or its local branches may order the violator to terminate its advertising operation or even revoke its business licence. Furthermore, advertisers, advertising operators or advertising distributors may be subject to criminal liability if their conduct breaches the criminal law or subject to civil liability if their conduct infringes on the legal rights and interests of third parties.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Copyright

The Copyright Law of the PRC (著作權法), adopted in 1991 and revised in 2001, 2010 and 2020, together with its implementing rules (著作權法實施條例), promulgated in 2002 and revised in 2011 and 2013, protects copyright and explicitly covers computer software copyrights. On 20 December 2001, the State Council promulgated the new Regulations on Computer Software Protection (計算機軟件保護條例), which became effective from 1 January 2002 and were revised in 2011 and 2013, which are intended to protect the rights and interests of computer software copyright holders and encourage the development of the software industry and information economy. The Provisional Measures on Voluntary Registration of Works (作品自願登記試行辦法), promulgated by National Copyright Administration of the PRC on 31 December 1994 and effective on 1 January 1995, further provide for a voluntary registration system to be administered by the National Copyright Administration and its local branches. In the PRC, software developed by PRC citizens, legal persons or other organisations is automatically protected by copyright immediately after its development without an application or approval. The Copyright Protection Centre of China may provide a certificate of registration to registrants, which may serve as preliminary evidence of the ownership of the copyright and other registered matters. On 20 February 2002, the National Copyright Administration of the PRC introduced the Measures on Computer Software Copyright Registration (計算機軟件著作權登記辦法), as amended in 2024, which outlines the application procedures for software copyright registration, licence contract registration and transfer contract registration.

On 18 May 2006, the State Council promulgated the Regulations on Protection of the Right of Dissemination through Information Networks (信息網絡傳播權保護條例) ("**Protection Regulations**"), which became effective on 1 July 2006 and were amended on 30 January 2013 and further became effective on 1 March 2013. The Protection Regulations require that any organisation or individual who disseminates a third party's work, performance, audio or visual recording products to the public through information networks shall obtain permission from and pay compensation to the legitimate copyright owner of such products, unless otherwise provided under relevant laws and regulations. The legitimate copyright owner may take technical measures to protect his or her right to disseminate through information networks and any organisation or individual shall not intentionally avoid, destroy or otherwise assist others in avoiding or destroying such protective measures unless permissible under law.

On 17 December 2012, the PRC Supreme People's Court promulgated the Provisions of the PRC Supreme People's Court on Several Issues Concerning the Application of Law in Hearing Civil Dispute Cases Involving Infringement of the Right of Communication to the Public on Information Networks (最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定), which took effect on 1 January 2013, and were further amended on 29 December 2020 and became effective on 1 January 2021. This judicial interpretation aims to solve disputes in connection with the infringement of the right of communication through the Internet and protect the lawful rights in this respect. This rule places the burden on Internet service providers to take necessary measures to remove not only links or contents that have been specifically mentioned in the notices of infringement and preliminary evidence of infringement from right holders, but also links or contents they "should have known" to link to infringing content. The interpretation further provides that where an Internet service provider has directly obtained economic benefits from any contents made available by an Internet user, it has a higher duty of care with respect to Internet users' infringement of third-party copyrights.

On 4 November 2016, SAPPRFT issued the Circular on Strengthening the Copyright Administration of Internet Literary Works (關於加強網絡文學作品版權管理的通知), which became effective on the same day. Pursuant to the circular, Internet service providers who provide literary works through information networks and render relevant network services shall (i) strengthen the copyright supervision and administration, establish a sound infringing works handling mechanism, and fulfill the obligation to protect the copyright of Internet literary works according to the law; (ii) establish a copyright complaint mechanism, actively accept complaints from right holders and resolve the legitimate demands of right holders in a timely manner according to the law; and (iii) delete infringing works and disconnect the relevant links within 24 hours after receipt of such notices and complaints from right holders.

On 29 April 2005, GAPP and MIIT issued the Measures on Administrative Protection of Internet Copyright (互聯網著作權行政保護辦法) which became effective on 30 May 2005. Pursuant to the measures, if an Internet information service provider clearly knows an Internet content provider's tortious act of infringing upon other's copyright through Internet, or fails to take measures to remove relevant contents after receipt of the copyright owner's notice although it does not know it clearly, and meanwhile such tortious act damages public benefits, the copyright administration department may order to stop the tortious act, and may impose the following administrative penalties: (i) confiscation of the illegal proceeds; and (ii) imposing a fine of not more than 3 times the illegal business amount; if the illegal business amount is difficult to be calculated, a fine of not more than RMB100,000 may be imposed.

On 17 April 2015, SAPPRFT issued the Circular on Regulating the Order of Internet Reproduction of Copyrighted Works (關於規範網絡轉載版權秩序的通知), which became effective on the same day. Pursuant to the circular: (i) Internet media shall comply with the relevant provisions of copyright laws and regulations, and must acquire permission from and pay remuneration to the copyright owners, and shall indicate the name of the author, as well as the name and the source of the work, except as otherwise provided by laws and regulations; (ii) Internet media shall not make any substantial revision to the contents of the works when reproducing other people's works; (iii) SAPPRFT encourage press and Internet media to establish a cooperation mechanism for Internet reproduction; and (iv) the copyright administrative departments at various levels shall strengthen the supervision of copyrights of Internet media.

Patent

The SCNPC adopted the Patent Law (專利法) in 1984, and amended it in 1992, 2000, 2008 and 2020. To further enforce the Patent Law, the State Council promulgated the Implementing Rules of the Patent Law (專利法實施細則) in 2001, as amended in 2002, 2010 and 2023. The purpose of the Patent Law together with its implementing rules is to protect the lawful interests of patent holders, encourage invention, foster applications of invention, enhance innovative capabilities and promote the development of science and technology. Patentable inventions can be divided into three categories: invention, utility models and designs. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds, substances obtained by means of nuclear transformation or a design which identifies the patterns or colors or a combination of both patterns and colors of graphic print products.

The Patent Office, under the State Intellectual Property Office, is responsible for receiving, examining and approving patent applications. A patent is valid for a term of twenty years in the case of an invention and a term of ten years in the case of utility models and designs. A third-party user must obtain consent or a proper licence from the patent owner to use the patent. Otherwise, the use constitutes an infringement of patent rights.

Trademark

The Trademark Law of the PRC (商標法), adopted in 1982 and revised in 1993, 2001, 2013 and 2019, together with its implementing rules (商標法實施條例), promulgated in 2002 and amended in 2014, protects registered trademarks. The Trademark Office under the State Intellectual Property Office is responsible for trademark registrations. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Upon the registration of a trademark, the applicant will have the right to exclusive use of the trademark for ten years. Registered trademark licence agreements must be recorded with the Trademark Office.

Domain Name

Internet domain name registration and related matters are primarily regulated by Implementation Rules of National Top Level Domain Name Registration (國家頂級域名註冊實施細則) issued by CNNIC on 18 June 2019 which replaced the Implementing Rules on Registration of Domain Names (域名註冊實施細則), which became effective on 5 June 2009, as amended on 28 May 2012 and were repealed on 29 May 2012 by Implementation Rules of National Top Level Domain Name Registration (國家頂級域名註冊實施細則), which became effective on 18 June 2019, and the Measures on National Top Level Domain Name Disputes Resolution (國家頂級域名爭議解決辦法) issued by CNNIC on 18 September 2019, which were repealed on 29 May by the Measures on National Top Level Domain Name Disputes Resolution (國家頂級域名爭議解決辦法), which became effective on 18 June 2019. These regulations provide that domain name registrations will be handled through domain name service agencies and that applicants become domain name holders upon successful domain name registration. In July 2001, the PRC Supreme People's Court issued the Judicial Interpretation on Certain Issues Concerning the Application of Laws in the Trial of Cases Involving Civil Disputes over Computer Network Domain Names (最高人民法院關於審理涉及計算機網絡域名民事糾紛案件適用法律若干問題的解釋) as further amended on 29 December 2020 and effective on 1 January 2021 to clarify certain issues involved in civil disputes in registration and use of computer network domain names. On 24 August 2017, MIIT promulgated Measures on Administration of Domain Names (互聯網域名管理辦法), which took effect on 1 November 2017. Pursuant to Measures on Administration of Domain Names, MIIT shall supervise the domain names services nationwide and publicise PRC's domain name system. Furthermore, Measures on Administration of Domain Names adopts a "first-to-file" rule to allocate domain names to applicants.

OTHER REGULATIONS

Regulations on Information Security

The National People's Congress enacted laws and regulations that prohibit use of the Internet that breaches public security, disseminates socially destabilising content or leaks state secrets. A breach of public security is defined as a breach of national security or disclosure of state secrets, infringement on state, social or collective interests or the legal rights and interests of citizens, or illegal or criminal activities. Socially destabilising content includes any content that incites defiance or violation of PRC laws or regulations or subversion of the PRC government or its political system, spreads socially disruptive rumors or involves cult activities, superstition, obscenities, pornography, gambling or violence. State secrets are defined broadly to include information concerning PRC national defense, state affairs and other matters as determined by the PRC authorities. According to other relevant regulations, ICP operators must complete mandatory security filing procedures, regularly update information security and censorship systems for their websites with local public security authorities and report any public dissemination of prohibited content.

The Cyber Security Law provides that the PRC will implement a tiered system for cyber security protections. Network operators bear a number of security protection duties under such tiered system to prevent the network from interference, damage, unauthorised access, data leaks, theft or falsification. The Cyber Security Law also sets out a number of high-level principles for personal data protection. In addition, network operators are obliged to avoid transmission of any illegal information.

It further provides that network operators shall provide technical support and assistance to public security agencies and state security agencies for the purpose of national security and crime investigations. The Cyber Security Law adopts a "real-name" requirement, which requires users to provide their real identity information. On 13 December 2005, MPS promulgated Provisions on Technological Measures for Internet Security Protection (互聯網安全保護技術措施規定) ("**Internet Protection Measures**"), which became effective on 1 March 2006. The Internet Protection Measures require all ICP operators to keep user information records, including user registration information, log-in and log-out time, IP address and content and time of posts by users, for at least 60 days and submit the above information as required by laws and regulations. If an ICP operator violates these measures, the PRC government may revoke its ICP Licence and shut down its websites. On 16 December 1997, MPS promulgated the Measures for Security Protection Administration of the International Networking of Computer Information Networks (計算機信息網絡國際聯網安全保護管理辦法), which became effective on 30 December 1997 and were amended and became effective on 8 January 2011 and which requires that ICP operators should take responsibilities to secure the network operation safety and information safety, including establishing Internet security systems and implementing technical measures. If an ICP operator violates these measures, the PRC government may revoke its ICP Licence and shut down its websites. In addition, the State Secrecy Bureau has issued provisions authorising the blocking of access to any website it deems to be leaking state secrets or failing to comply with the relevant legislation regarding the protection of state secrets.

The Law on Preservation of State Secrets (保守國家秘密法), which was most recently amended on 27 February 2024, along with its implementing rules (as last amended in 2024), provides that whenever an ICP operator detects any leakage of state secrets in the distribution of online information, it should stop the distribution of such information and report such violation to the state security and public security authorities. Upon the request of state security, public security or state secrecy authorities, the ICP operator must delete any contents on its website that may lead to disclosure of state secrets. Failure to do so on a timely and adequate manner may subject the ICP operator to liability and certain penalties enforced by the State Security Bureau, MPS and MIIT or their respective local branches.

On 28 December 2021, the CAC and other 12 PRC regulatory authorities jointly revised and promulgated the revised Cybersecurity Review Measures (網絡安全審查辦法) ("**Cybersecurity Review Measures**"), which took effect on 15 February 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure Internet products and services and network platform operators engaging in data processing activities are subject to cybersecurity review under the Cybersecurity Review Measures if their activities affect or may affect national security. The relevant competent governmental authorities may initiate the cybersecurity review against the relevant operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. In addition, network platform operators who possess personal information of more than one million users, and intend to be listed on a foreign stock exchange, must be subject to the cybersecurity review.

On 30 September 2024, the State Council published the Regulations on Network Data Security Management (網絡數據安全管理條例) (the "**Data Security Regulations**"), which became effective on 1 January 2025. The Data Security Regulations provide that network data processors conducting network data processing activities that affect or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. It also imposes specific requirements for network data processors that process important data. The Data Security Regulations define "important data" as "data in specific fields, specific groups, specific regions or reaching

certain accuracy and scale, which if tampered with, destroyed, leaked or illegally obtained or used may directly endanger national security, economic operation, social stability, public health and safety". The Data Security Regulations calls for the national data security coordination mechanism to coordinate with relevant authorities to issue catalogues of "important data" in relevant regions and sectors. Network data processors must identify and report the "important data" processed by them to relevant authorities, who are required to notify the network data processors or publish the results to the public in a timely manner. The Data Security Regulations imposes several compliance obligations on network data processors that process important data, including but not limited to, (i) appoint a network data security officer and establish an internal data security management organisation; (ii) conduct a risk assessment before sharing, entrusting vendors for processing or jointly processing of important data, unless the above processing activities are necessary for fulfilling legal duties or obligations; (iii) report the important data disposition plan (including the name and contact information of the recipient of the important data to competent authorities at the provincial level before a merger, division, dissolution or bankruptcy that could materially affect the security of important data; and (iv) conduct an annual risk assessment of network data processing activities and submit a risk assessment report to the relevant authorities at the provincial level which will then share the report with the provincial branch of the CAC and the public security authority.

The Data Security Law of the PRC (中華人民共和國數據安全法) (the "**Data Security Law**") was passed by the SCNPC on 10 June 2021 and came into effect on 1 September 2021. The Data Security Law requires the data processor to establish and improve a whole-process data security management system, organise data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities by using the Internet or any other information network, the data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of licences or even criminal liabilities.

On 30 July 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (關鍵信息基礎設施安全保護條例) (the "**CII Protection Regulations**"), effective on 1 September 2021. According to the CII Protection Regulations, a "critical information infrastructure" has the meaning of an important network facility and information system in important industries such as, among others, public communications and information services, energy, transport, water conservation, finance, public services, e-government affairs and national defense science, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people's livelihood or the public interests in the event of damage, loss of function or data leakage. Pursuant to the CII Protection Regulations, the relevant governmental authorities are responsible for establishing rules for identifying critical information infrastructures based on several specified factors. They will also identify the operators of these infrastructures within related industries according to these rules. Additionally, the authorities are responsible for notifying the operators identified as the critical information infrastructure operators.

The Measures for Security Assessment of Outbound Data Transfers (資料出境安全評估辦法), which took effect on 1 September 2022, and the Measures for Standard Contracts for Outbound Personal Information Transfers (個人資訊出境標準合同辦法), which took effect on 1 June 2023, establish key frameworks for cross-border data transfers. The Measures for Security Assessment of Outbound Data Transfers specify four scenarios where a security assessment for outbound data transfers must be submitted, such as when data processors handling personal information of more than one million individuals transfer such data to overseas recipients. The Measures for Standard Contracts for Outbound Personal Information Transfers outline four scenarios where outbound personal information transfers may proceed by executing standard contracts instead of undergoing a security assessment, for example, when the entity involved is not a critical information infrastructure operator and processes personal information of fewer than one million individuals.

Regulations on Internet Privacy

The PRC Constitution states that PRC laws protect the freedom and privacy of communications of citizens and prohibit infringement of such rights. In recent years, PRC government authorities have enacted legislation on Internet use to protect personal information from any unauthorised disclosure. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the laws. Any organisation or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others. The Internet Measures prohibit an ICP operator from insulting or slandering a third party or infringing the lawful rights and interests of a third party.

On 29 December 2011, MIIT issued the Several Provisions on Regulating the Market Order of Internet Information Services (規範互聯網信息服務市場秩序若干規定), which took effect on 15 March 2012. The regulation requires ICP operators to obtain consent before collecting personal information or providing personal information to others. Failures to comply with the regulation may subject ICP operators to fines and such noncompliance will be reported to the public.

The Network Information Protection Decision provides that electronic information that identifies a citizen or involves the privacy of any citizen is protected by law and must not be unlawfully collected or provided to others. ICP operators collecting or using personal electronic information of citizens must specify the purpose, manner and scope of information collection and use, obtain consent of the relevant citizens, and keep the collected personal information confidential. ICP operators are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with collected personal information. ICP operators are required to take technical and other measures to prevent the collected personal information from any unauthorised disclosure, damage or loss.

Following the Network Information Protection Decision, MIIT issued the Regulations on Network Information Protection, pursuant to which ICP operators are obliged to make management rules on collecting and using personal information. Specifically, ICP operators cannot collect personal information from users without their consent. ICP operators must also inform their users of the use of personal information and take measures to avoid unauthorised disclosures.

Failure to protect personal information may also subject ICP operators to criminal liabilities.

On 8 May 2017, the Supreme People's Court and the Supreme People's Procuratorate jointly promulgated the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases of Infringing on Citizens' Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋), effective on 1 June 2017. The Interpretation specifically provides that publishing personal information via the Internet in violation of PRC regulations may be held liable under the PRC Criminal Law.

The Cyber Security Law provides that network operators shall obtain the individual's prior consent before collecting the personal data of such individual and take necessary technical measures or other appropriate measures to protect the personal data, and shall not provide the personal data to any third party without the individual's prior consent unless such personal data has been processed in a proper way that a specific person will not be identified. For the operators of crucial information infrastructure, the personal data and crucial data must be stored within the territory of the People's Republic of China. Where such data needs to be provided to overseas parties due to business requirements, a security assessment shall be conducted before the transmission of the data.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps (關於開展App違法違規收集使用個人信息專項治理的公告), which was issued on 23 January 2019, app operators should collect and use personal information in compliance with the

Cyber Security Law and should be responsible for the security of personal information obtained from users and take effective measures to strengthen protection of personal information. Furthermore, app operators should not force their users to grant authorisation for their collection or use of personal information by means of bundling, suspending installation or in other default forms, nor should they collect personal information in violation of laws, regulations or user agreements. Such regulatory requirements are also emphasised by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests (工業和信息化部關於開展APP侵害用戶權益專項整治工作的通知), which was issued by MIIT on 31 October 2019. On 28 November 2019, the CAC, the MIIT, the MPS and the SMAR jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information (關於印發《App違法違規收集使用個人信息行為認定方法》的通知). This regulation further illustrates certain commonly seen illegal practices of app operators in respect of personal information protection, including "failure to publicise rules for collecting and using personal information", "failure to expressly state the purpose, manner and scope of collecting and using personal information", "collection and use of personal information without consent of users of such app", "collecting personal information irrelevant to the services provided by such app in violation of the principle of necessity", "provision of personal information to others without users' consent", "failure to provide the function of deleting or correcting personal information as required by laws" and "failure to publish information such as methods for complaints and reporting". Among others, any of the following acts of an app operator will constitute "collection and use of personal information without consent of users": (i) collecting a user's personal information or activating the permission for collecting a user's personal information without obtaining such user's consent; (ii) collecting personal information or activating the permission for collecting personal information of a user who explicitly refuses such collection, or frequently seeking for a user's consent which disturbs such user's normal use of the app; (iii) a user's personal information actually collected by the app operator or the permission for collecting a user's personal information actually activated by the app operator is beyond the scope of such user's authorisation; (iv) seeking for a user's consent in a non-explicit manner such as consent to privacy policy by default; (v) changing status of a user's settings for the permission for collectable personal information without such user's consent; (vi) using users' personal information and algorithms to push information that targets such users, without providing users with an option for non-targeted push; (vii) misleading users into permitting personal information collection or activation of the permission for personal information collection by improper methods such as fraud and deception; (viii) failing to provide users with means and methods for withdrawing their permission for personal information collection; and (ix) collecting and using personal information in violation of the rules for collecting and using personal information promulgated by such app operator.

On 22 August 2019, the CAC promulgated the Children Information Cyber Protection Provisions (兒童個人信息網絡保護規定), which took effect on 1 October 2019, requiring that before collecting, using, transferring or disclosing the personal information of a child under the age of 14, the Internet service operator should inform the child's guardians in a noticeable and clear manner and obtain their consents. Meanwhile, Internet service operators should take measures such as encryption to ensure information security when storing children's personal information.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) (the "**Personal Information Protection Law**"), which became effective on 1 November 2021. The Personal Information Protection Law requires, among others, that the processing of personal information should have a clear and reasonable purpose and should be limited to the minimum scope necessary to achieve the processing purpose, adopt a method that has the least impact on personal rights and interests and shall not process personal information that is not related to the processing purpose.

Regulations on Artificial Intelligence

On 31 December 2021, the CAC, the MIIT, the MPS and the Ministry of State Security promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (互聯網信息服務算法推薦管理規定), which became effective on 1 March 2022. These provisions implement

classification and hierarchical management for algorithm recommendation service providers based on various criteria. Moreover, the provisions require algorithmic recommendation service providers to provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. If the users choose to cancel the algorithm recommendation service, the algorithm recommendation service provider shall immediately stop providing relevant services. Algorithmic recommendation service providers shall also provide users with the function to select, modify or delete user labels which are used for algorithmic recommendation services.

On 10 July 2023, the CAC and six other regulatory authorities in the Chinese mainland promulgated the Interim Measures for Generative Artificial Intelligence Services (生成式人工智能服務管理暫行辦法), which took effect on 15 August 2023. The measures impose compliance requirements for providers of generative artificial intelligence services to the general public within the Chinese mainland. The measures stipulate that providers of generative artificial intelligence services related to text, image, audio, video and other content to the general public within the Chinese mainland will be responsible as "producers of Internet information content" and "personal information processors," with the responsibilities specified in the Personal Information Protection Law of the PRC, the PRC Data Security Law, the Cyber Security Law, and other PRC laws and regulations related to cybersecurity and personal information protection. Providers of generative artificial intelligence services are required to enter into service agreements with their users. In addition, providers of generative artificial intelligence services that have the potential to influence public opinion or provoke social agitation are required to conduct security assessments and complete filings in accordance with the Administrative Provisions on Internet Information Service Algorithm Recommendation.

On 7 March 2025, the Measures for the Labeling of AI-Generated Content (人工智能生成合成內容標識辦法), jointly promulgated by the CAC, the MIIT, the MPS, and the NRTA and effective on 1 September 2025, introduced mandatory requirements for explicit labeling (such as text or watermarks) and implicit labeling (such as metadata).

Regulations on Internet Infringement

According to the Civil Code, both Internet users and Internet service providers may be liable for the wrongful acts of users who infringe upon the legal rights and interests of other parties. Where an Internet user infringes upon the legal rights or interests of another through the use of Internet services, the party whose rights are infringed upon may request the Internet service provider whose Internet services are facilitating the infringement to take necessary measures including deleting, blocking or disconnecting relevant Internet links. If, after being notified, the Internet service provider fails to take necessary measures in a timely manner to end the infringement, it will be jointly and severally liable for any further damages suffered by the right holder. Further, if an Internet service provider is aware or should have been aware that an Internet user is utilising its Internet services to infringe upon the civil rights or interests of others and fails to take necessary measures, it shall be jointly and severally liable with the Internet user for damages resulting from the infringement.

The Civil Code has further elaborated on the "safe harbor" rule with respect to an Internet service provider from both the aspects of notice and counter-notice, including (i) upon receiving notice from the right holder, promptly adopting necessary protective measures such as deletion, screening or disconnection of hyperlinks and reefing right holder's notice to disputed Internet user; and (ii) upon receiving counter-notice from the disputed Internet user, referring such counter-notice to the claiming right holder and informing the right holder to take other corresponding measures such as filing complaint with competent authorities or suit with courts. On 21 August 2014, the Supreme People's Court of the PRC promulgated a judicial interpretation, namely, the Provisions of the Supreme People's Court of the PRC on Several Issues Concerning the Application of Law in Hearing Civil Dispute Cases Involving Infringement of Personal Right by Using Information Networks (最高人民法院關於審理利用信息網絡侵害人身權益民事糾紛案件適用法律若干問題的規定) and further

amended on 29 December 2020 and took effect on 1 January 2021, as further amended on 29 December 2020 and effective on 1 January 2021, which strengthens the protection over personal rights against infringement by using information networks and clarifies the liability of certain Internet infringement.

Regulations on Technology and Software Imports

On 10 December 2001, the State Council promulgated the Regulations on Administration of Import and Export of Technologies (技術進出口管理條例) ("**Import and Export Technologies Regulations**"), which became effective on 1 January 2002 and were amended on 8 January 2011, 2 March 2019 and 29 November 2020. These regulations and related legislations set out the regime regulating the import and export of technologies. The import and export of technologies is broadly defined as including transfer or licence of patents, software and know-how, and provision of services related to the technologies. Under the regime, technologies are classified as prohibited, restricted or freely tradable. The technologies in the freely tradable category may be traded freely without a special approval or licence. The contracts for the export of freely tradable technologies are required to be filed with the relevant government authority for their records but the filing procedure is not a pre-condition for effectiveness of the contracts. The technologies in the restricted category may not be traded without approval or licence.

To implement this requirement, the Administrative Measures for Registration of Technology Import and Export Contracts (技術進出口合同登記管理辦法), the Administrative Measures on Prohibited and Restricted Technology Exports (禁止出口限制出口技術管理辦法) and the Administrative Measures on Prohibited and Restricted Technology Imports (禁止進口限制進口技術管理辦法) were promulgated by MOFCOM or by MOFCOM jointly with other governmental authorities since February 2009, among which the Administrative Measures on Prohibited and Restricted Technology Imports (禁止進口限制進口技術管理辦法) were further amended on 30 November 2019 and became effective on 30 December 2019. The Export Control Law of PRC (中華人民共和國出口管制法) ("**Export Control Law**") was promulgated by the SCNPC on 17 October 2020, and became effective on 1 December 2020. The Export Control Law builds upon China's existing export control regulations, which are scattered across multiple laws, administrative regulations and rules and measures issued by various departments, with the goal of creating a unified export control system to promote China's national security and interests and commitment to nonproliferation.

MOFCOM is the principal approval authority for restricted technologies, as well as the registration authority for permitted technologies, but the Import and Export Technologies Regulations also provide that MOFCOM may delegate its approval and registration authority to its local branches.

Regulations Relating to Foreign Exchange and Dividend Distribution

The principal regulations governing foreign currency exchange in the PRC are the Regulations on Administration of Foreign Exchange (外匯管理條例) ("**Foreign Exchange Regulations**"), promulgated by the State Council in 1996 and amended in 1997 and 2008. Under the Foreign Exchange Regulations, RMB is freely convertible for current account items, such as dividends distributions, interest payments, and trade and service-related foreign exchange transactions, on a basis of true and lawful transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside the PRC, unless the prior approval of SAFE or qualified banks is obtained and registration with SAFE is completed.

Pursuant to the Rules on Administration of Settlement, Sale and Payment of Foreign Exchange Provisions (結匯、售匯及付匯管理規定) issued by PBOC on 20 June 1996 and effective on 1 July 1996, foreign-invested enterprises in the PRC may purchase foreign currency, subject to a cap approved by SAFE, to settle current account transactions without the approval from SAFE. Foreign exchange transactions involving capital account items are still subject to limitations and will require

approval from or registration with SAFE or qualified banks according to Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) ("**SAFE Circular 13**"), which was partially abolished on 30 December 2019.

Pursuant to the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment ("**SAFE Circular 59**") (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) promulgated by SAFE on 19 November 2012, which became effective on 17 December 2012 and was further amended on 4 May 2015, on 10 October 2018 and on 30 December 2019, approval is not required for opening a foreign exchange account and depositing foreign exchange into the accounts relating to the direct investments. SAFE Circular 59 also simplified foreign exchange-related registration required for the foreign investors to acquire the equity interests of Chinese companies and further improved the administration on foreign exchange settlement for foreign-invested enterprises.

In order to further clarify the current foreign exchange regulations over foreign direct investment, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Promulgation of the Regulations on the Foreign Exchange Administration of Foreign Direct Investments in PRC together with the Supporting Documents thereof ("**Circular 21**") (國家外匯管理局關於印發外國投資者境內直接投資外匯管理規定及配套文件的通知) on 11 May 2013, which were further amended on 10 October 2018 and 30 December 2019.

On 15 March 2019, SAFE promulgated the Administrative Provisions on Centralised Operation of Cross-Border Funds by Multinational Companies (跨國公司跨境資金集中運營管理規定), which was most recently amended on 23 March 2023. Pursuant to these provisions, multinational companies may select a domestic company as the lead company to centrally operate and manage domestic and foreign member companys' funds in accordance with their business need and carry out one or more of such businesses as centralising foreign debt quota, centralising overseas lending quota, centralising fund receipt/payment and netting settlement in the current account, provided that certain conditions are satisfied.

On 30 March 2015, SAFE promulgated the Notice on Administration over Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) ("**Circular 19**"), which became effective on 1 June 2015 in terms of payment and settlement of foreign exchange capital by foreign-invested companies and was further amended on 30 December 2019 and 23 March 2023. Circular 19 further simplifies the procedures and delegates to the banks to deal with the settlement of the foreign exchange capital of foreign-invested companies. Pursuant to Circular 19, foreign-invested enterprises are allowed to settle their foreign exchange capital on a discretionary basis, while the use of the capital and the RMB funds obtained from foreign exchange settlement for certain purposes is still prohibited.

On 9 June 2016, SAFE promulgated the Circular on the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) ("**SAFE Circular 16**"), which was most recently amended on 4 December 2023. SAFE Circular 16 removed certain restrictions previously provided under several SAFE circulars, in respect of conversion by a foreign-invested enterprise of foreign currency registered capital into RMB and use of such RMB capital. However, SAFE Circular 16 continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from its foreign exchange capital for expenditure beyond its business scope, and providing loans to non-affiliated enterprises except as permitted in the business scope.

On 25 October 2019, SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-Border Trade and Investment (關於進一步促進跨境貿易投資便利化的通知) ("**Circular 28**"), as amended on 4 December 2023, which, among other things, allows all foreign-invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws and complies with the negative list on foreign investment.

Pursuant to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-Related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知), issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listings, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements.

The principal regulations governing distribution of dividends by wholly foreign-owned enterprises include the Company Law (中華人民共和國公司法) and Foreign Investment Law (中華人民共和國外商投資法). Under these laws and regulations, wholly foreign invested enterprises in the PRC may pay dividends only out of their accumulated profits, if any, determined in accordance with the PRC accounting standards and regulations. Wholly foreign-owned enterprises in the PRC are required to set aside at least 10% of their accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of the relevant fund reaches 50% of its registered capital.

Regulations on Offshore Investment by PRC Residents

On 4 July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) ("**Circular 37**"), which abolishes and supersedes the Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) ("**Circular 75**") issued by SAFE on 21 October 2005. Circular 37 and its implementation guidelines require PRC residents to register with local branches of SAFE (or with qualified banks according to SAFE Circular 13) in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in Circular 37 as a "special purpose vehicle". The term "control" under Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfil the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under the PRC law for evasion of foreign exchange controls.

On 13 February 2015, SAFE promulgated SAFE Circular 13, which became effective on 1 June 2015 and was partially abolished on 30 December 2019. In accordance with SAFE Circular 13, if no retroactive SAFE registration is required, entities and individuals are required to apply for foreign exchange registration of foreign direct investment and overseas direct investment, including those required under the Circular 37, with qualified banks, instead of SAFE, while SAFE will handle retroactive SAFE registration. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

As these SAFE regulations are still relatively new and their interpretation and implementation have been constantly evolving, it is unclear how these regulations and any future regulation concerning offshore or cross-border transactions will be interpreted, amended or implemented by the relevant government authorities. As for the risks in connection with SAFE regulations, please see "*Risk Factors — Risks Relating to the PRC — PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us*".

Regulations on Employee Stock Options Plans

On 25 December 2006, the PBOC promulgated the Administrative Measures for Individual Foreign Exchange (個人外匯管理辦法), which became effective on 1 February 2007 and set forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. On 5 January 2007, SAFE issued the Implementation Rules of the Administrative Measures for Individual Foreign Exchange (個人外匯管理辦法實施細則) which became effective on 1 February 2007 and was amended in May 2016, and 23 March 2023. Among other things, it specifies approval requirements for a PRC citizen's participation in the employee stock ownership plans or stock option plans of an overseas publicly listed company.

On 15 February 2012, SAFE promulgated the Notice on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas-Listed Company (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知), which supersedes a previous notice issued by SAFE in March 2007 and requires domestic employees who participate in stock incentive plans including employee stock holding plans, share option plans or similar plans in an overseas-listed company to register with the relevant local SAFE branch through a PRC agent and complete certain other procedures. A PRC agent shall be a domestic company participating in the stock incentive plan or a domestic institution that is qualified to engage in assets custodian business and has been duly designated by such domestic company.

Regulations on Anti-Monopoly

According to the Anti-Monopoly Law (反壟斷法) which took effect as at 1 August 2008 and was last amended in 2022, where the concentration of business operators reaches the filing thresholds stipulated by the State Council, business operators shall file a declaration with the anti-monopoly enforcement agency under the State Council, and no concentration shall be implemented until the anti-monopoly enforcement agency clears the anti-monopoly filing. Pursuant to the Anti-Monopoly Law, a business operator that possesses a dominant market position is prohibited from abusing its dominant market position, including conducting the following acts: (i) selling commodities at unfairly high prices or buying commodities at unfairly low prices; (ii) without justifiable reasons, selling commodities at prices below cost; (iii) without justifiable reasons, refusing to enter into transactions with their trading counterparts; (iv) without justifiable reasons, allowing trading counterparts to make transactions exclusively with itself or with the business operators designated by it; (v) without justifiable reasons, tying commodities or imposing unreasonable trading conditions to transactions; (vi) without justifiable reasons, applying differential prices and other transaction terms among their trading counterparts who are on an equal footing; and (vii) other acts determined as abuse of dominant market position by the governmental authorities. "Concentration of undertakings" means any of the

following: (i) merger of undertakings; (ii) acquisition of control over another undertaking by acquiring equity or assets; or (iii) acquisition of control over, or exercising decisive influence on, another undertaking by contract or by any other means. In addition, pursuant to the PRC Anti-Monopoly Law and regulations, entering into monopolistic agreements, which means agreements or concerted practices to eliminate or restrict competition, are prohibited, unless such agreements satisfy the specific exemptions prescribed therein, such as improving technologies or increasing the efficiency and competitiveness of small and medium-sized undertakings. On 7 February 2021, the Anti-Monopoly Guidelines for Internet Platforms (國務院反壟斷委員會關於平臺經濟領域的反壟斷指南) (the "**Anti-Monopoly Guidelines**") were issued and became effective by the Anti-Monopoly Committee of State Council. The Anti-Monopoly Guidelines were formulated in accordance with the Anti-Monopoly Law, the purpose of which is to promote competition and innovation in the platform economy. The Anti-Monopoly Guidelines prohibit certain monopolistic acts of Internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in Internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating against customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, or compulsory collection of unnecessary user data). In addition, the Anti-Monopoly Guidelines also reinforce antitrust merger review for Internet platform related transactions to safeguard market competition. The Anti-Monopoly Guidelines clarify the factors to be taken into consideration when assessing the competition influence of concentration: (i) the market share of operator; (ii) the controlling power to market of operator; (iii) the concentration in relevant market; (iv) the impact of concentration on market access; (v) the impact of concentration on technology progress; (vi) the impact of concentration on consumers; and (vii) other factors the enforcement agency would consider relevant.

On 10 March 2023, the State Administration for Market Regulation issued the Provisions on the Review Measures of Concentration of Undertakings (經營者集中審查規定), which became effective on 15 April 2023. Pursuant to these provisions, when determining a business operator's acquisition of the control over other business operators or its decisive influence on other operators by virtue of contract or any other means, factors such as the purpose of transactions, the ownership structure of other operators, voting matters and voting mechanisms of other business operators' general meetings, or the composition and voting mechanism of other business operators' board of directors shall be taken into consideration. The business operators involved in the concentration of undertakings shall report to the SAMR in advance where such concentration of undertakings concludes the thresholds of declaration, and such concentration of undertakings shall not be implemented without such declaration and approval.

On 22 January 2024, the State Council issued the Provisions of the State Council on the Threshold for the Filing of Concentration of Undertakings (國務院關於經營者集中申報標準的規定), which became effective on the same day. The provisions significantly increased the turnover thresholds to trigger merger control filings in mainland China. Specifically, a transaction that satisfies one of the following conditions must be notified to the State Administration for Market Regulation: (i) the aggregate turnover of all business operators concerned in the concentration exceeds RMB12 billion on a global basis (increased from the previous threshold of RMB10 billion) in the preceding financial year and each of at least two of them generated turnover in mainland China exceeds RMB800 million (increased from the previous threshold of RMB400 million) in the preceding financial year; or (ii) the aggregate turnover in mainland China of all the business operators concerned in the concentration exceeds RMB4 billion (increased from the previous threshold of RMB2 billion) in the preceding financial year and each of at least two of them generated turnover in mainland China exceeds RMB800 million (increased from the previous threshold of RMB400 million) in the preceding financial year. In addition, the provisions also provide that a transaction must be reported to anti-monopoly authority if there is evidence indicating that the concentration of business operator has or may have an effect of excluding or limiting competition, the anti-monopoly authority may order the operators to file for clearance, regardless of the threshold standard.

Regulations on Foreign Investor's Merger and Acquisition of PRC Enterprises

In August 2006, six PRC regulatory agencies jointly adopted Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者並購境內企業的規定) (the "**M&A Rules**"), which became effective on 8 September 2006 and were amended by MOFCOM and became effective on 22 June 2009. The M&A Rules provided for the filing and approval procedures on the merger and acquisition of domestic enterprises by foreign investors.

On 3 February 2011, the General Office of the State Council promulgated the Notice on Establishment of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知) ("**Security Review Notice**"), which became effective on 3 March 2011. The Security Review Notice officially established the security review system for mergers and acquisitions of domestic enterprises by foreign investors, which is to be implemented by an inter-ministerial panel under the leadership of the State Council.

On 25 August 2011, MOFCOM issued the Provisions of the Ministry of Commerce on the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定) ("**Security Review Provisions**"), which became effective on 1 September 2011. Pursuant to the Security Review Provisions, if a foreign investor's merger or acquisition of a domestic enterprise falls within the scope of security review specified in the Security Review Notice, the foreign investor shall file an application with MOFCOM for security review.

On 19 December 2020, the NDRC and the MOFCOM promulgated the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法), which became effective on 18 January 2021. The NDRC and the MOFCOM will establish a working mechanism office in charge of the security review of foreign investment. The Measures for the Security Review of Foreign Investment define foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign-owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and Internet services and products, key technologies and other important areas with bearing on national security which results in the acquisition of de facto control of investee companies, shall be filed with a specifically established office before such investment is carried out. It is likely that control through contractual arrangement be regarded as de facto control based on provisions applied to security review of foreign investment in the China free trade zone. Failure to make such filing may subject such foreign investors to rectification within a prescribed period, and will be recorded as negative credit information of such foreign investors in the relevant national credit information system, which would then subject such investors to joint punishment as provided by relevant rules. If such investor fails to or refuses to undertake such rectification, it would be ordered to dispose of the equity or asset and to take any other necessary measures so as to return to the status quo and to erase the impact to national security. Whether a foreign investor's merger or acquisition of a domestic enterprise falls within the scope of security review or not shall be determined based on the substance and actual influence of the merger or acquisition transaction. No foreign investor is allowed to substantially avoid the security review in any way, including but not limited to, holding shares on behalf of others, trust arrangements, multi-level reinvestment, leasing, loans, contractual control or overseas transactions.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

Substantial Shareholders' Interests

As at 30 June 2025, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company:

Long/short position in the shares of the Company

Name of shareholder	Long/short position	Nature of interest/capacity	Number of shares/underlying shares held	Approximate % of shareholding[3]
MIH Internet Holdings B.V.....	Long position	Corporate[1]	2,112,481,500	23.05%
Advance Data Services Limited	Long position	Corporate[2]	804,859,700	8.78%

Note:

(1) MIH Internet Holdings B.V. is controlled by Naspers Limited through its non wholly-owned subsidiary, Prosus N.V. MIH Internet Holdings B.V. is a wholly-owned subsidiary of Prosus N.V. As such, Naspers Limited, Prosus N.V. and MIH Internet Holdings B.V. are deemed to be interested in the same block of 2,112,481,500 shares under Part XV of the SFO.

(2) Advance Data Services Limited holds 709,859,700 shares directly and 95,000,000 shares indirectly through its wholly-owned subsidiary, Ma Huateng Global Foundation. As Advance Data Services Limited is wholly-owned by Mr Ma Huateng, Mr Ma has an interest in these shares as disclosed under the section of "Directors' Interests".

(3) As at 30 June 2025, the total number of issued shares of the Company was 9,165,513,622.

Save as disclosed above, the Company had not been notified of any other persons (other than the directors or chief executive of the Company) who, as at 30 June 2025, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Directors' Interests

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(A) Long position in the shares and underlying shares of the Company

Name of Director	Nature of interest	Number of shares/underlying shares held	Approximate % of shareholding[7]
Ma Huateng	Corporate[1]	804,859,700	8.78%
Li Dong Sheng	Personal*	82,350[2]	0.0009%
Ian Charles Stone	Personal*	73,951	0.003%
	Family+	240,000	
		313,951[3]	
Yang Siu Shun	Personal*	50,690[4]	0.0006%
Ke Yang	Personal*	64,719[5]	0.0007%
Zhang Xiulan	Personal*	37,639[6]	0.0004%

Note:

(1) Advance Data Services Limited, a British Virgin Islands company wholly-owned by Mr Ma Huateng, holds 709,859,700 shares directly and 95,000,000 shares indirectly through its wholly-owned subsidiary, Ma Huateng Global Foundation.

(2) The interest comprises 54,037 shares and 28,313 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to this director are set out below under "Related Party Transactions — Share Award Schemes".

(3) The interest comprises 257,329 shares and 56,622 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to this director are set out below under "Related Party Transactions — Share Award Schemes".

(4) The interest comprises 360 shares and 50,330 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to this director are set out below under "Related Party Transactions — Share Award Schemes".

(5) The interest comprises 36,406 shares and 28,313 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to this director are set out below under "Related Party Transactions — Share Award Schemes".

(6) The interest comprises 8,328 shares and 29,311 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to this director are set out below under "Related Party Transactions — Share Award Schemes".

(7) As at 30 June 2025, the total number of issued shares of the Company was 9,165,513,622.

* Interests of beneficial owner

\+ Interests of spouse or child under 18 as beneficial owner

(B) Long position in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of shares and class of shares held	Approximate % of shareholding
Ma Huateng	Tencent Computer	Personal	RMB35,285,705 (registered capital)	54.29%
	Shiji Kaixuan	Personal	RMB5,971,427 (registered capital)	54.29%

Save as disclosed above, none of the Directors or chief executive of the Company and their associates, had interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations as at 30 June 2025.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

The following summary of the principal terms of the instruments governing our material indebtedness does not purport to be a complete description of all of the terms of these instruments and may not contain all of the information that may be important to prospective investors. Investors should read the consolidated financial statements included elsewhere in this Offering Circular for additional information about our indebtedness.

As at 30 June 2025, our borrowings and notes payable included in current liabilities were RMB58,631 million (US$8,185 million) and RMB12,880 million (US$1,798 million), respectively, and borrowings and notes payable included in non-current liabilities were RMB202,966 million (US$28,333 million) and RMB119,338 million (US$16,659 million), respectively. As at 30 June 2025, our total borrowings included in current liabilities and non-current liabilities both comprised RMB bank borrowings, EUR bank borrowings, JPY bank borrowings, HKD bank borrowings, as well as U.S. dollar bank borrowings. As at 30 June 2025, our notes payable comprised the TME 2025 Notes, the 2026 Notes, the January 2026 Notes, the 2028 Notes, the 2029 Notes, the 2030 Notes, the TME 2030 Notes, the 2031 Notes, the 2035 Notes, the 2038 Notes, the 2041 Notes, the 2049 Notes, the 2050 Notes, the 2051 Notes, the 2060 Notes and the 2061 Notes.

U.S. Dollar Bank Borrowings, JPY Bank Borrowings, EUR Bank Borrowings, HKD Bank Borrowings and RMB Bank Borrowings

The aggregate principal amounts of short-term USD, HKD and RMB bank borrowings as at 30 June 2025 were US$2,250 million, HKD3,800 million and RMB39,174 million, respectively. Applicable interest rates are at SOFR + 0.30% ~ 0.40% for USD bank borrowings, HIBOR + 0.15% for HKD bank borrowings and 1.03% ~ 4.00% for RMB bank borrowings per annum.

The aggregate principal amounts of long-term USD, JPY, EUR, HKD and RMB bank borrowings as at 30 June 2025 were US$6,900 million, JPY438 million, EUR1,050 million, HKD12,402 million and RMB133,465 million, respectively. Applicable interest rates are at SOFR + CAS + 0.80% for USD bank borrowings, 0.11% ~ 1.73% and TIBOR + 1.70% for JPY bank borrowings, EURIBOR + 0.70% ~ 0.75% for EUR bank borrowings, HIBOR + 0.25% ~ 0.60% for HKD bank borrowings, 2.52% ~ 3.90% and 1-Year LPR - 0.65% ~ + 0.15% for RMB bank borrowings per annum.

These USD, JPY, EUR and HKD bank borrowings were entered into by certain offshore subsidiaries as borrowers, under which they have agreed to certain customary covenants relating to, among other things, securities over their assets, disposals of their assets, and mergers and acquisitions. These bank borrowings contain certain customary events of default, including breaches of terms of the facilities agreement, any events or circumstances that result in a materially adverse change in the business or financial condition of the borrower, borrower's dissolution and insolvency, misleading statements or material omissions, cessation of all or a material part of the borrower's business, change in ownership of the borrower and cross defaults under other loans. The banks are entitled to demand immediate repayment of all or part of the outstanding loans and any accrued interest upon the occurrence of an event of default.

These USD, EUR and HKD bank borrowings are generally guaranteed by the Company.

TME 2025 Notes

On 3 September 2020, TME issued the 1.375% Notes due 2025 in an aggregate principal amount of US$300 million for general corporate purposes. The TME 2025 Notes were issued at a price of 99.928% of the aggregate principal amount. Interest on the TME 2025 Notes will be payable semi-annually in arrears on 3 March and 3 September of each year. The TME 2025 Notes have been fully repaid on 3 September 2025. The TME 2025 Notes are constituted by, are subject to and have the benefit of an indenture dated 3 September 2020.

2026 Notes

On 11 April 2019, we issued the 3.575% Senior Notes due 2026 in an aggregate principal amount of US$500 million for general corporate purposes under the Programme. The 2026 Notes were issued at a price of 99.994% of the aggregate principal amount. Interest on the 2026 Notes will be payable semi-annually in arrears on 11 April and 11 October of each year. The 2026 Notes will mature on 11 April 2026. The 2026 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 1 April 2019 in connection with the Programme. The terms and conditions applicable to the 2026 Notes are set forth in the relevant pricing supplement.

January 2026 Notes

On 3 June 2020, we issued the 1.810% Senior Notes due 2026 in an aggregate principal amount of US$1,000 million for refinancing and general corporate purposes under the Programme. The January 2026 Notes were issued at a price of 99.988% of the aggregate principal amount. Interest on the January 2026 Notes will be payable semi-annually in arrears on 26 January and 26 July of each year. The January 2026 Notes will mature on 26 January 2026. The January 2026 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 25 May 2020 in connection with the Programme. The terms and conditions applicable to the January 2026 Notes are set forth in the relevant pricing supplement.

2028 Notes

On 19 January 2018, we issued the 3.595% Senior Notes due 2028 in an aggregate principal amount of US$2,500 million for general corporate purposes under the Programme. The 2028 Notes were issued at a price of 99.975% of the aggregate principal amount. Interest on the 2028 Notes will be payable semi-annually in arrears on 19 January and 19 July of each year. The 2028 Notes will mature on 19 January 2028. The 2028 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 24 April 2015 in connection with the Programme. The terms and conditions applicable to the 2028 Notes are set forth in the relevant pricing supplement.

2029 Notes

On 11 April 2019, we issued the 3.975% Senior Notes due 2029 in an aggregate principal amount of US$3,000 million for general corporate purposes under the Programme. The 2029 Notes were issued at a price of 99.967% of the aggregate principal amount. Interest on the 2029 Notes will be payable semi-annually in arrears on 11 April and 11 October of each year. The 2029 Notes will mature on 11 April 2029. The 2029 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 1 April 2019 in connection with the Programme. The terms and conditions applicable to the 2029 Notes are set forth in the relevant pricing supplement.

2030 Notes

On 3 June 2020, we issued the 2.390% Senior Notes due 2030 in an aggregate principal amount of US$2,250 million for refinancing and general corporate purposes under the Programme. The 2030 Notes were issued at a price of 99.973% of the aggregate principal amount. Interest on the 2030 Notes will be payable semi-annually in arrears on 3 June and 3 December of each year. The 2030 Notes will mature on 3 June 2030. The 2030 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 25 May 2020 in connection with the Programme. The terms and conditions applicable to the 2030 Notes are set forth in the relevant pricing supplement.

TME 2030 Notes

On 3 September 2020, TME issued the 2.000% Notes due 2030 in an aggregate principal amount of US$500 million for general corporate purposes. The TME 2030 Notes were issued at a price of 99.595% of the aggregate principal amount. Interest on the TME 2030 Notes will be payable semi-annually in arrears on 3 March and 3 September of each year. The TME 2030 Notes will mature on 3 September 2030. The TME 2030 Notes are constituted by, are subject to and have the benefit of an indenture dated 3 September 2020.

2031 Notes

On 22 April 2021, we issued the 2.880% Senior Notes due 2031 in an aggregate principal amount of US$500 million for refinancing and general corporate purposes under the Programme. The 2031 Notes were issued at a price of 99.991% of the aggregate principal amount. Interest on the 2031 Notes will be payable semi-annually in arrears on 22 April and 22 October of each year. The 2031 Notes will mature on 22 April 2031. The 2031 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 25 May 2020 in connection with the Programme. The terms and conditions applicable to the 2031 Notes are set forth in the relevant pricing supplement.

2035 Notes

On 15 July 2015, we issued the 4.700% Senior Notes due 2035 in an aggregate principal amount of US$100 million for general corporate purposes under the Programme. The 2035 Notes were issued at a price of 99.359% of the aggregate principal amount. Interest on the 2035 Notes will be payable semi-annually in arrears on 15 January and 15 July of each year. The 2035 Notes will mature on 15 July 2035. The 2035 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 24 April 2015 in connection with the Programme. The terms and conditions applicable to the 2035 Notes are set forth in the relevant pricing supplement.

2038 Notes

On 19 January 2018, we issued the 3.925% Senior Notes due 2038 in an aggregate principal amount of US$1,000 million for general corporate purposes under the Programme. The 2038 Notes were issued at a price of 99.959% of the aggregate principal amount. Interest on the 2038 Notes will be payable semi-annually in arrears on 19 January and 19 July of each year. The 2038 Notes will mature on 19 January 2038. The 2038 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 24 April 2015 in connection with the Programme. The terms and conditions applicable to the 2038 Notes are set forth in the relevant pricing supplement.

2041 Notes

On 22 April 2021, we issued the 3.680% Senior Notes due 2041 in an aggregate principal amount of US$900 million for refinancing and general corporate purposes under the Programme. The 2041 Notes were issued at a price of 99.972% of the aggregate principal amount. Interest on the 2041 Notes will be payable semi-annually in arrears on 22 April and 22 October of each year. The 2041 Notes will mature on 22 April 2041. The 2041 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 25 May 2020 in connection with the Programme. The terms and conditions applicable to the 2041 Notes are set forth in the relevant pricing supplement.

2049 Notes

On 11 April 2019, we issued the 4.525% Senior Notes due 2049 in an aggregate principal amount of US$500 million for general corporate purposes under the Programme. The 2049 Notes were issued at a price of 99.967% of the aggregate principal amount. Interest on the 2049 Notes will be payable

semi-annually in arrears on 11 April and 11 October of each year. The 2049 Notes will mature on 11 April 2049. The 2049 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 1 April 2019 in connection with the Programme. The terms and conditions applicable to the 2049 Notes are set forth in the relevant pricing supplement.

2050 Notes

On 3 June 2020, we issued the 3.240% Senior Notes due 2050 in an aggregate principal amount of US$2,000 million for refinancing and general corporate purposes under the Programme. The 2050 Notes were issued at a price of 99.943% of the aggregate principal amount. Interest on the 2050 Notes will be payable semi-annually in arrears on 3 June and 3 December of each year. The 2050 Notes will mature on 3 June 2050. The 2050 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 25 May 2020 in connection with the Programme. The terms and conditions applicable to the 2050 Notes are set forth in the relevant pricing supplement.

2051 Notes

On 22 April 2021, we issued the 3.840% Senior Notes due 2051 in an aggregate principal amount of US$1,750 million for refinancing and general corporate purposes under the Programme. The 2051 Notes were issued at a price of 99.965% of the aggregate principal amount. Interest on the 2051 Notes will be payable semi-annually in arrears on 22 April and 22 October of each year. The 2051 Notes will mature on 22 April 2051. The 2051 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 25 May 2020 in connection with the Programme. The terms and conditions applicable to the 2051 Notes are set forth in the relevant pricing supplement.

2060 Notes

On 3 June 2020, we issued the 3.290% Senior Notes due 2060 in an aggregate principal amount of US$750 million for refinancing and general corporate purposes under the Programme. The 2060 Notes were issued at a price of 99.934% of the aggregate principal amount. Interest on the 2060 Notes will be payable semi-annually in arrears on 3 June and 3 December of each year. The 2060 Notes will mature on 3 June 2060. The 2060 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 25 May 2020 in connection with the Programme. The terms and conditions applicable to the 2060 Notes are set forth in the relevant pricing supplement.

2061 Notes

On 22 April 2021, we issued the 3.940% Senior Notes due 2061 in an aggregate principal amount of US$1,000 million for refinancing and general corporate purposes under the Programme. The 2061 Notes were issued at a price of 99.960% of the aggregate principal amount. Interest on the 2061 Notes will be payable semi-annually in arrears on 22 April and 22 October of each year. The 2061 Notes will mature on 22 April 2061. The 2061 Notes are constituted by, are subject to and have the benefit of an amended and restated trust deed dated 25 May 2020 in connection with the Programme. The terms and conditions applicable to the 2061 Notes are set forth in the relevant pricing supplement.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between our consolidated subsidiaries and our Directors, executive officers and substantial shareholders and, in each case, the companies with whom they are affiliated.

The Company and its subsidiaries from time to time engage in transactions with affiliates of the Company in the ordinary course of their business. It is the Company's policy to conduct these transactions on normal commercial terms and on an arm's-length basis.

Share Option Schemes and Share Award Schemes

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, for the purpose of providing incentives and rewards to its Directors, executives or officers, employees, consultants and other eligible persons.

The Pre-IPO Option Scheme, the Post-IPO Option Scheme I, the Post-IPO Option Scheme II and the Post-IPO Option Scheme III expired on 31 December 2011, 23 March 2014, 16 May 2017 and 13 May 2019, respectively. Upon the expiry of these schemes, no further options would be granted under these schemes, but the options granted prior to such expiry continued to be valid and exercisable in accordance with provisions of the schemes. As at 30 June 2025, 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 was terminated on 17 May 2023.

On 17 May 2023, the Company adopted the 2023 Share Option Scheme. 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 maximum number of shares in respect of which options may be granted under the 2023 Share Option Scheme shall not exceed 287,638,307 shares, being 3% of the total number of shares of the Company in issue as at the date of shareholders' approval of the 2023 Share Option Scheme. Options granted under the 2023 Share Option Scheme will expire no later than the last day of the 10-year period after the date of grant of options (subject to early termination as set out in the terms of the 2023 Share Option Scheme).

The total number of new shares which may be issued in respect of all options and awards to be granted under all of the share schemes of the Company which are funded by issue of new shares of the Company (including the 2023 Share Option Scheme and the 2023 Share Award Scheme) must not exceed 10% of the relevant class of shares in issue as at the date of approval by the shareholders of the Company of a share scheme or a refreshment of scheme mandate under a share scheme, whichever is the latest. For any 12-month period up to and including the date of grant, the aggregate number of shares issued and to be issued in respect of all options or awards granted to any eligible person (excluding any lapsed options or awards) under the share scheme(s) of the Company shall not exceed 1% of the issued shares from time to time, unless such grant is separately approved by the shareholders. The maximum number of shares in respect of which options may be granted to all of the grantees who are service providers (including, where the Service Provider is an entity, its employees, directors, consultants, advisers or agents who provide service to the Group) in aggregate under the 2023 Share Option Scheme shall not exceed 958,794 shares, being 0.01% of the shares in

issue the date of shareholders' approval of the 2023 Share Option Scheme. During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, 6,806,825 options, 13,148,354 options, 22,893,680 options and 20,087,434 options and 24,189,201 options were exercised, respectively, pursuant to the share option schemes the Company has already adopted.

Share Award Schemes

The Company has adopted four share award schemes, namely, the 2007 Share Award Scheme, the 2013 Share Award Scheme, the 2019 Share Award Scheme and the 2023 Share Award Scheme, among which the 2007 Share Award Scheme expired on 13 December 2022 and the 2023 Share Award Scheme was adopted on 17 May 2023. All the outstanding unvested share awards under the 2013 Share Award Scheme and the 2019 Share Award Scheme had been transferred to the 2023 Share Award Scheme. Upon the completion of the transfer of the shares held by the trustee for the purpose of satisfying the outstanding share awards under the 2013 Share Award Scheme and the 2019 Share Award Scheme to the trustee administering the 2023 Share Award Scheme, the 2013 Share Award Scheme and the 2019 Share Award Scheme were terminated. As at 30 June 2025, the 2023 Share Award Scheme was the only effective share award scheme of the Company. As at 30 June 2025, there were no outstanding share awards under the 2007 Share Award Scheme.

On 17 May 2023, the Company adopted the 2023 Share Award Scheme. The Board may, at its absolute discretion, select any Awarded Persons to participate in the 2023 Share Award Scheme. Pursuant to the 2023 Share Award Scheme, ordinary shares of the Company are acquired by an independent trustee at the cost of the Company or shares are allotted to the trustee under general mandates granted or to be granted by shareholders of the Company at general meetings from time to time. These shares are/will be held in trust for the Awarded Persons by the trustee until the end of each vesting period. Vested shares are/will be transferred at no cost to the Awarded Persons. The Awarded Persons are not entitled to the dividends on the awarded shares not yet transferred to them. Unless it is terminated by the Board, the 2023 Share Award Scheme shall be valid and effective for a term of ten years commencing on the adoption date. The total number of shares which may be awarded under the 2023 Share Award Scheme shall be no more than 4.5% (i.e. 431,457,460 shares) of the total number of shares in issue as at the adoption date, among which the total number of new shares which may be issued in respect of all awards to be granted under the 2023 Share Award Scheme shall be no more than 3.5% (i.e. 335,578,024 shares) of the total number of shares in issue as at the adoption date (the "**Scheme Mandate Limit (New Shares Share Award)**"). Among the Scheme Mandate Limit (New Shares Share Award), the total number of new shares which may be issued in respect of all awards to be granted to Service Providers under the 2023 Share Award Scheme shall be no more than 0.01% (i.e. 958,794 shares) of the total number of shares in issue as at the adoption date. During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, a total of 65,174,957 awarded shares, 64,604,655 awarded shares, 62,829,798 awarded shares and 29,839,111 awarded shares and 17,261,799 awarded shares were granted under the 2013 Share Award Scheme, the 2019 Share Award Scheme and the 2023 Share Award Scheme.

Share Options and Awarded Shares Granted to Directors

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, no options were granted to any director of the Company.

During the six months ended 30 June 2025, 59,280 awarded shares were granted to five independent non-executive directors of the Company. During the six months ended 30 June 2024, 105,760 awarded shares were granted to five independent non-executive directors of the Company. During the year ended 31 December 2024, 105,760 awarded shares were granted to five independent non-executive directors of the Company. For the year ended 31 December 2023, 74,542 awarded shares were granted to five independent non-executive directors of the Company. During the year ended 31 December 2022, 58,398 awarded shares were granted to five independent non-executive directors of the Company.

Compensation of Directors

Our directors receive compensation including salaries, bonuses, allowances and benefits in kind, share-based compensation expenses and contribution to pension plans for their services to the Company. See "*Directors and Management — Compensation of Directors and Senior Management*".

Related Party Transactions

Significant Transactions with Related Parties

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, we had commercial arrangements with certain associates and joint ventures to provide Marketing Services, FinTech and Business Services and other services. The revenue from these services, for the year ended 31 December 2022, amounted to approximately RMB5,819 million, RMB39,200 million and RMB2,577 million, respectively. The revenue from these services, for the year ended 31 December 2023, amounted to approximately RMB7,286 million, RMB42,141 million and RMB2,740 million, respectively. The revenue from these services, for the year ended 31 December 2024, amounted to approximately RMB5,238 million, RMB45,430 million and RMB2,907 million, respectively. The revenue from these services, for the six months ended 30 June 2024, amounted to approximately RMB2,634 million, RMB22,033 million and RMB1,340 million, respectively. The revenue from these services, for the six months ended 30 June 2025, amounted to approximately RMB2,197 million (US$307 million), RMB23,510 million (US$3,282 million) and RMB2,064 million (US$288 million), respectively.

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, we had commercial arrangements with certain associates and joint ventures to purchase online game licences and related services, media content and related services, FinTech and Business Services and others. The costs and expenses of these contents and services, for the year ended 31 December 2022, amounted to approximately RMB1,734 million, RMB4,226 million, RMB3,710 million and RMB1,030 million, respectively. The costs and expenses of these contents and services, for the year ended 31 December 2023, amounted to approximately RMB3,082 million, RMB4,752 million, RMB2,222 million and RMB1,532 million, respectively. The costs and expenses of these contents and services, for the year ended 31 December 2024, amounted to approximately RMB4,532 million, RMB3,409 million, RMB2,138 million and RMB1,728 million, respectively. The costs and expenses of these contents and services, for the six months ended 30 June 2024, amounted to approximately RMB2,539 million, RMB1,887 million, RMB1,037 million and RMB866 million, respectively. The costs and expenses of these contents and services, for the six months ended 30 June 2025, amounted to approximately RMB2,506 million (US$350 million), RMB1,307 million (US$182 million), RMB843 million (US$118 million) and RMB855 million (US$119 million), respectively.

Year-end Balances with Related Parties

Our loans to investee companies and investee companies' shareholders amounted to RMB6,029 million, RMB6,780 million and RMB6,549 million and RMB8,189 million (US$1,143 million) as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

In addition, as at 31 December 2022, our accounts receivable and other receivables from related parties were RMB10,755 million and RMB186 million, respectively. As at 31 December 2023, our accounts receivable and other receivables from related parties were RMB9,891 million and RMB493 million, respectively. As at 31 December 2024, our accounts receivable and other receivables from related parties were RMB10,255 million and RMB309 million. As at 30 June 2025, our accounts receivable and other receivables from related parties were RMB11,443 million (US$1,597 million) and RMB300 million (US$42 million), respectively. As at 31 December 2022, our accounts payable and other payables to related parties were RMB1,530 million and RMB64 million, respectively. As at 31 December 2023, our accounts payable and other payables to related parties were RMB2,681 million

and RMB144 million, respectively. As at 31 December 2024, our accounts payable and other payables to related parties were RMB 3,215 million and RMB296 million. As at 30 June 2025, our accounts payable and other payables to related parties were RMB2,779 million (US$388 million) and RMB255 million (US$36 million), respectively.

We had certain business co-operation arrangements with certain associates, which are engaged in various Internet businesses including eCommerce, Online-To-Offline platforms and FinTech services, in respect of the provision of various services such as FinTech services, business services and marketing services to these associates. As at 31 December 2022, 2023 and 2024 and 30 June 2025, contract liabilities arising from these business co-operation arrangements were RMB1,959 million, RMB1,373 million, RMB848 million and RMB927 million (US$129 million).

We had entered into certain contracts for purchasing services or contents with certain associates or joint ventures. As at 31 December 2022, 2023 and 2024 and 30 June 2025, commitments in respect of these agreements amounted to RMB4,158 million, RMB4,433 million and RMB4,542 million and RMB4,434 million (US$619 million).

Other than the transactions and balances disclosed above or elsewhere in the audited consolidated financial statements and unaudited interim condensed consolidated financial information, the Group had no other material transactions with related parties during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, and no other material balances with related parties as at 31 December 2022, 2023 and 2024 and 30 June 2025.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on laws and relevant interpretation thereof in effect as at the date of this Offering Circular, all of which are subject to changes, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. None of the Issuer nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

Cayman Islands

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

The following is a discussion of certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Payments of interest, premium and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest, premium and principal to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of Bearer Notes or a Global Note. Any Bearer Note or any Global Note itself will be stampable if it is executed in or brought into the Cayman Islands.

No stamp duty is payable in respect of the issue of the Registered Notes, an Individual Note Certificate or a Global Certificate. An instrument of transfer in respect of a Registered Note, an Individual Note Certificate or a Global Note Certificate is stampable if executed in or brought into the Cayman Islands.

People's Republic of China

The following summary describes certain PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of the Mainland of China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, potential purchasers should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Taxation on Interest and Capital Gains

Under the 2008 EIT Law, an enterprise established outside of the PRC with a "de facto management body" within the PRC is deemed a "resident enterprise", meaning that it can be treated as a PRC enterprise for enterprise income tax purposes. The implementing rules of the 2008 EIT Law define "de facto management" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident

Enterprises on the Basis of De Facto Management Bodies (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) ("**Circular 82**") issued by the State Administration of Taxation on 22 April 2009, and partially abolished on 29 December 2017, provides that a foreign enterprise controlled by a PRC company or a PRC company group will be treated as a "resident enterprise" with a "de facto management body" located within the PRC if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. Although the Circular 82 applies only to offshore enterprises controlled by enterprises or enterprise groups located within the PRC, the determining criteria set forth in the Circular 82 may reflect the SAT's general position on how the "de facto management body" test may be applied in determining the tax resident status of all offshore enterprises. On 27 July 2011, the State Administration of Taxation issued Provisional Administrative Regulations of Enterprise Income Taxation of a Foreign Enterprise Controlled by a PRC Enterprise or a PRC Enterprise Group (境外註冊中資控股居民企業所得稅管理辦法(試行)) ("**Circular 45**") which were amended on 17 April 2015, 28 June 2016 and 15 June 2018, respectively, to further prescribe the rules concerning the recognition, administration and taxation of a foreign enterprise "controlled by a PRC enterprise or PRC enterprise group". Circular 45 provides two ways for a foreign enterprise "controlled by a PRC enterprise or a PRC enterprise group" to be treated as a resident enterprise. First, the foreign enterprise may decide on its own that its de facto management body is located in the PRC based on the criteria set forth in Circular 82, and, if it makes such determination, it must apply to the competent tax bureau to be treated as a resident enterprise. Second, the tax authority may determine that the foreign enterprise is a resident enterprise after its active investigation.

The Company holds its shareholders' meeting and board meetings outside the PRC and keeps its shareholders' list outside the PRC. However, some of the Company's directors and senior management are currently based inside the PRC. This may be relevant for the PRC tax authorities to determine whether it is a PRC resident enterprise for tax purposes.

Although it is unclear under PRC tax law whether the Company has a "de facto management body" located in the PRC for PRC tax purposes, it intends to take the position that it is not a PRC resident enterprise for tax purposes. The Company cannot assure you that it will not be considered to be a "resident enterprise" by the PRC tax authorities and, therefore, be subject to enterprise income tax at a rate of 25% on its global income. So long as the Company is not considered to be a PRC resident enterprise for 2008 EIT Law purposes, the payment of interest on the Notes to the non-PRC resident holders of the Notes will not be subject to PRC withholding tax. However, if the Company were determined to be a PRC resident enterprise, such interest payments and any gains from the sale of notes may be subject to PRC tax.

Under the 2008 EIT Law and the implementation regulations thereunder, PRC withholding tax at a rate of 10% is normally applicable to PRC-source income derived by nonresident enterprises. The 2008 EIT Law's implementation regulations further set forth that interest income is viewed as PRC-source income if the enterprise or the establishment that pays or bears the interest is situated in the PRC. If the Company is deemed a PRC resident enterprise for tax purposes, interest paid to non-PRC resident note holders may be regarded as PRC-source and therefore be subject to PRC withholding tax at a rate of 10% for non-PRC resident enterprise note holders and 20% for non-PRC resident individual note holders. Any gains realised on the transfer of the Notes by such investors may be subject to PRC income tax at a rate of 10% for non-PRC resident enterprise note holders or 20% for non-PRC resident individual note holders, if the Company is deemed a PRC resident enterprise for tax purposes and such gains are regarded as PRC-sourced. In addition, if we were considered a PRC resident enterprise, interest payable by us to nonresident noteholders may be subject to PRC value-added tax at a rate of

6%. Any PRC tax liability may be reduced by an applicable tax treaty or arrangement, but there can be no assurance that any applicable treaty benefits would actually be obtained by the relevant owner of the Notes.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer of a Note (for so long as the register of holders of the Notes is maintained or used outside the PRC, as is expected to be the case).

Hong Kong

The following is a discussion of certain Hong Kong tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Hong Kong law.

In considering whether to invest in the Notes, potential purchasers should consult their individual tax advisers with regard to the application of Hong Kong tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Withholding Tax

No Hong Kong withholding tax is payable on payments of principal (including any premium payable on redemption of the Notes) or interest in respect of the Notes.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business within the meaning of section 16(3) of the IRO.

Sums derived from the sale, disposal or redemption of the Notes (other than capital gains) will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of, including where such activities were undertaken.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Notes will be subject to profits tax.

Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance) from the sale, disposal and redemption of the Notes will be subject to profits tax.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-Sourced Income) Ordinance 2022 of Hong Kong (the "Amendment Ordinance") came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest (if applicable) on the Notes accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong unless the exemption conditions under the Amendment Ordinance are satisfied. The Amendment Ordinance also provides for relief against double-taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions may be available to certain qualifying investors. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual positions.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

United States Federal Income Taxation

The following is a discussion of certain U.S. federal income tax consequences of the ownership and disposition of Notes to the U.S. Holders described below. This disclosure addresses only Notes that are denominated in U.S. dollars and issued in registered form. It does not address Notes issued in bearer form, which generally may not be offered or sold in the United States or its possessions or to U.S. persons (as defined for U.S. federal income tax purposes). A U.S. person that acquires a Bearer Note may be subject to adverse tax implications. This discussion applies only to Notes that are purchased by a U.S. Holder described below in their initial offering at the "issue price", which will equal the first price to the public (not including bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of a Series of the Notes is sold for money, and held as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances, including the possible application of any special tax accounting rules set forth in Section 451 of the Code (as defined below), any minimum tax or Medicare contribution tax considerations, or any tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers in securities;
- traders in securities that elect to use a mark-to-market method of tax accounting;
- persons holding Notes as part of a "straddle" or other integrated transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes;

- tax-exempt organisations, "individual retirement accounts" and "Roth IRAs"; or

- persons owning Notes in connection with a trade or business conducted outside the United States.

If an entity or arrangement classified as a partnership owns the Notes, the tax treatments of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships and partners in partnerships owning Notes should consult their tax advisers regarding the tax consequences of owning and disposing of Notes.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and the PRC (the "**U.S.-PRC Tax Treaty**"), all as at the date hereof. These laws are subject to change, possibly with retroactive effect. Persons considering the purchase of Notes are urged to consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This discussion applies only to Notes that are classified as indebtedness for U.S. federal income tax purposes. This discussion does not apply to every type of Note that may be issued under the Programme, including Dual Currency Notes, Index Linked Notes, Partly Paid Notes and any other Notes (such as Notes payable by the Issuer in instalments or Notes that are redeemed in part) that are subject to different U.S. federal income tax consequences than those described below. Additional or alternative U.S. federal income tax consequences of owning such Notes may be addressed in the applicable Pricing Supplement.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;

- a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or

- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Certain Additional Payments. There are circumstances in which we may be required to make payments on a Note that would increase its stated yield, for instance, as described under "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Triggering Event*" and "*Terms and Conditions of the Notes — Taxation*." We intend to take the position that the possibility of such payments does not result in the Notes being treated as "contingent payment debt instruments" under certain Treasury regulations. Our position is not binding on the Internal Revenue Service ("**IRS**"). If the IRS were to take a position contrary to that described above, a U.S. Holder may be required to accrue interest income based upon a "comparable yield" (as defined in the Treasury regulations) determined at the time of issuance of the Notes. In addition, any income on the sale, exchange or other taxable disposition of the Notes would be treated as ordinary income rather than as capital gain. U.S. Holders should consult their tax advisers regarding the tax consequences if the Notes were treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes are not treated as contingent payment debt instruments.

Payments of Stated Interest. Stated interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, provided that the interest is "qualified stated interest" (as defined below). Interest income earned by a U.S. Holder with respect to a Note will constitute foreign source income, which may be relevant to a U.S. Holder in calculating the U.S.

Holder's foreign tax credit limitation. As described in "*Taxation — People's Republic of China*", if we were deemed to be a "resident enterprise" under PRC tax law, interest paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of the interest income will include any amounts withheld in respect of PRC tax, and any Additional Amount paid with respect thereto. Subject to applicable limitations, which vary depending upon the U.S. Holder's circumstances, PRC income taxes withheld from interest payments (at a rate not exceeding the applicable rate provided in the U.S.-PRC Tax Treaty, in the case of a U.S. Holder that is eligible for the benefits thereof) generally will be creditable against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex. For example, Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable, the relevant foreign income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the PRC income tax system meets these requirements. The IRS released notices that provide relief from certain of the provisions of the Treasury regulations described above for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). Instead of claiming a credit, a U.S. Holder may elect to deduct any such PRC taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of any foreign tax in their particular circumstances.

Special rules governing the treatment of interest paid with respect to Original Issue Discount Notes, certain Floating Rate Notes, and Short-Term Notes (each as defined below) are described below.

Original Issue Discount. A Note that is issued at an issue price less than its "stated redemption price at maturity" will be considered to have been issued at an original issue discount for U.S. federal income tax purposes (and will be referred to in this section as an "**Original Issue Discount Note**") unless the Note satisfies a de minimis threshold (as described below) or is a Short-Term Note (as defined below). The "stated redemption price at maturity" of a Note will equal the sum of all payments required under the Note other than payments of "qualified stated interest". "Qualified stated interest" is stated interest unconditionally payable as a series of payments in cash or property (other than in debt instruments of the Issuer) at least annually during the entire term of the Note and generally equal to the outstanding principal balance of the Note multiplied by a single fixed rate of interest or, subject to certain conditions, based on one or more floating rates.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a prescribed de minimis amount (generally, 1/4 of one percent of the stated redemption price at maturity multiplied by the number of complete years to maturity) then the Note will not be considered to have original issue discount.

A U.S. Holder of an Original Issue Discount Note will be required to include any qualified stated interest payments in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes (as described in "— *Payments of Stated Interest*" above). In addition, a U.S. Holder of an Original Issue Discount Note will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method based on a compounding of interest. Under this method, U.S. Holders of Original Issue Discount Notes generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any Note (including stated interest, original issue discount and de minimis original issue discount) in accordance with a constant-yield method based on the compounding of interest (a "**constant-yield election**").

Under applicable Treasury regulations, if the Issuer or the holder has an unconditional option to redeem a Note prior to its stated maturity date and certain other conditions are met, this option will be presumed to be exercised if, by utilising any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, in the case of the Issuer's option, the yield on the Note would be lower than its yield to the stated maturity date or, in the case of the holder's option, the yield on the Note would be higher than its yield to the stated maturity date. If this option is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. The adjusted issue price of a Note is generally the issue price of the Note, increased by the amount of original issue discount previously includible in gross income of any holder and decreased by the amount of any payment previously made, other than a payment of qualified stated interest.

Floating Rate Notes

General. A Floating Rate Note generally will qualify as a "variable rate debt instrument" (a "**VRDI**") for U.S. federal income tax purposes if:

- the issue price does not exceed the total noncontingent principal payments due under the Floating Rate Note by more than a specified de minimis amount;
- it provides for stated interest, paid or compounded at least annually, at current values of:
    - one or more qualified floating rates,
    - a single fixed rate and one or more qualified floating rates,
    - a single objective rate, or
    - a single fixed rate and a single objective rate that is a qualified inverse floating rate, each as defined in the applicable Treasury regulations; and
- certain other conditions (including with respect to provisions regarding the modification or replacement of any "benchmark" rate upon the discontinuation of such rate), as set forth in the applicable Treasury regulations, are satisfied.

In general, a "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Note is denominated. In general, an "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula that is based on objective financial or economic information. A "qualified inverse floating rate" is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

Unless otherwise provided in the applicable Pricing Supplement, it is expected, and the discussion below assumes, that a Floating Rate Note should qualify as a VRDI. There is no assurance that the IRS will not challenge the treatment of certain Floating Rate Notes as VRDIs. If a Floating Rate Note does not qualify as a VRDI, the Floating Rate Note will be treated as a "contingent payment debt instrument" for U.S. federal income tax purposes. If the Company determines that a Floating Rate Note of any series should not be treated as a VRDI, the applicable Pricing Supplement will describe certain U.S. federal income tax consequences to U.S. Holders of owning and disposing of such Notes.

Floating Rate Notes That Provide for a Single Variable Rate. All stated interest on a Floating Rate Note will constitute qualified stated interest (as described under "— *Original Issue Discount*" above) and will be taxable accordingly if:

- the Floating Rate Note provides for stated interest at a single variable rate throughout the term thereof; and

- the stated interest on the Floating Rate Note is unconditionally payable in cash or other property (other than debt instruments of the issuer) at least annually.

Thus, such a Floating Rate Note will generally not be treated as issued with original issue discount unless the Floating Rate Note is issued at an issue price below its stated redemption price at maturity and the difference between the issue price and the stated redemption price at maturity is equal to or in excess of the specified de minimis amount described in "— *Original Issue Discount.*" For this purpose, if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate and if the variable rate on the Floating Rate Note's issue date is intended to approximate the fixed rate (*e.g.*, the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25%), then the fixed rate and the variable rate together will constitute a single variable rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Note (*e.g.*, two or more qualified floating rates with values within 0.25% of each other as determined on the issue date) will be treated as a single qualified floating rate.

If a Floating Rate Note that provides for stated interest at a single variable rate is issued with original issue discount, as discussed above, the amount of qualified stated interest and the amount of original issue discount that accrues during an accrual period on such a Floating Rate Note is determined under the rules applicable to fixed rate debt instruments, discussed under "— *Original Issue Discount*" above, by assuming that the variable rate is a fixed rate equal to:

- in the case of a qualified floating rate or qualified inverse floating rate, the value, as at the issue date, of the qualified floating rate or qualified inverse floating rate; or

- in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note.

The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to the foregoing rules.

Floating Rate Notes That Provide for Multiple Rates. If a Floating Rate Note provides for multiple floating interest rates, then the applicable Pricing Supplement will describe certain U.S. federal income tax consequences to U.S. Holders of owning and disposing of such Notes.

Short-Term Notes. A Note that matures one year or less from its date of issuance (a "**Short-Term Note**") will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest. In general, a cash-method U.S. Holder of a Short-Term Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so (but will be required to include in income any interest paid to such U.S. Holder). U.S. Holders that so elect and certain other U.S. Holders, including those that report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant-yield method based on daily compounding. In the case of a U.S. Holder that is not required and does not elect to include the discount in income currently, any gain realised on the sale, exchange or retirement of the Short-Term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant-yield method based on daily

compounding) through the date of sale, exchange or retirement. In addition, such U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry Short-Term Notes in an amount not exceeding the accrued discount that has not been included in income.

Amortisable Bond Premium. If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on the Note other than qualified stated interest, the U.S. Holder will be considered to have purchased the Note with amortisable bond premium equal to this excess. The U.S. Holder may elect to amortise this premium, using a constant-yield method, over the remaining term of the Note. Special rules may limit the amount of bond premium that can be amortised during certain accrual periods in the case of Notes that are subject to optional redemption. A U.S. Holder may generally use the amortisable bond premium allocable to an accrual period to offset qualified stated interest required to be included in the U.S. Holder's income with respect to the Note in that accrual period. A U.S. Holder that elects to amortise bond premium must reduce its tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations held by the U.S. Holder on or after the first day of the taxable year in which the election is made and may be revoked only with the consent of the IRS.

If a U.S. Holder makes a constant-yield election (as described under "— *Original Issue Discount*" above) for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the U.S. Holder's debt instruments with amortisable bond premium and may be revoked only with the consent of the IRS with respect to debt instruments held or acquired after the election.

Sale, Exchange or Retirement of the Notes. Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in the Note. For these purposes, the amount realised does not include any amount attributable to accrued qualified stated interest, which will be taxed as interest as described under "— *Payments of Stated Interest*" above. A U.S. Holder's adjusted tax basis in a Note generally will equal such U.S. Holder's initial investment in the Note, increased by any original issue discount included in income and decreased by the amount of any bond premium previously amortised and any payments other than qualified stated interest previously received.

Except as described below, gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. Holder has held the Note for more than one year. An exception to this general rule applies in the case of a Short-Term Note to the extent of any accrued discount not previously included in the U.S. Holder's taxable income. See "— *Short-Term Notes*" above.

Long-term capital gains recognised by non-corporate taxpayers are generally taxed at preferential rates. The deductibility of capital losses is subject to limitations. As described in "*Taxation — People's Republic of China*" above, if we were deemed to be a "resident enterprise" under PRC tax law, gain realised by a U.S. Holder on the disposition of Notes may be subject to PRC tax. Under the Code, capital gains of U.S. persons are generally treated as U.S.-source for purposes of computing a U.S. Holder's foreign tax credit limitation. A U.S. Holder that is eligible for the benefits of the U.S.-PRC Tax Treaty should consult its tax adviser as to whether it may be able to treat gains on the disposition of a Note as foreign-source income under the U.S.-PRC Tax Treaty and claim a foreign tax credit in respect of any PRC taxes on such disposition gains. Under certain Treasury regulations, a U.S. taxpayer will generally be precluded from claiming a foreign tax credit with respect to foreign income taxes on gains from the dispositions of notes, unless the U.S. taxpayer is eligible for benefits under an applicable income tax treaty and elects to apply such benefits. The IRS released notices that provide relief from certain of these regulations' provisions (including the limitation described in the preceding sentence) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or

other guidance). However, even if these Treasury regulations do not prohibit U.S. Holders from claiming a foreign tax credit with respect to PRC taxes on disposition gains, other limitations under the foreign tax credit rules may preclude them from claiming a foreign tax credit with respect to such taxes. If a U.S. Holder is precluded from claiming a foreign tax credit, it is possible that any PRC taxes on disposition gains may either be deductible or reduce the amount realised on the disposition. The rules governing foreign tax credits and the deductibility of non-U.S. taxes are complex. U.S. Holders should consult their tax advisers regarding their eligibility for benefits under the U.S.-PRC Tax Treaty and the consequences of the imposition of any PRC tax on disposition gains, including the U.S.-PRC Tax Treaty's resourcing rule, any reporting requirements with respect to a treaty-based return position and the creditability or deductibility of any PRC tax on disposition gains in their particular circumstances (including any applicable limitations).

Information Reporting and Backup Withholding. Information returns will generally be filed with the IRS in connection with payments of interest and proceeds from a sale or other disposition of the Notes that are made within the United States or through certain U.S. or U.S.-related financial intermediaries. A U.S. Holder may be subject to U.S. backup withholding on these payments if the U.S. Holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Certain individual U.S. Holders (and certain specified entities) may be required to report to the IRS certain information relating to their beneficial ownership of Notes not held through a U.S. financial institution. U.S. Holders who fail to report the required information could be subject to substantial penalties.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream or the CMU Service (together, the "***Clearing Systems***") *currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

The Clearing Systems

DTC

DTC is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Participants**") deposit with DTC. DTC also facilitates the clearance and settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to DTC Notes as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in

the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has a reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Transfer Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for its customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

CMU Service

The CMU Service is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Notes**") which are specified in the CMU Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Notes issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong.

An investor holding an interest through an account with either Euroclear or Clearstream in any Notes held in the CMU Service will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU Service.

Book-Entry Ownership of and Payments in Respect of DTC Notes

The Issuer may apply to DTC in order to have any Series of Notes represented by a Global Note Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Note Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Note Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Note Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream. Ownership of beneficial interests in a Global Note Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Note Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Note Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

TRANSFER RESTRICTIONS

Regulation S Notes

Each purchaser of Bearer Notes or Unrestricted Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:

  (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and

  (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) it understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:

  (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or

  (b) to the Issuer; or

  (c) in the case of Unrestricted Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB,

  in each case in accordance with any applicable securities laws of any state of the United States;

(iii) it understands that the Issuer, the Principal Paying Agent, the Registrar, the Dealers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in an Unrestricted Global Note Certificate may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form set out in the Trust Deed) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Note Certificate, as described above under "*Form of the Notes*".

Notes represented by an interest in a Restricted Global Note Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest in an Unrestricted Global Note Certificate, but only upon receipt by the Registrar of a written certification from the transferor (in the form set out in the Trust Deed) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any interest in a Note represented by an Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Restricted Global Note Certificate will, upon transfer, cease to be an interest in a Note represented by an Unrestricted Global Note Certificate and become an interest in a Note represented by a Restricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Restricted Global Note Certificate.

Rule 144A Notes

Each purchaser of Restricted Notes in reliance on Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

(i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Issuer and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) the purchaser understands that (a) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (1) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (2) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (3) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (4) pursuant to an effective registration statement under the Securities Act or (5) to the Issuer or any of its affiliates, in each case in accordance with any applicable securities laws of any State of the United States and (b) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions applicable to the Restricted Notes;

(iii) the purchaser understands that the Restricted Global Note Certificate and any restricted Individual Note Certificate (a "Restricted Individual Note Certificate") will bear a legend to the following effect, unless the relevant Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER OR ITS AFFILIATES.

(iv) if it is acquiring any Notes for the account of one or more QIBs the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(v) the purchaser understands that the Issuer, the Principal Paying Agent, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Upon the transfer, exchange or replacement of a Restricted Global Note Certificate or a Restricted Individual Note Certificate, or upon specific request for removal of the legend, the Issuer will deliver only a Restricted Global Note Certificate or one or more Restricted Individual Note Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note Certificate will, upon transfer, cease to be an interest in a Restricted Global Note Certificate and become an interest in an Unrestricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Note Certificate.

Prospective purchasers that are QIBs are hereby notified that sellers of the Restricted Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

PRC CURRENCY CONTROLS

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC laws.

Current Account Items

Under the applicable PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Since July 2009, the PRC commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated jurisdictions including Hong Kong and Macau and Association of Southeast Asian Nations ("**ASZAN**"). On 17 June 2010, the PRC Government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (關於擴大跨境貿易人民幣結算試點有關問題的通知(銀發[2010]186號)) (the "**Circular 186**"), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover 20 provinces and cities and (iii) the restriction on designated offshore districts has been lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only been effected by approved pilot enterprises in designated pilot districts in the PRC. In August 2011, the PRC government further expanded Renminbi cross-border trade settlement nationwide.

On 5 July 2013, PBOC issued the Circular on the Simplification of Renminbi Cross-border Business Processes and the Improvement of Relevant Policies (Yin Fa [2013] No. 168) (關於簡化跨境人民幣業務流程和完善有關政策的通知(銀發[2013]168號)) (the "**Circular 168**"), pursuant to which on the basis of three principles of "know your customer", "know your business", and "due diligence", domestic banks can directly handle the cross-border settlement by virtue of business vouchers provided by enterprises (except for enterprises on the key regulatory list of regulating Renminbi cross-border settlement in export goods trade) or Receipt/Payment Instructions on Renminbi Cross-border Settlement.

On 6 December 2013, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues concerning Improving the Foreign Exchange Administration of Trade Financing Business of Banks (國家外匯管理局關於完善銀行貿易融資業務外匯管理有關問題的通知) ("**Circular 44**"), which aims to strengthen banks' review and examination of legal compliance in trade financing as well as the systematic management of foreign exchange receipts by enterprises. However, on 28 August 2020, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Issuing the Guidelines for Current Account Foreign Exchange Business (2020 Edition) (國家外匯管理局關於印發經常專案外匯業務指引(2020年版)的通知) which abolished Circular 44.

The enforcement and application of Circular 186, Circular 168 and Circular 44 will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying Circular 186, Circular 168 and Circular 44 and impose conditions for settlement of current account items.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign-invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as filed with or approved by the relevant authorities. Foreign-invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On 7 April 2011, SAFE promulgated the Circular on Issues Concerning the Cross-Border RMB Capital Account Business Operation (關於規範跨境人民幣資本項目業務操作有關問題的通知) ("**SAFE Circular 38**"), which became effective on 1 May 2011. According to the SAFE Circular 38, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the Renminbi accounts of non-PRC residents) to make contribution to an onshore enterprise or make payment for the transfer of equity interest of a domestic residence of PRC, such onshore enterprise shall be required to submit the relevant commerce administrative authority's prior approval which shall clearly indicates such Renminbi transaction to the relevant local branches of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular 38 clarifies that the foreign debts borrowed, and the guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and guarantee regime. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign-invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign-invested enterprise may be required to complete registration and verification process with the relevant PRC authorities before such Renminbi remittances.

The Circular on Issues relating to Cross-border Direct Investments in Renminbi (關於跨境人民幣直接投資有關問題的通知) ("**MOFCOM RMB FDI**") promulgated by MOFCOM on 12 October 2011 has been abolished and replaced by Announcement of the Ministry of Commerce on Issues relating to Cross-border Renminbi Direct Investment (商務部關於跨境人民幣直接投資有關問題的公告) ("**Circular 87**") promulgated on 3 December 2013 and taken effect from 1 January 2014. Circular 87 releases some of the restrictions under MOFCOM RMB FDI Circular, stipulating that where a foreign investor applies for changing the original capital contribution currency from foreign currency to RMB, the examination and approval of the amendment of contracts and articles of association is not required.

On 13 October 2011, PBOC promulgated the Administration Measures for the Settlement of Foreign Direct Investment in RMB (外商直接投資人民幣結算業務管理辦法) ("**PBOC RMB FDI Measures**"), which was amended on 5 June 2015. Pursuant to the PBOC RMB FDI Measures, PBOC special approval for RMB FDI and shareholder loans which was previously required is no longer necessary. The PBOC RMB FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within ten working days after obtaining the business licences for the purpose of Renminbi settlement, a foreign investor is allowed to open a Renminbi expense account to reimburse some expenses before the establishment of a foreign-invested enterprise and the balance in such an account can be transferred to the Renminbi

capital account of such foreign-invested enterprise when it is established, commercial banks can remit a foreign investor's Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents, if a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries, the foreign investor may open a Renminbi reinvestment account to pool the Renminbi proceeds, and the PRC parties selling stake in domestic enterprises to foreign investorscan open Renminbi accounts and receive the purchase price in Renminbi paid by foreign investors. The PBOC RMB FDI Measures also state that the foreign debt quota of a foreign-invested enterprise includes its Renminbi debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract to the commercial bank and make repayments of principal of and interest on such debt in Renminbi by submitting certain documents as required to the commercial bank.

On 14 June 2012, the PBOC issued the Circular on Firming up the Detailed Operation Rules of RMB Settlement in Direct Foreign Investment (Yin Fa [2012] No. 165) (關於明確外商直接投資人民幣結算業務操作細則的通知(銀發[2012]165號)), which was amended on 5 June 2015 and 31 December 2020, pursuant to which, subject to the administrative provisions on bank settlement accounts, foreign investors should open an Renminbi basic deposit account, an Renminbi special deposit account and an Renminbi general deposit account of overseas institutions. Foreign-invested enterprises that are engaged in direct Renminbi investment business activities should choose a settlement bank as its main reporting bank to register its enterprise information and submit modified information to the branch office of PBOC in the location where they registered through the Renminbi cross-border receipt and payment information management system.

On 19 November 2012, SAFE issued the Circular on Further Improvement and Adjustment of the Policies for Foreign Exchange Administration relating to Direct Investment (關於進一步改進和調整直接投資外匯管理政策的通知) ("**Circular 59**"), as amended on 4 May 2015, 10 October 2018 and 30 December 2019, which simplified many of the registration and verification processes required to be undertaken in relation to Renminbi remittances involving a foreign-invested enterprise and now has been replaced by SAFE Circular 13 (as defined below) in terms of foreign exchange registration for foreign direct investment.

On 11 May 2013, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Promulgation of the Regulations on the Foreign Exchange Administration of Foreign Direct Investments in PRC together with the Supporting Documents thereof (國家外匯管理局關於印發外國投資者境內直接投資外匯管理規定及配套文件的通知) ("**Circular 21**"), as amended on 10 October 2018 and 30 December 2019, in order to further clarify the current foreign exchange regulations over foreign direct investment, which now has been replaced by SAFE Circular 13 (as defined below) in terms of foreign exchange registration for foreign direct investment.

On 23 June 2010, SAFE promulgated the Notice of the Adjustment to the Approval Authority on Certain Capital Items for Foreign Exchange Business (關於調整部分資本項目外匯業務審批權限的通知), which delegates additional approval authority to the local branches of SAFE.

Pursuant to Circular 168, domestic non-financial institutions may apply to the domestic bank for the Renminbi offshore lending settlement business. The domestic agent bank extends the Renminbi account financing maturity of overseas participating banks to one year and the financing ratio of the account shall not exceed 3% of the balance of various Renminbi deposits of this domestic agent bank at the end of last year. Fund remittance and transfer may be carried out between the Renminbi interbank current account opened by the overseas participating bank in the domestic agent bank and the Renminbi account opened by the overseas participating bank in the offshore clearing bank for Renminbi business due to the need of settlement. Fund remittance and transfer may be carried out among Renminbi clearing accounts opened by various offshore clearing banks for Renminbi business in the territory of the PRC due to the need of settlement.

On 10 January 2014, SAFE issued the Notice of Further Improvement and Upgrade of Foreign Exchange Management Policy on Capital Account Items (國家外匯管理局關於進一步改進和調整資本項目外匯管理政策的通知), which further relaxed restrictions upon offshore lending activities of domestic enterprises and simplifies the administration process for the overseas remittance of profits generated by domestic institutions.

The Notice on Administration over Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) ("**Circular 19**") promulgated by SAFE on 30 March 2015 and became effective on 1 June 2015 and amended on 30 December 2019 in terms of payment and settlement of foreign exchange capital by foreign-invested companies. Circular 19 further simplifies the procedures of and delegates to the banks to deal with the settlement of the foreign exchange capital of foreign-invested companies.

On 13 February 2015, SAFE promulgated the Notice on Further Simplification and Improvement of Foreign Exchange Management Policy on Foreign Director Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) ("**SAFE Circular 13**"), which was amended on 30 December 2019. The SAFE Circular 13 further relaxed restrictions upon foreign exchange registration under foreign direct investment and simplified the administration process for the investment and currency exchange into PRC under foreign direct investment by cancelling certain approval requirements and delegating certain authority to the banks.

On 9 June 2016, SAFE promulgated the Circular on the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) ("**SAFE Circular 16**"), which further removed certain restrictions previously provided under several SAFE circulars, in respect of conversion by a foreign invested enterprise of foreign currency registered capital into RMB and use of such RMB capital.

On 12 January 2017, PBOC promulgated the Notice on Full-Coverage Macro-prudent Management of Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知(銀發[2017]9號)) ("**Notice 9**"). As at the date of the promulgation of the Notice 9, a transition period of one year is set for foreign-invested enterprises and foreign financial institutions and during such transition period, foreign-invested enterprises and foreign financial institutions may apply either the current cross-border financing management mode or the mode in Notice 9 at its sole discretion. After the end of the transition period, foreign financial institutions shall automatically apply the mode in Notice 9, and the cross-border financing management mode for foreign-invested enterprises will be determined by the PBOC and SAFE after assessment based on the overall implementation of Notice 9.

On 26 January 2017, SAFE issued the Notice on Further Promoting Foreign Exchange Management Revolution and Improving the Examination of Authenticity and Compliance (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) ("**Circular 3**"). Circular 3 expanded the scope of settlement of exchange for domestic loans in foreign currencies, and allowed the overseas loans under domestic guarantee to be transmitted into the territory of the PRC by way of loan, equity investment or other methods. In addition, Circular 3 further emphasised the examination of authenticity and compliance of outbound direct investment.

On 25 October 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (關於進一步促進跨境貿易投資便利化的通知) ("**Circular 28**"), which, among other things, allows all foreign-invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

As new regulations, the above regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

The Dealers have, in an amended and restated dealer agreement (the "**Dealer Agreement**") dated 15 September 2025, agreed with the Issuer a basis upon which they or any of them may from time to time agree to severally, and not jointly, subscribe Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. Where the Issuer agrees to sell to the Dealer(s), who agree to subscribe and pay for, or to procure subscribers to subscribe and pay for, Notes at an issue price (the "**Issue Price**"), any subsequent offering of those Notes to investors may be at a price different from such Issue Price. The Issuer has agreed to reimburse the Arrangers certain of their expenses incurred in connection with the establishment, and any future update, of the Programme and the Dealers certain of their expenses incurred in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis may be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

In connection with the issue of any Series of Notes, the Dealer(s) (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and rules, over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Notes and 60 days after the date of the allotment of the relevant Series of Notes.

In connection with each Series of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer or their respective subsidiaries or affiliates at the same time as the offer and sale of each Series of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Series of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Series of Notes).

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including

credit derivatives (such as asset swaps,repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes. CMIs are informed that a private bank rebate may be payable as stated in this Offering Circular and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Dealer(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- the name of each underlying investor;
- a unique identification number for each investor;
- whether an underlying investor has any "Associations" (as used in the SFC Code);
- whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Managers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (i) to take appropriate steps to safeguard the transmission of such information to any OCs; and (ii) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that it and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

Selling Restrictions

United States of America

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or for the account or benefit of any U.S. person (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Dealers' Compliance With United States Securities Laws

In relation to each Tranche of Notes:

(a) *Offers/sales only in accordance with Regulation S*: Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake to the Issuer that it has offered and sold the Notes, and will offer and sell the Notes:

(i) as part of their distribution, at any time; and

(ii) otherwise, until 40 days after the issue date in respect of the relevant Notes (the period described herein as "**distribution compliance period**"),

only in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that:

(A) neither it nor any of its affiliates (including any person acting on behalf of such Dealer or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Notes; and

(B) it and its affiliates have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act; and

(b) *Prescribed form of confirmation*: Each Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake to the Issuer that, at or prior to confirmation of sale, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration which purchases Notes from it during the distribution compliance period a confirmation or notice in substantially the following form:

"The Securities covered hereby have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of the Tranche of Notes of which such Notes are a part, as determined by Name of Dealer or Dealers, as the case may be, except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S";

(c) *Completion of distribution*: Each Dealer which has purchased Notes of such Tranche in accordance with the related subscription agreement, shall determine and certify to the Principal Paying Agent or the Issuer the completion of the distribution of the Notes of such Tranche purchased by it. In the case of a subscription agreement between the Issuer and more than one Dealer, the Principal Paying Agent or the Issuer shall notify each relevant Dealer when all relevant Dealers have certified as provided in this paragraph. In order to facilitate compliance by each Dealer with the foregoing, the Issuer undertakes that, prior to such certification with respect to such Tranche, it will notify each Dealer in writing of each acceptance by the Issuer of an offer to purchase and of any issuance of, Notes or other debt obligations of the Issuer which are denominated in the same currency or composite currency and which have substantially the same interest rate and maturity date as the Notes of such Tranche;

(d) *Placing of Restricted Registered Notes*: Each Dealer may directly or through their respective affiliates arrange for the placing of Restricted Notes in the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to Rule 144A under the Securities Act and in accordance with the provisions of this Agreement; *provided* that each person to whom Restricted Notes are offered or sold is, or such Dealer reasonably believes each such person to be, a qualified institutional buyer purchasing for its own account or for the

account of a qualified institutional buyer; and *provided further* that the aggregate principal amount of Restricted Notes sold by such Dealer to each Qualified Institutional Buyer pursuant to this paragraph is not less than US$200,000 (or its equivalent in other currencies). In addition, the affiliate through which the mandated Dealer arranges for the placing of Restricted Notes in the United States or (as the case may be) such other Dealer or its affiliate shall be a U.S. broker-dealer that is registered under the Exchange Act; and

(e) *No Solicitation*: Each Dealer has represented, warranted and undertaken to the Issuer that neither it nor any of its affiliates (including any person acting on behalf of such Dealer or any of its affiliates) has solicited or will solicit any offer to buy or offer to sell the Notes by any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in the United States.

Dealers' Compliance With United States Tax Laws

Where the relevant Pricing Supplement for Bearer Notes specifies that the TEFRA D Rules are applicable, the Bearer Notes will be issued in accordance with the provisions of the TEFRA D Rules. Where the relevant Pricing Supplement for Bearer Notes specifies that the TEFRA C Rules are applicable, the Bearer Notes will be issued in accordance with the provisions of the TEFRA C Rules. Where the relevant Pricing Supplement specifies that neither the TEFRA C Rules or TEFRA D Rules are applicable, the Notes will not be issued in accordance with the provisions of either the TEFRA D Rules or the TEFRA C Rules.

The TEFRA D Rules

Where the TEFRA D Rules are specified in the relevant Pricing Supplement as being applicable in relation to any Series of Notes, each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake to the Issuer that:

(a) *Restrictions on offers etc.*: Except to the extent permitted under the TEFRA D Rules:

(i) *No offers, etc., to United States or United States persons*: It has not offered or sold, and during the restricted period will not offer or sell, any Notes to a person who is within the United States or its possessions or to a United States person; and

(ii) *No delivery of Definitive Notes in the United States*: It has not delivered and will not deliver in definitive form within the United States or its possessions any Notes sold during the restricted period,

(b) *Internal compliance procedures*: It has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;

(c) *Additional provision if Dealer is a United States person*: If it is a United States person, it is acquiring the Notes for the purposes of resale in connection with their original issuance and, if it retains Notes for its own account, it will only do so in accordance with the requirements of United States Treasury Regulation §1.163 — 5(c)(2)(i)(D)(6) or rules in substantially the same form as United States Treasury Regulation §1.163 — 5(c)(2)(i)(D)(6) for purposes of Section 4701 of the U.S. Internal Revenue Code;

(d) *Affiliates*: With respect to each affiliate of such Dealer that acquires Notes from such Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake to the Issuer that it will obtain from such affiliate for the benefit of the Issuer the representations, warranties and undertakings contained in paragraph (a) (*Restrictions on offers, etc.*), paragraph (b) (*Internal procedures*) paragraph (c) (*Additional provision if Dealer is a United States person*) and paragraph (d) (*Affiliates*); and

(e) *Contracts*: With respect to each person, other than the Dealer's affiliate, with whom such Dealer enters into a written contract, as defined in United States Treasury Regulation §1.163 — 5(c)(2)(i)(D)(4) or any successor regulation in substantially the same form, such Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake to the Issuer that it will obtain from such person for the benefit of the Issuer the representations, warranties and undertakings contained in paragraph (a) (Restrictions on offers, etc.), paragraph (b) (Internal procedures) and paragraph (c) (Additional provision if United States person).

Notes issued pursuant to the TEFRA D Rules and any Coupons and Talons appertaining thereto will bear the following legend:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATION PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The TEFRA C Rules

Where the TEFRA C Rules are specified in the relevant Pricing Supplement as being applicable in relation to any Series of Notes, the Notes must, in accordance with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake to Issuer that, in connection with the original issuance of the Notes:

(a) *No offers, etc., in United States*: It has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions; and

(b) *No communications with United States*: It has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of Notes.

Interpretation

Terms used in the paragraph "*Dealers' compliance with United States securities laws*" have the meanings given to them by Regulation S under the Securities Act. Terms used in the paragraphs "*The TEFRA D Rules*" and "*The TEFRA C* Rules" have the meanings given to them by the United States Internal Revenue Code and regulations thereunder, including the TEFRA C Rules and the TEFRA D Rules.

Index- or Currency-Linked Notes

Each issuance of index- or currency-linked Notes shall be subject to additional U.S. selling restrictions as the relevant Dealer(s) shall agree as a term of the issuance and purchase of such Notes. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer (severally, and not jointly) has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in the EU Prospectus Regulation; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

EU Prospectus Regulation Public Offer Selling Restriction

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "**Relevant State**"), each Dealer (severally, and not jointly) has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Notes which are the subject of this offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant State, except that it may make an offer of such Notes to the public in that Relevant State:

(a) *Approved offering circular*: if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of an offering circular in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State; *provided* that any such offering circular has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation;

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression EU Prospectus Regulation means Regulation (EU) 2017/1129, as amended.

Prohibition of sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer (severally, and not jointly) has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

    (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

    (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

    (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

UK Prospectus Regulation Public Offer Selling Restriction

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer (severally, and not jointly) has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom, except that it may make an offer of such Notes to the public in the United Kingdom:

(a) *Approved offering circular*: if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a "**Public Offer**"), following the date of publication of an offering circular in relation to such Notes which has been approved by the Financial Conduct Authority; *provided* that any such offering circular has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or the Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) *Other exempt offers*: at any time in any other circumstances falling within section 86 of the FSMA;

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

(a) *No deposit-taking*: In relation to any Notes having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

(b) *Financial promotion*: It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not, if it was not an authorised person, apply to the Issuer.

(c) *General compliance*: It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Other Regulatory Restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

The Mainland of China

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the Mainland of China as part of the initial distribution of the Notes.

Hong Kong

In relation to each Series of Notes to be issued by the Issuer under the Programme, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the SFO, other than to "professional investors" as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act no. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

Investors should note that there are restrictions on secondary sales under Section 276 of the SFA.

Any reference to the "SFA" is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular, as completed by the Pricing Supplement in relation thereto, to the public in the Netherlands, unless such offer is made exclusively to persons or legal entities which are qualified investors as defined in the EU Prospectus Regulation, and provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of the above provision, the expressions (i) an "offer of Notes to the public" in relation to any Notes in the Netherlands and (ii) "EU Prospectus Regulation" have the meaning given to them above in the paragraph headed with "*Prohibition of Sales to EEA Retail Investors*".

Cayman Islands

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes unless the Issuer is listed on the Cayman Islands Stock Exchange.

Canada

Resale Restrictions

The distribution of the Notes in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia on a private placement basis exempt from the requirement that the Issuer prepares and files a prospectus with the securities regulatory authorities in each province where trades of the Notes are made. Any resale of the Notes in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the securities.

Representations of Canadian Purchasers

By purchasing the Notes in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to the Issuer and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the Notes without the benefit of a prospectus qualified under those securities laws as it is an "accredited investor" as defined under National Instrument 45-106 — Prospectus Exemptions;

- the purchaser is a "permitted client" as defined in National Instrument 31-103 — Registration Requirements, Exemptions and Ongoing Registrant Obligations;

- where required by law, the purchaser is purchasing as principal and not as agent; and

- the purchaser has reviewed the text above under "Resale Restrictions".

Conflicts of Interest

Canadian purchasers are hereby notified that the Dealers are and the further Dealers appointed under the Programme will be relying on the exemption set out in section 3A.3 or 3A.4, if applicable, of National Instrument 33-105 — Underwriting Conflicts from having to provide certain conflict of interest disclosure in this Offering Circular.

Statutory Rights of Action

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the offering documents (including any amendment thereto) such as this Offering Circular contains a misrepresentation; *provided* that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser of these securities in Canada should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Enforcement of Legal Rights

All of the Issuer's directors and officers as well as the experts named herein and the Issuer may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Issuer or those persons. All or a substantial portion of the Issuer's assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Issuer or those persons in Canada or to enforce a judgment obtained in Canadian courts against the Issuer or those persons outside of Canada.

Canadian purchasers of the Notes should consult their own legal and tax advisers with respect to the tax consequences of an investment in the Notes in their particular circumstances and about the eligibility of the Notes for investment by the purchaser under relevant Canadian legislation.

General

If a jurisdiction requires that an offering be made by a licenced broker or dealer and the Dealers or any affiliate of the Dealers is a licenced broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

These selling restrictions may be modified by the agreement of each of the Issuer and the Dealer following a change in a relevant law, regulation or directive. Any such modification will be set out in the relevant Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

GENERAL INFORMATION

1. Listing

Application has been made to the SEHK for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of the Offering Circular. The issue price of Notes listed on the SEHK will be expressed as a percentage of their nominal amount. Notes to be listed on the SEHK are required to have a denomination of at least HK$500,000 (or equivalent in other currencies).

2. Authorisation

The establishment and the update of the Programme and the issue of the Notes thereunder were authorised by resolutions of the board of directors of the Issuer passed on 28 March 2014, 21 April 2015, 21 March 2018, 28 March 2021 and the committee resolutions dated 11 September 2025 duly passed by all members of a committee of the board of directors of the Issuer (established by the board of directors of the Issuer pursuant to the written resolutions passed by the board of directors of the Issuer dated 28 March 2021). The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

3. Auditor

The Issuer's audited consolidated financial statements as at and for the years ended 31 December 2023 and 2024 which are included elsewhere in this Offering Circular, have been audited by PricewaterhouseCoopers, Certified Public Accountants, the independent auditor of the Issuer, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "**IAASB**") as stated in its reports appearing herein.

The Issuer's unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025 which are included elsewhere in this Offering Circular, have been reviewed by PricewaterhouseCoopers, Certified Public Accountants, the independent auditor of the Issuer, in accordance with International Standard on Review Engagemnet 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB as stated in the Group's interim report for the six months ended 30 June 2025 appearing herein.

4. No Material Adverse Change

Save as disclosed in this Offering Circular, there has been no material adverse change in the business of the Group since 30 June 2025.

5. Documents on Display

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays and public holidays excepted) at the office of the Issuer at Tencent Binhai Towers, No. 33 Haitian 2nd Road, Nanshan District, Shenzhen, 518054, the PRC and the specified office of the Principal Paying Agent at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong for so long as the Notes are capable of being issued under the Programme:

(i) the memorandum and articles of association of the Issuer;

(ii) the audited consolidated financial statements of the Issuer for the years ended 31 December 2023 and 2024;

(iii) the unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025;

(iv) copies of the latest annual report and audited annual consolidated financial statements, and any unaudited consolidated interim financial statements published subsequently to such audited annual financial statements, of the Issuer;

(v) each Pricing Supplement (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area and the United Kingdom nor offered in the European Economic Area or in the United Kingdom in circumstances where a prospectus is required to be published under the EU Prospectus Regulation or UK Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Notes and identity);

(v) a copy of this Offering Circular together with any supplement to this Offering Circular;

(vi) the amended and restated Trust Deed dated 15 September 2025 (which contain the forms of the Notes in global and definitive form);

(vii) the amended and restated Issue and Paying Agency Agreement dated 15 September 2025;

(viii) the amended and restated Dealer Agreement dated 15 September 2025; and

(ix) the Programme Manual.

6. Clearing of the Notes

The Notes have been accepted for clearance through the Euroclear and Clearstream systems (which are the entities in charge of keeping the records). We may also apply to have Notes accepted for clearance through the CMU Service. The relevant CMU instrument number will be set out in the relevant Pricing Supplement. In addition, we may make an application for any Restricted Notes or DTC Unrestricted Notes to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Notes will be confirmed in the relevant Notes. The relevant ISIN, the Common Code, the Committee on the Uniform Security Identification Procedure ("**CUSIP**") number and (where applicable) the identification number for any other relevant clearing system for each series of Notes will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement.

7. Cayman Islands Data Protection

The Issuer has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the "**DPA**") based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Notes and the associated interactions with the Issuer and its affiliates and/or delegates, or by virtue of providing the Issuer with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Issuer and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Issuer shall act as a data controller in respect of this personal data and its affiliates and/or delegates, may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Notes, the Noteholders shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice set out below and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Notes.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Issuer could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

Privacy Notice

Introduction

The purpose of this notice is to provide Noteholders with information on the Issuer's use of their personal data in accordance with the DPA.

In the following discussion, "Issuer" refers to the Issuer and its affiliates and/or delegates, except where the context requires otherwise.

Investor Data

By virtue of making an investment in the Issuer and a Noteholder's associated interactions with the Issuer (including any subscription (whether past, present of future), including the recording of electronic communications or phone calls where applicable) or by virtue of a Noteholder otherwise providing the Issuer with personal information on individuals connected with the Noteholder as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), the Noteholder will provide the Issuer with certain personal information which constitutes personal data within the meaning of the DPA ("**Investor Data**"). The Issuer may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to a Noteholder and/or any individuals connected with a Noteholder as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the Noteholder's investment activity.

In the Issuer's use of Investor Data, the Issuer will be characterised as a "data controller" for the purposes of the DPA. The Issuer's affiliates and delegates may act as "data processors" for the purposes of the DPA.

Who this Affects

If a Noteholder is a natural person, this will affect such Noteholder directly. If a Noteholder is a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides the Issuer with Investor Data on individuals connected to such Noteholder for any reason in relation to such Noteholder's investment with the Issuer, this will be relevant for those individuals and such Noteholder should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How the Issuer May Use a Noteholder's Personal Data

The Issuer, as the data controller, may collect, store and use Investor Data for lawful purposes, including, in particular:

(i) where this is necessary for the performance of the Issuer's rights and obligations under any subscription agreements or purchase agreements;

(ii) where this is necessary for compliance with a legal and regulatory obligation to which the Issuer is subject (such as compliance with anti-money laundering, beneficial ownership transparency or FATCA or the Common Reporting Standard requirements); and/or

(iii) where this is necessary for the purposes of the Issuer's legitimate interests and such interests are not overridden by the Noteholder's interests, fundamental rights or freedoms.

Should the Issuer wish to use Investor Data for other specific purposes (including, if applicable, any purpose that requires a Noteholder's consent), the Issuer will contact the applicable Noteholders.

Why the Issuer May Transfer a Noteholder's Personal Data

In certain circumstances the Issuer and/or its authorised affiliates or delegates may be legally obliged to share Investor Data and other information with respect to a Noteholder's interest in the Issuer with the relevant regulatory authorities such as the Cayman Islands Monetary Authority, the competent authority for purposes of the Beneficial Ownership Transparency Act (As Revised) of the Cayman Islands or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

The Issuer anticipates disclosing Investor Data to others who provide services to the Issuer and their respective affiliates (which may include certain entities located outside the Cayman Islands or the European Economic Area), who will process a Noteholder's personal data on the Issuer's behalf.

The Data Protection Measures the Issuer Takes

Any transfer of Investor Data by the Issuer or its duly authorised affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA.

The Issuer and its duly authorised affiliates and/or delegates shall apply appropriate technical and organisational information security measures designed to protect against unauthorised or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data.

The Issuer shall notify a Noteholder of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either such Noteholder or those data subjects to whom the relevant Investor Data relates. FPlease do not delete paragraph. Needed for F- Pages numbering.

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The consolidated financial statements for the years ended 31 December 2023 and 2024 set forth herein have been reproduced from the Group's annual reports for the same years and the unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2025 has been reproduced from the Group's interim report for the six months ended 30 June 2025. The independent auditor's reports, the report on review of interim financial information and the financial statements of the Group have not been specifically prepared for inclusion in this Offering Circular. The page references are references to pages set forth in such annual report and interim report.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF TENCENT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 23 to 88, which comprises the condensed consolidated statement of financial position of Tencent Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2025 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 13 August 2025

Condensed Consolidated Income Statement

For the three and six months ended 30 June 2025

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2025 RMB'Million	2024 RMB'Million	**2025 RMB'Million**	2024 RMB'Million
Revenues					
Value-added Services		**91,368**	78,822	**183,501**	157,451
Marketing Services		**35,762**	29,871	**67,615**	56,377
FinTech and Business Services		**55,536**	50,440	**110,443**	102,742
Others		**1,838**	1,984	**2,967**	4,048
	6	**184,504**	161,117	**364,526**	320,618
Cost of revenues	7	**(79,491)**	(75,222)	**(159,020)**	(150,853)
Gross profit		**105,013**	85,895	**205,506**	169,765
Selling and marketing expenses	7	**(9,410)**	(9,156)	**(17,276)**	(16,692)
General and administrative expenses	7	**(31,921)**	(27,491)	**(65,585)**	(52,300)
Other gains/(losses), net	8	**(3,578)**	1,484	**(4,975)**	2,515
Operating profit		**60,104**	50,732	**117,670**	103,288
Net gains/(losses) from investments and others	9	**2,638**	(654)	**4,045**	2
Interest income		**4,121**	3,850	**7,869**	8,098
Finance costs	10	**(3,941)**	(3,112)	**(7,801)**	(5,938)
Share of profit/(loss) of associates and joint ventures, net		**4,473**	7,718	**9,054**	9,904
Profit before income tax		**67,395**	58,534	**130,837**	115,354
Income tax expense	11(a)	**(11,351)**	(10,168)	**(25,068)**	(24,337)
Profit for the period		**56,044**	48,366	**105,769**	91,017
Attributable to:					
Equity holders of the Company		**55,628**	47,630	**103,449**	89,519
Non-controlling interests		**416**	736	**2,320**	1,498
		56,044	48,366	**105,769**	91,017
Earnings per share for profit attributable to equity holders of the Company(in RMB per share)					
– basic	12(a)	**6.115**	5.112	**11.367**	9.590
– diluted	12(b)	**5.996**	4.994	**11.126**	9.377

The accompanying notes on pages 34 to 88 form an integral part of this interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the three and six months ended 30 June 2025

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2025	2024	**2025**	2024
	RMB'Million	RMB'Million	**RMB'Million**	RMB'Million
Profit for the period	**56,044**	48,366	**105,769**	91,017
Other comprehensive income, net of tax:				
Items that may be subsequently reclassified to profit or loss				
Share of other comprehensive income of associates and joint ventures	**6**	139	**658**	(198)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	**(3)**	17	**(3)**	(13)
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	**–**	–	**1**	1
Net (losses)/gains from changes in fair value of financial assets at fair value through other comprehensive income	**(85)**	12	**21**	22
Currency translation differences	**3,323**	(242)	**5,617**	(4,171)
Net movement in reserves for hedges	**(163)**	(921)	**(376)**	(1,703)
Items that will not be subsequently reclassified to profit or loss				
Share of other comprehensive income of associates and joint ventures	**(31)**	(379)	**491**	(499)
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	**67,681**	25,905	**94,042**	41,823
Currency translation differences	**232**	151	**602**	(312)
Net movement in reserves for hedges	**(60)**	–	**(54)**	–
	70,900	24,682	**100,999**	34,950
Total comprehensive income for the period	**126,944**	73,048	**206,768**	125,967
Attributable to:				
Equity holders of the Company	**122,756**	71,703	**198,614**	123,376
Non-controlling interests	**4,188**	1,345	**8,154**	2,591
	126,944	73,048	**206,768**	125,967

The accompanying notes on pages 34 to 88 form an integral part of this interim financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Note	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
ASSETS			
Non-current assets			
Property, plant and equipment	14	**118,565**	80,185
Land use rights	15	**22,693**	23,117
Right-of-use assets	16	**16,952**	17,679
Construction in progress	14	**14,438**	12,302
Investment properties	14	**895**	801
Intangible assets	14	**215,832**	196,127
Investments in associates	17	**307,573**	290,343
Investments in joint ventures		**6,831**	7,072
Financial assets at fair value through profit or loss	18	**207,263**	204,999
Financial assets at fair value through other comprehensive income	19	**401,756**	302,360
Prepayments, deposits and other assets	20	**31,174**	42,828
Other financial assets	21	**1,413**	1,076
Deferred income tax assets	22	**30,004**	28,325
Term deposits		**92,424**	77,601
		1,467,813	1,284,815
Current assets			
Inventories		**435**	440
Accounts receivable	23	**51,315**	48,203
Prepayments, deposits and other assets	20	**109,410**	101,044
Other financial assets	21	**4,125**	4,750
Financial assets at fair value through profit or loss	18	**18,235**	9,568
Financial assets at fair value through other comprehensive income	19	**6,604**	3,345
Term deposits		**169,423**	192,977
Restricted cash		**3,893**	3,334
Cash and cash equivalents		**182,057**	132,519
		545,497	496,180
Total assets		**2,013,310**	1,780,995

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Note	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	24	**–**	–
Share premium		**52,346**	43,079
Treasury shares		**(2,288)**	(3,597)
Shares held for share award schemes		**(4,491)**	(5,093)
Other reserves		**148,880**	47,129
Retained earnings		**920,192**	892,030
		1,114,639	973,548
Non-controlling interests		**88,210**	80,348
Total equity		**1,202,849**	1,053,896
LIABILITIES			
Non-current liabilities			
Borrowings	26	**202,966**	146,521
Notes payable	27	**119,338**	130,586
Long-term payables	28	**12,801**	10,201
Other financial liabilities	29	**5,627**	4,203
Deferred income tax liabilities	22	**16,888**	18,546
Lease liabilities	16	**13,328**	13,897
Deferred revenue	32	**4,402**	6,236
		375,350	330,190

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Note	**Unaudited 30 June 2025 RMB'Million**	Audited 31 December 2024 RMB'Million
Current liabilities			
Accounts payable	30	**130,501**	118,712
Other payables and accruals	31	**76,862**	84,032
Borrowings	26	**58,631**	52,885
Notes payable	27	**12,880**	8,623
Current income tax liabilities		**19,561**	16,586
Other tax liabilities		**4,127**	4,038
Other financial liabilities	29	**6,298**	6,336
Lease liabilities	16	**5,343**	5,600
Deferred revenue	32	**120,908**	100,097
		435,111	396,909
Total liabilities		**810,461**	727,099
Total equity and liabilities		**2,013,310**	1,780,995

The accompanying notes on pages 34 to 88 form an integral part of this interim financial information.

On behalf of the Board

Ma Huateng
Director

Yang Siu Shun
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	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 2025	–	43,079	(3,597)	(5,093)	47,129	892,030	973,548	80,348	1,053,896
Comprehensive income									
Profit for the period	–	–	–	–	–	103,449	103,449	2,320	105,769
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	–	–	–	–	1,178	–	1,178	(29)	1,149
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	(2)	–	(2)	(1)	(3)
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	89,360	–	89,360	4,703	94,063
– transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	–	–	–	–	1	–	1	–	1
– currency translation differences	–	–	–	–	5,058	–	5,058	1,161	6,219
– net movement in reserves for hedges	–	–	–	–	(430)	–	(430)	–	(430)
Total comprehensive income for the period	–	–	–	–	95,165	103,449	198,614	8,154	206,768
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	–	–	–	1,804	(1,804)	–	–	–
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	5	(6)	(1)	1	–
Share of other changes in net assets of associates and joint ventures	–	–	–	–	1,785	–	1,785	–	1,785
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	–	–	–	–	1	–	1	–	1

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	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
Transactions with equity holders									
Capital injections	–	–	–	–	–	–	–	141	141
Employee share option schemes:									
– value of employee services	–	726	–	–	27	–	753	23	776
– proceeds from shares issued, net of withholding individual income tax	–	1,119	–	–	–	–	1,119	–	1,119
Employee share award schemes:									
– value of employee services	–	9,146	–	–	3,256	–	12,402	194	12,596
– shares purchased/withheld for share award schemes	–	–	–	(1,122)	–	–	(1,122)	–	(1,122)
– vesting of awarded shares	–	(1,724)	–	1,724	–	–	–	–	–
Tax benefit from share-based payments	–	–	–	–	148	–	148	–	148
Repurchase and cancellation of shares	–	–	3,597	–	–	(34,956)	(31,359)	–	(31,359)
Repurchase of shares (to be cancelled)	–	–	(2,288)	–	–	–	(2,288)	–	(2,288)
Cash dividends	–	–	–	–	–	(37,665)	(37,665)	(1,868)	(39,533)
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	521	521
Acquisition of additional equity interests in non wholly-owned subsidiaries	–	–	–	–	(149)	–	(149)	(856)	(1,005)
Dilution of interests in subsidiaries	–	–	–	–	(642)	–	(642)	1,442	800
Disposal of subsidiaries	–	–	–	–	–	–	–	(7)	(7)
Others	–	–	–	–	351	(856)	(505)	117	(388)
Total transactions with equity holders in their capacity as equity holders for the period	–	9,267	1,309	602	2,991	(73,477)	(59,308)	(293)	(59,601)
Balance at 30 June 2025	–	52,346	(2,288)	(4,491)	148,880	920,192	1,114,639	88,210	1,202,849

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Shares held for share award schemes RMB'Million	Other reserves RMB'Million	Retained earnings RMB'Million	Total RMB'Million	Non-controlling interests RMB'Million	Total equity RMB'Million
Balance at 1 January 2024	–	37,989	(4,740)	(5,350)	(33,219)	813,911	808,591	65,090	873,681
Comprehensive income									
Profit for the period	–	–	–	–	–	89,519	89,519	1,498	91,017
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	–	–	–	–	(683)	–	(683)	(14)	(697)
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	(13)	–	(13)	–	(13)
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	40,093	–	40,093	1,752	41,845
– transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	–	–	–	–	1	–	1	–	1
– currency translation differences	–	–	–	–	(3,854)	–	(3,854)	(629)	(4,483)
– net movement in reserves for hedges	–	–	–	–	(1,687)	–	(1,687)	(16)	(1,703)
Total comprehensive income for the period	–	–	–	–	33,857	89,519	123,376	2,591	125,967
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	–	–	–	(2,765)	2,765	–	–	–
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	(15)	15	–	–	–
Share of other changes in net assets of associates and joint ventures	–	–	–	–	2,117	–	2,117	–	2,117
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	–	–	–	–	(516)	–	(516)	–	(516)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	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
Transactions with equity holders									
Employee share option schemes:									
– value of employee services	–	1,183	–	–	25	–	1,208	21	1,229
– proceeds from shares issued, net of withholding individual income tax	–	1,014	–	–	–	–	1,014	–	1,014
Employee share award schemes:									
– value of employee services	–	7,554	–	–	820	–	8,374	171	8,545
– shares purchased/withheld for share award schemes	–	–	–	(994)	–	–	(994)	–	(994)
– vesting of awarded shares	–	(2,332)	–	2,332	–	–	–	–	–
Tax benefit from share-based payments	–	–	–	–	2	–	2	–	2
Profit appropriations to statutory reserves	–	–	–	–	17	(17)	–	–	–
Appropriations of risk reserve for material money market funds	–	–	–	–	138	(138)	–	–	–
Repurchase and cancellation of shares	–	(13,681)	4,740	–	–	(35,083)	(44,024)	–	(44,024)
Repurchase of shares (to be cancelled)	–	–	(3,664)	–	–	–	(3,664)	–	(3,664)
Cash dividends	–	–	–	–	–	(28,924)	(28,924)	(1,351)	(30,275)
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	204	204
Acquisition of additional equity interests in non wholly-owned subsidiaries	–	–	–	–	(4,200)	–	(4,200)	(1,418)	(5,618)
Dilution of interests in subsidiaries	–	–	–	–	(1,143)	–	(1,143)	1,241	98
Disposal of subsidiaries	–	–	–	–	–	–	–	11	11
Changes in put option liabilities in respect of non-controlling interests	–	–	–	–	(12)	–	(12)	–	(12)
Recognition of put option liabilities arising from business combinations	–	–	–	–	(5)	–	(5)	–	(5)
Transfer of equity interests of subsidiaries to non-controlling interests	–	1,230	–	307	(2,056)	–	(519)	356	(163)
Total transactions with equity holders in their capacity as equity holders for the period	–	(5,032)	1,076	1,645	(6,414)	(64,162)	(72,887)	(765)	(73,652)
Balance at 30 June 2024	–	32,957	(3,664)	(3,705)	(6,955)	842,048	860,681	66,916	927,597

The accompanying notes on pages 34 to 88 form an integral part of this interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Unaudited Six months ended 30 June	
	2025	2024
	RMB'Million	RMB'Million
Cash flows from operating activities		
Cash generated from operations	**180,271**	156,764
Income tax paid	**(29,006)**	(30,306)
Net cash flows generated from operating activities	**151,265**	126,458
Cash flows from investing activities		
Payments for business combinations, net of cash acquired	**(10,019)**	(1,388)
Purchase of/prepayments for property, plant and equipment, construction in progress and investment properties	**(45,558)**	(12,552)
Proceeds from disposal of property, plant and equipment	**78**	100
Purchase of/prepayments for intangible assets	**(11,899)**	(11,846)
Refund from/(payments for) land use rights	**6**	(6,617)
Payments for acquisition of investments in associates	**(9,961)**	(787)
Proceeds from disposal of investments in associates	**81**	2,492
Payments for acquisition of investments in joint ventures	**–**	(19)
Proceeds from disposal of investments in joint ventures	**1**	261
Payments for acquisition of financial assets at fair value through other comprehensive income	**(43,023)**	(3,820)
Proceeds from disposal of financial assets at fair value through other comprehensive income	**38,139**	11,395
Payments for acquisition of financial assets at fair value through profit or loss	**(71,170)**	(17,224)
Proceeds from disposal of financial assets at fair value through profit or loss	**60,699**	22,009
Payments for acquisition/settlement of other financial instruments	**(1,868)**	(1,986)
Net inflow/(outflow) from acquisition/settlement of other financial assets	**1,079**	(751)
Payments for loans to investees and others	**(298)**	(511)
Loans repayments from investees and others	**590**	385
Receipt from maturity of term deposits with initial terms of over three months	**148,888**	150,770
Placement of term deposits with initial terms of over three months	**(140,488)**	(186,507)
Interest received	**8,049**	8,862
Dividends received	**4,267**	2,285
Net cash flows used in investing activities	**(72,407)**	(45,449)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'Million	RMB'Million
Cash flows from financing activities		
Proceeds from short-term borrowings	**76,168**	31,192
Repayments of short-term borrowings	**(66,262)**	(27,228)
Proceeds from long-term borrowings	**100,230**	16,684
Repayments of long-term borrowings	**(48,414)**	(13,522)
Repayments of notes payable	**(6,456)**	(14,213)
Principal elements of lease payments	**(3,265)**	(2,777)
Interest paid	**(7,003)**	(6,070)
Payments for repurchase of shares	**(34,525)**	(47,715)
Proceeds from issuance of ordinary shares as a result of exercise of share options	**1,692**	1,119
Payments for withholding individual income tax for share option schemes	**(573)**	(105)
Payments for shares purchased/withheld for share award schemes	**(1,122)**	(994)
Proceeds from issuance of additional equity interests of non wholly-owned subsidiaries	**198**	113
Proceeds from transfer of interests in subsidiaries to non-controlling interests	**83**	–
Payments for acquisition of non-controlling interests in non wholly-owned subsidiaries	**(1,462)**	(5,852)
Dividends paid to the Company's shareholders	**(37,535)**	(28,859)
Dividends paid to non-controlling interests	**(1,865)**	(1,554)
Net cash flows used in financing activities	**(30,111)**	(99,781)
Net increase/(decrease) in cash and cash equivalents	**48,747**	(18,772)
Cash and cash equivalents at beginning of the period	**132,519**	172,320
Exchange gains/(losses) on cash and cash equivalents	**791**	(37)
Cash and cash equivalents at end of the period	**182,057**	153,511

The accompanying notes on pages 34 to 88 form an integral part of this interim financial information.

Notes to the Interim Financial Information

1 GENERAL INFORMATION

Tencent Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 June 2004.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of Value-added Services ("VAS"), Marketing Services and FinTech and Business Services.

The Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

The Interim Financial Information has not been audited but has been reviewed by the external auditor of the Company.

2 BASIS OF PREPARATION AND PRESENTATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as set out in the 2024 annual report of the Company (the "2024 Financial Statements").

3 MATERIAL ACCOUNTING POLICY INFORMATION

Except as described below, the accounting policies and methods of computation used in the preparation of the Interim Financial Information are generally consistent with those used in the 2024 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 financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(a) Amendments to standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2025:

Amendments to IAS 21	Lack of Exchangeability

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

(b) New standard and amendments to standards issued but not yet effective

The following issued new standard and amendments to standards have not come into effect for the financial year beginning on 1 January 2025 and have not been early adopted by the Group in preparing the Interim Financial Information. The adoption of IFRS 18 will not affect the recognition or measurement of items in the Interim Financial Information. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirements on management-defined performance measures within the Interim Financial Information. Except for IFRS 18, none of these is expected to have significant effect on the Interim Financial Information of the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

Notes to the Interim Financial Information

4 ESTIMATES

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the critical judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are materially the same as those applied to the 2024 Financial Statements.

5 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2024 Financial Statements.

There were no significant changes in any material risk management policies during the six months ended 30 June 2025.

During the three and six months ended 30 June 2025, the Group reported net exchange losses of approximately RMB400 million and RMB874 million, respectively (three and six months ended 30 June 2024: net exchange losses of RMB194 million and net exchange gains of RMB24 million, respectively) (Note 10), within "Finance costs" in the condensed consolidated income statement.

(b) Capital risk management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

Capital refers to equity and external debts (including borrowings and notes payable). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase the Company's shares or raise/repay debts.

5 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management (continued)

The Group assesses its creditworthiness based on its business and financial risk profile and monitors its capital by regularly reviewing its total debts to adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") (Note) ratio, being the measure of the Group's ability to pay off all of its debts which in turn reflects the Group's financial health and liquidity position. The total debts/Adjusted EBITDA ratio calculated by dividing the total debts by Adjusted EBITDA is as follows:

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Borrowings (Note 26)	**261,597**	199,406
Notes payable (Note 27)	**132,218**	139,209
Total debts	**393,815**	338,615
Adjusted EBITDA (Note) for the last twelve months	**305,916**	277,012
Total debts/Adjusted EBITDA ratio	**1.29**	1.22

Note:

Adjusted EBITDA represents operating profit less other gains/(losses), net, and adding back depreciation of property, plant and equipment, investment properties as well as right-of-use assets, amortisation of intangible assets and land use rights, and equity-settled share-based compensation expenses.

5 FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 RMB'Million	Level 2 RMB'Million	Level 3 RMB'Million	Total RMB'Million
As at 30 June 2025 (Unaudited)				
FVPL	**6,475**	**20,986**	**198,037**	**225,498**
FVOCI	**382,989**	**8,681**	**16,690**	**408,360**
Other financial assets	**26**	**3,410**	**319**	**3,755**
Other financial liabilities	**–**	**(1,079)**	**(947)**	**(2,026)**
As at 31 December 2024 (Audited)				
FVPL	9,290	11,645	193,632	214,567
FVOCI	286,866	4,876	13,963	305,705
Other financial assets	95	4,149	62	4,306
Other financial liabilities	–	(631)	(1,183)	(1,814)

The fair value of financial instruments traded in active markets is determined with reference to quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

5 FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of such a financial instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments mainly include:

- Dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

The Group did not change any valuation techniques in determining the Level 2 and Level 3 fair values.

5 FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

During the six months ended 30 June 2025, there was no transfer between Level 1 and 2 for recurring fair value measurements. Movement of Level 3 measurements are set out in the following table, which presents the changes of financial instruments in Level 3 for the six months ended 30 June 2025 and 2024:

	Financial assets		**Financial liabilities**	
	Unaudited		**Unaudited**	
	Six months ended 30 June		**Six months ended 30 June**	
	2025	2024	**2025**	2024
	RMB'Million	RMB'Million	**RMB'Million**	RMB'Million
Opening balance	**207,657**	222,232	**(1,183)**	(2,977)
Additions and others	**9,884**	5,855	**(391)**	–
Business combinations	**–**	–	**–**	(29)
Disposals/settlements	**(1,692)**	(2,397)	**736**	1,680
Transfers (Note)	**(461)**	(12,068)	**–**	–
Changes in fair value recognised in other comprehensive income	**121**	(1,703)	**–**	–
Changes in fair value recognised in profit or loss*	**(424)**	(215)	**(45)**	(35)
Currency translation differences	**(39)**	542	**(64)**	12
Closing balance	**215,046**	212,246	**(947)**	(1,349)
* Includes unrealised losses recognised in profit or loss attributable to balances held at the end of the reporting period	**(772)**	(1,522)	**(86)**	(9)

Note:

During the six months ended 30 June 2025 and 2024, transfers from Level 3 to Level 1 were mainly due to the successful IPOs of certain existing investees.

5 FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

Valuation processes inputs and relationships to fair value (Level 3)

The Group has a team of personnel who performs valuation on these Level 3 instruments for financial reporting purposes. The team performs valuation, or necessary updates, at least once every quarter, which coincides with the Group's quarterly reporting dates. On an annual basis, the team adopts various valuation techniques to determine the fair value of the Group's Level 3 instruments. External valuation experts may also be involved and consulted when it is necessary.

The components of the Level 3 instruments mainly include investments in unlisted companies classified as FVPL or FVOCI, other financial assets, and other financial liabilities. Other financial liabilities included in Level 3 instruments mainly include contingent consideration payables related to certain business combinations. As these investments and instruments are not traded in an active market, the majority of their fair values have been determined using applicable valuation techniques including comparable companies approach, comparable transactions approach, option pricing approach and others. These valuation approaches require significant judgments, assumptions and inputs, including risk-free rates, expected volatility, and market information of recent transactions (such as recent fund-raising transactions undertaken by the investees) and other exposure, etc.

The quantitative information about the significant unobservable inputs used in Level 3 fair value measurements of investments in unlisted companies comprises:

- For investments in unlisted companies designated as FVPL and FVOCI, the significant unobservable inputs are the expected volatility and risk-free rate, and the range of these inputs as at 30 June 2025 are 32%~82% (31 December 2024: 32%~82%) and 0.1%~6.64% (31 December 2024: 0.04%~6.64%), respectively.

For the fair value of contingent consideration payables related to business combinations, management considered that any reasonable changes in the growth rate of net profit or expected volatility would not result in a significant change in the Group's results for the six months ended 30 June 2025 and 2024.

6 SEGMENT INFORMATION AND REVENUES

(a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers.

The chief operating decision-makers mainly include chief executive officer and president of the Company. They review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

The Group has the following reportable segments for the three and six months ended 30 June 2025 and 2024:

– 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.

The chief operating decision-makers assess the performance of the operating segments mainly based on segment revenues and gross profit of each operating segment. Revenues and cost of revenues are directly attributable to our operating segments, whereas other income and expenses, such as selling and marketing expenses, general and administrative expenses, interest income and finance costs (net), are managed centrally at group level due to the coherent nature of our businesses; therefore, they are not included in the measure of the operating segments' performance. Other gains/losses (net), net gains/(losses) from investments and others, share of profit/loss of associates and joint ventures (net) and income tax expense are not allocated to individual operating segment either.

There were no material inter-segment sales during the three and six months ended 30 June 2025 and 2024. 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.

Other information, together with the segment information, provided to the chief operating decision-makers, is measured in a manner consistent with that applied in the Interim Financial Information. There was no segment assets or segment liabilities information provided to the chief operating decision-makers.

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

The segment information provided to the chief operating decision-makers for the reportable segments for the three and six months ended 30 June 2025 and 2024 is as follows:

	Unaudited Three months ended 30 June 2025				
	VAS RMB'Million	Marketing Services RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	**91,368**	**35,762**	**55,536**	**1,838**	**184,504**
Gross profit	**55,223**	**20,585**	**28,952**	**253**	**105,013**
Cost of revenues					
Depreciation	**1,451**	**2,112**	**1,705**	**8**	**5,276**
Amortisation	**4,439**	**2,230**	**35**	**649**	**7,353**

	Unaudited Three months ended 30 June 2024				
	VAS RMB'Million	Marketing Services RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	78,822	29,871	50,440	1,984	161,117
Gross profit	44,965	16,621	24,013	296	85,895
Cost of revenues					
Depreciation	1,303	1,700	1,843	16	4,862
Amortisation	3,833	2,040	38	468	6,379

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

	Unaudited Six months ended 30 June 2025				
	VAS RMB'Million	Marketing Services RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	**183,501**	**67,615**	**110,443**	**2,967**	**364,526**
Gross profit	**110,134**	**38,279**	**56,549**	**544**	**205,506**
Cost of revenues					
Depreciation	**2,768**	**3,812**	**3,520**	**19**	**10,119**
Amortisation	**9,162**	**4,479**	**70**	**957**	**14,668**

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

The reconciliation of gross profit to profit before income tax is shown in the condensed consolidated income statement.

All the revenues derived from any single external customer were less than 10% of the Group's total revenues during the three and six months ended 30 June 2025 and 2024.

6 SEGMENT INFORMATION AND REVENUES (continued)

(b) Disaggregation of revenues

In the following table, revenues of the Group are disaggregated by revenue sources. The table also includes a reconciliation to the segment information (Note 6(a)).

	Unaudited		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2025	2024	**2025**	2024
	RMB'Million	RMB'Million	**RMB'Million**	RMB'Million
Revenues				
– VAS	**91,368**	78,822	**183,501**	157,451
Games	**59,153**	48,505	**118,654**	96,629
Social networks	**32,215**	30,317	**64,847**	60,822
– Marketing Services	**35,762**	29,871	**67,615**	56,377
– FinTech and Business Services	**55,536**	50,440	**110,443**	102,742
– Others	**1,838**	1,984	**2,967**	4,048
	184,504	161,117	**364,526**	320,618

Notes to the Interim Financial Information

7 EXPENSES BY NATURE

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2025	2024	**2025**	2024
	RMB'Million	RMB'Million	**RMB'Million**	RMB'Million
Transaction costs (Note (a))	**33,057**	32,160	**67,080**	66,763
Employee benefits expenses (Note (b))	**30,899**	28,317	**64,979**	54,349
Content costs (excluding amortisation of intangible assets)	**16,803**	16,683	**32,939**	32,293
Amortisation of intangible assets (Note (c) and Note 14)	**8,092**	7,085	**16,120**	13,982
Depreciation of property, plant and equipment, investment properties and right-of-use assets (Notes 14 and 16)	**7,651**	6,553	**14,441**	13,194
Bandwidth and server custody fees (excluding depreciation of right-of-use assets)	**7,546**	6,517	**14,268**	12,815
Promotion and advertising expenses	**6,693**	6,366	**11,783**	11,354

Note:

(a) Transaction costs primarily consist of bank handling fees, channel and distribution costs.

(b) During the three and six months ended 30 June 2025, the Group had incurred expenses for the purpose of research and development of approximately RMB20,251 million and RMB39,161 million, respectively (three and six months ended 30 June 2024: RMB17,277 million and RMB32,955 million, respectively), which mainly comprised employee benefits expenses of approximately RMB15,166 million and RMB30,178 million, respectively (three and six months ended 30 June 2024: RMB14,051 million and RMB27,168 million, respectively).

No significant development expenditures had been capitalised for the three and six months ended 30 June 2025 and 2024.

During the three and six months ended 30 June 2025, employee benefits expenses included share-based compensation expenses of approximately RMB7,361 million and RMB17,461 million, respectively (three and six months ended 30 June 2024: RMB6,213 million and RMB10,907 million, respectively), which contained those incurred for employees related to SSV & CPP initiatives of approximately RMB21 million and RMB33 million, respectively (three and six months ended 30 June 2024: RMB15 million and RMB30 million, respectively).

7 EXPENSES BY NATURE (continued)

Note: (continued)

(c) Amortisation charges of intangible assets are mainly in respect of media content including long-form video and music content, game licences, and other content. During the three and six months ended 30 June 2025, amortisation of media content was approximately RMB7,410 million and RMB14,782 million, respectively (three and six months ended 30 June 2024: RMB6,422 million and RMB12,702 million, respectively).

During the three and six months ended 30 June 2025, amortisation of intangible assets included amortisation of intangible assets arising from acquisitions of approximately RMB1,614 million and RMB3,129 million, respectively (three and six months ended 30 June 2024: RMB1,305 million and RMB2,554 million, respectively).

(d) During the three and six months ended 30 June 2025, expenses incurred which were related to SSV & CPP initiatives (excluding share-based compensation expenses) were approximately RMB169 million and RMB308 million, respectively (three and six months ended 30 June 2024: RMB190 million and RMB310 million, respectively).

8 OTHER GAINS/(LOSSES), NET

	Unaudited		**Unaudited**	
	Three months ended 30 June		**Six months ended 30 June**	
	2025	2024	**2025**	2024
	RMB'Million	RMB'Million	**RMB'Million**	RMB'Million
Subsidies and tax rebates	**1,260**	2,364	**1,707**	3,417
Others	**(4,838)**	(880)	**(6,682)**	(902)
	(3,578)	1,484	**(4,975)**	2,515

9 NET GAINS/(LOSSES) FROM INVESTMENTS AND OTHERS

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2025 RMB'Million	2024 RMB'Million	**2025 RMB'Million**	2024 RMB'Million
Net gains on disposals and deemed disposals of investee companies (Note (a))	**94**	3,161	**251**	8,220
Net fair value gains/(losses) on FVPL (Note (b) and Note 18)	**2,001**	631	**1,378**	(2,223)
Other net fair value (losses)/gains (Note (c))	**(237)**	(114)	**409**	(1,148)
Impairment (provisions)/reversals for investments in associates (Note 17(b))	**(601)**	(3,365)	**355**	(4,152)
Impairment reversals/(provisions) for investments in joint ventures and others	**1,509**	(106)	**1,509**	(147)
Impairment provisions for goodwill and other intangible assets arising from acquisitions	**(310)**	(35)	**(310)**	(70)
Donations (Note (d))	**(640)**	(1,145)	**(698)**	(1,172)
Dividend income	**762**	234	**1,008**	524
Others	**60**	85	**143**	170
	2,638	(654)	**4,045**	2

Note:

(a) The net disposal and deemed disposal gains of approximately RMB251 million recognised during the six months ended 30 June 2025 comprised the following:

- aggregate net losses of approximately RMB6 million (six months ended 30 June 2024: net gains of approximately RMB1,257 million) on disposals and partial disposals of investee companies of the Group;
- aggregate net gains of approximately RMB1,332 million (six months ended 30 June 2024: RMB4,523 million) on deemed disposals of investee companies of the Group; and
- aggregate net losses of approximately RMB1,075 million (six months ended 30 June 2024: net gains of approximately RMB2,440 million) (Note 17) on dilution of the Group's equity interests in certain associates due to new equity interests being issued by these associates.

9 NET GAINS/(LOSSES) FROM INVESTMENTS AND OTHERS (continued)

Note: (continued)

(b) During the three and six months ended 30 June 2025, the net fair value gains on FVPL mainly comprised net gains of approximately RMB1,701 million and RMB958 million, respectively, as a result of changes in valuations of certain investee companies (three and six months ended 30 June 2024: net gains of approximately RMB536 million and net losses of approximately RMB2,465 million, respectively).

(c) During the three and six months ended 30 June 2025, the other net fair value (losses)/gains mainly included net losses of approximately RMB197 million and net gains of approximately RMB531 million on other investment-related financial assets and liabilities, respectively (three and six months ended 30 June 2024: net losses of approximately RMB116 million and RMB1,157 million, respectively).

(d) During the three and six months ended 30 June 2025, donations mainly included approximately RMB582 million and RMB603 million for SSV & CPP initiatives of the Group, respectively (three and six months ended 30 June 2024: RMB835 million and RMB847 million, respectively).

10 FINANCE COSTS

	Unaudited		**Unaudited**	
	Three months ended 30 June		**Six months ended 30 June**	
	2025	2024	**2025**	2024
	RMB'Million	RMB'Million	**RMB'Million**	RMB'Million
Interest and related expenses	**3,541**	2,918	**6,927**	5,962
Exchange losses/(gains), net	**400**	194	**874**	(24)
	3,941	3,112	**7,801**	5,938

Interest and related expenses mainly arose from borrowings, notes payable and lease liabilities as disclosed in Notes 26, 27 and 16, respectively.

11 TAXATION

(a) Income tax expense

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

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

The Group was not subject to any taxation in the Cayman Islands and the British Virgin Islands for the three and six months ended 30 June 2025 and 2024.

(ii) Hong Kong profits tax

Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the three and six months ended 30 June 2025 and 2024.

(iii) 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 profits of entities within the Group established in the Mainland of China for the three and six months ended 30 June 2025 and 2024. The general PRC CIT rate was 25% for the three and six months ended 30 June 2025 and 2024.

Certain subsidiaries of the Company in the Mainland of China were approved as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the three and six months ended 30 June 2025 and 2024.

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 fulfilment of certain requirements of the respective local governments.

11 TAXATION (continued)

(a) Income tax expense (continued)

(iv) Corporate income tax in other jurisdictions

Income tax on profits arising from other jurisdictions, including the North America, Europe, Asia and South America, had been calculated on the estimated assessable profits for the three and six months ended 30 June 2025 and 2024 at the respective rates prevailing in the relevant jurisdictions, which were not higher than 39%.

(v) Withholding tax

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

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

The income tax expense of the Group for the three and six months ended 30 June 2025 and 2024 is analysed as follows:

	Unaudited		**Unaudited**	
	Three months ended 30 June		**Six months ended 30 June**	
	2025	2024	**2025**	2024
	RMB'Million	RMB'Million	**RMB'Million**	RMB'Million
Current income tax	**12,317**	9,196	**24,713**	21,183
Deferred income tax (Note 22)	**(966)**	972	**355**	3,154
	11,351	10,168	**25,068**	24,337

11 TAXATION (continued)

(b) Value-added tax and other taxes

The operations of the Group are also mainly subject to the following taxes in the PRC:

Category	Tax rate	Basis of levy
Value-added tax ("VAT")	6~13%	Sales value of goods sold and services fee income, offset by VAT on purchases
Cultural construction fee	3% (Note)	Taxable advertising income
City construction tax	7%	Net VAT payable amount
Educational surcharges	5%	Net VAT payable amount

Note:

The rate of cultural construction fee has been reduced by 50% in certain regions during 1 July 2019 to 31 December 2027, and this fee was fully exempted during the period from 1 January 2020 to 31 December 2021.

(c) OECD Pillar Two model rules

The Organisation for Economic Co-operation and Development ("OECD") published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws ("Pillar Two legislation") to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group fell into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%.

The Group has reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and engaged external tax specialists in assisting the Group to continuously assess its tax exposure. The ongoing assessment of the Group takes into account the latest country-by-country reports or financial information for the Group's Interim Financial Information for the six months ended 30 June 2025.

As at 30 June 2025, the Group mainly operates in the Mainland of China and Hong Kong. Pillar Two legislation is not yet enacted or substantively enacted in the Mainland of China as at 30 June 2025.

11 TAXATION (continued)

(c) OECD Pillar Two model rules (continued)

Pillar Two legislation is effective in Hong Kong, Luxembourg, the Netherlands, Ireland, and certain other jurisdictions where the Group operates with immaterial current tax exposure for the six months ended 30 June 2025. While, Pillar Two legislation in certain other jurisdictions where the Group operates, will come into effect after 30 June 2025, it is estimated that the Group's income tax would not be materially different, if such legislation had been in effect for the six months ended 30 June 2025 and 2024.

The Group will continue assessing the Pillar Two tax exposure and the impacts on its consolidated financial statements accordingly.

12 EARNINGS PER SHARE

(a) Basic

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

	Unaudited		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2025	2024	**2025**	2024
Profit attributable to equity holders of the Company (RMB'Million)	**55,628**	47,630	**103,449**	89,519
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	**9,097**	9,318	**9,101**	9,335
Basic EPS (RMB per share)	**6.115**	5.112	**11.367**	9.590

12 EARNINGS PER SHARE (continued)

(b) Diluted

The share options and awarded shares granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and awarded shares granted by the Company (collectively forming the denominator for computing the diluted EPS), which is determined under the treasury stock method.

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

	Unaudited		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2025	2024	**2025**	2024
Profit attributable to equity holders of the Company (RMB'Million)	**55,628**	47,630	**103,449**	89,519
Dilution effect arising from share-based awards granted by non wholly-owned subsidiaries and associates (RMB'Million)	**(180)**	(465)	**(500)**	(750)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB'Million)	**55,448**	47,165	**102,949**	88,769
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	**9,097**	9,318	**9,101**	9,335
Adjustments for share options and awarded shares (million shares)	**150**	127	**152**	131
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	**9,247**	9,445	**9,253**	9,466
Diluted EPS (RMB per share)	**5.996**	4.994	**11.126**	9.377

13 DIVIDENDS

A final dividend in respect of the year ended 31 December 2024 of HKD4.50 per share (2023: HKD3.40 per share) was proposed pursuant to a resolution passed by the Board on 19 March 2025 and approved by the shareholders at the 2025 AGM. Such dividend amounted to approximately HKD40,966 million (2024: HKD31,743 million) was paid during the six months ended 30 June 2025.

The Board did not declare any interim dividend for the six months ended 30 June 2025 and 2024.

14 PROPERTY, PLANT AND EQUIPMENT, CONSTRUCTION IN PROGRESS, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

	Unaudited			
	Property, plant and equipment RMB'Million	**Construction in progress RMB'Million**	**Investment properties RMB'Million**	**Intangible assets RMB'Million**
Net book amount at 1 January 2025	**80,185**	**12,302**	**801**	**196,127**
Business combinations	**26**	**–**	**–**	**11,489**
Additions	**48,417**	**3,283**	**–**	**13,713**
Transfers	**1,159**	**(1,145)**	**108**	**–**
Disposals	**(43)**	**(2)**	**(1)**	**(105)**
Depreciation/amortisation	**(11,360)**	**–**	**(11)**	**(16,120)**
Impairment provisions	**–**	**–**	**–**	**(310)**
Currency translation differences	**181**	**–**	**(2)**	**11,038**
Net book amount at 30 June 2025	**118,565**	**14,438**	**895**	**215,832**
Net book amount at 1 January 2024	53,232	13,583	570	177,727
Business combinations	7	–	–	3,429
Additions	11,375	2,846	1	14,120
Transfers	2,832	(2,928)	96	–
Disposals	(90)	(40)	–	(978)
Depreciation/amortisation	(10,139)	–	(8)	(13,982)
Impairment reversals/(provisions)	33	–	–	(70)
Currency translation differences	(55)	2	–	(2,625)
Net book amount at 30 June 2024	57,195	13,463	659	177,621

14 PROPERTY, PLANT AND EQUIPMENT, CONSTRUCTION IN PROGRESS, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS (continued)

Non-financial assets that have an indefinite useful life or are not yet available for use are not subject to amortisation or depreciation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Non-financial assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

There was no indication of impairment for property, plant and equipment, construction in progress and investment properties during the six months ended 30 June 2025 and 2024.

The Group adjusted the estimated useful life of a subset of servers within the computer and other operating equipment category of property, plant and equipment from 4 years to 6 years with effect from 1 January 2025 (the "Effective Date"). This change in the estimated useful life was applied prospectively from the Effective Date, which would result in decreased depreciation charges and increased net profit for the current and future periods. For the six months ended 30 June 2025, such effects calculated based on the carrying amounts of those servers existing on the Effective Date, were considered to be immaterial.

15 LAND USE RIGHTS

	Unaudited Six months ended 30 June	
	2025 **RMB'Million**	2024 RMB'Million
Net book amount at 1 January	**23,117**	17,179
Additions	**102**	6,615
Transfer	**(122)**	–
Amortisation	**(333)**	(317)
Disposals	**(72)**	–
Currency translation differences	**1**	2
Net book amount at 30 June	**22,693**	23,479

The land use rights mainly represented prepaid operating lease payments in respect of land in the Mainland of China with remaining lease periods ranging from 24 to 50 years as at 30 June 2025.

16 LEASES (EXCLUDING LAND USE RIGHTS)

(a) Amounts recognised in condensed consolidated statement of financial position

Movement of right-of-use assets (excluding land use rights, disclosed in Note 15) is analysed as follows:

	Unaudited Six months ended 30 June	
	2025	2024
	RMB'Million	RMB'Million
Net book amount at 1 January	**17,679**	20,464
Business combinations	**73**	33
Additions	**2,658**	1,801
Depreciation	**(3,070)**	(3,053)
Reduction (Note)	**(480)**	(467)
Currency translation differences	**92**	22
Net book amount at 30 June	**16,952**	18,800

Note:

The reduction of right-of-use assets during the six months ended 30 June 2025 and 2024 mainly arose from early termination and modification of lease contracts.

16 LEASES (EXCLUDING LAND USE RIGHTS) (continued)

(b) Amounts recognised in condensed consolidated income statement and condensed consolidated statement of cash flows

The condensed consolidated income statement included the following amounts relating to leases (excluding the amortisation of land use rights, disclosed in Note 15):

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2025	2024	**2025**	2024
	RMB'Million	RMB'Million	**RMB'Million**	RMB'Million
Depreciation charge of right-of-use assets				
Buildings	**629**	685	**1,272**	1,372
Computer and other operating equipment	**933**	806	**1,773**	1,664
Others	**13**	6	**25**	11
	1,575	1,497	**3,070**	3,047
Interest expense (included in finance costs)	**208**	216	**408**	443
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues and expenses)	**317**	322	**592**	665
Expense relating to variable lease payments not included in lease liabilities (included in cost of revenues and expenses)	**1,023**	1,140	**2,057**	2,095

16 LEASES (EXCLUDING LAND USE RIGHTS) (continued)

(b) Amounts recognised in condensed consolidated income statement and condensed consolidated statement of cash flows (continued)

Some leases of computer and other operating equipment contain variable lease payments. Variable payments are used for a variety of reasons, including managing cash outflows and minimising fixed costs. Variable lease payments that depend on usage of bandwidth are recognised in profit or loss in the period in which the conditions that trigger those payments occur. Variable lease payments relating to computer and other operating equipment leases during the six months ended 30 June 2025 were considered to be insignificant.

The total cash outflow in financing activities for leases during the six months ended 30 June 2025 was approximately RMB3,678 million (six months ended 30 June 2024: RMB3,168 million), including principal elements of lease payments of approximately RMB3,265 million (six months ended 30 June 2024: RMB2,777 million) and related interest paid of approximately RMB413 million (six months ended 30 June 2024: RMB391 million), respectively.

17 INVESTMENTS IN ASSOCIATES

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Investments in associates		
– Listed entities (Note)	**165,323**	149,557
– Unlisted entities	**142,250**	140,786
	307,573	290,343

Note:

As at 30 June 2025, the fair value of the investments in associates consisting of directly and indirectly held listed equity interests was approximately RMB340,187 million (31 December 2024: RMB280,088 million).

17 INVESTMENTS IN ASSOCIATES (continued)

Movement of investments in associates is analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'Million	RMB'Million
At beginning of period	**290,343**	253,696
Additions (Note (a))	**9,984**	2,009
Transfers	**(175)**	1,070
Dilution (losses)/gains on deemed disposals (Note 9(a))	**(1,075)**	2,440
Share of profit/(loss) of associates, net	**8,803**	9,676
Share of other comprehensive income of associates	**1,152**	(699)
Share of other changes in net assets of associates	**1,782**	2,112
Dividends	**(3,281)**	(1,746)
Disposals	**(76)**	(1,202)
Impairment reversals/(provisions), net (Note (b) and Note 9)	**355**	(4,152)
Currency translation differences	**(239)**	(243)
At end of period	**307,573**	262,961

17 INVESTMENTS IN ASSOCIATES (continued)

Note:

(a) During the six months ended 30 June 2025, the Group's additions mainly comprised new investments and additional investments in certain investee companies which are principally engaged in music and entertainment, outdoor equipment, games development, and other Internet-related businesses.

(b) Both external and internal sources of information of associates are considered in assessing whether there is any indicator that the investments may be impaired, including but not limited to information about financial position and business performance of the associates, and a significant or prolonged decline in the fair value of an investment below its carrying amount is also objective evidence of impairment. The Group carries out impairment assessments on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less costs of disposal and value in use.

In respect of the recoverable amount using value in use, the discounted cash flows calculations are based on cash flow projections estimated by management and the key assumptions adopted in these cash flow projections include revenue growth rates, terminal growth rates and discount rates. In respect of the recoverable amount based on fair value less costs of disposal, the amount is calculated with reference to their respective market prices for listed investments, or using certain key valuation assumptions including the selection of comparable companies, recent market transactions, liquidity discounts adopted for lack of marketability for unlisted investments.

During the six months ended 30 June 2025, an aggregate impairment reversal of approximately RMB355 million (six months ended 30 June 2024: an aggregate impairment provision of approximately RMB4,152 million) had been recognised for investments in associates, and the majority of these investments' recoverable amounts were determined using fair value less costs of disposal where the respective fair values had been determined according to the principle set out in Note 5(c).

Management had assessed the level of influence that the Group was able to exercise on certain associates with the respective shareholding below 20% and certain associates with shareholding over 50% (voting power below 50%), with total carrying amounts of approximately RMB218,678 million and RMB2,384 million as at 30 June 2025, respectively (31 December 2024: RMB190,114 million and RMB18,782 million, respectively). Management had determined that it had significant influence thereon through the board of directors representation or other arrangements made, but it had no control or joint control over such investees since the Group had no power to direct or jointly direct relevant activities due to other arrangements made. Consequently, these investments had been classified as associates.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

FVPL include the following:

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Included in non-current assets:		
Investments in listed entities	**5,897**	8,655
Investments in unlisted entities	**181,685**	178,824
Treasury investments and others	**19,681**	17,520
	207,263	204,999
Included in current assets:		
Treasury investments and others	**18,235**	9,568
	225,498	214,567

Movement of FVPL is analysed as follows:

	Unaudited Six months ended 30 June	
	2025 RMB'Million	2024 RMB'Million
At beginning of period	**214,567**	226,048
Additions and transfers (Note (a))	**70,698**	14,235
Changes in fair value (Note 9)	**1,378**	(2,223)
Disposals and others	**(60,924)**	(23,226)
Currency translation differences	**(221)**	878
At end of period	**225,498**	215,712

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note:

(a) During the six months ended 30 June 2025, the Group's additions and transfers mainly comprised certain new investments and additional investments with an aggregate amount of approximately RMB71,190 million in treasury investments, as well as investee companies which are principally engaged in investment funds, FinTech, games development, healthcare, and others.

Management had assessed the level of influence that the Group was able to exercise on certain FVPL with shareholding exceeding 20%. Since these investments were either held in the form of redeemable instruments or interests in limited partnerships without significant influence, these investments had been classified as FVPL.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

FVOCI include the following:

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Included in non-current assets:		
Equity investments in listed entities	**379,008**	285,134
Equity investments in unlisted entities	**16,690**	13,963
Treasury investments	**6,058**	3,263
	401,756	302,360
Included in current assets:		
Treasury investments	**6,604**	3,345
	408,360	305,705

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

Movement of FVOCI is analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'Million	RMB'Million
At beginning of period	**305,705**	213,951
Additions and transfers (Note (a))	**45,446**	9,333
Changes in fair value	**96,218**	41,386
Disposals	**(38,051)**	(11,501)
Currency translation differences	**(958)**	1,117
At end of period	**408,360**	254,286

Note:

(a) During the six months ended 30 June 2025, the Group's additions and transfers mainly comprised certain new investments and additional investments with an aggregate amount of approximately RMB43,473 million in treasury investments, as well as investee companies which are principally engaged in local life service platform, games development, FinTech and other Internet-related businesses.

20 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Included in non-current assets:		
Prepayments for media content	**10,967**	12,429
Prepayments for purchase of property, plant and equipment, land use rights and other capital assets	**9,638**	20,183
Loans to investees and investees' shareholders (Note (a))	**3,844**	3,374
Running royalty fees for online games (Note (b))	**786**	1,294
Prepayments for capital transactions	**246**	9
Others	**5,693**	5,539
	31,174	42,828
Included in current assets:		
Prepayments and prepaid expenses	**26,893**	31,265
Running royalty fees for online games (Note (b))	**21,415**	17,335
Receivables related to financial services (Note (c))	**19,321**	19,838
Interest receivables	**9,896**	10,021
Loans to investees and investees' shareholders (Note (a))	**4,345**	3,175
Lease and other deposits	**1,848**	1,731
Dividend and other investment-related receivables	**1,350**	1,005
Others	**24,342**	16,674
	109,410	101,044
	140,584	143,872

20 PREPAYMENTS, DEPOSITS AND OTHER ASSETS (continued)

Note:

(a) As at 30 June 2025, the balances of loans to investees and investees' shareholders were mainly repayable within a period of one to six years (included in non-current assets), or within one year (included in current assets), and were interest-bearing at rates of not higher than 10.0% per annum (31 December 2024: not higher than 10.0% per annum). The loan arrangements are in line with the Group's overall business strategy.

(b) Running royalty fees for online games comprised prepaid royalty fees, unamortised running royalty fees and deferred Online Service Fees.

(c) Loan receivables related to the Group's financial services were initially measured at fair value. Given the business models in which the loan receivables are held, they were subsequently measured at amortised cost. During the six months ended 30 June 2025 and 2024, the impairment loss on loan receivables related to financial services was immaterial.

As at 30 June 2025, loss allowance made against the gross amounts of deposits and other receivables subject to the expected credit loss model amounted to approximately RMB1,771 million (31 December 2024: RMB2,943 million).

As at 30 June 2025 and 31 December 2024, the carrying amounts of prepayments, deposits and other assets (excluding prepayments and refundable VAT) approximated their fair values.

21 OTHER FINANCIAL ASSETS

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Measured at amortised cost:		
Treasury investments	**1,783**	1,520
Measured at fair value:		
Derivative instruments and others (Note)	**3,755**	4,306
	5,538	5,826
Included in:		
Non-current assets	**1,413**	1,076
Current assets	**4,125**	4,750
	5,538	5,826

Note:

The Group's derivative instruments and others included outstanding interest rate swap contracts, which were measured at fair value and used to hedge the exposure arising from certain borrowings carried at floating rates as at 30 June 2025. As at 30 June 2025, the aggregate notional principal amounts of outstanding interest rate swap contracts were USD2,940 million (equivalent to approximately RMB21,046 million) (31 December 2024: USD2,150 million (equivalent to approximately RMB15,455 million)).

22 DEFERRED INCOME TAXES

Deferred income tax assets/liabilities are analysed as follows:

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Gross deferred income tax assets	**37,888**	34,957
Set-off of deferred income tax assets pursuant to set-off provisions	**(7,884)**	(6,632)
Net deferred income tax assets	**30,004**	28,325
Gross deferred income tax liabilities	**(24,772)**	(25,178)
Set-off of deferred income tax liabilities pursuant to set-off provisions	**7,884**	6,632
Net deferred income tax liabilities	**(16,888)**	(18,546)

Note:

Deferred income tax assets and liabilities are offset where: (i) there is a legally enforceable right to offset current tax assets against current tax liabilities; and (ii) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

22 DEFERRED INCOME TAXES (continued)

The movements of the deferred income tax assets/liabilities before offsetting are as follows:

		Unaudited	
	Deferred income tax assets RMB'Million	**Deferred income tax liabilities RMB'Million**	**Deferred income tax, net RMB'Million**
At 1 January 2025	**34,957**	**(25,178)**	**9,779**
Business combinations	**–**	**(637)**	**(637)**
Credited/(charged) to consolidated income statement (Note 11(a))	**2,696**	**(3,051)**	**(355)**
Withholding taxes utilised	**–**	**6,532**	**6,532**
Charged to consolidated statement of changes in equity	**(68)**	**(2,061)**	**(2,129)**
Transfer upon disposal and deemed disposal of financial instruments	**(3)**	**1**	**(2)**
Currency translation differences	**306**	**(378)**	**(72)**
At 30 June 2025	**37,888**	**(24,772)**	**13,116**
At 1 January 2024	35,643	(24,261)	11,382
Business combinations	–	(432)	(432)
Credited/(charged) to consolidated income statement (Note 11(a))	2,550	(5,704)	(3,154)
Withholding taxes utilised	–	8,623	8,623
Credited to consolidated statement of changes in equity	21	438	459
Currency translation differences	(19)	184	165
At 30 June 2024	38,195	(21,152)	17,043

Note:

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available to utilise temporary differences and tax losses.

23 ACCOUNTS RECEIVABLE

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

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
0 ~ 30 days	**27,640**	26,156
31 ~ 60 days	**12,482**	12,273
61 ~ 90 days	**6,087**	6,056
Over 90 days	**5,106**	3,718
	51,315	48,203

As at 30 June 2025 and 31 December 2024, the majority of the Group's accounts receivable were denominated in RMB.

Accounts receivable balances as at 30 June 2025 and 31 December 2024 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.

As at 30 June 2025, loss allowance against the gross amounts of accounts receivable amounted to approximately RMB5,016 million (31 December 2024: RMB6,684 million).

As at 30 June 2025 and 31 December 2024, the carrying amounts of the accounts receivable approximated their fair values.

24 SHARE CAPITAL

As at 30 June 2025 and 31 December 2024, the authorised share capital of the Company comprised 50,000,000,000 ordinary shares with par value of HKD0.00002 per share.

Number of ordinary shares, issued and fully paid	Unaudited Six months ended 30 June	
	2025	2024
At beginning of period	**9,224,914,953**	9,482,992,820
Shares allotted for share award schemes	**16,975,970**	23,004,689
Issuance of shares under share option schemes	**9,829,699**	10,549,456
Repurchase and cancellation of shares	**(86,207,000)**	(161,950,000)
At end of period	**9,165,513,622**	9,354,596,965

As at 30 June 2025, the total number of issued ordinary shares of the Company included 85,166,409 shares (31 December 2024: 82,739,793 shares) held for the share award schemes.

In January 2025, the Company had cancelled 9,250,000 of its own shares which had been purchased but not cancelled as at 31 December 2024. During the six months ended 30 June 2025, the Company repurchased an aggregate number of 81,867,000 of its own shares from the market, out of which 4,910,000 had not been cancelled as at 30 June 2025 (six months ended 30 June 2024: the Company repurchased an aggregate number of 154,730,000 of its own shares from the market, out of which 10,610,000 had not been cancelled as at 30 June 2024).

25 SHARE-BASED PAYMENTS

(a) Share option schemes

The Company had one share option scheme which remained valid and effective during the six months ended 30 June 2025, namely, 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 Post-IPO Option Scheme II expired on 16 May 2017 and no further options could be granted under this scheme, but the options granted prior to such expiry continued to be valid and exercisable in accordance with the provisions of the scheme.

The Company allowed certain of the grantees under the Post-IPO Option Scheme II 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.

As at 30 June 2025, the Company did not have any outstanding share options exercisable under any share option scheme other than the 2023 Share Option Scheme.

25 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(i) Movements in the share options

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

	Unaudited	
	2023 Share Option Scheme	
	Average exercise price	Number of options
At 1 January 2025	**HKD349.18**	**109,221,125**
Granted	**HKD526.90**	**6,663,390**
Exercised	**HKD355.24**	**(24,189,201)**
Lapsed/forfeited	**HKD380.52**	**(294,554)**
At 30 June 2025	**HKD360.43**	**91,400,760**
Exercisable as at 30 June 2025	**HKD355.24**	**58,887,276**

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

25 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(i) Movements in the share options (continued)

During the six months ended 30 June 2025 and 2024, no options were granted to any director of the Company.

During the six months ended 30 June 2025, 24,189,201 options (six months ended 30 June 2024: 20,087,434 options) were exercised and the right to receive 14,359,502 shares (six months ended 30 June 2024: 9,537,978 shares) was surrendered by certain grantees to set off against the exercise consideration and individual income tax payable by the grantees when they exercised their options. The weighted average price of the shares at the time these options were exercised was HKD508.93 per share (equivalent to approximately RMB469.72 per share) (six months ended 30 June 2024: HKD301.87 per share (equivalent to approximately RMB274.02 per share)).

(ii) Outstanding share options

Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2025 and 31 December 2024 are as follows:

		Number of share options	
		Unaudited	Audited
		30 June	31 December
Expiry Date	**Range of exercise price**	**2025**	2024
7 years commencing from the date of grant of options	HKD276.01 ~ HKD348.04	**67,120,557**	70,388,222
	HKD357.86 ~ HKD387.16	**4,530,593**	25,335,652
	HKD433.54 ~ HKD511.83	**8,112,650**	8,514,761
	HKD526.90 ~ HKD533.39	**11,636,960**	4,982,490
		91,400,760	109,221,125

The outstanding share options as of 30 June 2025 were divided into one to four tranches at their grant dates. The first tranche can be exercised after a specified period ranging from around one month to five years from the grant date, and then the remaining tranches will become exercisable in each subsequent year.

25 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(iii) Fair value of options

The directors of the Company had used the Binomial Model to determine the fair value of the options as at the respective grant dates, which was to be expensed over the relevant vesting periods. The weighted average fair value of options granted during the six months ended 30 June 2025 was HKD174.85 per share (equivalent to approximately RMB161.48 per share) (six months ended 30 June 2024: HKD103.11 per share (equivalent to approximately RMB93.53 per share)).

Other than the exercise price mentioned above, significant judgments on parameters, such as risk-free rate, dividend yield and expected volatility, were required to be made by the directors in applying the Binomial Model, which are summarised as below:

	Unaudited Six months ended 30 June	
	2025	2024
Weighted average share price at the grant date	**HKD519.50**	HKD291.20
Risk-free rate	**3.19%**	3.52%
Dividend yield	**0.48%**	0.39%
Expected volatility (Note)	**39%**	38%

Note:

The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the average daily trading price volatility of the shares of the Company.

25 SHARE-BASED PAYMENTS (continued)

(b) Share award scheme

As at 30 June 2025, the Company had 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 six months ended 30 June 2025 and 2024 are as follows:

	Unaudited Number of awarded shares Six months ended 30 June	
	2025	2024
At beginning of period	**125,329,046**	132,989,249
Granted	**17,261,799**	29,839,111
Vested and transferred	**(17,429,610)**	(35,575,526)
Lapsed/forfeited	**(2,392,665)**	(3,361,868)
At end of period	**122,768,570**	123,890,966
Vested but not transferred as at end of period	**79,479**	21,622

During the six months ended 30 June 2025, 59,280 awarded shares were granted to five independent non-executive directors of the Company (six months ended 30 June 2024: 105,760 awarded shares were granted to five independent non-executive directors of the Company).

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant dates, which was to be expensed over the relevant vesting periods. The expected dividends during the vesting period had been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the six months ended 30 June 2025 was HKD519.50 per share (equivalent to approximately RMB479.77 per share) (six months ended 30 June 2024: HKD287.02 per share (equivalent to approximately RMB260.52 per share)).

The outstanding awarded shares as of 30 June 2025 were divided into one to seven tranches as at their grant dates. The first tranche can be exercised immediately or after a specified period ranging from around one month to seven years from the grant date, and the remaining tranches will become exercisable in each subsequent year.

25 SHARE-BASED PAYMENTS (continued)

(c) Employee investment schemes

For aligning the interests of key employees with the Group, the Group established several employees' investment plans in the form of limited liability partnerships (the "EISs"), among which the three EISs approved/established in 2015, 2017 and 2021 were in effect as at 30 June 2025. According to the terms of the EISs, the Board may, at its absolute discretion, invite any qualifying participants of the Group, excluding any director of the Company, to participate in the EISs by subscribing for the partnership interest at cash consideration. The participating employees are entitled to the economic benefits generated by the EISs, if any, after a specified vesting period under the respective EISs, ranging from four to seven years. Wholly-owned subsidiaries of the Company acting as general partners of these EISs administer and in essence, control the EISs. These EISs are therefore consolidated by the Company as structured entities.

The related share-based compensation expenses incurred for the six months ended 30 June 2025 and 2024 were insignificant to the Group.

(d) Share options and share award schemes adopted by subsidiaries

Certain subsidiaries of the Company operate their own share-based compensation plans (share options and/or share award schemes). The exercise prices of the share options, as well as the vesting periods of the share options and awarded shares are determined by the respective board of directors of these subsidiaries at their sole discretion and in accordance with the relevant rules. The share options or awarded shares of the subsidiaries granted are normally vested by several tranches. Participants of some subsidiaries have the right to request the Group to repurchase their vested equity interests of the respective subsidiaries (the "Repurchase Transaction"). The Group has discretion to settle the Repurchase Transaction either by using equity instruments of the Company or by cash. For the Repurchase Transaction where the Group has settlement options, the directors of the Company are currently of the view that some of them would be settled by equity instruments of the Company. As a result, they are accounted for using equity-settled share-based payment method. For the rest of them to be settled in cash, they are accounted for using cash-settled share-based payment method.

(e) Expected Retention Rate of grantees

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the options and awarded shares (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the condensed consolidated income statement. As at 30 June 2025, the Expected Retention Rate of the Group's wholly-owned subsidiaries was assessed to be not lower than approximately 88% (31 December 2024: not lower than approximately 88%).

26 BORROWINGS

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term RMB bank borrowings, unsecured (Note (a))	**133,425**	48,655
Non-current portion of long-term USD bank borrowings, unsecured (Note (a))	**49,394**	92,012
Non-current portion of long-term HKD bank borrowings, unsecured (Note (a))	**11,313**	5,837
Non-current portion of long-term EUR bank borrowings, unsecured (Note (a))	**8,823**	–
Non-current portion of long-term JPY bank borrowings, unsecured (Note (a))	**10**	14
Non-current portion of long-term EUR bank borrowings, secured (Note (a))	**1**	3
	202,966	146,521
Included in current liabilities:		
RMB bank borrowings, unsecured (Note (b))	**38,905**	28,039
USD bank borrowings, unsecured (Note (b))	**16,107**	20,487
HKD bank borrowings, unsecured (Note (b))	**3,465**	–
RMB bank borrowings, secured (Note (b))	**100**	–
Current portion of long-term RMB bank borrowings, unsecured (Note (a))	**40**	28
Current portion of long-term JPY bank borrowings, unsecured (Note (a))	**12**	12
Current portion of long-term EUR bank borrowings, secured (Note (a))	**2**	3
Current portion of long-term USD bank borrowings, unsecured (Note (a))	**–**	4,313
Current portion of long-term EUR bank borrowings, unsecured (Note (a))	**–**	3
	58,631	52,885
	261,597	199,406

26 BORROWINGS (continued)

Note:

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

	Unaudited 30 June 2025		Audited 31 December 2024	
	Amount (Million)	**Interest rate (per annum)**	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	**RMB72,664**	**2.52% ~ 3.90%**	RMB48,683	2.55% ~ 3.90%
RMB bank borrowings	**RMB60,801**	**1-Year LPR - 0.65% ~ + 0.15%**	–	–
USD bank borrowings	**USD6,900**	**SOFR + CAS + 0.80%**	USD13,400	SOFR + CAS + 0.80%
JPY bank borrowings	**JPY248**	**0.11% ~ 1.73%**	JPY334	0.11% ~ 1.73%
JPY bank borrowings	**JPY190**	**TIBOR + 1.70%**	JPY246	TIBOR + 1.70%
EUR bank borrowings	**–**	**–**	EUR1	1.00% ~ 2.10%
EUR bank borrowings	**EUR1,050**	**EURIBOR + 0.70% ~ 0.75%**	–	–
HKD bank borrowings	**HKD12,402**	**HIBOR + 0.25% ~ 0.60%**	HKD6,202	HIBOR + 0.25%

The long-term bank borrowings are repayable as follows:

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Within 1 year	**54**	4,359
Between 1 and 2 years	**1,925**	45,784
Between 2 and 5 years	**196,089**	95,759
Over 5 years	**4,952**	4,978
	203,020	150,880

26 BORROWINGS (continued)

Note: (continued)

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

	Unaudited 30 June 2025		Audited 31 December 2024	
	Amount (Million)	**Interest rate (per annum)**	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	**RMB39,174**	**1.03% ~ 4.00%**	RMB28,088	0.61% ~ 2.82%
USD bank borrowings	**USD2,250**	**SOFR + 0.30% ~ 0.40%**	USD2,850	SOFR + 0.30% ~ 0.50%
HKD bank borrowings	**HKD3,800**	**HIBOR + 0.15%**	–	–

The Group had entered into interest rate swap contracts to hedge its exposure arising from certain long-term bank borrowings carried at floating rates. The Group's outstanding interest rate swap contracts as at 30 June 2025 and 31 December 2024 are detailed in Note 21.

As at 30 June 2025 and 31 December 2024, the carrying amounts of borrowings approximated their fair values.

The Group had complied with all of the financial covenants of its borrowing facilities for the six months ended 30 June 2025 and 2024.

27 NOTES PAYABLE

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD notes payable	**119,338**	130,586
Included in current liabilities:		
Current portion of long-term USD notes payable	**12,880**	8,623
	132,218	139,209

Note:

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

	Unaudited 30 June 2025		Audited 31 December 2024	
	Amount (Million)	**Interest rate (per annum)**	Amount (Million)	Interest rate (per annum)
USD notes payable	**USD18,550**	**1.375% ~ 4.700%**	USD19,450	1.375% ~ 4.700%

27 NOTES PAYABLE (continued)

The notes payable are repayable as follows:

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Within 1 year	**12,880**	8,623
Between 1 and 2 years	**–**	10,774
Between 2 and 5 years	**55,370**	39,455
More than 5 years	**63,968**	80,357
	132,218	139,209

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

During the six months ended 30 June 2025, a tranche of notes payable issued in February 2015 with an aggregate principal amount of USD900 million, reached its maturity and was repaid in full by the Group.

As at 30 June 2025, the fair value of the notes payable amounted to approximately RMB115,988 million (31 December 2024: RMB119,824 million). The respective fair value was assessed based on the active market prices of these notes at the reporting date or by making reference to similar instruments traded in the observable market.

28 LONG-TERM PAYABLES

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Cash-settled share-based compensation payables (Note 25(d))	**4,447**	1,992
Payables relating to media content and running royalty fee for online games	**2,464**	2,560
Payables relating to capital transaction	**72**	73
Others	**5,818**	5,576
	12,801	10,201

29 OTHER FINANCIAL LIABILITIES

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Measured at amortised cost:		
Redemption liabilities (Note)	**9,899**	8,725
Measured at fair value:		
Contingent consideration	**942**	1,176
Others	**1,084**	638
	2,026	1,814
	11,925	10,539
Included in:		
Non-current liabilities	**5,627**	4,203
Current liabilities	**6,298**	6,336
	11,925	10,539

Note:

It comprised redemption liabilities arising from put option arrangements made with non-controlling shareholders of acquired subsidiaries of approximately RMB9,899 million (31 December 2024: RMB8,725 million).

30 ACCOUNTS PAYABLE

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

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
0 ~ 30 days	**119,536**	107,893
31 ~ 60 days	**8,212**	8,264
61 ~ 90 days	**499**	842
Over 90 days	**2,254**	1,713
	130,501	118,712

31 OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Staff costs and welfare accruals	**24,730**	33,340
Selling and marketing expenses accruals	**4,583**	5,291
Purchase of land use rights, buildings and construction related costs	**4,162**	3,900
General and administrative expenses accruals	**3,903**	4,235
Purchase consideration payables for investee companies	**2,821**	2,984
Interests payable	**1,332**	1,409
Prepayments received from customers and others	**998**	1,042
Others (Note)	**34,333**	31,831
	76,862	84,032

Note:

Others primarily consist of deposits from third parties, reserve for platform services, sundry payables and other accruals.

32 DEFERRED REVENUE

The Group's deferred revenue includes contract liabilities and refundable advance payments in certain businesses. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities mainly comprise unamortised virtual items, prepaid subscription fees, prepaid tokens or cards, Internet traffic and other support to be offered to certain investee companies in the future periods measured at their fair value on the inception dates, and customer loyalty incentives.

33 BUSINESS COMBINATIONS

During the six months ended 30 June 2025, the Group completed the acquisition of a game company by acquiring 100% of its equity interest at a cash consideration of approximately USD1.2 billion (equivalent to approximately RMB8.8 billion), which was accounted for as a subsidiary of the Group upon the completion of the transaction.

The fair value of total identifiable net assets (including identifiable intangible assets) was approximately RMB3.6 billion.

Goodwill of approximately RMB5.2 billion 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 was expected to be deductible for income tax purpose.

The Group's revenue and results for the six months ended 30 June 2025 would not be materially different should the acquisition had occurred on 1 January 2025.

The related transaction costs of the transaction recognised in the Group's consolidated income statement were not material.

34 CONTINGENCIES

The Group had no material contingent liabilities outstanding as at 30 June 2025.

35 COMMITMENTS

(a) Capital commitments

Capital commitments as at 30 June 2025 and 31 December 2024 are analysed as follows:

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Contracted:		
Construction/purchase of buildings	**2,563**	2,937
Capital investments in investees	**8,820**	9,298
Purchase of other capital assets	**3,069**	2,470
	14,452	14,705

Except for the commitments disclosed above, Tencent Music, a subsidiary of the Group has proposed to acquire one of the Group's existing investee companies accounted for as FVPL, which is one of the leading online audio platforms in China. Upon closing of the transaction, this investee company will become a wholly-owned subsidiary of the Group. The Group's aggregate consideration for the acquisition will consist of a combination of cash consideration and certain ordinary shares to be issued by Tencent Music. The closing of the transaction is subject to relevant regulatory approvals and certain other closing conditions.

(b) Other commitments

The Group's commitments under agreements mainly for bandwidth, online game licensing, media content and other technical services, which were contracted but not provided in the condensed consolidated financial statements, are as follows:

	Unaudited 30 June 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Contracted:		
Not later than one year	**15,459**	11,799
Later than one year and not later than five years	**13,022**	13,612
Later than five years	**5,447**	5,659
	33,928	31,070

36 RELATED PARTY TRANSACTIONS

Except as disclosed in Note 20 (Loans to investees and investees' shareholders) and Note 25 (Share-based payments) to the Interim Financial Information, other significant transactions carried out between the Group and its related parties during the reporting periods are presented as follows. These related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties.

(a) Significant transactions with related parties

The Group has commercial arrangements with certain associates and joint ventures to provide Marketing Services, FinTech and Business Services, and other services, the revenues from which, for the six months ended 30 June 2025, amounted to approximately RMB2,197 million, RMB23,510 million and RMB2,064 million, respectively (six months ended 30 June 2024: RMB2,634 million, RMB22,033 million and RMB1,340 million, respectively).

The Group has commercial arrangements with certain associates and joint ventures to purchase online game licences and related services, media content and related services, FinTech and Business Services and others, the costs and expenses of which, for the six months ended 30 June 2025, amounted to approximately RMB2,506 million, RMB1,307 million, RMB843 million and RMB855 million, respectively (six months ended 30 June 2024: RMB2,539 million, RMB1,887 million, RMB1,037 million and RMB866 million, respectively).

(b) Period end balances with related parties

As at 30 June 2025, accounts receivable and other receivables from related parties were approximately RMB11,443 million and RMB300 million, respectively (31 December 2024: RMB10,255 million and RMB309 million, respectively).

As at 30 June 2025, accounts payable and other payables to related parties were approximately RMB2,779 million and RMB255 million, respectively (31 December 2024: RMB3,215 million and RMB296 million, respectively).

The Group has certain business co-operation arrangements with certain associates, which are engaged in various Internet businesses including eCommerce, Online-To-Offline platforms, and FinTech services, in respect of the provision of various services such as FinTech services, business services and marketing services to these associates. As at 30 June 2025, contract liabilities arising from these business co-operation arrangements were approximately RMB927 million (31 December 2024: RMB848 million).

The Group has entered into certain contracts for purchasing services or content with certain associates or joint ventures. As at 30 June 2025, commitments in respect of these agreements amounted to approximately RMB4,434 million (31 December 2024: RMB4,542 million).

Other than the transactions and balances disclosed above or elsewhere in the Interim Financial Information, the Group had no other material transactions with related parties during the six months ended 30 June 2025 and 2024, and no other material balances with related parties as at 30 June 2025 and 31 December 2024.

Notes to the Interim Financial Information

37 SUBSEQUENT EVENTS

There were no material subsequent events during the period from 1 July 2025 to the approval date of the Interim Financial Information by the Board on 13 August 2025.

Independent Auditor's Report

TO THE SHAREHOLDERS OF TENCENT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Tencent Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 123 to 264, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition on provision of online games value-added services related to in-game permanent virtual items – the estimates of expected users' relationship periods

- Impairment assessments of goodwill, investments in associates and investments in joint ventures

- Fair value measurement of Level 3 financial instruments, including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

Independent Auditor's Report

Key Audit Matter

Revenue recognition on provision of online games value-added services related to in-game permanent virtual items – the estimates of expected users' relationship periods

Refer to Notes 2.22(a), 5(a) and 6(b) to the consolidated financial statements.

The Group recognises revenue from sales of in-game virtual items to the users of the Group's online games. Among them, revenues from sales of in-game permanent virtual items are recognised ratably over the respective estimates of the expected users' relationship periods of the respective online games.

We focused on this area due to the fact that significant judgments and assumptions were applied by management in determining the expected users' relationship periods. These judgments and assumptions include (i) historical users' activities patterns, calculation of churn rates, game life-cycles, and other qualitative factors such as reactivity on marketing activities and the Group's marketing strategy; and (ii) the identification of events that may trigger changes in the estimates of the expected users' relationship periods.

How our audit addressed the Key Audit Matter

We assessed and tested the key internal controls in respect of determination of expected users' relationship periods for recognition of revenue from sales of in-game permanent virtual items, including review and approval of (i) determination of the expected users' relationship periods of new online games prior to their launches in the current year; (ii) periodic reassessment on the expected users' relationship periods of existing online games; and (iii) changes in the estimates of the expected users' relationship periods on any indicators triggering such changes.

We assessed, on a sample basis, the expected users' relationship periods adopted by management by (i) testing the data integrity of historical users' data supporting users activities patterns and calculation of the churn rates, including the information system logic for generation of the applicable data and the completeness and accuracy of underlying data; (ii) evaluating the considerations made by management in determining the underlying assumptions for expected users' relationship periods with reference to historical operating and marketing activities and marketing strategy of the relevant games; and (iii) assessing management's historical estimation by comparing the actual churn rates in current year against the estimation made in prior years.

We found that the management's judgments and assumptions applied in determining the expected users' relationship periods were supported by evidence obtained.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of goodwill, investments in associates and investments in joint ventures Refer to Notes 2.8(a), 2.9, 5(b), 21, 22 and 23 to the consolidated financial statements. As at 31 December 2024, the Group's goodwill of approximately RMB142,126 million were subject to impairment assessments annually or when there is an impairment indicator, and the Group's investments in associates and investments in joint ventures of approximately RMB290,343 million and RMB7,072 million, respectively, were subject to impairment assessment when there is an impairment indicator. Impairment provisions of approximately RMB1,262 million, RMB8,250 million and RMB149 million had been recognised against the carrying amounts of goodwill, investments in associates and investments in joint ventures, respectively, during the year ended 31 December 2024.	We assessed and tested the key internal controls in respect of (i) the annual impairment assessments of goodwill; and (ii) identification of impairment indicators of and performing impairment assessments, whenever necessary, on goodwill, investments in associates and investments in joint ventures, including the determination of appropriate valuation models and assumptions adopted. We assessed, on a sample basis, the basis management adopted to ascertain and identify separate groups of cash generating units that contain the goodwill balances; and the valuation models used in management's impairment assessments. In respect of the impairment assessments using discounted cash flows, we assessed, on a sample basis, the key assumptions adopted by management including revenue growth rates, terminal growth rates, discount rates by examining the approved financial forecast models, challenging the appropriateness of the significant assumptions with reference to the applicable industry data available to the Group from external sources and historical data. We assessed these key assumptions with the involvement of our internal valuation experts. We also assessed the appropriateness of management's historical estimation by comparing the actual results for current year against the previous period's forecasts.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of goodwill, investments in associates and investments in joint ventures (continued)	
In carrying out impairment assessments, significant judgments are required to estimate the recoverable amounts, being the higher of the fair value less costs of disposal and value in use. Management adopted either the discounted cash flows or market approach in determining the respective recoverable amounts based on their assessments. Significant management's assumptions are required in applying these approaches, including revenue growth rates, terminal growth rates, and discount rates when using discounted cash flows; and selection of comparable companies, price multiples of the selected comparable companies, such as Enterprise Value ("EV")/Sales and EV/EBITDA, recent market transactions, and liquidity discounts adopted for lack of marketability when using market approach. We focused on these areas due to the magnitude of the carrying amounts of these assets and the fact that significant judgments were applied by management.	In respect of impairment assessments using the market approach, we assessed, on a sample basis, the key assumptions adopted by management including the selection of comparable companies, by considering the factors such as market segments, geographic areas, and revenue size, etc., and their price multiples, recent market transactions undertaken, and liquidity discounts adopted for lack of marketability. We assessed these key assumptions adopted by management, with the involvement of our internal valuation experts, based on our industry knowledge and independent research performed by us. We independently tested, on a sample basis, the accuracy of mathematical calculations applied in the valuation models and the calculation of the applicable impairment provision. We found that the management's judgments and assumptions applied in the impairment assessments of goodwill, investments in associates and investments in joint ventures were supported by evidence obtained.

Key Audit Matter

Fair value measurement of Level 3 financial instruments, including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

Refer to Notes 4.3, 5(c), 25 and 26 to the consolidated financial statements.

As at 31 December 2024, financial assets at fair value through profit or loss of approximately RMB193,632 million and financial assets at fair value through other comprehensive income of approximately RMB13,963 million, which do not have open market quoted values, were measured based on significant unobservable inputs and classified as "Level 3 financial instruments".

We focused on this area due to the fact that significant judgments and assumptions were applied by management in determining the fair values of Level 3 financial instruments including selection of appropriate valuation methods and appropriate assumptions and inputs, such as risk-free rates, expected volatility, discount for lack of marketability and recent transaction prices.

How our audit addressed the Key Audit Matter

In respect of the fair value measurement of Level 3 financial instruments, we assessed and tested the key internal controls in relation to the valuation, including the selection of appropriate valuation methods and relevant assumptions and inputs adopted by inspecting the evidence of management's review.

We assessed and tested the valuation of level 3 financial instruments determined by management, on a sample basis, with the involvement of our internal valuation experts, as follows:

- We assessed the appropriateness of valuation methods adopted;
- We evaluated the underlying assumptions and inputs selected including risk-free rates, expected volatility and discount for lack of marketability based on our industry knowledge and independent research performed by us;
- We tested the recent transaction prices adopted (such as recent fund-raising transactions undertaken by the investees) by examining relevant supporting evidence; and
- We also tested the arithmetical accuracy of the valuation computation.

We found that the management's judgments and assumptions applied in the valuation of Level 3 financial instruments were supported by evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeung Yee Mau.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2025

Consolidated Income Statement

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'Million	2023 RMB'Million
Revenues			
Value-added Services		**319,168**	298,375
Marketing Services*		**121,374**	101,482
FinTech and Business Services		**211,956**	203,763
Others		**7,759**	5,395
	6	**660,257**	609,015
Cost of revenues	7	**(311,011)**	(315,906)
Gross profit		**349,246**	293,109
Selling and marketing expenses	7	**(36,388)**	(34,211)
General and administrative expenses	7	**(112,761)**	(103,525)
Other gains/(losses), net	8	**8,002**	4,701
Operating profit		**208,099**	160,074
Net gains/(losses) from investments and others	9	**4,187**	(6,090)
Interest income	10	**16,004**	13,808
Finance costs	11	**(11,981)**	(12,268)
Share of profit/(loss) of associates and joint ventures, net		**25,176**	5,800
Profit before income tax		**241,485**	161,324
Income tax expense	12(a)	**(45,018)**	(43,276)
Profit for the year		**196,467**	118,048
Attributable to:			
Equity holders of the Company		**194,073**	115,216
Non-controlling interests		**2,394**	2,832
		196,467	118,048
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)			
– basic	13(a)	**20.938**	12.186
– diluted	13(b)	**20.486**	11.887

The notes on pages 134 to 264 are an integral part of these consolidated financial statements.

* The Group has renamed this revenue segment from "Online Advertising" to "Marketing Services" during the year ended 31 December 2024 to better represent the breadth of the marketing solutions and accompanying technology services across the online marketing properties.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	RMB'Million	RMB'Million
Profit for the year	**196,467**	118,048
Other comprehensive income, net of tax:		
Items that may be subsequently reclassified to profit or loss		
Share of other comprehensive income of associates and joint ventures	**(492)**	(176)
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**	–
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	**23**	59
Currency translation differences	**(2,746)**	13,328
Net movement in reserves for hedges	**(2,618)**	(3,581)
Items that will not be subsequently reclassified to profit or loss		
Share of other comprehensive income of associates and joint ventures	**(711)**	(561)
Loss from changes in fair value of assets held for distribution	**–**	(29,991)
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	**94,249**	11,142
Currency translation differences	**111**	(1,077)
Net movement in reserves for hedges	**71**	–
	87,875	(10,866)
Total comprehensive income for the year	**284,342**	107,182
Attributable to:		
Equity holders of the Company	**279,009**	102,130
Non-controlling interests	**5,333**	5,052
	284,342	107,182

The notes on pages 134 to 264 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	As at 31 December 2024 RMB'Million	2023 RMB'Million
ASSETS			
Non-current assets			
Property, plant and equipment	17	**80,185**	53,232
Land use rights	18	**23,117**	17,179
Right-of-use assets	19	**17,679**	20,464
Construction in progress	20	**12,302**	13,583
Investment properties		**801**	570
Intangible assets	21	**196,127**	177,727
Investments in associates	22	**290,343**	253,696
Investments in joint ventures	23	**7,072**	7,969
Financial assets at fair value through profit or loss	25	**204,999**	211,145
Financial assets at fair value through other comprehensive income	26	**302,360**	213,951
Prepayments, deposits and other assets	27	**42,828**	28,439
Other financial assets	28	**1,076**	2,527
Deferred income tax assets	29	**28,325**	29,017
Term deposits	30	**77,601**	29,301
		1,284,815	1,058,800
Current assets			
Inventories		**440**	456
Accounts receivable	31	**48,203**	46,606
Prepayments, deposits and other assets	27	**101,044**	88,411
Other financial assets	28	**4,750**	5,949
Financial assets at fair value through profit or loss	25	**9,568**	14,903
Financial assets at fair value through other comprehensive income	26	**3,345**	–
Term deposits	30	**192,977**	185,983
Restricted cash	32	**3,334**	3,818
Cash and cash equivalents	32	**132,519**	172,320
		496,180	518,446
Total assets		**1,780,995**	1,577,246

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	As at 31 December 2024 RMB'Million	2023 RMB'Million
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	33	**–**	–
Share premium	33	**43,079**	37,989
Treasury shares	33	**(3,597)**	(4,740)
Shares held for share award schemes	33	**(5,093)**	(5,350)
Other reserves	34	**47,129**	(33,219)
Retained earnings		**892,030**	813,911
		973,548	808,591
Non-controlling interests		**80,348**	65,090
Total equity		**1,053,896**	873,681
LIABILITIES			
Non-current liabilities			
Borrowings	36	**146,521**	155,819
Notes payable	37	**130,586**	137,101
Long-term payables	38	**10,201**	12,169
Other financial liabilities	39	**4,203**	8,781
Deferred income tax liabilities	29	**18,546**	17,635
Lease liabilities		**13,897**	16,468
Deferred revenue	6(c)(i)	**6,236**	3,435
		330,190	351,408

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	As at 31 December 2024 RMB'Million	2023 RMB'Million
Current liabilities			
Accounts payable	40	**118,712**	100,948
Other payables and accruals	41	**84,032**	76,595
Borrowings	36	**52,885**	41,537
Notes payable	37	**8,623**	14,161
Current income tax liabilities		**16,586**	17,664
Other tax liabilities		**4,038**	4,372
Other financial liabilities	39	**6,336**	4,558
Lease liabilities		**5,600**	6,154
Deferred revenue	6(c)(i)	**100,097**	86,168
		396,909	352,157
Total liabilities		**727,099**	703,565
Total equity and liabilities		**1,780,995**	1,577,246

The notes on pages 134 to 264 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 123 to 264 were approved by the board of directors of the Company (the "Board") on 19 March 2025 and were signed on its behalf:

Ma Huateng
Director

Yang Siu Shun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	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 year	–	–	–	–	–	194,073	194,073	2,394	196,467
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	–	–	–	–	(1,181)	–	(1,181)	(22)	(1,203)
– 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	–	–	–	–	90,612	–	90,612	3,660	94,272
– transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	–	–	–	–	1	–	1	–	1
– currency translation differences	–	–	–	–	(1,953)	–	(1,953)	(682)	(2,635)
– net movement in reserves for hedges	–	–	–	–	(2,530)	–	(2,530)	(17)	(2,547)
Total comprehensive income for the year	–	–	–	–	84,936	194,073	279,009	5,333	284,342
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	–	–	–	(5,007)	4,773	(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	–	–	–	–	4,083	–	4,083	–	4,083
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)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	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
Transactions with equity holders									
Employee share option schemes:									
– value of employee services	–	1,917	–	–	45	–	1,962	38	2,000
– proceeds from shares issued, net of withholding individual income tax	–	1,827	–	–	–	–	1,827	–	1,827
Employee share award schemes:									
– value of employee services	–	16,829	–	–	1,572	–	18,401	356	18,757
– shares purchased/withheld for share award schemes	–	–	–	(3,420)	–	–	(3,420)	–	(3,420)
– vesting of awarded shares	–	(3,338)	–	3,338	–	–	–	–	–
Tax benefit from share-based payments	–	–	–	–	13	–	13	–	13
Repurchase and cancellation of shares	–	(13,681)	4,740	–	–	(89,725)	(98,666)	–	(98,666)
Repurchase of shares (to be cancelled)	–	–	(3,597)	–	–	–	(3,597)	–	(3,597)
Cash dividends	–	–	–	–	–	(28,924)	(28,924)	(2,158)	(31,082)
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	12,624	12,624
Acquisition of additional equity interests in non wholly-owned subsidiaries	–	–	–	–	(4,637)	–	(4,637)	(2,957)	(7,594)
Dilution of interests in subsidiaries	–	–	–	–	(1,924)	–	(1,924)	1,634	(290)
Disposal of subsidiaries	–	–	–	–	–	–	–	11	11
Others	–	1,536	–	339	1,811	(2,093)	1,593	377	1,970
Total transactions with equity holders in their capacity as equity holders for the year	–	5,090	1,143	257	(3,120)	(120,742)	(117,372)	9,925	(107,447)
Balance at 31 December 2024	–	43,079	(3,597)	(5,093)	47,129	892,030	973,548	80,348	1,053,896

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	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 2023	–	62,418	(1,868)	(4,226)	(40,914)	705,981	721,391	61,469	782,860
Comprehensive income									
Profit for the year	–	–	–	–	–	115,216	115,216	2,832	118,048
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	–	–	–	–	(701)	–	(701)	(36)	(737)
– losses from changes in fair value of assets held for distribution	–	–	–	–	(29,991)	–	(29,991)	–	(29,991)
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	(9)	–	(9)	–	(9)
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	9,650	–	9,650	1,551	11,201
– currency translation differences	–	–	–	–	11,480	–	11,480	771	12,251
– net movement in reserves for hedges	–	–	–	–	(3,515)	–	(3,515)	(66)	(3,581)
Total comprehensive income for the year	–	–	–	–	(13,086)	115,216	102,130	5,052	107,182
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	–	–	–	17,846	(17,891)	(45)	–	(45)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	66	(66)	–	–	–
Share of other changes in net assets of associates and joint ventures	–	–	–	–	4,680	–	4,680	–	4,680
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)

	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
Transactions with equity holders									
Capital injections/(reductions)	–	–	–	–	–	–	–	121	121
Employee share option schemes:									
– value of employee services	–	1,687	–	–	73	–	1,760	64	1,824
– proceeds from shares issued, net of withholding individual income tax	–	828	–	–	–	–	828	–	828
Employee share award schemes:									
– value of employee services	–	17,267	–	–	1,583	–	18,850	342	19,192
– shares purchased/withheld for share award schemes	–	–	–	(4,378)	–	–	(4,378)	–	(4,378)
– vesting of awarded shares	–	(2,071)	–	2,071	–	–	–	–	–
Tax benefit from share-based payments	–	–	–	–	21	–	21	–	21
Profit appropriations to statutory reserves	–	–	–	–	912	(912)	–	–	–
Repurchase and cancellation of shares	–	(42,112)	1,868	–	–	–	(40,244)	–	(40,244)
Repurchase of shares (to be cancelled)	–	–	(4,740)	–	–	–	(4,740)	–	(4,740)
Cash dividends	–	–	–	–	–	(20,586)	(20,586)	(598)	(21,184)
Dividends under distribution in specie	–	–	–	–	–	32,169	32,169	–	32,169
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	3,386	3,386
Acquisition of additional equity interests in non wholly-owned subsidiaries	–	–	–	–	1,449	–	1,449	(4,560)	(3,111)
Dilution of interests in subsidiaries	–	–	–	–	(1,349)	–	(1,349)	1,361	12
Disposal of subsidiaries	–	–	–	–	–	–	–	(101)	(101)
Changes in put option liabilities in respect of non-controlling interests	–	–	–	–	117	–	117	16	133
Recognition of put option liabilities arising from business combinations	–	–	–	–	(4,594)	–	(4,594)	–	(4,594)
Transfer of equity interests of subsidiaries to non-controlling interests	–	(28)	–	1,183	95	–	1,250	(1,462)	(212)
Total transactions with equity holders in their capacity as equity holders for the year	–	(24,429)	(2,872)	(1,124)	(1,693)	10,671	(19,447)	(1,431)	(20,878)
Balance at 31 December 2023	–	37,989	(4,740)	(5,350)	(33,219)	813,911	808,591	65,090	873,681

The notes on pages 134 to 264 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'Million	2023 RMB'Million
Cash flows from operating activities			
Cash generated from operations	43(a)	**304,705**	256,691
Income tax paid		**(46,184)**	(34,729)
Net cash flows generated from operating activities		**258,521**	221,962
Cash flows from investing activities			
Payments for business combinations, net of cash acquired		**(7,847)**	(7,633)
Net inflow of cash from disposals of investments in subsidiaries		**1**	14
Purchase of/prepayments for property, plant and equipment, construction in progress and investment properties		**(62,927)**	(21,008)
Proceeds from disposal of property, plant and equipment		**203**	257
Purchase of/prepayments for intangible assets		**(26,394)**	(26,042)
Purchase of/prepayments for land use rights		**(6,727)**	(357)
Payments for acquisition of investments in associates		**(1,967)**	(5,625)
Proceeds from disposal of investments in associates		**4,627**	3,938
Payments for acquisition of investments in joint ventures		**(22)**	(25)
Proceeds from disposal of investments in joint ventures		**267**	431
Payments for acquisition of financial assets at fair value through other comprehensive income		**(14,022)**	(8,511)
Proceeds from disposal of financial assets at fair value through other comprehensive income		**25,490**	7,727
Payments for acquisition of financial assets at fair value through profit or loss		**(66,603)**	(45,614)
Proceeds from disposal of financial assets at fair value through profit or loss		**69,562**	49,324
Payments for acquisition/settlement of other financial instruments		**(3,564)**	(3,616)
Net inflow/(outflow) from acquisition/settlement of other financial assets		**1,724**	(730)
Payments for loans to investees and others		**(630)**	(544)
Loans repayments from investees and others		**485**	1,199
Receipt from maturity of term deposits with initial terms of over three months		**248,446**	163,713
Placement of term deposits with initial terms of over three months		**(300,723)**	(244,419)
Interest received		**14,913**	10,349
Dividends received		**3,521**	2,011
Net cash flows used in investing activities		**(122,187)**	(125,161)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	RMB'Million	RMB'Million
Cash flows from financing activities		
Proceeds from short-term borrowings	**62,563**	29,809
Repayments of short-term borrowings	**(40,049)**	(9,889)
Proceeds from long-term borrowings	**52,021**	33,641
Repayments of long-term borrowings	**(74,642)**	(34,116)
Repayments of notes payable	**(14,213)**	(10,141)
Principal elements of lease payments	**(6,369)**	(6,652)
Interest paid	**(12,417)**	(11,478)
Payments for repurchase of shares	**(102,331)**	(43,767)
Proceeds from issuance of ordinary shares as a result of exercise of share options	**1,932**	1,070
Payments for withholding individual income tax for share option schemes	**(105)**	(242)
Payments for shares purchased/withheld for share award schemes	**(3,420)**	(4,378)
Proceeds from issuance of additional equity interests of non wholly-owned subsidiaries	**161**	196
Payments for acquisition of non-controlling interests in non wholly-owned subsidiaries	**(8,381)**	(4,818)
Capital reductions of non-controlling interests in non wholly-owned subsidiaries	**–**	(20)
Dividends paid to the Company's shareholders	**(28,859)**	(20,983)
Dividends paid to non-controlling interests	**(2,385)**	(805)
Net cash flows used in financing activities	**(176,494)**	(82,573)
Net (decrease)/increase in cash and cash equivalents	**(40,160)**	14,228
Cash and cash equivalents at beginning of the year	**172,320**	156,739
Exchange gains on cash and cash equivalents	**359**	1,353
Cash and cash equivalents at end of the year	**132,519**	172,320

The notes on pages 134 to 264 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Tencent Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 June 2004.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of Value-added Services ("VAS"), Marketing Services and FinTech and Business Services.

The operations of the Group were initially conducted through Shenzhen Tencent Computer Systems Company Limited ("Tencent Computer"), a limited liability company established in the PRC by certain shareholders of the Company on 11 November 1998. Tencent Computer is legally owned by the core founders of the Company who are PRC citizens (the "Registered Shareholders").

The PRC regulations restrict foreign ownership of companies that provide value-added telecommunications services, which include activities and services operated by Tencent Computer. In order to enable the Company to own and control the business of the Group, the Company established a subsidiary, Tencent Technology (Shenzhen) Company Limited ("Tencent Technology"), which is a wholly foreign owned enterprise incorporated in the PRC, on 24 February 2000, to control Tencent Computer through a series of contractual arrangements (collectively, "Structure Contracts") as described below.

Under the Structure Contracts entered into among the Company, Tencent Technology, Tencent Computer and the Registered Shareholders, the Company is able to effectively control, recognise and receive substantially all the economic benefit of the business and operations of Tencent Computer. In summary, the Structure Contracts provide the Company through Tencent Technology with, among other things:

- the right to receive the cash received by Tencent Computer from its operations which is surplus to its requirements, having regard to its forecast working capital needs, capital expenditure, and other short-term anticipated expenditure through various commercial arrangements;

- the right to ensure that Tencent Technology owns the valuable assets of the business through the assignment to Tencent Technology of the principal present and future intellectual property rights of Tencent Computer; and

- the right to control the management, financial and operating policies of Tencent Computer.

1 GENERAL INFORMATION (continued)

As a result, Tencent Computer is accounted for as a controlled structured entity (see also Note 2.3(a) and Note 48) and consolidated by the Company accordingly. Similar Structure Contracts were also executed for other PRC operating companies established by the Group similar to Tencent Computer subsequent to 2000. All these PRC operating companies are treated as controlled structured entities of the Company and their financial statements have also been consolidated by the Company. See details in Note 48.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI"), certain other financial assets and liabilities, which are carried at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies

(a) Amendments to standards adopted by the Group

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 consolidated financial statements of the Group.

(b) New standard and amendments to standards issued but not yet effective

The following issued new standard and amendments to standards have not come into effect for the financial year beginning on 1 January 2024 and have not been early adopted by the Group in preparing the consolidated financial statements. The adoption of IFRS 18 will not affect the recognition or measurement of items in the consolidated financial statements. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirements on management-defined performance measures within the consolidated financial statements. Except for IFRS 18, none of these is expected to have significant impact on the consolidated financial statements of the Group.

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including controlled structured entities as stated in Note 1 above) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement, which is recognised under "Other financial assets" or "Other financial liabilities" in the consolidated financial statements. Identifiable assets acquired and liabilities and contingent consideration assumed in a business combination are generally measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs other than those incurred to issue equity interests are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying amount of the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Subsidiaries (continued)

(a) Consolidation (continued)

(i) Business combinations (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the total of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the net acquisition-date amount of the identifiable assets acquired and the liabilities assumed is recorded as goodwill in "Intangible assets" in the consolidated financial statements. Goodwill is not amortised, but must instead subject to an impairment test at least annually (Notes 2.8 and 2.9). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the net acquisition-date amount of the identifiable assets acquired and the liabilities assumed in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

(ii) Changes in ownership interests in subsidiaries without loss of control

Transactions with non-controlling interests that result in changes in ownership interests in subsidiaries but do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost and is included in the calculation of the gain or loss on disposal of that subsidiary. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means that amounts previously recognised in other comprehensive income are either reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Subsidiaries (continued)

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends from subsidiaries. In addition, the contribution to the Company's Share Scheme Trust (as defined in Note 48(f)) will be transferred to the "Shares held for share award schemes" under equity when the contribution is used for the acquisition of the Company's shares.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividends exceed the total comprehensive income of the subsidiaries in the period the dividends are declared or if the carrying amount of the investments in the separate financial statements exceeds the carrying amount of the subsidiaries' net assets including goodwill in the consolidated financial statements.

2.4 Investments under equity method of accounting

(a) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally but not necessarily accompanying a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. The Group's investments in associates include underlying goodwill identified on acquisition, net of any accumulated impairment loss.

(b) Joint ventures

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and are accounted for using the equity method of accounting.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Investments under equity method of accounting (continued)

(c) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and subsequently the Group's share of post-acquisition profit or loss of the investees is recognised in the consolidated income statement, the Group's share of post-acquisition movements in other comprehensive income of the investees is recognised in other comprehensive income. When the investees have a change in net assets (other than from a transaction with other investors) that does not affect profit or loss or other comprehensive income, the Group's share of other changes in net assets is recognised in consolidated statement of changes in equity. Dividends from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Where the Group's share of losses in an associate or a joint venture equals or exceeds its interests in the entity, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the entity.

The Group determines at each reporting date whether there is any objective evidence that investments accounted for using the equity method, including investments in associates and joint ventures, are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying amount and recognises the amount in "Net gains/(losses) from investments and others" in the consolidated income statement.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When necessary, adjustments are made to financial information of associates or joint ventures used in applying the equity method, to make the associates' or joint ventures' accounting policies conform to those of the Group.

An associate or a joint venture of the Group might issue shares to other investors which dilute the Group's interest. This is deemed as a partial disposal of the Group's interest in this entity, if the interest continues to be classified as either an associate or a joint venture. A dilution gain or loss arising on the deemed partial disposal is recognised in the consolidated income statement. If the ownership interest in an associate or a joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated income statement where appropriate.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Investments under equity method of accounting (continued)

(d) Investments in associates/joint ventures achieved in stages

The cost of associates/joint ventures acquired in stages, except for the change from an associate to a joint venture, is measured as the sum of the fair value of the interests previously held plus the fair value of any additional consideration transferred as of the date when they become associates/joint ventures.

(e) Disposal of associates and joint ventures

When the Group ceases to continue using equity method of accounting for an associate or joint venture because of a loss of significant influence or joint control, it re-measures any retained investment at fair value. A gain or loss is recognised at the difference between the fair value of any retained interest plus any proceeds from disposing of part of the interests in the associate or joint venture and the carrying amount of the investment at the date the equity method of accounting is discontinued. The amounts previously recognised in other comprehensive income and other changes recognised in equity in respect of the associate or joint venture are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards when the Group ceases to continue using equity method of accounting for the associate or joint venture.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and certain of its overseas subsidiaries is United States Dollars ("USD"). As the major operations of the Group are within the Mainland of China, the Group presents its consolidated financial statements in Renminbi ("RMB"), unless otherwise stated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised, except as disclosed in Note (c) below, in the consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Translation differences on non-monetary assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary financial assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary financial assets, such as equity instruments classified as FVOCI, are included in other comprehensive income.

(c) Translation of foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of RMB are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting currency translation differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Currency translation differences arising thereon are recognised in other comprehensive income.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment and construction in progress

All items of property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment losses. Historical costs include expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their cost net of their residual values over their estimated useful lives, as follows:

Buildings	20 ~ 50 years*
Computer and other operating equipment	2 ~ 10 years
Furniture and office equipment	2 ~ 5 years
Motor vehicles	5 years
Leasehold improvements	Shorter of their useful lives and the remaining lease term

* As non-removable parts of the buildings, fixtures and internal decoration are depreciated over the shorter of the specific asset's useful life and the remaining useful life of the entire building.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress represents office buildings and data centers under construction, which is stated at actual construction costs less any impairment loss. Construction in progress is transferred to property, plant and equipment when completed and ready for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in "Other gains/(losses), net" in the consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Land use rights

Land use rights are up-front payments to acquire long-term lease interest in land. These payments are stated at cost and charged to the consolidated income statement or included in the cost of construction in progress as appropriate, on a straight-line basis over the remaining period of the lease.

2.8 Intangible assets

(a) Goodwill

Goodwill on acquisition of subsidiaries is recognised as described in Note 2.3(a) and included in "Intangible assets" in the consolidated financial statements.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of the CGU or group of CGUs including the allocated goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately under "Net gains/(losses) from investments and others" and is not subsequently reversed.

(b) Media content

Media content mainly includes game licences, long-form video and music content, and literature copyrights. They are initially recognised and measured at cost or estimated fair value as acquired through business combinations. Media content is amortised using a straight-line method or an accelerated method which reflects the estimated consumption patterns.

(c) Other intangible assets

Other intangible assets mainly include trademarks, other copyrights, computer software and technology, non-compete agreements and customer relationships. They are initially recognised and measured at cost or estimated fair value as acquired through business combinations.

Other intangible assets are amortised over their estimated useful lives (generally one to ten years) using the straight-line method which reflects the pattern in which the intangible assets' future economic benefits are expected to be consumed.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered impairment are subsequently reviewed for possible reversal of the impairment at each reporting date.

2.10 Shares held for share award schemes

The consideration paid by the Share Scheme Trust (see Note 48(f)) for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Shares held for share award schemes" and the amount is deducted from total equity.

When the Share Scheme Trust transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for share award schemes", with a corresponding adjustment made to "Share premium".

2.11 Investments and other financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured subsequently at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Except for accounts receivable, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(a) Classification and measurement (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three categories into which the Group classifies its debt instruments:

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as and measured at amortised cost. A gain or loss on a debt instrument measured at amortised cost which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest method.

- FVOCI: Financial assets that are held both for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are classified as and measured at FVOCI. Gains and losses on these financial assets are taken through other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "Net gains/(losses) from investments and others" in the consolidated income statement. Interest income from these financial assets is recognised using the effective interest method. Foreign exchange gains and losses are presented in "Finance costs" and impairment gains or losses are presented in "Other gains/(losses), net".

- FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are classified as and measured at fair value through profit or loss. A gain or loss on a debt instrument measured at fair value through profit or loss which is not part of a hedging relationship is recognised in profit or loss and presented in "Net gains/(losses) from investments and others" for the period in which it arises.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(a) Classification and measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group's management can irrevocably elect to present fair value gains or losses on equity investments in other comprehensive income when they are in the scope of IFRS 9 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Where the Group has made the irrevocable election to present fair value gains or losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains or losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as "Net gains/(losses) from investments and others" when the Group's right to receive payments is established. Unlike debt instruments classified as FVOCI, these equity instruments are not subject to impairment assessment.

All other investments in equity instruments are classified as and measured at FVPL. Changes in the fair value of FVPL are recognised in "Net gains/(losses) from investments and others" in the consolidated income statement.

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For accounts receivable and contract assets, the Group applies the simplified approach prescribed by IFRS 9, which requires lifetime ECL to be recognised since initial recognition.

Impairment on deposits and other receivables is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a deposit or other receivable has occurred since initial recognition, the impairment is measured as lifetime ECL.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 Derivative and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative, which are recognised under "Other financial assets" and "Other financial liabilities" in the consolidated financial statements, respectively. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of fair value of a recognised asset or liability (fair value hedges); or
- hedges of a particular risk associated with the cash flows of a recognised asset or liability (cash flow hedges).

At the inception of the hedging relationship, the Group documents the economic relationship between hedging instruments and hedged items including how the changes in fair value or cash flows of hedging instrument is expected to offset changes in fair value or cash flows of hedged items. The Group documents its risk, risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement (or other comprehensive income, in the case of a hedge of equity instruments where the Group has elected to present fair value gains or losses in other comprehensive income), together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risks.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 Derivative and hedging activities (continued)

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised through other comprehensive income within equity, while any ineffective portion is recognised immediately in profit or loss.

The accumulated deferred gain or loss relating to the effective portion of the derivatives is recycled to profit or loss at the same time when the hedged cash flows affect profit or loss. They are recorded in the same consolidated income statement line items in which the income or expense associated with the related hedged item is reported.

In designating a forward contract or other financial instrument as a hedging instrument, the Group excludes any forward element or foreign currency basis spread and accounts for the excluded item as costs of hedging. Changes in fair value of the excluded item are recognised within equity as deferred costs of hedging, while the inception-date value of the excluded item is reclassified to the consolidated income statement systematically over the period of the hedging relationship.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any accumulated deferred gain or loss and deferred costs of hedging in equity at that time remain in equity and is recognised in the periods when the hedged item affects profit or loss.

2.13 Accounts receivable

Accounts receivable are amounts due from customers or agents for services performed or merchandise sold in the ordinary course of business. Accounts receivable are presented as current assets unless collection is not expected within 12 months after the end of the reporting period.

Accounts receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment that is subject to ECL model (Note 4.1(b)).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Cash and cash equivalents

Cash and cash equivalents mainly include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with initial maturities of three months or less.

The Group does not recognise cash amounts deposited with banks in the Mainland of China under users' entrustment (which are received under its payment business) in the consolidated statement of financial position as the Group holds these cash amounts as a custodian according to the relevant users' agreements.

2.15 Repurchase of shares

Save as disclosed in Note 2.10, where any group company purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to equity holders of the Company as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) is included in equity attributable to equity holders of the Company.

2.16 Accounts payable

Accounts payable are obligations to pay for services or goods that have been acquired in the ordinary course of business from suppliers. Accounts payable are presented as current liabilities unless payment is not due within 12 months after the end of the reporting period.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.17 Put option arrangements on non-controlling interest

Put options on non-controlling interest of the Group are financial instruments granted by the Group which permit the holders to put back to the Group their shares in certain non wholly-owned subsidiaries of the Group for cash or other financial instruments when certain conditions are met. If the Group does not have the unconditional right to avoid delivering cash or other financial instruments under the put option, a financial liability is initially recognised under "Other financial liabilities" in the consolidated financial statements at the present value of the estimated future cash outflows on exercise under the put option. Subsequently, if the Group revises its estimates of payments, the Group will adjust the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. The Group will recalculate the carrying amount based on the present value of revised estimated future cash outflows at the financial instrument's original effective interest rate and the adjustment will be recognised in the consolidated statement of changes in equity. In the event that the put option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

The put option liabilities are non-current liabilities unless the put option first becomes exercisable within 12 months after the end of the reporting period.

2.18 Borrowings, notes payable and borrowing costs

Borrowings and notes payable issued by the Group are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over their terms using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan facilities to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the term of the facility to which it relates.

The liability is classified as non-current if the Group has the right to defer settlement of the liability for at least 12 months after the reporting period, regardless of whether the Group intends to settle the liability within the next 12 months, and even if the liability is settled before the financial statements are authorised for issue.

General and specific finance costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale. During the year ended 31 December 2024, finance cost capitalised was insignificant to the Group.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Current and deferred income tax

The income tax expense for the year comprises current and deferred income tax, which is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the income tax is also recognised in other comprehensive income or in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. When it is not probable, the Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available to utilise those temporary differences and tax losses.

Deferred income tax liabilities are provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the associates' and joint ventures' undistributed profit is not recognised.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Current and deferred income tax (continued)

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the foreseeable future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset where: (i) there is a legally enforceable right to offset current tax assets against current tax liabilities; and (ii) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.20 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated entitlements for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leaves are not recognised until the time of leave.

(b) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund, and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(c) Long-term employee benefit obligations

In addition to participating in the defined contribution plans as described above, the Group also provides commercial health insurance benefits to certain eligible employees till their resignation or retirement. These obligations are classified as non-current liabilities unless it is expected to be settled wholly within 12 months after the end of the reporting period.

These long-term employee benefit obligations are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. For currencies for which there is no deep market in such high-quality corporate bonds, the market yields on government bonds denominated in that currency were applied. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(d) Long-term service awards

The Group recognises a liability and an expense for its long-term service awards scheme where cash is to be paid to retired employees qualified for certain criteria as one-off retirement bonus and it is considered as a defined benefit plan. The method of accounting is similar to those used for long-term employee benefits as described above, except that re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they occur.

(e) Share-based compensation benefits

The Group operates a number of share-based compensation plans (including share option schemes and share award schemes), under which the Group receives services from employees and other qualifying participants as consideration for equity instruments (including share options and awarded shares) of the Group. The fair value of the employee services and other qualifying participants' services received in exchange for the grant of equity instruments of the Group is recognised as an expense over the vesting period, i.e., the period over which all of the specified vesting conditions are to be satisfied and credited to equity.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(e) Share-based compensation benefits (continued)

For grant of share options, the total amount to be expensed is determined by reference to the grant-date fair value of the options granted by using option-pricing model, "Enhanced FAS 123" binomial model (the "Binomial Model"), which includes the impact of market performance conditions (such as the Company's share price) but excludes the impact of service condition and non-market performance conditions. For grant of awarded shares, the total amount to be expensed is determined by reference to the market price of the Company's shares at the grant date. The Group also adopts valuation and actuarial techniques to assess the grant-date fair value of other equity instruments of the Group granted under the share-based compensation plans as appropriate.

Non-market performance and service conditions are included in assumptions about the number of options and awarded shares that are expected to become vested.

From the perspective of the Company, the grants of its equity instruments to employees of its subsidiaries are made in exchange for their services related to the subsidiaries. Accordingly, the share-based compensation expenses are treated as part of the "Investments in subsidiaries", or "Amounts due from subsidiaries" if rechargeable, in the Company's statement of financial position.

At each reporting period end, the Group revises the estimates of the number of options and awarded shares that are expected to ultimately vest. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement of the Group, with a corresponding adjustment to equity.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. When the vested equity instruments are later forfeited prior to expiry date, the amount previously recognised in share premium may be transferred to retained earnings.

If the Group repurchases vested equity instruments, the payments made to the employees and other qualifying participants are accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date. Any such excess is recognised as an expense.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(e) Share-based compensation benefits (continued)

If the terms of an equity-settled share-based award are modified, an additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees and other qualifying participants, as measured at the date of modification. Modifications of an equity-settled share-based award in a manner that is not beneficial to employees are not taken into account when determining the expenses to be recognised.

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

Cash-settled share-based payment transactions are those arrangements where the terms provide the Group to settle the transaction in cash. For cash-settled share-based payments, a liability is recognised at the current fair value determined at the end of the reporting period to the extent of the portion of the services received until the date of settlement, with any changes in fair value recognised in profit or loss.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition

The Group generates revenues primarily from provision of VAS, Marketing Services, FinTech and Business Services, and other online related services in the PRC. Revenue is recognised when the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

(a) VAS

Revenues from VAS primarily include revenues from the provision of online games and social networks services. Online games revenues are mainly derived from sales of in-game virtual items, and social networks revenues are mainly derived from subscriptions, sales of virtual items, and online games revenues attributable to social networks business.

Revenues from VAS are recognised when the Group satisfies its performance obligations by rendering relevant promised services.

Revenues from sales of in-game permanent virtual items are recognised ratably over the respective estimates of expected users' relationship periods of the applicable games determined by the management as there is an explicit or implicit obligation of the Group to maintain the virtual items operated on the Group's platforms and allow users to gain access to them, whereas revenues from sales of in-game limited life virtual items and social networks virtual items, are recognised based on the consumption or over the stipulated period of validity of the relevant virtual items ratably. Revenues from subscriptions are recognised ratably over the subscription period.

Where a contract includes multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to be recovered from customers.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition (continued)

(a) VAS (continued)

In respect of the Group's VAS directly delivered to the Group's customers and paid through various third-party platforms, these third-party platforms collect the relevant service fees (the "Online Service Fees") on behalf of the Group and they are entitled to platform provider fees at a pre-determined percentage (as part of "Channel and distribution costs"). Such Channel and distribution costs are withheld and deducted from the gross Online Service Fees collected by these platforms from the users, with the net amounts remitted to the Group. The Group recognises the Online Service Fees as revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in these transactions based on the assessment according to the criteria stated in (e) below.

The Group also opens its online platforms to third-party game/application developers under certain co-operation agreements, under which the Group pays to the third-party game/application developers a pre-determined percentage of the fees paid by and collected from the users of the Group's online platforms for the virtual items sold. The Group recognises the related revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in the transaction based on the assessment according to the criteria stated in (e) below.

The Group adopts different revenue recognition methods based on its specific responsibilities/obligations in different VAS offerings.

(b) Marketing Services

Marketing Services revenues mainly include revenues derived from sales of advertising inventories from various platforms of the Group.

Advertising mainly includes display-based advertising that is display of advertisements for an agreed period of time, and performance-based advertising, that is based on actual performance measurement, such as number of impression, view or click.

Revenue is recognised either ratably over the agreed period of display, or when the performance is fulfilled, such as impression, view or click. Where a contract includes multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to be recovered from customers.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition (continued)

(c) FinTech and Business Services

FinTech and Business Services revenues mainly include revenues derived from the provision of FinTech services and cloud services.

FinTech service revenues mainly include commissions from payment transactions, wealth management services and other FinTech services, where the commissions received by the Group are generally determined as a percentage of the value of each single transaction or periodic retention amount. Revenue from these commissions is recognised at a point in time when the Group satisfies its performance obligations by rendering the relevant services.

Cloud services revenues mainly include revenues derived from the provision of cloud services to customers based on the subscription for a period of time or consumption of cloud resources. For cloud service contracts based on subscription for a specified service period, revenue is recognised over the subscribed period when the services are delivered to customers ratably. For cloud service provided on a consumption basis, revenue is recognised based on the customer utilisation of the cloud resources. When a cloud-based service contract includes multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to be recovered from customers.

(d) Other revenues

The Group's other revenues are primarily derived from investments in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities. The Group recognises other revenues when the respective services are rendered, or when the control of the products is transferred to customers.

(e) Principal and agent consideration

The Group reports revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in a transaction. The Group is a principal if it controls the specified product or service before that product or service is transferred to a customer or it has a right to direct others to provide the product or service to the customer on the Group's behalf. Indicators that the Group is a principal include but are not limited to: the Group (i) is the primary obligor in the arrangement; (ii) has latitude in establishing the selling price; (iii) has discretion in supplier selection; (iv) changes the product or performs part of the service; and (v) has involvement in the determination of product or service specifications.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition (continued)

(f) Deferred revenue, contract liabilities and contract costs

The Group's deferred revenue includes contract liabilities and refundable advance payments in certain businesses. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities mainly comprise unamortised virtual items, prepaid subscription fees, prepaid tokens or cards, Internet traffic and other support to be offered to certain investee companies in the future periods measured at their fair value on the inception dates, and customer loyalty incentives (Note 6(c)), which are presented as "Deferred revenue" in the consolidated statement of financial position.

Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract with the customers. The contract costs are amortised using a method which is consistent with the pattern of recognition of the respective revenues. The Group has applied the practical expedient to recognise the contract cost relating to obtaining a contract as an expense when incurred, if otherwise the amortisation period is one year or less.

2.23 Government grants/subsidies

Grants/subsidies from the government are recognised at their fair values where there is a reasonable assurance that the grants/subsidies will be received and the Group will comply with all attached conditions.

Under these circumstances, the grants/subsidies are recognised as income or deducted in reporting the associated costs and expenses which the grants/subsidies are intended to compensate.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.24 Leases

The Group leases land (Note 2.7), various buildings, computer and other operating equipment and others. Rental contracts other than land are typically made for fixed periods of not longer than 10 years. Lease agreements are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. A right-of-use asset arising from land lease is presented as "Land use rights".

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.24 Leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free rate adjusted for credit risk for leases held by the lessee, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entity uses that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

A right-of-use asset is generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.25 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividend is approved by the Company's shareholders or Board where appropriate and no longer at the discretion of the Group.

In respect of a dividend by way of distribution of non-cash assets, the liability to distribute the non-cash assets as a dividend is measured at the fair value of the assets to be distributed on the declaration date. At the end of the reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend liability, and any subsequent change in the fair value of the dividend liability is recognised in equity as an adjustment to the amount of the dividend distribution. Upon settlement, the difference between the carrying amount of the dividend liability which is also the fair value of the assets distributed, and the carrying amount of the assets distributed, if any, is recognised in profit or loss.

The non-cash assets to be distributed are presented as "Assets held for distribution" in the consolidated statement of financial position.

2.26 Research and development expenses

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalised when capitalisation criteria are fulfilled and tests for impairment on the capitalised development costs are performed annually. Other development expenditures that do not meet those criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent periods.

3 SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 Inventories

Inventories, mainly consisting of merchandise for sale, are primarily accounted for using the weighted average cost method and are stated at the lower of cost and net realisable value.

3.2 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment properties are carried at historical costs less accumulated depreciation and accumulated impairment losses. Historical costs include expenditures that are directly attributable to the acquisition of the items.

3 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

3.2 Investment properties (continued)

Depreciation on investment properties is calculated using the straight-line method to allocate their costs net of their residual values over their estimated useful lives of 20-50 years. Investment properties' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment properties' carrying amounts are written down immediately to their recoverable amounts if their carrying amounts are greater than their estimated recoverable amounts (Note 2.9).

3.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised in equity as a deduction from the proceeds.

3.4 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in certain circumstances, such as default, insolvency, bankruptcy or the termination of a contract.

3.5 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as "Interest income" where it is mainly earned from financial assets that are held for cash management purposes.

3.6 Dividend income

Dividends received from FVPL and FVOCI are recognised in "Net gains/(losses) from investments and others" in the consolidated income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects on the financial performance of the Group. Risk management is carried out by the management of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong Dollars ("HKD"), USD and euro ("EUR"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The functional currency of the Company and the majority of its overseas subsidiaries is USD whereas the functional currency of the subsidiaries which operate in the Mainland of China is RMB.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

As at 31 December 2024, the Group's major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	USD denominated RMB'Million	Non-USD denominated RMB'Million
As at 31 December 2024		
Monetary assets, current	**27,792**	**19,993**
Monetary assets, non-current	**18,530**	**1,517**
Monetary liabilities, current	**(14,777)**	**(4,064)**
Monetary liabilities, non-current	**(2,256)**	**(364)**
	29,289	**17,082**

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	USD denominated RMB'Million	Non-USD denominated RMB'Million
As at 31 December 2023		
Monetary assets, current	13,637	9,184
Monetary assets, non-current	4	1,593
Monetary liabilities, current	(9,160)	(3,985)
Monetary liabilities, non-current	(3,629)	(534)
	852	6,258

During the year ended 31 December 2024, the Group reported net exchange gains of approximately RMB466 million (2023: net exchange losses of RMB383 million) within "Finance costs" in the consolidated income statement.

As at 31 December 2024, management considered that any reasonable changes in foreign exchange rates of the above currencies against the two major functional currencies would not result in a significant change in the Group's results, as the net carrying amounts of financial assets and liabilities denominated in a currency other than the respective subsidiaries' functional currencies are considered to be not significant. Accordingly, no sensitivity analysis is presented for foreign exchange risk.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity price risk mainly arising from investments held by the Group that are classified as at either FVPL (Note 25) or FVOCI (Note 26). To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. Each investment is managed by management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of FVPL and FVOCI at the end of each reporting period. If prices of the respective instruments held by the Group had been 5% (31 December 2023: 5%) higher/lower as at 31 December 2024, profit for the year would have been approximately RMB10,329 million (2023: RMB10,888 million) higher/lower as a result of gains/losses on financial instruments classified as at FVPL, other comprehensive income would have been approximately RMB15,021 million (2023: RMB10,424 million) higher/lower as a result of gains/losses on financial instruments classified as at FVOCI.

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for loans to investees and investees' shareholders, term deposits with initial terms of over three months, restricted cash and cash and cash equivalents, details of which have been disclosed in Notes 27, 30 and 32.

If the interest rate of term deposits with initial terms of over three months had been 50 basis points higher/lower, the profit before income tax for the year ended 31 December 2024 would have been RMB1,353 million (2023: RMB1,076 million) higher/lower. If the interest rate of cash and cash equivalents had been 50 basis points higher/lower, the profit before income tax for the year ended 31 December 2024 would have been RMB663 million (2023: RMB862 million) higher/lower.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The Group's exposure to changes in interest rates is also attributable to its borrowings and notes payable, details of which have been disclosed in Notes 36 and 37, representing a substantial portion of the Group's debts. Borrowings and notes payable carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

The Group regularly monitors its interest rate risk to identify if there are any undue exposures to significant interest rate movements and manages its cash flow interest rate risk by using interest rate swaps, whenever considered necessary.

The Group entered into certain interest rate swap contracts to hedge its exposure arising from borrowings and senior notes carried at floating rates. Under these interest rate swap contracts, the Group agreed with the counterparties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. These interest rate swap contracts had the economic effect of converting borrowings and senior notes from floating rates to fixed rates and were qualified for hedge accounting. Details of the Group's outstanding interest rate swap contracts as at 31 December 2024 are mainly disclosed in Note 28.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2024	2023
	RMB'Million	RMB'Million
Interest rate swaps		
Carrying amount (current assets)	**336**	2,520
Carrying amount (non-current assets)	**120**	969
Notional amount	**15,455**	97,019
Maturity date	**2025/9/26 ~ 2026/2/24**	2024/3/28 ~ 2026/2/24
Hedge ratio	**1:1**	1:1
Changes in fair value of outstanding hedging instruments since 1 January	**(2,732)**	(3,581)
Change in value of hedged item used to determine hedge effectiveness since 1 January	**(2,732)**	(3,581)
Weighted average hedged rate for the year	**0.64%**	0.59%

Swaps currently in place covered certain floating-rate borrowings principal outstanding as at 31 December 2024.

As at 31 December 2024 and 2023, management considered that any reasonable changes in the interest rates would not result in a significant change in the Group's results as the Group's exposure to cash flow interest-rate risk arising from its borrowings and notes payable carried at floating rates, after considering the effect of hedging, is considered to be insignificant.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk

The Group is exposed to credit risk in relation to its cash, deposits and restricted cash placed with banks and other financial institutions, accounts receivable, other receivables, derivative financial instruments, as well as debt investments measured at amortised cost, at FVOCI and at FVPL. The carrying amount of each class of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

The majority of the balances of accounts receivable are due from marketing services customers and agents, FinTech and cloud customers, content production related customers and third party platform providers. To manage the credit risk arising from accounts receivable, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit periods granted to these customers are disclosed in Note 31 and the credit quality of these customers is regularly assessed, which takes into account their financial position, past experience and other factors. The Group has a large number of customers and there is no significant concentration of credit risk.

Other receivables mainly comprise loan receivables related to financial services, interest receivables, loans to investees and investees' shareholders, lease deposits and other receivables. Management manages the loans by category, makes periodic assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experience.

For financial assets whose impairment losses are measured using ECL model, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

– Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial instrument is included in stage 1.

– Stage 2: If the credit risk has increased significantly since its initial recognition but not yet deemed to be credit-impaired, the financial instrument is included in stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in stage 3.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, lifetime or 12-month ECL are provided respectively.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the years. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at year end with the risk of default as at the date of initial recognition. In particular, the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant changes in the expected performance and behavior of the counterparty, including changes in the payment status of the counterparty.

(i) Credit risk of cash and deposits

To manage this risk, the Group only makes transactions with state-owned banks and other financial institutions in the PRC and reputable international banks and other financial institutions outside of the PRC, which are of high credit quality. The ECL is expected to be close to zero.

(ii) Credit risk of accounts receivable

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which requires the recognition of the lifetime expected loss provision for all accounts receivable. In view of the sound financial position and collection history of receivables due from these counterparties and insignificant risk of default, to measure the ECL, accounts receivable have been grouped based on shared credit risk characteristics and the days past due.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Credit risk of accounts receivable (continued)

The expected loss rates are based on the payment profiles of revenue over 12 months before 31 December 2024 and the corresponding historical credit losses experienced within this period or probability of a receivable progressing through successive stages of delinquency to write-off. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product to be the most relevant factor. Various economic scenarios are considered in generating the forward-looking adjustment.

A default on accounts receivable occurs when the counterparty fails to make contractual payments within 90 days after they fall due. To measure the ECL, accounts receivable are grouped on the basis of shared credit risk characteristics, such as industry, with the objective of facilitating recognition of loss allowance on a timely basis. Accounts receivable are written off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and the failure to make contractual payments for a period of greater than 3 years past due.

Impairment losses on accounts receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same item.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Credit risk of loan receivables related to financial services

To manage credit risk arising from loan receivables related to financial services, standardised credit management procedures are performed. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). This is consistent with the general approach used for the purpose of measuring ECL under IFRS 9. ECL is the product of PD, EAD, and LGD.

The ECL is measured on either a 12-month or a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition. No significant changes to estimation techniques or assumptions were made during the reporting period.

Details of the Group's loan receivables related to financial services are included in Note 27. As at 31 December 2024, the majority of the gross carrying amount of loan receivables was classified in stage 1, and the amount of loan receivables transferred from stage 1 to stage 2 or stage 3 was immaterial (31 December 2023: immaterial). During the year ended 31 December 2024, the impairment loss resulting from loan receivables related to financial services was immaterial (2023: immaterial).

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents, and readily marketable securities which are classified as FVPL. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such.

The table below analyses the Group's financial liabilities by relevant maturity groupings based on the remaining period since the end of the reporting period to the contractual maturity date (or the earliest date a financial liability may become payable in the absence of a fixed maturity date). The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial assets to be delivered.

	Less than 1 year RMB'Million	Between 1 and 2 years RMB'Million	Between 2 and 5 years RMB'Million	Over 5 years RMB'Million	Total RMB'Million
At 31 December 2024					
Non-derivatives:					
Notes payable	13,229	15,103	50,713	122,293	201,338
Long-term payables	–	5,048	719	63	5,830
Borrowings	58,454	53,892	103,755	6,804	222,905
Lease liabilities	5,930	4,390	7,336	3,066	20,722
Other financial liabilities	5,708	492	1,666	6,267	14,133
Accounts payable, other payables and accruals	166,518	–	–	–	166,518
Derivatives:					
Other financial liabilities	1	–	–	–	1
	249,840	78,925	164,189	138,493	631,447

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'Million	Between 1 and 2 years RMB'Million	Between 2 and 5 years RMB'Million	Over 5 years RMB'Million	Total RMB'Million
At 31 December 2023					
Non-derivatives:					
Notes payable	19,138	13,034	40,529	144,814	217,515
Long-term payables	–	6,330	3,027	89	9,446
Borrowings	49,390	46,547	128,371	2	224,310
Lease liabilities	6,547	5,379	8,516	4,402	24,844
Other financial liabilities	4,523	2,375	5,548	8,360	20,806
Accounts payable, other payables and accruals	144,283	–	–	–	144,283
Derivatives:					
Other financial liabilities	8	–	–	–	8
	223,889	73,665	185,991	157,667	641,212

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Capital risk management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

Capital refers to equity and external debts (including borrowings and notes payable). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase the Company's shares or raise/repay debts.

The Group assesses its creditworthiness based on its business and financial risk profile and monitors its capital by regularly reviewing its total debts to adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") (Note) ratio, being the measure of the Group's ability to pay off all of its debts which in turn reflects the Group's financial health and liquidity position. The total debts/Adjusted EBITDA ratio calculated by dividing the total debts by Adjusted EBITDA is as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Borrowings (Note 36)	**199,406**	197,356
Notes payable (Note 37)	**139,209**	151,262
Total debts	**338,615**	348,618
Adjusted EBITDA (Note)	**277,012**	235,454
Total debts/Adjusted EBITDA ratio	**1.22**	1.48

Note:

Adjusted EBITDA represents operating profit less other gains/(losses), net, and adding back depreciation of property, plant and equipment, investment properties as well as right-of-use assets, amortisation of intangible assets and land use rights, and equity-settled share-based compensation expenses.

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 RMB'Million	Level 2 RMB'Million	Level 3 RMB'Million	Total RMB'Million
As at 31 December 2024				
FVPL	**9,290**	**11,645**	**193,632**	**214,567**
FVOCI	**286,866**	**4,876**	**13,963**	**305,705**
Other financial assets	**95**	**4,149**	**62**	**4,306**
Other financial liabilities	**–**	**(631)**	**(1,183)**	**(1,814)**
As at 31 December 2023				
FVPL	12,280	14,233	199,535	226,048
FVOCI	190,011	1,269	22,671	213,951
Other financial assets	–	6,715	26	6,741
Other financial liabilities	–	(8)	(2,977)	(2,985)

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

The fair value of financial instruments traded in active markets is determined with reference to quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of such a financial instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments mainly include:

- Dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

The Group did not change any valuation techniques in determining the Level 2 and Level 3 fair values.

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

During the year ended 31 December 2024, there was no transfer between Level 1 and 2 for recurring fair value measurements. Transfers in and out of Level 3 measurements are set out in the following table, which presents the changes of financial instruments in Level 3 for the years ended 31 December 2024 and 2023:

	Financial assets		Financial liabilities	
	2024	2023	**2024**	2023
	RMB'Million	RMB'Million	**RMB'Million**	RMB'Million
Opening balance	**222,232**	216,054	**(2,977)**	(3,298)
Additions and others	**19,860**	18,770	**–**	40
Business combinations	**–**	5,238	**(29)**	2
Disposals/settlements	**(7,193)**	(2,911)	**1,718**	906
Transfers (Note)	**(33,011)**	(17,202)	**–**	–
Changes in fair value recognised in other comprehensive income	**(1,540)**	34	**–**	–
Changes in fair value recognised in profit or loss*	**4,967**	(1,508)	**92**	(579)
Currency translation differences	**2,342**	3,757	**13**	(48)
Closing balance	**207,657**	222,232	**(1,183)**	(2,977)
*Includes unrealised gains/(losses) recognised in profit or loss attributable to balances held at the end of the reporting period	**945**	(3,678)	**112**	(496)

Note:

During the years ended 31 December 2024 and 2023, transfers from Level 3 to Level 1 were mainly due to the successful Initial Public Offerings ("IPO(s)") of certain existing investees.

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

Valuation processes inputs and relationships to fair value (Level 3)

The Group has a team of personnel who performs valuation on these Level 3 instruments for financial reporting purposes. The team performs valuation, or necessary updates, at least once every quarter, which coincides with the Group's quarterly reporting dates. On an annual basis, the team adopts various valuation techniques to determine the fair value of the Group's Level 3 instruments. External valuation experts may also be involved and consulted when it is necessary.

The components of the Level 3 instruments mainly include investments in unlisted companies classified as FVPL or FVOCI, other financial assets, and other financial liabilities. Other financial liabilities included in Level 3 instruments mainly include contingent consideration payables related to certain business combinations. As these investments and instruments are not traded in an active market, the majority of their fair values have been determined using applicable valuation techniques including comparable companies approach, comparable transactions approach, option pricing approach and others. These valuation approaches require significant judgments, assumptions and inputs, including risk-free rates, expected volatility, and market information of recent transactions (such as recent fund-raising transactions undertaken by the investees) and other exposure, etc.

The quantitative information about the significant unobservable inputs used in Level 3 fair value measurements of investments in unlisted companies comprises:

Description	Fair value as at 31 December		Significant unobservable inputs	Range of inputs at 31 December		Relationship of unobservable inputs to fair value
	2024 RMB'Million	2023 RMB'Million		**2024**	2023	
Investments in unlisted companies in FVPL and FVOCI	**192,787**	213,369	Expected volatility	**32% ~ 82%**	33% ~ 82%	Depends on rights and restrictions of shares held by the Group
			Risk-free rate	**0.04% ~ 6.64%**	0.04% ~ 7.05%	

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

For the fair value of the Group's investments in unlisted companies, the sensitivity analysis on equity price risk is performed by management, see Note 4.1(a)(ii) for details.

For the fair value of contingent consideration payables related to business combinations, management considered that any reasonable changes in the growth rate of net profit or expected volatility would not result in a significant change in the Group's results for the years ended 31 December 2024 and 2023.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) The estimates of the expected users' relationship periods related to in-game permanent virtual items provided on the Group's online platforms

As mentioned in Note 2.22(a), the end users purchase certain in-game permanent virtual items provided on the Group's online platforms and the relevant revenue is recognised ratably over the respective estimates of the expected users' relationship periods.

Significant judgments are required in determining the expected users' relationship periods, including but not limited to historical users' consumption patterns, churn rates, game life-cycles, and qualitative factors such as reactivity on marketing activities and the Group's marketing strategy. The Group has adopted a policy of reassessing the expected users' relationship periods on a regular basis and whenever there is any indicator of change in the estimates of the expected users' relationship periods.

The Group will continue to monitor the estimates of the expected users' relationship periods. The results may differ from prior periods, and any change in the estimates may result in the revenue being recognised on a different basis from that in prior periods.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(b) Recoverability of non-financial assets

The Group tests at least annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, construction in progress, other intangible assets, investment properties, land use rights, right-of-use assets as well as investments in associates and joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be fully recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgments and estimates.

Judgment is required to identify any impairment indicators existing for any of the Group's goodwill and other non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated income statement.

(c) Fair value measurement of FVPL and FVOCI

The fair value assessment of FVPL and FVOCI that are measured at Level 3 fair value hierarchy requires significant estimates, which include risk-free rates, expected volatility, market information of recent transactions (such as recent fund-raising transactions undertaken by the investees) and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

(d) Share-based compensation arrangements

As mentioned in Note 2.20(e), the Group has granted share options to its employees and other qualifying participants. The directors have adopted the Binomial Model to determine the total grant-date fair value of share options granted, which is to be expensed over the respective vesting periods. Significant estimates and judgment on key parameters, such as risk-free rate, dividend yield and expected volatility, are required to be made by the directors based on historical experience and other relevant factors in applying the Binomial Model (Note 35). These estimates and judgments could materially affect the fair value of these options granted.

The fair value of share options granted to employees and other qualifying participants determined using the Binomial Model was approximately HKD1,218 million (equivalent to approximately RMB1,106 million) in 2024 (2023: approximately HKD2,183 million (equivalent to approximately RMB1,987 million)).

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(d) Share-based compensation arrangements (continued)

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the share options and awarded shares (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. Where the final retention rate is different from the initial estimate, such differences will impact the share-based compensation expenses in subsequent periods. As at 31 December 2024, the Expected Retention Rate of the Group's wholly-owned subsidiaries was assessed to be not lower than approximately 88% (31 December 2023: not lower than approximately 89%).

(e) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such outcome is decided.

(f) Scope of consolidation

Consolidation is required only if control exists. The Group controls an investee when it has all the following: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. Power results from rights that can be straightforward through voting rights or complicated from contractual arrangements. Variable returns normally encompass financial benefits and risks, but in certain cases, they also include operational values specific to the Group. These three factors cannot be considered in isolation by the Group in its assessment of control over an investee. Where the factors of control are not apparent, significant judgment is applied in the assessment, which is based on an overall analysis of all of the relevant facts and circumstances.

The Group is required to reassess whether it controls the investee if facts and circumstances indicate a change to one or more of the three factors of control.

6 SEGMENT INFORMATION AND REVENUES

(a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers.

The chief operating decision-makers mainly include chief executive officer and president of the Company. They review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

The Group has the following reportable segments for the years ended 31 December 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.

The chief operating decision-makers assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. Revenues and cost of revenues are directly attributable to our operating segments, whereas other income and expenses, such as selling and marketing expenses, general and administrative expenses, interest income and finance costs (net), are managed centrally at group level due to the coherent nature of our businesses; therefore, they are not included in the measure of the operating segments' performance. Other gains/losses (net), net gains/(losses) from investments and others, share of profit/loss of associates and joint ventures (net) and income tax expense are not allocated to individual operating segment either.

There were no material inter-segment sales during the years ended 31 December 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 consolidated income statement.

Other information, together with the segment information, provided to the chief operating decision-makers, is measured in a manner consistent with that applied in these consolidated financial statements. There was no segment assets or segment liabilities information provided to the chief operating decision-makers.

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

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

	Year ended 31 December 2024				
	VAS RMB'Million	Marketing Services RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	**319,168**	**121,374**	**211,956**	**7,759**	**660,257**
Gross profit	**181,657**	**67,232**	**99,701**	**656**	**349,246**
Cost of revenues					
Depreciation	**5,242**	**6,792**	**7,773**	**55**	**19,862**
Amortisation	**16,270**	**7,327**	**152**	**2,243**	**25,992**

	Year ended 31 December 2023				
	VAS RMB'Million	Marketing Services RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	298,375	101,482	203,763	5,395	609,015
Gross profit/(loss)	161,919	51,344	80,636	(790)	293,109
Cost of revenues					
Depreciation	5,239	6,025	8,713	59	20,036
Amortisation	19,468	8,661	158	1,930	30,217

The reconciliation of gross profit to profit before income tax is shown in the consolidated income statement.

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the Mainland of China. For the years ended 31 December 2024 and 2023, breakdown of the total revenues by geographical location is as follows:

	2024	2023
	RMB'Million	RMB'Million
Revenues		
– The Mainland of China	**595,458**	550,779
– Others	**64,799**	58,236
	660,257	609,015

The Group also conducts operations in the Europe, North America and other regions, and holds investments (including investments in associates, investments in joint ventures, FVPL and FVOCI) in various territories. The geographical information on the total assets is as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Operating and other assets		
– The Mainland of China	**559,333**	550,635
– Others	**403,975**	324,947
Investments		
– The Mainland of China and Hong Kong	**429,551**	393,836
– North America	**111,077**	110,106
– Asia excluding the Mainland of China and Hong Kong	**157,858**	110,224
– Europe	**98,791**	64,123
– Others	**20,410**	23,375
	1,780,995	1,577,246

As at 31 December 2024, the total non-current assets other than financial instruments and deferred income tax assets located in the Mainland of China and other regions amounted to RMB432,348 million (31 December 2023: RMB361,619 million) and RMB230,108 million (31 December 2023: RMB201,821 million), respectively.

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

All the revenues derived from any single external customer were less than 10% of the Group's total revenues during the years ended 31 December 2024 and 2023.

(b) Disaggregation of revenues

In the following table, revenues of the Group are disaggregated by revenue sources. The table also includes a reconciliation to the segment information (Note 6(a)).

	2024	2023
	RMB'Million	RMB'Million
Revenues		
– VAS	**319,168**	298,375
Games	**197,712**	179,860
Social networks	**121,456**	118,515
– Marketing Services	**121,374**	101,482
– FinTech and Business Services	**211,956**	203,763
– Others	**7,759**	5,395
	660,257	609,015

6 SEGMENT INFORMATION AND REVENUES (continued)

(c) Assets and liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers under "Deferred revenue":

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Contract liabilities:		
VAS	**78,784**	62,890
Marketing Services	**833**	1,335
FinTech and Business Services	**7,722**	6,733
Others	**213**	172
	87,552	71,130

Note:

(i) Contract liabilities

Contract liabilities mainly comprised unamortised virtual items, prepaid subscription fees, prepaid tokens or cards, Internet traffic and other support to be offered to certain investee companies in the future periods measured at their fair value on the inception dates, and customer loyalty incentives.

6 SEGMENT INFORMATION AND REVENUES (continued)

(c) Assets and liabilities related to contracts with customers (continued)

Note: (continued)

(ii) Revenue recognised in relation to contract liabilities

The following table shows the extent of the revenue recognised in the current reporting period which relates to carried-forward contract liabilities:

	2024	2023
	RMB'Million	RMB'Million
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:		
VAS	**60,185**	59,697
Marketing Services	**1,107**	1,802
FinTech and Business Services	**6,055**	5,334
Others	**147**	155
	67,494	66,988

As at 31 December 2024 and 2023, contract assets and total capitalised contract costs to obtain or fulfil contracts with customers were immaterial.

7 EXPENSES BY NATURE

	2024	2023
	RMB'Million	RMB'Million
Transaction costs (Note (a))	**134,954**	134,864
Employee benefits expenses (Note (b) and Note 14)	**112,826**	107,675
Content costs (excluding amortisation of intangible assets)	**68,581**	62,696
Amortisation of intangible assets (Note (c) and Note 21)	**28,765**	32,623
Depreciation of property, plant and equipment, investment properties and right-of-use assets	**27,332**	26,305
Bandwidth and server custody fees (excluding depreciation of right-of-use assets)	**26,419**	24,248
Promotion and advertising expenses	**25,062**	22,836
Auditor's remuneration		
– Audit and audit-related services	**161**	155
– Non-audit services	**53**	57
– Tax advisory	***32***	*23*
– Due diligence service	***2***	*2*
– Other services	***19***	*32*

Note:

(a) Transaction costs primarily consist of bank handling fees, channel and distribution costs.

(b) During the year ended 31 December 2024, the Group had incurred expenses for the purpose of research and development of approximately RMB70,686 million (2023: RMB64,078 million), which mainly comprised employee benefits expenses of approximately RMB56,061 million (2023: RMB52,416 million).

No significant development expenses had been capitalised for the years ended 31 December 2024 and 2023.

During the year ended 31 December 2024, employee benefits expenses included the share-based compensation expenses of approximately RMB23,424 million (2023: RMB22,782 million), which contained those incurred for employees related to SSV & CPP initiatives of approximately RMB60 million (2023: RMB63 million).

7 EXPENSES BY NATURE (continued)

Note: (continued)

(c) Amortisation charges of intangible assets are mainly in respect of media content including long-form video and music content, game licences, and other content. During the year ended 31 December 2024, amortisation of media content was approximately RMB26,166 million (2023: RMB30,088 million).

During the year ended 31 December 2024, amortisation of intangible assets included the amortisation of intangible assets arising from acquisitions of approximately RMB5,294 million (2023: RMB5,019 million).

(d) During the year ended 31 December 2024, expenses incurred related to SSV & CPP initiatives (excluding share-based compensation expenses) were approximately RMB991 million (2023: RMB998 million).

(e) During the year ended 31 December 2024, non-recurring compliance-related costs and expenses incurred for certain litigation settlements in total were approximately RMB3 million, which were included in "General and administrative expenses" (2023: except for Tenpay-related fine as disclosed in Note 8, non-recurring compliance-related costs and expenses incurred for certain litigation settlements in total were approximately RMB18 million, of which approximately RMB17 million were included in "General and administrative expenses", and approximately RMB1 million were included in "Other gains/(losses), net").

8 OTHER GAINS/(LOSSES), NET

	2024	2023
	RMB'Million	RMB'Million
Subsidies and tax rebates	**8,689**	10,285
Tenpay-related fine	**–**	(2,995)
Others	**(687)**	(2,589)
	8,002	4,701

9 NET GAINS/(LOSSES) FROM INVESTMENTS AND OTHERS

	2024 RMB'Million	2023 RMB'Million
Net gains on disposals and deemed disposals of investee companies (Note (a))	**12,810**	4,283
Net fair value gains/(losses) on FVPL (Note (b) and Note 25)	**3,533**	(1,954)
Impairment provisions for investments in associates (Note 22(c))	**(8,250)**	(6,847)
Impairment (provisions)/reversals for investments in joint ventures and others	**(170)**	752
Impairment provisions for goodwill and other intangible assets arising from acquisitions (Note 21)	**(1,369)**	(95)
Other net fair value losses (Note (c))	**(892)**	(165)
Donations (Note (d))	**(2,003)**	(2,952)
Dividend income	**715**	546
Others (Note (e))	**(187)**	342
	4,187	(6,090)

Note:

(a) The net disposal and deemed disposal gains of approximately RMB12,810 million recognised during the year ended 31 December 2024 comprised the following:

- aggregate net gains of approximately RMB2,370 million (2023: RMB1,574 million) on disposals and partial disposals of investee companies of the Group;
- aggregate net gains of approximately RMB6,781 million (2023: RMB4,004 million) on deemed disposals of investee companies of the Group; and
- aggregate net gains of approximately RMB3,659 million (2023: net losses of approximately RMB1,295 million) (Note 22) on dilution of the Group's equity interests in certain associates due to new equity interests being issued by these associates.

(b) During the year ended 31 December 2024, the net fair value gains/(losses) on FVPL mainly comprised net gains of approximately RMB2,988 million as a result of changes in valuations of certain investee companies (2023: net losses of approximately RMB2,886 million).

9 NET GAINS/(LOSSES) FROM INVESTMENTS AND OTHERS (continued)

Note: (continued)

(c) During the year ended 31 December 2024, the other net fair value losses mainly included net losses of approximately RMB912 million on other investment-related financial assets and liabilities (2023: RMB152 million).

(d) During the year ended 31 December 2024, donations mainly included approximately RMB1,579 million for SSV & CPP initiatives of the Group (2023: RMB2,792 million).

(e) During the year ended 31 December 2024, others included transaction costs with an aggregate amount of approximately RMB529 million related to certain equity transactions of investee companies.

10 INTEREST INCOME

Interest income mainly represents interest income from bank deposits, including bank balance and term deposits.

11 FINANCE COSTS

	2024	2023
	RMB'Million	RMB'Million
Interest and related expenses	**12,447**	11,885
Exchange (gains)/losses, net	**(466)**	383
	11,981	12,268

Interest and related expenses mainly arose from the borrowings, notes payable and lease liabilities as disclosed in Notes 36, 37 and 19, respectively.

12 TAXATION

(a) Income tax expense

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

(i) 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 2024 and 2023.

(ii) 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 years ended 31 December 2024 and 2023.

(iii) 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 years ended 31 December 2024 and 2023. The general PRC CIT rate was 25% in 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 years ended 31 December 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 fulfilment of certain requirements of the respective local governments.

12 TAXATION (continued)

(a) Income tax expense (continued)

(iv) Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including the North America, 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, which were not higher than 39%.

(v) 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 is analysed as follows:

	2024	2023
	RMB'Million	RMB'Million
Current income tax	**34,903**	32,720
Deferred income tax (Note 29)	**10,115**	10,556
	45,018	43,276

12 TAXATION (continued)

(a) Income tax expense (continued)

For the year ended 31 December 2024, the taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% (2023: 25%), being the general tax rate of the major subsidiaries of the Group before enjoying preferential tax treatments, as follows:

	2024	2023
	RMB'Million	RMB'Million
Profit before income tax	**241,485**	161,324
Share of (profit)/loss of associates and joint ventures, net	**(25,176)**	(5,800)
	216,309	155,524
Tax calculated at a tax rate of 25%	**54,077**	38,881
Effects of different tax rates applicable to different subsidiaries of the Group	**(22,341)**	(13,971)
Effects of tax holiday and preferential tax benefits on assessable profits of subsidiaries incorporated in the Mainland of China	**(5,806)**	(4,400)
Income not subject to tax	**(146)**	(433)
Expenses not deductible for tax purposes	**2,626**	2,918
Withholding tax on earnings expected to be remitted by subsidiaries (Note 29)	**10,226**	10,300
Unrecognised deferred income tax assets	**6,434**	9,983
Others	**(52)**	(2)
Income tax expense	**45,018**	43,276

12 TAXATION (continued)

(b) Value-added tax and other taxes

The operations of the Group are also mainly subject to the following taxes in the PRC:

Category	Tax rate	Basis of levy
Value-added tax ("VAT")	6 ~ 13%	Sales value of goods sold and services fee income, offset by VAT on purchases
Cultural construction fee	3% (Note (i))	Taxable advertising income
City construction tax	7%	Net VAT payable amount
Educational surcharges	5%	Net VAT payable amount

Note:

(i) The rate of cultural construction fee has been reduced by 50% in certain regions during 1 July 2019 to 31 December 2024, and this fee was fully exempted during the period from 1 January 2020 to 31 December 2021.

(c) OECD Pillar Two model rules

The Organisation for Economic Co-operation and Development ("OECD") published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws ("Pillar Two legislation") to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group fell into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%.

The Group has reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and engaged external tax specialists in assisting the Group to continuously assess its tax exposure. The ongoing assessment of the Group takes into account the latest country-by-country reports or financial information for the Group's consolidated financial statements for the year ended 31 December 2024.

12 TAXATION (continued)

(c) OECD Pillar Two model rules (continued)

As at 31 December 2024, the Group mainly operates in the Mainland of China and Hong Kong. Pillar Two legislation is not yet enacted or substantively enacted in the Mainland of China as at 31 December 2024.

Pillar Two legislation is effective in Luxembourg, the Netherlands, Ireland, and certain other jurisdictions where the Group operates with immaterial current tax exposure for the year ended 31 December 2024. While, Pillar Two legislation in Hong Kong, as well as certain other jurisdictions where the Group operates, will come into effect on or after 1 January 2025. It is estimated that the Group's income tax would not be materially different, should such legislation had been in effect for the years ended 31 December 2024 and 2023.

The Group will continue assessing the Pillar Two tax exposure and the impacts on its consolidated financial statements accordingly.

13 EARNINGS PER SHARE

(a) Basic

Basic earnings per share ("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 year.

	2024	2023
Profit attributable to equity holders of the Company (RMB'Million)	**194,073**	115,216
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	**9,269**	9,455
Basic EPS (RMB per share)	**20.938**	12.186

13 EARNINGS PER SHARE (continued)

(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.

	2024	2023
Profit attributable to equity holders of the Company (RMB'Million)	**194,073**	115,216
Dilution effect arising from share-based awards granted by non wholly-owned subsidiaries and associates (RMB'Million)	**(1,343)**	(986)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB'Million)	**192,730**	114,230
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	**9,269**	9,455
Adjustments for share options and awarded shares (million shares)	**139**	155
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	**9,408**	9,610
Diluted EPS (RMB per share)	**20.486**	11.887

14 EMPLOYEE BENEFITS EXPENSES

	2024 RMB'Million	2023 RMB'Million
Wages, salaries and bonuses	**74,419**	71,225
Share-based compensation expenses	**23,424**	22,782
Contributions to pension plans (Note)	**7,783**	7,299
Welfare, medical and other expenses (Note)	**7,083**	6,241
Training expenses	**117**	128
	112,826	107,675

Note:

The majority of the Group's contributions to pension plans are related to the local employees in the PRC. All local employees of the subsidiaries in the PRC participate in employee social security plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the governmental authorities. Except for the contributions made to these social security plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the portion of premium and welfare benefit contributions that should be borne by the companies within the Group as required by the above social security plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are paid to the respective labour and social welfare authorities and are expensed as incurred. The applicable percentages used to provide for major social security plans for the years ended 31 December 2024 and 2023 are listed below:

	Percentage
Pension insurance	12.0 ~ 20.0%
Medical insurance	5.0 ~ 10.0%
Unemployment insurance	0.25 ~ 1.5%
Housing fund	10.0 ~ 12.0%

Effective from 1 January 2022, additional employee benefits had been provided by the Group to certain employees, including (i) commercial health insurance benefits to certain eligible employees who have completed a required period of service; and (ii) one-off retirement cash bonus upon the retirement of qualifying employees. The financial impacts relating to these additional benefits for the years ended 31 December 2024 and 2023 were not material.

14 EMPLOYEE BENEFITS EXPENSES (continued)

(a) Senior management's emoluments

Senior management includes directors, chief executive officer ("CEO"), president and other senior executives. The aggregate compensation paid/payable to senior management for employee services (excluding the compensation paid/payable to (i) the then executive director of the Company during the period from 1 January 2023 to 17 May 2023, and (ii) an executive director and the CEO of the Company, details of which have been reflected in Note 15(a)), is as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	**674,477**	567,622
Contributions to pension plans	**872**	720
Share-based compensation expenses	**4,027,539**	4,042,105
	4,702,888	4,610,447

The emoluments of the above senior management fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
HKD8,000,000 ~ HKD50,000,000	**1**	1
HKD50,000,001 ~ HKD200,000,000	**4**	4
HKD200,000,001 ~ HKD400,000,000	**4**	4
HKD400,000,001 ~ HKD800,000,000	**1**	2
HKD800,000,001 ~ HKD1,200,000,000	**1**	1
HKD1,200,000,001 ~ HKD2,000,000,000	**1**	1

14 EMPLOYEE BENEFITS EXPENSES (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group did not include any director for the year ended 31 December 2024 (2023: did not include any director). All of these individuals have not received any emolument from the Group as an inducement to join the Group during the years ended 31 December 2024 and 2023. The emoluments paid/payable to the five (2023: five) individuals during the years are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries	**54,332**	36,100
Bonuses	**1,574,252**	1,091,373
Contributions to pension plans	**30,743**	23,091
Share-based compensation expenses	**2,886,602**	2,391,324
Allowances and benefits in kind	**339**	193
	4,546,268	3,542,081

The emoluments of the above five individuals (2023: five) fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
HKD431,500,001 ~ HKD432,000,000	**–**	1
HKD502,500,001 ~ HKD503,000,000	**–**	2
HKD684,000,001 ~ HKD684,500,000	**1**	–
HKD705,000,001 ~ HKD705,500,000	**1**	–
HKD1,049,500,001 ~ HKD1,050,000,000	**–**	1
HKD1,137,500,001 ~ HKD1,138,000,000	**1**	–
HKD1,169,000,001 ~ HKD1,169,500,000	**1**	–
HKD1,212,500,001 ~ HKD1,213,000,000	**1**	–
HKD1,421,000,001 ~ HKD1,421,500,000	**–**	1

15 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and the chief executive's emoluments

The remuneration of every director and the CEO is set out below:

During the year ended 31 December 2024:

Name of director	Fees RMB'000	Salaries RMB'000	Bonuses RMB'000	Contributions to pension plans RMB'000	Share-based compensation expenses RMB'000	Allowances and benefits in kind RMB'000 (Note (i))	Total RMB'000
Ma Huateng (CEO)	1,294	7,176	36,459	76	–	68	45,073
Li Dong Sheng	833	–	–	–	3,555	–	4,388
Ian Charles Stone	1,111	–	–	–	7,109	–	8,220
Yang Siu Shun	1,111	–	–	–	6,321	–	7,432
Ke Yang	833	–	–	–	3,522	–	4,355
Zhang Xiu Lan	833	–	–	–	2,992	–	3,825
Jacobus Petrus (Koos) Bekker	–	–	–	–	–	–	–
Charles St Leger Searle	–	–	–	–	–	–	–
	6,015	7,176	36,459	76	23,499	68	73,293

15 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and the chief executive's emoluments (continued)

During the year ended 31 December 2023:

Name of director	Fees RMB'000	Salaries RMB'000	Bonuses RMB'000	Contributions to pension plans RMB'000	Share-based compensation expenses RMB'000	Allowances and benefits in kind RMB'000 (Note (i))	Total RMB'000
Ma Huateng (CEO)	1,275	6,791	34,723	76	–	58	42,923
Lau Chi Ping Martin (Note (ii))	472	2,690	9,000	–	40,316	–	52,478
Li Dong Sheng	816	–	–	–	3,119	–	3,935
Ian Charles Stone	1,087	–	–	–	6,239	–	7,326
Yang Siu Shun	1,087	–	–	–	5,545	–	6,632
Ke Yang	816	–	–	–	3,042	–	3,858
Zhang Xiu Lan	816	–	–	–	1,929	–	2,745
Jacobus Petrus (Koos) Bekker	–	–	–	–	–	–	–
Charles St Leger Searle	–	–	–	–	–	–	–
	6,369	9,481	43,723	76	60,190	58	119,897

Note:

(i) Allowances and benefits in kind include leave pay, insurance premium and club membership.

(ii) The emoluments were received by Mr Lau Chi Ping Martin in his capacity as a director of the Company during the period from 1 January 2023 to 17 May 2023.

(iii) During the years ended 31 December 2024 and 2023, no share options were granted to any director of the Company, while 105,760 awarded shares were granted to five independent non-executive directors of the Company (2023: 74,542 awarded shares were granted to five independent non-executive directors of the Company).

(iv) 843,658 share options previously granted were voluntarily waived by a former executive director in January 2024, which did not take place during his term of directorship.

(v) No director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office. Except as stated in Note (iv) above, no director waived or has agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

15 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(b) Directors' termination benefits

No director's termination benefit subsisted at the end of the year or at any time during the year.

(c) Consideration provided to third parties for making available directors' services

No consideration provided to or receivable by third parties for making available directors' services subsisted at the end of the year or at any time during the year.

(d) Information about loans, quasi-loans and other dealings in favour of directors, their controlled bodies and connected entities

No loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities subsisted at the end of the year or at any time during the year.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16 DIVIDENDS

The final dividends amounting to HKD31,743 million (2023: HKD22,762 million) were paid during the year ended 31 December 2024.

A final dividend in respect of the year ended 31 December 2024 of HKD4.50 per share (2023: HKD3.40 per share) was proposed pursuant to a resolution passed by the Board on 19 March 2025 and subject to the approval of the shareholders at the 2025 annual general meeting of the Company to be held on 14 May 2025 or any adjournment thereof. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

17 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'Million	Computer and other operating equipment RMB'Million	Furniture and office equipment RMB'Million	Motor vehicles RMB'Million	Leasehold improvements RMB'Million	Total RMB'Million
At 1 January 2024						
Cost	22,077	110,811	3,012	175	4,319	140,394
Accumulated depreciation and impairment	(6,582)	(76,172)	(2,052)	(110)	(2,491)	(87,407)
Currency translation differences	62	109	10	(1)	65	245
Net book amount	15,557	34,748	970	64	1,893	53,232
Year ended 31 December 2024						
Opening net book amount	15,557	34,748	970	64	1,893	53,232
Business combinations	–	17	1	5	1	24
Additions	5,206	41,612	241	21	1,265	48,345
Disposals	(1)	(106)	(32)	(3)	(55)	(197)
Depreciation	(849)	(19,007)	(365)	(29)	(876)	(21,126)
Impairment provisions	–	(8)	–	–	(19)	(27)
Currency translation differences	(8)	(53)	(3)	–	(2)	(66)
Closing net book amount	19,905	57,203	812	58	2,207	80,185
At 31 December 2024						
Cost	27,233	148,784	3,042	167	5,363	184,589
Accumulated depreciation and impairment	(7,382)	(91,637)	(2,237)	(108)	(3,219)	(104,583)
Currency translation differences	54	56	7	(1)	63	179
Net book amount	19,905	57,203	812	58	2,207	80,185

17 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'Million	Computer and other operating equipment RMB'Million	Furniture and office equipment RMB'Million	Motor vehicles RMB'Million	Leasehold improvements RMB'Million	Total RMB'Million
At 1 January 2023						
Cost	20,158	103,343	2,966	155	4,981	131,603
Accumulated depreciation and impairment	(5,651)	(67,413)	(1,822)	(85)	(2,782)	(77,753)
Currency translation differences	26	37	8	(1)	58	128
Net book amount	14,533	35,967	1,152	69	2,257	53,978
Year ended 31 December 2023						
Opening net book amount	14,533	35,967	1,152	69	2,257	53,978
Business combinations	–	13	8	1	9	31
Additions	1,922	16,515	193	37	503	19,170
Disposals	(4)	(100)	(9)	(3)	(17)	(133)
Depreciation	(930)	(17,715)	(376)	(40)	(834)	(19,895)
Impairment provisions	–	(4)	–	–	(32)	(36)
Currency translation differences	36	72	2	–	7	117
Closing net book amount	15,557	34,748	970	64	1,893	53,232
At 31 December 2023						
Cost	22,077	110,811	3,012	175	4,319	140,394
Accumulated depreciation and impairment	(6,582)	(76,172)	(2,052)	(110)	(2,491)	(87,407)
Currency translation differences	62	109	10	(1)	65	245
Net book amount	15,557	34,748	970	64	1,893	53,232

During the year ended 31 December 2024, depreciation of RMB16,464 million (2023: RMB16,630 million), RMB460 million (2023: RMB405 million) and RMB4,202 million (2023: RMB2,860 million) were charged to "Cost of revenues", "Selling and marketing expenses" and "General and administrative expenses", respectively.

18 LAND USE RIGHTS

	2024 RMB'Million	2023 RMB'Million
Opening net book amount	**17,179**	18,046
Additions	**6,617**	36
Reduction (Note)	**–**	(201)
Disposals	**–**	(162)
Amortisation	**(655)**	(532)
Impairment provisions	**(28)**	(10)
Currency translation differences	**4**	2
Closing net book amount	**23,117**	17,179

Note:

It represented the return from the government due to actual occupancy area adjustments.

The land use rights mainly represented prepaid operating lease payments in respect of land in the Mainland of China with remaining lease periods ranging from 24 to 49 years.

19 LEASES (EXCLUDING LAND USE RIGHTS)

(a) Amounts recognised in consolidated statement of financial position

Movement of right-of-use assets (excluding land use rights, disclosed in Note 18) is analysed as follows:

	2024	2023
	RMB'Million	RMB'Million
Opening net book amount	**20,464**	22,524
Business combinations	**49**	47
Additions	**4,482**	6,535
Depreciation	**(6,198)**	(6,398)
Impairment provisions	**(87)**	–
Reduction (Note)	**(1,161)**	(2,512)
Currency translation differences	**130**	268
Closing net book amount	**17,679**	20,464

Note:

The reduction of right-of-use assets during the years ended 31 December 2024 and 2023 mainly arose from early termination and modification of lease contracts.

19 LEASES (EXCLUDING LAND USE RIGHTS) (continued)

(b) Amounts recognised in consolidated income statement and consolidated statement of cash flows

The consolidated income statement included the following amounts relating to leases (excluding the amortisation of land use rights, disclosed in Note 18):

	2024 RMB'Million	2023 RMB'Million
Depreciation charge of right-of-use assets		
Buildings	**2,722**	2,927
Computer and other operating equipment	**3,442**	3,436
Others	**27**	34
	6,191	6,397
Interest expense (included in finance costs)	**879**	1,011
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues and expenses)	**1,308**	1,595
Expense relating to variable lease payments not included in lease liabilities (included in cost of revenues and expenses)	**4,116**	4,687

Some leases of computer and other operating equipment contain variable lease payments. Variable payments are used for a variety of reasons, including managing cash outflows and minimising the fixed costs. Variable lease payments that depend on usage of bandwidth are recognised in profit or loss in the period in which the conditions that trigger those payments occur. Variable lease payments relating to computer and other operating equipment leases during the year ended 31 December 2024 were considered to be insignificant.

The total cash outflow in financing activities for leases during the year ended 31 December 2024 was approximately RMB7,207 million (2023: RMB7,589 million), including principal elements of lease payments of approximately RMB6,369 million (2023: RMB6,652 million) and related interest paid of approximately RMB838 million (2023: RMB937 million), respectively.

20 CONSTRUCTION IN PROGRESS

	2024 RMB'Million	2023 RMB'Million
Opening net book amount	**13,583**	9,229
Additions	**7,087**	7,129
Transfer to property, plant and equipment	**(8,314)**	(2,623)
Business combinations	**–**	5
Disposal	**(58)**	(175)
Currency translation differences	**4**	18
Closing net book amount	**12,302**	13,583

As at 31 December 2024, construction in progress mainly comprised office buildings and data centres under construction located in the PRC.

21 INTANGIBLE ASSETS

	Goodwill RMB'Million	Computer software and technology RMB'Million	Media content RMB'Million	Trademarks RMB'Million	Others RMB'Million	Total RMB'Million
At 1 January 2024						
Cost	146,966	14,935	167,888	14,591	10,253	354,633
Accumulated amortisation and impairment	(23,106)	(11,031)	(130,672)	(6,960)	(8,049)	(179,818)
Currency translation differences	2,360	(11)	541	33	(11)	2,912
Net book amount	126,220	3,893	37,757	7,664	2,193	177,727
Year ended 31 December 2024						
Opening net book amount	126,220	3,893	37,757	7,664	2,193	177,727
Business combinations	20,803	10	6,057	663	1	27,534
Additions	–	2,897	24,317	–	11	27,225
Disposals and others	–	(131)	(1,627)	(1)	(78)	(1,837)
Amortisation	–	(1,069)	(26,166)	(1,027)	(503)	(28,765)
Impairment provisions	(1,262)	(45)	(104)	–	(10)	(1,421)
Currency translation differences	(3,635)	16	(493)	(218)	(6)	(4,336)
Closing net book amount	142,126	5,571	39,741	7,081	1,608	196,127
At 31 December 2024						
Cost	167,769	17,548	186,754	15,171	10,182	397,424
Accumulated amortisation and impairment	(24,368)	(11,982)	(147,061)	(7,905)	(8,557)	(199,873)
Currency translation differences	(1,275)	5	48	(185)	(17)	(1,424)
Net book amount	142,126	5,571	39,741	7,081	1,608	196,127

21 INTANGIBLE ASSETS (continued)

	Goodwill RMB'Million	Computer software and technology RMB'Million	Media content RMB'Million	Trademarks RMB'Million	Others RMB'Million	Total RMB'Million
At 1 January 2023						
Cost	142,499	14,179	139,124	13,865	9,948	319,615
Accumulated amortisation and impairment	(23,101)	(10,035)	(108,045)	(5,971)	(7,515)	(154,667)
Currency translation differences	(2,667)	(34)	(69)	(304)	(72)	(3,146)
Net book amount	116,731	4,110	31,010	7,590	2,361	161,802
Year ended 31 December 2023						
Opening net book amount	116,731	4,110	31,010	7,590	2,361	161,802
Business combinations	6,850	185	6,277	727	194	14,233
Additions	–	707	31,298	–	122	32,127
Disposals and others	(2,383)	(41)	(1,347)	(1)	–	(3,772)
Amortisation	–	(1,001)	(30,088)	(989)	(545)	(32,623)
Impairment provisions	(5)	(90)	(3)	–	–	(98)
Currency translation differences	5,027	23	610	337	61	6,058
Closing net book amount	126,220	3,893	37,757	7,664	2,193	177,727
At 31 December 2023						
Cost	146,966	14,935	167,888	14,591	10,253	354,633
Accumulated amortisation and impairment	(23,106)	(11,031)	(130,672)	(6,960)	(8,049)	(179,818)
Currency translation differences	2,360	(11)	541	33	(11)	2,912
Net book amount	126,220	3,893	37,757	7,664	2,193	177,727

21 INTANGIBLE ASSETS (continued)

During the year ended 31 December 2024, amortisation of RMB25,992 million (2023: RMB30,217 million) and RMB2,773 million (2023: RMB2,406 million) were charged to "Cost of revenues" and "General and administrative expenses", respectively.

During the year ended 31 December 2024, impairment losses of RMB1,369 million (2023: RMB95 million) on goodwill and other intangible assets arising from acquisitions were charged to the consolidated income statement under "Net gains/(losses) from investments and others", and impairment losses of RMB52 million (2023: RMB3 million) on other intangible assets were charged to "Cost of revenues".

Impairment tests for goodwill

Goodwill was allocated to VAS segment with RMB138,500 million (31 December 2023: RMB121,437 million), Marketing Services segment with RMB464 million (31 December 2023: RMB434 million), FinTech and Business Services segment with RMB1,349 million (31 December 2023: RMB1,432 million) and Others segment with RMB1,813 million (31 December 2023: RMB2,917 million).

The Group carries out its impairment testing on goodwill by comparing the recoverable amounts of CGUs or groups of CGUs to their carrying amounts. For the purpose of goodwill impairment review, the recoverable amount of a CGU (or group of CGUs) is the higher of its fair value less costs of disposal and its value in use.

The key assumptions used for the calculation of the recoverable amounts of the CGUs (or groups of CGUs) under impairment testing are as follows:

For goodwill attributable to the Group's online game business within VAS segment, the recoverable amount was determined using fair value less costs of disposal where the fair value was determined as Level 3 according to the principle set out in Note 4.3. Fair value less costs of disposal was primarily determined based on ratios of EV (enterprise value) divided by EBITDA of several comparable public companies (range: 10-17x) (2023: range: 11-19x) multiplied by the EBITDA of the related CGU (or group of CGUs) and liquidity discount for lack of marketability at a range of 10% to 20% (2023: 10% to 20%). The comparable public companies were chosen based on factors such as industry similarity, company size, profitability and financial risks etc. Based on the above assessment, no impairment provisions were required (unless specified otherwise) for the year ended 31 December 2024.

Management had not identified any reasonably possible change in key assumptions that could cause carrying amounts of the above CGU (or groups of CGUs) to materially exceed their recoverable amounts.

21 INTANGIBLE ASSETS (continued)

Impairment tests for goodwill (continued)

For goodwill attributable to the Group's online music business and online literature business within VAS segment, FinTech and Business Services segment and television programme and film production businesses within Others segment, value in use was calculated using discounted cash flows. The valuations were based on five-year financial projections plus a terminal value related to cash flows beyond the projection period extrapolated at an estimated terminal growth rate of generally not more than 5% (2023: not more than 5%). Pre-tax discount rates of not more than 22% (2023: not more than 22%) were applied, which reflected assessment of time value and specific risks relating to the industries that the Group operates in. Management leveraged their experiences in the industries and provided forecast based on past performance and their anticipation of future business and market developments. Key parameters applied in the financial projections for impairment review purpose also included revenue growth rates, on a compound annual basis, of not more than 25% (2023: not more than 25%). Based on the above assessment, impairment provisions amounted to approximately RMB1.3 billion were made against goodwill, which was substantially related to a television programme and film production business for the year ended 31 December 2024.

22 INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Investments in associates		
– Listed entities	**149,557**	132,776
– Unlisted entities	**140,786**	120,920
	290,343	253,696

22 INVESTMENTS IN ASSOCIATES (continued)

Movement of investments in associates is analysed as follows:

	2024 RMB'Million	2023 RMB'Million
At beginning of the year	**253,696**	246,043
Additions (Note (a))	**3,986**	7,696
Transfers (Note (b))	**15,271**	4,408
Dilution gains/(losses) on deemed disposal (Note 9(a))	**3,659**	(1,295)
Share of profit/(loss) of associates, net	**24,686**	5,400
Share of other comprehensive income of associates	**(1,206)**	(743)
Share of other changes in net assets of associates	**4,074**	4,674
Dividends	**(2,675)**	(5,235)
Disposals	**(2,721)**	(2,544)
Impairment provisions, net (Note (c) and Note 9)	**(8,250)**	(6,847)
Currency translation differences	**(177)**	2,139
At end of the year	**290,343**	253,696

Note:

(a) During the year ended 31 December 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.

22 INVESTMENTS IN ASSOCIATES (continued)

Note: (continued)

(b) During the year ended 31 December 2024, investment in an investee company of the Group with a carrying amount of approximately RMB17,341 million, which is engaged in operating a social network platform, was transferred from FVPL to investment in an associate, due to changes of certain shareholder's rights of the Group.

(c) Both external and internal sources of information of associates are considered in assessing whether there is any indicator that the investments may be impaired, including but not limited to information about financial position and business performance of the associates, and a significant or prolonged decline in the fair value of an investment below its carrying amount is also objective evidence of impairment. The Group carries out impairment assessments on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less costs of disposal and value in use.

In respect of the recoverable amount using value in use, the discounted cash flows calculations are based on cash flow projections estimated by management and the key assumptions adopted in these cash flow projections include revenue growth rates, terminal growth rates and discount rates. In respect of the recoverable amount based on fair value less costs of disposal, the amount is calculated with reference to their respective market prices for listed investments, or using certain key valuation assumptions including the selection of comparable companies, recent market transactions, liquidity discounts adopted for lack of marketability for unlisted investments.

During the year ended 31 December 2024, an aggregate impairment loss of approximately RMB8,250 million (2023: RMB6,847 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 where the respective fair values had been determined according to the principle set out in Note 4.3.

22 INVESTMENTS IN ASSOCIATES (continued)

Investments in associates have been accounted for by using equity method based on the financial information of the associates prepared under the accounting policies generally consistent with those of the Group.

The Group's share of the results, the revenues, the aggregated assets (including goodwill) and liabilities of its associates, as well as the fair value of its stakes in the associates which are listed entities, are shown in aggregate as follows:

	Assets RMB'Million	Liabilities RMB'Million	Revenues RMB'Million	Profit/(loss) from continuing operation RMB'Million	Other comprehensive income RMB'Million	Total comprehensive income RMB'Million	Fair value of stakes in listed associates as at 31 December RMB'Million
2024							
Listed entities (Note)	**344,833**	**195,276**	**178,310**	**21,940**	**(1,102)**	**20,838**	**280,088**
Unlisted entities	**374,482**	**233,696**	**72,863**	**2,746**	**(104)**	**2,642**	
	719,315	**428,972**	**251,173**	**24,686**	**(1,206)**	**23,480**	
2023							
Listed entities (Note)	250,491	117,715	103,724	6,184	(373)	5,811	351,594
Unlisted entities	329,534	208,614	66,375	(784)	(370)	(1,154)	
	580,025	326,329	170,099	5,400	(743)	4,657	

Note:

As at 31 December 2024 and 2023, stakes in the associates which are listed entities consisted of directly and indirectly held listed equity interests.

22 INVESTMENTS IN ASSOCIATES (continued)

Management had assessed the level of influence that the Group was able to exercise on certain associates with the respective shareholding below 20% and certain associates with shareholding over 50% (voting power below 50%), with total carrying amounts of RMB190,114 million and RMB18,782 million as at 31 December 2024, respectively (31 December 2023: RMB148,749 million and RMB18,960 million, respectively). Management had determined that it had significant influence thereon through the board of directors representation or other arrangements made, but it had no control or joint control over such investees since the Group had no power to direct or jointly direct relevant activities due to other arrangements made. Consequently, these investments had been classified as associates.

There were no material contingent liabilities relating to the Group's interests in the associates.

23 INVESTMENTS IN JOINT VENTURES

As at 31 December 2024, the Group's investments in joint ventures of RMB7,072 million (31 December 2023: RMB7,969 million) mainly comprised an investee company that is a special purpose vehicle of which the Group has a majority stake for the investment in one of the telecommunication carriers in the PRC and other joint venture initiatives in entertainment-related businesses.

Net share of profit amounting to RMB490 million was recognised during the year ended 31 December 2024 (2023: RMB400 million).

During the year ended 31 December 2024, an aggregate impairment provision of approximately RMB149 million (2023: impairment reversal of RMB752 million) had been recognised against the carrying amounts of the investments in joint ventures, based on the respective assessed recoverable amounts.

24 FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2024, the financial instruments of the Group are analysed as follows:

	As at 31 December	
	2024	2023
Financial assets	**RMB'Million**	RMB'Million
Financial assets at amortised cost:		
Deposits and other receivables	**52,601**	46,985
Term deposits (Note 30)	**270,578**	215,284
Accounts receivable (Note 31)	**48,203**	46,606
Cash and cash equivalents (Note 32(a))	**132,519**	172,320
Restricted cash (Note 32(b))	**3,334**	3,818
Other financial assets (Note 28)	**1,520**	1,735
Financial assets at fair value:		
FVPL (Note 25)	**214,567**	226,048
FVOCI (Note 26)	**305,705**	213,951
Other financial assets (Note 28)	**4,306**	6,741
	1,033,333	933,488
Financial liabilities		
Financial liabilities at amortised cost:		
Borrowings (Note 36)	**199,406**	197,356
Notes payable (Note 37)	**139,209**	151,262
Long-term payables	**5,754**	9,034
Other financial liabilities (Note 39)	**8,725**	10,354
Accounts payable (Note 40)	**118,712**	100,948
Lease liabilities	**19,497**	22,622
Other payables and accruals	**47,806**	43,335
Financial liabilities at fair value:		
Other financial liabilities (Note 39)	**1,814**	2,985
	540,923	537,896

24 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Group's exposure to various risks associated with the financial instruments is discussed in Note 4. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

FVPL include the following:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Included in non-current assets:		
Investments in listed entities	**8,655**	11,495
Investments in unlisted entities	**178,824**	190,698
Treasury investments and others	**17,520**	8,952
	204,999	211,145
Included in current assets:		
Investments in listed entities	**–**	1
Treasury investments and others	**9,568**	14,902
	9,568	14,903
	214,567	226,048

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Movement of FVPL is analysed as follows:

	2024 RMB'Million	2023 RMB'Million
At beginning of the year	**226,048**	234,048
Additions and transfers (Note (a))	**53,717**	40,915
Changes in fair value (Note 9)	**3,533**	(1,954)
Disposals and others	**(71,488)**	(50,303)
Currency translation differences	**2,757**	3,342
At end of the year	**214,567**	226,048

Note:

(a) During the year ended 31 December 2024, except as described in Note 22(b), the Group's additions and transfers mainly comprised the following:

(i) new investments and additional investments with an aggregate amount of approximately RMB71,804 million in treasury investments, as well as investee companies which are principally engaged in games development, 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.

Management had assessed the level of influence that the Group was able to exercise on certain FVPL with shareholding exceeding 20%. Since these investments were either held in the form of redeemable instruments or interests in limited partnerships without significant influence, these investments had been classified as FVPL.

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

FVOCI include the following:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Included in non-current assets:		
Equity investments in listed entities	**285,134**	189,286
Equity investments in unlisted entities	**13,963**	22,671
Treasury investments	**3,263**	1,994
	302,360	213,951
Included in current assets:		
Treasury investments	**3,345**	–
	305,705	213,951

Movement of FVOCI is analysed as follows:

	2024	2023
	RMB'Million	RMB'Million
At beginning of the year	**213,951**	185,247
Additions and transfers (Note (a))	**19,020**	19,048
Changes in fair value	**94,554**	12,419
Disposals	**(25,848)**	(8,074)
Currency translation differences	**4,028**	5,311
At end of the year	**305,705**	213,951

Note:

(a) During the year ended 31 December 2024, except as described in Note 25(a)(ii), the Group's additions and transfers mainly comprised certain new investments and additional investments with an aggregate amount of approximately RMB7,666 million in investee companies which are principally engaged in games development, FinTech, biotechnology and pharmaceuticals, social media platform, sports equipment and apparel business, eCommerce and other Internet-related businesses.

27 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Included in non-current assets:		
Prepayments for purchase of property, plant and equipment, land use rights and other capital assets	**20,183**	152
Prepayments for media content	**12,429**	13,872
Loans to investees and investees' shareholders (Note (a))	**3,374**	3,667
Running royalty fees for online games (Note (b))	**1,294**	517
Prepayments for capital transactions	**9**	3,201
Others	**5,539**	7,030
	42,828	28,439
Included in current assets:		
Prepayments and prepaid expenses	**31,265**	27,824
Receivables related to financial services (Note (c))	**19,838**	18,824
Running royalty fees for online games (Note (b))	**17,335**	16,172
Interest receivables	**10,021**	9,101
Loans to investees and investees' shareholders (Note (a))	**3,175**	3,113
Refundable VAT	**2,228**	1,596
Lease and other deposits	**1,731**	1,715
Dividend and other investment-related receivables	**1,005**	1,033
Others	**14,446**	9,033
	101,044	88,411
	143,872	116,850

Note:

(a) As at 31 December 2024, the balances of loans to investees and investees' shareholders were mainly repayable within a period of one to six years (included in non-current assets), or within one year (included in current assets), and were interest-bearing at rates of not higher than 10.0% per annum (31 December 2023: not higher than 18.0% per annum). The loan arrangements are in line with the Group's overall business strategy.

(b) Running royalty fees for online games comprised prepaid royalty fees, unamortised running royalty fees and deferred Online Service Fees.

27 PREPAYMENTS, DEPOSITS AND OTHER ASSETS (continued)

Note: (continued)

(c) Loan receivables related to the Group's financial services were initially measured at fair value. Given the business models in which the loan receivables are held, they were subsequently measured at amortised cost. During the year ended 31 December 2024 and 2023, the impairment loss on loan receivables related to financial services was immaterial.

As at 31 December 2024, loss allowance subject to the ECL model made against the gross amounts of deposits and other receivables amounted to RMB2,943 million (31 December 2023: RMB2,761 million).

As at 31 December 2024 and 2023, the carrying amounts of prepayments, deposits and other assets (excluding prepayments and refundable VAT) approximated their fair values.

28 OTHER FINANCIAL ASSETS

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Measured at amortised cost:		
Treasury investments	**1,520**	1,735
Measured at fair value:		
Derivative instruments and others (Note)	**4,306**	6,741
	5,826	8,476
Included in:		
Non-current assets	**1,076**	2,527
Current assets	**4,750**	5,949
	5,826	8,476

Note:

The Group's derivative instruments and others included outstanding interest rate swap contracts, which were measured at fair value and used to hedge the exposure arising from certain borrowings carried at floating rates as at 31 December 2024. As at 31 December 2024, the aggregate notional principal amounts of outstanding interest rate swap contracts were USD2,150 million (equivalent to approximately RMB15,455 million) (31 December 2023: USD13,698 million (equivalent to approximately RMB97,019 million)).

29 DEFERRED INCOME TAXES

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

Deferred income tax assets/liabilities are analysed as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Gross deferred income tax assets:		
– expected to be recovered after more than 12 months	**23,160**	23,102
– expected to be recovered within 12 months	**11,797**	12,541
	34,957	35,643
Set-off of deferred income tax assets pursuant to set-off provisions	**(6,632)**	(6,626)
Net deferred income tax assets	**28,325**	29,017
Gross deferred income tax liabilities:		
– expected to be settled after more than 12 months	**(23,945)**	(22,919)
– expected to be settled within 12 months	**(1,233)**	(1,342)
	(25,178)	(24,261)
Set-off of deferred income tax liabilities pursuant to set-off provisions	**6,632**	6,626
Net deferred income tax liabilities	**(18,546)**	(17,635)

29 DEFERRED INCOME TAXES (continued)

The movements of the deferred income tax assets/liabilities before offsetting are as follows:

	Deferred income tax assets RMB'Million	Deferred income tax liabilities RMB'Million	Deferred income tax, net RMB'Million
At 1 January 2024	**35,643**	**(24,261)**	**11,382**
Business combinations	**–**	**(1,439)**	**(1,439)**
Charged to consolidated income statement (Note 12(a))	**(725)**	**(9,390)**	**(10,115)**
Withholding taxes utilised	**–**	**10,065**	**10,065**
Credited/(charged) to consolidated statement of changes in equity	**93**	**(396)**	**(303)**
Transfer upon disposal and deemed disposal of financial instruments	**–**	**31**	**31**
Currency translation differences	**(54)**	**212**	**158**
At 31 December 2024	**34,957**	**(25,178)**	**9,779**
At 1 January 2023	38,246	(20,526)	17,720
Business combinations	47	(1,431)	(1,384)
Charged to consolidated income statement (Note 12(a))	(2,282)	(8,274)	(10,556)
Withholding taxes utilised	–	6,550	6,550
Charged to consolidated statement of changes in equity	(368)	(850)	(1,218)
Transfer upon disposal and deemed disposal of financial instruments	(45)	512	467
Currency translation differences	45	(242)	(197)
At 31 December 2023	35,643	(24,261)	11,382

29 DEFERRED INCOME TAXES (continued)

The movements of deferred income tax assets before offsetting are as follows:

	Deferred income tax assets on temporary differences arising from					
	Accelerated amortisation of intangible assets RMB'Million	Tax losses RMB'Million (Note)	Accrued expenses RMB'Million	Lease liabilities RMB'Million	Share-based payments and others RMB'Million	Total RMB'Million
At 1 January 2024	**11,124**	**3,498**	**9,946**	**3,358**	**7,717**	**35,643**
Credited/(charged) to consolidated income statement	**567**	**21**	**(786)**	**(628)**	**101**	**(725)**
Credited to consolidated statement of changes in equity	**–**	**–**	**–**	**–**	**93**	**93**
Currency translation differences	**(42)**	**(6)**	**1**	**(5)**	**(2)**	**(54)**
At 31 December 2024	**11,649**	**3,513**	**9,161**	**2,725**	**7,909**	**34,957**
At 1 January 2023	9,718	3,655	10,493	3,802	10,578	38,246
Business combinations	–	7	34	6	–	47
Credited/(charged) to consolidated income statement	1,389	(168)	(595)	(473)	(2,435)	(2,282)
Charged to consolidated statement of changes in equity	–	–	–	–	(368)	(368)
Transfer upon disposal and deemed disposal of financial instruments	–	–	–	–	(45)	(45)
Currency translation differences	17	4	14	23	(13)	45
At 31 December 2023	11,124	3,498	9,946	3,358	7,717	35,643

29 DEFERRED INCOME TAXES (continued)

Note:

The Group only recognises deferred income tax assets for unused cumulative tax losses if it is probable that future taxable profits will be available to utilise those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at 31 December 2024, the Group did not recognise deferred income tax assets of RMB14,747 million (31 December 2023: RMB12,903 million) in respect of unused cumulative tax losses amounting to RMB78,209 million (31 December 2023: RMB68,715 million). The majority of these unused tax losses were originated from subsidiaries located in the Mainland of China and will expire from 2025 to 2034.

The movements of deferred income tax liabilities before offsetting are as follows:

	Deferred income tax liabilities on temporary differences arising from							
	Intangible assets acquired in business combinations RMB'Million	Withholding tax on the earnings anticipated to be remitted by subsidiaries RMB'Million (Note)	Changes in fair value of FVPL and FVOCI RMB'Million	Deemed disposals of investees RMB'Million	Accelerated tax depreciation RMB'Million	Right-of-use assets RMB'Million	Others RMB'Million	Total RMB'Million
At 1 January 2024	(5,168)	(8,795)	(4,146)	(1,376)	(1,616)	(2,939)	(221)	(24,261)
Business combinations	(1,439)	–	–	–	–	–	–	(1,439)
Credited/(charged) to consolidated income statement	1,108	(10,226)	(46)	(151)	(183)	465	(357)	(9,390)
Withholding tax utilised	–	10,065	–	–	–	–	–	10,065
Charged to consolidated statement of changes in equity	–	–	(396)	–	–	–	–	(396)
Transfer upon disposal and deemed disposal of financial instruments	–	–	31	–	–	–	–	31
Currency translation differences	196	(17)	(35)	–	–	6	62	212
At 31 December 2024	(5,303)	(8,973)	(4,592)	(1,527)	(1,799)	(2,468)	(516)	(25,178)

29 DEFERRED INCOME TAXES (continued)

	Deferred income tax liabilities on temporary differences arising from							
	Intangible assets acquired in business combinations RMB'Million	Withholding tax on the earnings anticipated to be remitted by subsidiaries RMB'Million (Note)	Changes in fair value of FVPL and FVOCI RMB'Million	Deemed disposals of investees RMB'Million	Accelerated tax depreciation RMB'Million	Right-of-use assets RMB'Million	Others RMB'Million	Total RMB'Million
At 1 January 2023	(4,684)	(5,041)	(3,425)	(1,256)	(2,405)	(3,440)	(275)	(20,526)
Business combinations	(1,411)	–	(2)	–	(12)	(5)	(1)	(1,431)
Credited/(charged) to consolidated income statement	1,162	(10,300)	(301)	(120)	794	535	(44)	(8,274)
Withholding tax utilised	–	6,550	–	–	–	–	–	6,550
Charged to consolidated statement of changes in equity	–	–	(850)	–	–	–	–	(850)
Transfer upon disposal and deemed disposal of financial instruments	–	–	512	–	–	–	–	512
Currency translation differences	(235)	(4)	(80)	–	7	(29)	99	(242)
At 31 December 2023	(5,168)	(8,795)	(4,146)	(1,376)	(1,616)	(2,939)	(221)	(24,261)

Note:

As at 31 December 2024, the Group recognised the relevant deferred income tax liabilities of RMB8,973 million (31 December 2023: RMB8,795 million) on retained earnings anticipated to be remitted to the Company by certain subsidiaries in the foreseeable future. No withholding tax had been provided for the remaining retained earnings of the Group's subsidiaries located in the Mainland of China of approximately RMB131,379 million (31 December 2023: RMB43,162 million), which are anticipated to be retained in the Mainland of China in the foreseeable future based on several factors, including forecast capital expenditures and working capital needs as well as management's estimation of overseas funding requirements. In addition, the Group did not recognise any deferred income tax liabilities on the retained earnings of the controlled structured entities consolidated through contractual arrangements as these amounts primarily represented the essential working capital retained for operation.

30 TERM DEPOSITS

An analysis of the Group's term deposits by currency is as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Included in non-current assets:		
RMB term deposits	**58,161**	28,848
Other currencies term deposits	**19,440**	453
	77,601	29,301
Included in current assets:		
USD term deposits	**122,181**	65,798
RMB term deposits	**70,509**	119,990
Other currencies term deposits	**287**	195
	192,977	185,983
	270,578	215,284

Term deposits with initial terms of over three months were neither past due nor impaired. As at 31 December 2024 and 2023, the carrying amounts of the term deposits with initial terms of over three months approximated their fair values.

31 ACCOUNTS RECEIVABLE

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Accounts receivable from contracts with agents/customers	**54,887**	54,355
Loss allowance	**(6,684)**	(7,749)
	48,203	46,606

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

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
0 ~ 30 days	**26,156**	24,259
31 ~ 60 days	**12,273**	11,708
61 ~ 90 days	**6,056**	6,163
Over 90 days	**3,718**	4,476
	48,203	46,606

As at 31 December 2024 and 2023, the majority of the Group's accounts receivable were denominated in RMB.

31 ACCOUNTS RECEIVABLE (continued)

The carrying amounts of accounts receivable of the Group's major agents/customers are as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
FinTech and cloud customers	**16,766**	16,703
Marketing services customers and agents	**14,485**	14,045
Third party platform providers	**8,415**	7,849
Content production related customers	**2,561**	2,609
Others	**5,976**	5,400
	48,203	46,606

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.

The Group applies the simplified approach prescribed by IFRS 9 to ECL of accounts receivable, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at year end. For the years ended 31 December 2024 and 2023, information about the impairment of accounts receivable and the Group's exposure to credit risk and foreign exchange risk can be found in Note 4.1.

As at 31 December 2024 and 2023, the carrying amounts of the accounts receivable approximated their fair values.

32 BANK BALANCES AND CASH

(a) Cash and cash equivalents

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Bank balances and cash	**89,183**	127,241
Term deposits and highly liquid investments with initial terms within three months	**43,336**	45,079
	132,519	172,320

As at 31 December 2024, approximately RMB57,723 million (31 December 2023: RMB85,673 million) within the total balance of the Group's cash and cash equivalents was denominated in RMB.

(b) Restricted cash

As at 31 December 2024, restricted deposits held at banks of RMB3,334 million (31 December 2023: RMB3,818 million) were mainly denominated in RMB, the majority of which were reserves provided for certain licensed businesses under regulatory requirements.

33 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARE AWARD SCHEMES

As at 31 December 2024 and 2023, the authorised share capital of the Company comprised 50,000,000,000 ordinary shares with par value of HKD0.00002 per share.

	Number of issued and fully paid ordinary shares*	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Shares held for share award schemes RMB'Million	Total RMB'Million
At 1 January 2024	**9,482,992,820**	**–**	**37,989**	**(4,740)**	**(5,350)**	**27,899**
Employee share option schemes:						
– value of employee services	–	–	1,917	–	–	1,917
– proceeds from shares issued, net of withholding individual income tax (Note (a))	13,355,702	–	1,827	–	–	1,827
Employee share award schemes:						
– value of employee services	–	–	16,829	–	–	16,829
– shares purchased/withheld for share award schemes (Note (b))	–	–	–	–	(3,420)	(3,420)
– shares allotted for share award schemes (Note (c))	44,384,931	–	–	–	–	–
– shares vested from share award schemes and transferred to the grantees (Note (d))	–	–	(3,338)	–	3,338	–
Repurchase and cancellation of shares (Note (e))	(315,818,500)	–	(13,681)	4,740	–	(8,941)
Repurchase of shares (to be cancelled) (Note (e))	–	–	–	(3,597)	–	(3,597)
Others	–	–	1,536	–	339	1,875
At 31 December 2024	**9,224,914,953**	**–**	**43,079**	**(3,597)**	**(5,093)**	**34,389**

33 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARE AWARD SCHEMES (continued)

	Number of issued and fully paid ordinary shares*	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Shares held for share award schemes RMB'Million	Total RMB'Million
At 1 January 2023	9,568,738,935	–	62,418	(1,868)	(4,226)	56,324
Employee share option schemes:						
– value of employee services	–	–	1,687	–	–	1,687
– proceeds from shares issued, net of withholding individual income tax (Note (a))	8,820,561	–	828	–	–	828
Employee share award schemes:						
– value of employee services	–	–	17,267	–	–	17,267
– shares purchased/withheld for share award schemes (Note (b))	–	–	–	–	(4,378)	(4,378)
– shares allotted for share award schemes (Note (c))	46,249,024	–	–	–	–	–
– shares vested from share award schemes and transferred to the grantees (Note (d))	–	–	(2,071)	–	2,071	–
Repurchase and cancellation of shares (Note (e))	(140,815,700)	–	(42,112)	1,868	–	(40,244)
Repurchase of shares (to be cancelled) (Note (e))	–	–	–	(4,740)	–	(4,740)
Transfer of equity interests of subsidiaries to non-controlling interests	–	–	(28)	–	1,183	1,155
At 31 December 2023	9,482,992,820	–	37,989	(4,740)	(5,350)	27,899

* As at 31 December 2024, the total number of issued ordinary shares of the Company included 82,739,793 shares (31 December 2023: 91,783,469 shares) held for the share award schemes.

33 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARE AWARD SCHEMES (continued)

Note:

(a) During the year ended 31 December 2024, 22,893,680 options (2023: 13,148,354 options) with exercise prices ranging from HKD185.65 to HKD470.14 (2023: HKD126.57 to HKD343.96) per share were exercised, while the right to receive 9,537,978 shares (2023: 4,327,793 shares) was surrendered by certain grantees to set off against the exercise consideration and individual income tax payable by the grantees when they exercised their options.

(b) During the year ended 31 December 2024, the Share Scheme Trust purchased and withheld 10,511,962 ordinary shares (2023: 13,976,126 ordinary shares) of the Company for an amount of approximately HKD3,750 million (equivalent to approximately RMB3,420 million) (2023: HKD4,839 million (equivalent to approximately RMB4,378 million)), which had been deducted from equity.

(c) During the year ended 31 December 2024, the Company allotted 44,384,931 ordinary shares (2023: 46,249,024 ordinary shares) to the Share Scheme Trust for the purpose of granting awarded shares to the participants under the share award schemes.

(d) During the year ended 31 December 2024, the Share Scheme Trust transferred 63,940,569 ordinary shares of the Company (2023: 47,931,238 ordinary shares) to the share awardees upon vesting of the awarded shares (Note 35(b)).

(e) During the year ended 31 December 2024, the Company repurchased an aggregate number of 307,238,500 of its own shares from the market, out of which, 9,250,000 had not been cancelled as at 31 December 2024 and had been subsequently cancelled in January 2025 (2023: the Company repurchased 152,205,700 of its own shares from the market, out of which, 17,830,000 had not been cancelled as at 31 December 2023 and had been subsequently cancelled in January 2024). The shares were repurchased at prices ranging from HKD271.20 to HKD482.20 per share, with an average price of HKD364.55 per share.

34 OTHER RESERVES

	Capital reserves RMB'Million (Note (a))	FVOCI RMB'Million (Note (b))	Investments in associates and joint ventures RMB'Million	Currency translation differences RMB'Million	PRC statutory reserves RMB'Million (Note (c))	Share-based compensation reserves RMB'Million (Note (d))	Others RMB'Million	Total RMB'Million
Balance at 1 January 2024	(36,172)	(45,025)	22,344	5,071	6,923	11,221	2,419	(33,219)
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	(5,007)	–	–	–	–	–	(5,007)
Share of other changes in net assets of associates and joint ventures	–	–	4,083	–	–	–	–	4,083
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)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	–	–	(15)	–	–	–	–	(15)
Transfer to profit or loss upon disposal of FVOCI	–	1	–	–	–	–	–	1
Value of employee services:								
– Employee share option schemes	–	–	–	–	–	45	–	45
– Employee share award schemes	–	–	–	–	–	1,572	–	1,572
Tax benefit from share-based payments	–	–	–	–	–	13	–	13
Acquisition of additional equity interests in non wholly-owned subsidiaries	(4,637)	–	–	–	–	–	–	(4,637)
Dilution of interests in subsidiaries	(1,924)	–	–	–	–	–	–	(1,924)
Net gains from changes in fair value of FVOCI	–	90,612	–	–	–	–	–	90,612
Share of other comprehensive income of associates and joint ventures	–	–	(1,181)	–	–	–	–	(1,181)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	(13)	–	–	–	–	(13)
Currency translation differences	–	–	–	(1,953)	–	–	–	(1,953)
Net movement in reserves for hedges	–	–	–	–	–	–	(2,530)	(2,530)
Others	58	–	–	–	1,443	–	310	1,811
Balance at 31 December 2024	(42,675)	40,581	24,689	3,118	8,366	12,851	199	47,129

34 OTHER RESERVES (continued)

	Capital reserves RMB'Million (Note (a))	FVOCI RMB'Million (Note (b))	Investments in associates and joint ventures RMB'Million	Currency translation differences RMB'Million	PRC statutory reserves RMB'Million (Note (c))	Share-based compensation reserves RMB'Million (Note (d))	Others RMB'Million	Total RMB'Million
Balance at 1 January 2023	(31,890)	(42,530)	18,426	(6,409)	6,011	9,544	5,934	(40,914)
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	17,846	–	–	–	–	–	17,846
Share of other changes in net assets of associates and joint ventures	–	–	4,680	–	–	–	–	4,680
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)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	–	–	66	–	–	–	–	66
Value of employee services:								
– Employee share option schemes	–	–	–	–	–	73	–	73
– Employee share award schemes	–	–	–	–	–	1,583	–	1,583
Tax benefit from share-based payments	–	–	–	–	–	21	–	21
Acquisition of additional equity interests in non wholly-owned subsidiaries	1,449	–	–	–	–	–	–	1,449
Transfer of equity interests of subsidiaries to non-controlling interests	95	–	–	–	–	–	–	95
Recognition of put option liabilities arising from business combinations	(4,594)	–	–	–	–	–	–	(4,594)
Changes in put option liabilities in respect of non-controlling interests	117	–	–	–	–	–	–	117
Dilution of interests in subsidiaries	(1,349)	–	–	–	–	–	–	(1,349)
Profit appropriations to statutory reserves	–	–	–	–	912	–	–	912
Net gains from changes in fair value of FVOCI	–	9,650	–	–	–	–	–	9,650
Share of other comprehensive income of associates and joint ventures	–	–	(701)	–	–	–	–	(701)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	(9)	–	–	–	–	(9)
Currency translation differences	–	–	–	11,480	–	–	–	11,480
Net movement in reserves for hedges	–	–	–	–	–	–	(3,515)	(3,515)
Losses from changes in fair value of assets held for distribution	–	(29,991)	–	–	–	–	–	(29,991)
Balance at 31 December 2023	(36,172)	(45,025)	22,344	5,071	6,923	11,221	2,419	(33,219)

34 OTHER RESERVES (continued)

Note:

(a) The capital reserves mainly arise from transactions undertaken with non-controlling interests.

(b) Gains and losses on certain investments, including changes in fair value, are recognised in other comprehensive income. These changes are accumulated within FVOCI reserve in equity. When the relevant investments are derecognised, amounts from this reserve are transferred to retained earnings for equity instruments or to profit or loss for debt instruments.

(c) In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profit (after offsetting accumulated losses from prior years) should be made by these companies to their respective Statutory Surplus Reserve Funds and Discretionary Reserve Funds before distributions are made to the owners. The percentage of appropriation to Statutory Surplus Reserve Fund is 10%. The amount to be transferred to the Discretionary Reserve Fund is determined by the equity owners of these companies. When the balance of the Statutory Surplus Reserve Fund reaches 50% of the registered capital, further transfer needs not be made. Both the Statutory Surplus Reserve Fund and Discretionary Reserves Fund can be capitalised as capital of an enterprise, provided that the remaining Statutory Surplus Reserve Fund shall not be less than 25% of the registered capital.

In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly-owned foreign subsidiaries in the PRC, appropriation from net profit (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their respective Reserve Fund. The percentage of net profit to be appropriated to the Reserve Fund is not less than 10% of the net profit. When the balance of the Reserve Fund reaches 50% of the registered capital, further transfer needs not be made.

With approvals obtained from respective boards of directors of these companies, the Reserve Fund can be used to offset accumulated deficit or to increase capital.

(d) Share-based compensation reserves arise from share option schemes and share award schemes adopted by certain subsidiaries of the Group (Note 35(d)).

35 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 31 December 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 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.

35 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(i) Movements in the share options

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

	Post-IPO Option Scheme II		2023 Share Option Scheme		Total
	Average exercise price	Number of options	Average exercise price	Number of options	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)**	**HKD279.36**	**(5,684,728)**	**(22,893,680)**
Lapsed/forfeited/waived	**HKD185.65**	**(109,375)**	**HKD455.64**	**(2,019,766)**	**(2,129,141)**
At 31 December 2024	**–**	**–**	**HKD349.18**	**109,221,125**	**109,221,125**
Exercisable as at 31 December 2024	**–**	**–**	**HKD355.24**	**76,942,490**	**76,942,490**

	Post-IPO Option Scheme II		Post-IPO Option Scheme IV		2023 Share Option Scheme		Total
	Average exercise price	Number of options	Average exercise price	Number of options	Average exercise price	Number of options	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	HKD165.15	(11,941,689)	HKD262.55	(752,225)	HKD250.65	(454,440)	(13,148,354)
Lapsed/forfeited	HKD143.33	(1,850)	HKD453.51	(276,898)	HKD376.26	(607,455)	(886,203)
Transferred	–	–	HKD355.55	(92,792,712)	HKD355.55	92,792,712	–
At 31 December 2023	HKD185.65	17,318,327	–	–	HKD353.11	105,292,749	122,611,076
Exercisable as at 31 December 2023	HKD185.65	17,208,952	–	–	HKD356.48	52,857,824	70,066,776

35 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(i) Movements in the share options (continued)

During the years ended 31 December 2024 and 2023, no options were granted to any director of the Company.

During the year ended 31 December 2024, 22,893,680 options (2023: 13,148,354 options) were exercised and the right to receive 9,537,978 shares (2023: 4,327,793 shares) was surrendered by certain grantees to set off against the exercise consideration and individual income tax payable by the grantees when they exercised their options. The weighted average price of the shares at the time these options were exercised was HKD314.98 per share (equivalent to approximately RMB286.23 per share) (2023: HKD338.98 per share (equivalent to approximately RMB301.28 per share)).

(ii) Outstanding share options

Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2024 and 2023 are as follows:

		Number of share options	
		31 December	31 December
Expiry Date	**Range of exercise price**	**2024**	2023
7 years commencing from the date of grant of options	HKD185.65 ~ HKD256.06	**–**	20,358,477
	HKD276.01 ~ HKD348.04	**70,388,222**	61,529,918
	HKD355.51 ~ HKD387.16	**25,335,652**	25,754,058
	HKD433.25 ~ HKD511.83	**8,514,761**	9,092,271
	HKD526.97 ~ HKD533.39	**4,982,490**	5,876,352
		109,221,125	122,611,076

The outstanding share options as of 31 December 2024 were divided into one to four tranches at their grant dates. The first tranche can be exercised after a specified period ranging from around one month to five years from the grant date, and then the remaining tranches will become exercisable in each subsequent year.

35 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(iii) Fair value of options

The directors of the Company had used the Binomial Model to determine the fair value of the options as at the respective grant dates, which was to be expensed over the relevant vesting period. The weighted average fair value of options granted during the year ended 31 December 2024 was HKD104.71 per share (equivalent to approximately RMB95.07 per share) (2023: HKD126.73 per share (equivalent to approximately RMB115.38 per share)).

Other than the exercise price mentioned above, significant judgments on parameters, such as risk-free rate, dividend yield and expected volatility, were required to be made by the directors in applying the Binomial Model, which are summarised as below:

	2024	2023
Weighted average share price at the grant date	**HKD297.53**	HKD341.90
Risk-free rate	**2.55% ~ 3.52%**	2.82% ~ 3.98%
Dividend yield	**0.39%**	0.31%
Expected volatility (Note)	**38% ~ 39%**	36% ~ 37%

Note:

The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the average daily trading price volatility of the shares of the Company.

35 SHARE-BASED PAYMENTS (continued)

(b) Share award schemes

As at 31 December 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 under the Share Award Schemes for the years ended 31 December 2024 and 2023 are as follows:

	Number of awarded shares	
	2024	2023
At beginning of the year	**132,989,249**	123,861,178
Granted	**62,829,798**	64,604,655
Lapsed/forfeited	**(6,549,432)**	(7,545,346)
Vested and transferred	**(63,940,569)**	(47,931,238)
At end of the year	**125,329,046**	132,989,249
Vested but not transferred as at the end of the year	**4,174**	38,955

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

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date, which was to be expensed over the relevant vesting period. The expected dividends during the vesting period had been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the year ended 31 December 2024 was HKD330.66 per share (equivalent to approximately RMB301.77 per share) (2023: HKD342.27 per share (equivalent to approximately RMB310.79 per share)).

The outstanding awarded shares as of 31 December 2024 were divided into one to seven tranches as at their grant dates. The first tranche can be exercised immediately or after a specified period ranging from around one month to seven years from the grant date, and the remaining tranches will become exercisable in each subsequent year.

35 SHARE-BASED PAYMENTS (continued)

(c) Employee investment schemes

For aligning the interests of key employees with the Group, the Group established several employees' investment plans in the form of limited liability partnerships (the "EISs") among which the three EISs approved/established in 2015, 2017 and 2021 were in effect as at 31 December 2024. According to the terms of the EISs, the Board may, at its absolute discretion, invite any qualifying participants of the Group, excluding any director of the Company, to participate in the EISs by subscribing for the partnership interest at cash consideration. The participating employees are entitled to the economic benefits generated by the EISs, if any, after a specified vesting period under the respective EISs, ranging from four to seven years. Wholly-owned subsidiaries of the Company acting as general partner of these EISs administer and in essence, control the EISs. These EISs are therefore consolidated by the Company as structured entities.

The related share-based compensation expenses incurred for the years ended 31 December 2024 and 2023 were insignificant to the Group.

(d) Share options and share award schemes adopted by subsidiaries

Certain subsidiaries of the Company operate their own share-based compensation plans (share options and/or share award schemes). Their exercise prices of the share options, as well as the vesting periods of the share options and awarded shares are determined by the respective board of directors of these subsidiaries at their sole discretion and in accordance with the relevant rules. The share options or awarded shares of the subsidiaries granted are normally vested by several tranches. Participants of some subsidiaries have the right to request the Group to repurchase their vested equity interests of the respective subsidiaries (the "Repurchase Transaction"). The Group has discretion to settle the Repurchase Transaction either by using equity instruments of the Company or by cash. For the Repurchase Transaction where the Group has settlement options, the directors of the Company are currently of the view that some of them would be settled by equity instruments of the Company. As a result, they are accounted for using equity-settled share-based payment method. For the rest of them to be settled in cash, they are accounted for using cash-settled share-based payment method.

(e) Expected Retention Rate of grantees

The Group has to estimate the Expected Retention Rate in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. As at 31 December 2024, the Expected Retention Rate of the Group's wholly-owned subsidiaries was assessed to be not lower than approximately 88% (31 December 2023: not lower than approximately 89%).

36 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD bank borrowings, unsecured (Note (a))	**92,012**	109,782
Non-current portion of long-term RMB bank borrowings, unsecured (Note (a))	**48,655**	46,000
Non-current portion of long-term HKD bank borrowings, unsecured (Note (a))	**5,837**	–
Non-current portion of long-term JPY bank borrowings, unsecured (Note (a))	**14**	26
Non-current portion of long-term JPY bank borrowings, secured (Note (a))	**–**	2
Non-current portion of long-term EUR bank borrowings, secured (Note (a))	**3**	6
Non-current portion of long-term EUR bank borrowings, unsecured (Note (a))	**–**	3
	146,521	155,819
Included in current liabilities:		
USD bank borrowings, unsecured (Note (b))	**20,487**	18,415
RMB bank borrowings, unsecured (Note (b))	**28,039**	7,046
RMB bank borrowings, secured (Note (b))	**–**	100
Current portion of long-term USD bank borrowings, unsecured (Note (a))	**4,313**	15,936
Current portion of long-term JPY bank borrowings, unsecured (Note (a))	**12**	16
Current portion of long-term JPY bank borrowings, secured (Note (a))	**–**	1
Current portion of long-term EUR bank borrowings, unsecured (Note (a))	**3**	4
Current portion of long-term EUR bank borrowings, secured (Note (a))	**3**	4
Current portion of long-term RMB bank borrowings, unsecured (Note (a))	**28**	15
	52,885	41,537
	199,406	197,356

36 BORROWINGS (continued)

Note:

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

	31 December 2024		31 December 2023	
	Amount (Million)	**Interest rate (per annum)**	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	**RMB48,683**	**2.55% ~ 3.90%**	RMB46,015	2.45% ~ 4.60%
USD bank borrowings	**USD13,400**	**SOFR + CAS + 0.80%**	USD17,750	SOFR + CAS + 0.80% ~ 0.95%
JPY bank borrowings	**JPY334**	**0.11% ~ 1.73%**	JPY894	0.00% ~ 1.86%
JPY bank borrowings	**JPY246**	**TIBOR + 1.70%**	JPY21	TIBOR + 1.70%
EUR bank borrowings	**EUR1**	**1.00% ~ 2.10%**	EUR2	1.00% ~ 2.54%
HKD bank borrowings	**HKD6,202**	**HIBOR + 0.25%**	–	–

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

The long-term bank borrowings are repayable as follows:

	As at 31 December	
	2024 RMB'Million	2023 RMB'Million
Within 1 year	**4,359**	15,976
Between 1 and 2 years	**45,784**	41,643
Between 2 and 5 years	**95,759**	114,174
Over 5 years	**4,978**	2
	150,880	171,795

36 BORROWINGS (continued)

Note: (continued)

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

	31 December 2024		31 December 2023	
	Amount (Million)	**Interest rate (per annum)**	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	**RMB28,088**	**0.61% ~ 2.82%**	RMB7,160	1.60% ~ 3.48%
USD bank borrowings	**USD2,850**	**SOFR + 0.30% ~ 0.50%**	USD2,600	SOFR + 0.50% ~ 0.55%

The Group had entered into interest rate swap contracts to hedge its exposure arising from certain long-term bank borrowings carried at floating rates. The Group's outstanding interest rate swap contracts as at 31 December 2024 and 2023 are detailed in Note 28.

As at 31 December 2024 and 2023, the carrying amounts of borrowings approximated their fair values.

The Group had complied with all of the financial covenants of its borrowing facilities for the years ended 31 December 2024 and 2023.

37 NOTES PAYABLE

	As at 31 December	
	2024 RMB'Million	2023 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD notes payable	**130,586**	137,101
Included in current liabilities:		
Current portion of long-term USD notes payable	**8,623**	14,161
	139,209	151,262

37 NOTES PAYABLE (continued)

Note:

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

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

The Group had entered into interest rate swap contracts to hedge its exposure arising from its senior notes carried at floating rates. The Group's outstanding interest rate swap contracts as at 31 December 2024 and 2023 are detailed in Note 28.

The notes payable are repayable as follows:

	As at 31 December	
	2024 RMB'Million	2023 RMB'Million
Within 1 year	**8,623**	14,161
Between 1 and 2 years	**10,774**	8,486
Between 2 and 5 years	**39,455**	28,275
More than 5 years	**80,357**	100,340
	139,209	151,262

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

During the year ended 31 December 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.

As at 31 December 2024, the fair value of the notes payable amounted to approximately RMB119,824 million (31 December 2023: RMB131,247 million). The respective fair value was assessed based on the active market prices of these notes at the reporting date or by making reference to similar instruments traded in the observable market.

38 LONG-TERM PAYABLES

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Payables relating to media content and running royalty fee for online games	**2,560**	5,398
Cash-settled share-based compensation payables (Note 35(d))	**1,992**	1,227
Payables relating to capital transaction	**73**	85
Others	**5,576**	5,459
	10,201	12,169

39 OTHER FINANCIAL LIABILITIES

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Measured at amortised cost:		
Redemption liabilities (Note)	**8,725**	10,354
Measured at fair value:		
Contingent consideration	**1,176**	2,966
Others	**638**	19
	1,814	2,985
	10,539	13,339
Included in:		
Non-current liabilities	**4,203**	8,781
Current liabilities	**6,336**	4,558
	10,539	13,339

Note:

It comprised redemption liabilities arising from put option arrangements made with non-controlling shareholders of acquired subsidiaries of approximately RMB8,725 million (31 December 2023: RMB10,354 million).

40 ACCOUNTS PAYABLE

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

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
0 ~ 30 days	**107,893**	94,537
31 ~ 60 days	**8,264**	3,099
61 ~ 90 days	**842**	528
Over 90 days	**1,713**	2,784
	118,712	100,948

41 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Staff costs and welfare accruals	**33,340**	30,747
Selling and marketing expenses accruals	**5,291**	7,096
General and administrative expenses accruals	**4,235**	4,574
Purchase of land use rights, buildings and construction related costs	**3,900**	3,451
Purchase consideration payables for investee companies	**2,984**	1,022
Interests payable	**1,409**	1,718
Prepayments received from customers and others	**1,042**	669
Others (Note)	**31,831**	27,318
	84,032	76,595

Note:

Others primarily consist of deposits from third parties, reserve for platform services, sundry payables and other accruals.

42 BUSINESS COMBINATIONS

During the year ended 31 December 2024, the Group acquired additional equity interests in certain existing associates engaged in the games development business for an aggregate purchase price of approximately RMB9.5 billion. Upon completion of the acquisitions, the Group considered that it had sufficient power to control these investee companies and thus accounted for them as subsidiaries of the Group ("Step-up Acquisitions"), resulting in step-up gains of approximately RMB2.2 billion recognised in "Net gains/(losses) from investments and others" in the consolidated income statement.

Goodwill of approximately RMB19.1 billion was recognised as a result of the Step-up Acquisitions, primarily attributable to the operating synergies and economies of scale expected to be derived from integration of the operations with the Group's online game business. None of the goodwill was expected to be deductible for income tax purpose.

The fair value of total identifiable net assets (including identifiable intangible assets) and non-controlling interests recognised were approximately RMB6.4 billion and RMB12.4 billion, respectively.

The Group's revenue and results for the year would not be materially different should the Step-up Acquisitions had occurred on 1 January 2024. The related transaction costs were not material.

43 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of net profit to cash generated from operations:

	2024 RMB'Million	2023 RMB'Million
Profit for the year	**196,467**	118,048
Adjustments for:		
Income tax expense	**45,018**	43,276
Net gains on disposals and deemed disposals of investee companies	**(12,810)**	(4,283)
Dividend income	**(715)**	(546)
Depreciation of property, plant and equipment, investment properties and right-of-use assets	**27,332**	26,305
Amortisation of intangible assets and land use rights	**28,881**	32,703
Net gains on disposals of intangible assets, land use rights, property, plant and equipment, construction in progress and right-of-use assets	**(194)**	(126)
Interest income	**(16,004)**	(13,808)
Interest and related expenses	**12,447**	11,885
Equity-settled share-based compensation expenses	**20,702**	21,073
Share of (profit)/loss of associates and joint ventures, net	**(25,176)**	(5,800)
Impairment provisions for investments in associates, investments in joint ventures and others	**8,420**	6,095
Net fair value (gains)/losses on FVPL and other financial instruments	**(2,641)**	2,119
Net impairment of intangible assets, land use rights, right-of-use assets, investment properties and property, plant and equipment	**1,563**	134
Exchange (gains)/losses, net	**(466)**	383
Changes in working capital:		
Accounts receivable	**(1,048)**	(1,010)
Inventories	**20**	1,882
Prepayments, deposits and other assets	**2,632**	5,469
Accounts payable	**10,872**	8,044
Other payables and accruals	**(6,765)**	1,349
Other tax liabilities	**(363)**	(322)
Deferred revenue	**16,533**	3,821
Cash generated from operations	**304,705**	256,691

43 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Net cash/(debt) reconciliation

This section sets out an analysis of net cash/(debt) and the movements in net cash/(debt) for each of the years presented.

Net cash/(debt)	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Cash and cash equivalents	**132,519**	172,320
Term deposits and others	**282,894**	231,038
Borrowings – repayable within one year	**(52,885)**	(41,537)
Borrowings – repayable after one year	**(146,521)**	(155,819)
Notes payable – repayable within one year	**(8,623)**	(14,161)
Notes payable – repayable after one year	**(130,586)**	(137,101)
Net cash	**76,798**	54,740

	Cash and cash equivalents RMB'Million	Term deposits and others RMB'Million	Borrowings - repayable within one year RMB'Million	Borrowings - repayable after one year RMB'Million	Notes payable - repayable within one year RMB'Million	Notes payable - repayable after one year RMB'Million	Total RMB'Million
Net cash as at 1 January 2024	**172,320**	**231,038**	**(41,537)**	**(155,819)**	**(14,161)**	**(137,101)**	**54,740**
Cash flows	**(40,160)**	**48,106**	**16,031**	**(15,924)**	**14,213**	**–**	**22,266**
Exchange impacts	**359**	**2,068**	**(403)**	**(1,538)**	**(178)**	**(1,917)**	**(1,609)**
Other non-cash movements (Note)	**–**	**1,682**	**(26,976)**	**26,760**	**(8,497)**	**8,432**	**1,401**
Net cash as at 31 December 2024	**132,519**	**282,894**	**(52,885)**	**(146,521)**	**(8,623)**	**(130,586)**	**76,798**
Net debt as at 1 January 2023	156,739	162,792	(11,580)	(163,668)	(10,446)	(148,669)	(14,832)
Cash flows	14,228	65,897	(14,234)	(5,211)	10,141	–	70,821
Exchange impacts	1,353	1,506	(94)	(2,537)	(12)	(2,205)	(1,989)
Other non-cash movements (Note)	–	843	(15,629)	15,597	(13,844)	13,773	740
Net cash as at 31 December 2023	172,320	231,038	(41,537)	(155,819)	(14,161)	(137,101)	54,740

Note:

It mainly resulted from the reclassification from non-current to current and assets/liabilities arising from business combinations.

44 COMMITMENTS

(a) Capital commitments

Capital commitments as at 31 December 2024 and 2023 are analysed as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Contracted:		
Construction/purchase of buildings and purchase of land use rights	**2,937**	4,480
Capital investments in investees	**9,298**	9,685
Purchase of other capital assets	**2,470**	3,444
	14,705	17,609

(b) Other commitments

The Group's commitments under agreements mainly for bandwidth, online game licensing, media content and other technical services, which were contracted but not provided in the consolidated financial statements, are as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Contracted:		
Not later than one year	**11,799**	11,404
Later than one year and not later than five years	**13,612**	12,801
Later than five years	**5,659**	5,103
	31,070	29,308

45 RELATED PARTY TRANSACTIONS

Except as disclosed in Note 14(a) (Senior management's emoluments), Note 14(b) (Five highest paid individuals), Note 15 (Benefits and interests of directors), Note 27 (Loans to investees and investees' shareholders) and Note 35 (Share-based payments) to the consolidated financial statements, other significant transactions carried out between the Group and its related parties during the years are presented as follows. These related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties.

45 RELATED PARTY TRANSACTIONS (continued)

(a) Significant transactions with related parties

The Group has commercial arrangements with certain associates and joint ventures to provide Marketing Services, FinTech and Business Services, and other services, the revenue from which, for the year ended 31 December 2024, amounted to RMB5,238 million, RMB45,430 million and RMB2,907 million, respectively (2023: RMB7,286 million, RMB42,141 million and RMB2,740 million, respectively).

The Group has commercial arrangements with certain associates and joint ventures to purchase online game licences and related services, media content and related services, FinTech and Business Services and others, the costs and expenses of which, for the year ended 31 December 2024, amounted to RMB4,532 million, RMB3,409 million, RMB2,138 million and RMB1,728 million, respectively (2023: RMB3,082 million, RMB4,752 million, RMB2,222 million and RMB1,532 million, respectively).

(b) Year end balances with related parties

As at 31 December 2024, accounts receivable and other receivables from related parties were RMB10,255 million and RMB309 million, respectively (31 December 2023: RMB9,891 million and RMB493 million, respectively).

As at 31 December 2024, accounts payable and other payables to related parties were RMB3,215 million and RMB296 million, respectively (31 December 2023: RMB2,681 million and RMB144 million, respectively).

The Group has certain business co-operation arrangements with certain associates, which are engaged in various Internet businesses including eCommerce, Online-To-Offline platforms, and FinTech services, in respect of the provision of various services such as FinTech services, business services and marketing services to these associates. As at 31 December 2024, contract liabilities arising from these business co-operation arrangements were RMB848 million (31 December 2023: RMB1,373 million).

The Group has entered into certain contracts for purchasing services or content with certain associates or joint ventures. As at 31 December 2024, commitments in respect of these agreements amounted to RMB4,542 million. (31 December 2023: RMB4,433 million).

Other than the transactions and balances disclosed above or elsewhere in the consolidated financial statements, the Group had no other material transactions with related parties during the years ended 31 December 2024 and 2023, and no other material balances with related parties as at 31 December 2024 and 2023.

46 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
ASSETS		
Non-current assets		
Intangible assets	**45**	43
Investments in subsidiaries	**214,500**	207,615
Investments in associates	**405**	399
Financial assets at fair value through other comprehensive income	**1,577**	951
	216,527	209,008
Current assets		
Amounts due from subsidiaries	**97,628**	74,986
Prepayments, deposits and other assets	**187**	178
Cash and cash equivalents	**1,463**	1,654
	99,278	76,818
Total assets	**315,805**	285,826

46 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) Financial position of the Company (continued)

	As at December 31	
	2024	2023
	RMB'Million	RMB'Million
EQUITY		
Share capital	**–**	–
Share premium	**43,079**	37,989
Treasury shares	**(3,597)**	(4,740)
Shares held for share award schemes	**(5,093)**	(5,350)
Other reserves (b)	**(3,915)**	(5,279)
Retained earnings (b)	**94,836**	64,252
Total equity	**125,310**	86,872
LIABILITIES		
Non-current liabilities		
Notes payable	**127,013**	131,465
Other financial liabilities	**176**	67
	127,189	131,532
Current liabilities		
Amounts due to subsidiaries	**53,498**	50,111
Other payables and accruals	**3,339**	3,150
Notes payable	**6,469**	14,161
	63,306	67,422
Total liabilities	**190,495**	198,954
Total equity and liabilities	**315,805**	285,826

46 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Reserve movement of the Company

	Retained earnings RMB'Million	Other reserves RMB'Million
At 1 January 2024	**64,252**	**(5,279)**
Profit for the year	**149,233**	**–**
Cash dividends	**(28,924)**	**–**
Repurchase and cancellation of shares	**(89,725)**	**–**
Net gains from changes in the fair value of financial assets at fair value through other comprehensive income	**–**	**571**
Currency translation differences	**–**	**793**
At 31 December 2024	**94,836**	**(3,915)**
At 1 January 2023	17,621	8,617
Profit for the year	54,011	–
Cash dividends	(20,586)	–
Dividends under distribution in specie	32,169	–
Transfer of losses on settlement of assets held for distribution to retained earnings	(18,963)	18,963
Losses from changes in fair value of assets held for distribution	–	(29,991)
Net losses from changes in the fair value of financial assets at fair value through other comprehensive income	–	(1,020)
Currency translation differences	–	(1,848)
At 31 December 2023	64,252	(5,279)

47 SUBSEQUENT EVENTS

There were no material subsequent events during the period from 1 January 2025 to the approval date of these financial statements by the Board on 19 March 2025.

48 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES

The following is a list of material subsidiaries of the Company as at 31 December 2024:

Name	Place of establishment and nature of legal entity	Particulars of issued/paid-in capital	Proportion of equity interest held by the Group (%)	Principal activities and place of operation
Tencent Computer	Established in the PRC, limited liability company	RMB65,000,000	100% (Note (a))	Provision of value-added services and Internet advertisement services in the PRC
Tencent Technology	Established in the PRC, wholly foreign owned enterprise	USD2,000,000	100%	Development of softwares and provision of information technology services in the PRC
Shenzhen Shiji Kaixuan Technology Company Limited	Established in the PRC, limited liability company	RMB11,000,000	100% (Note (a))	Provision of Internet advertisement services in the PRC
Tencent Cyber (Tianjin) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD90,000,000	100%	Development of softwares and provision of information technology services in the PRC
Tencent Asset Management Limited	Established in the British Virgin Islands, limited liability company	USD100	100%	Asset management in Hong Kong
Tencent Technology (Beijing) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD1,000,000	100%	Development and sale of softwares and provision of information technology services in the PRC
Nanjing Wang Dian Technology Company Limited	Established in the PRC, limited liability company	RMB10,290,000	100% (Note (a))	Provision of value-added services in the PRC
Beijing BIZCOM Technology Company Limited	Established in the PRC, limited liability company	RMB1,216,500,000	100% (Note (a))	Provision of value-added services in the PRC
Beijing Starsinhand Technology Company Limited	Established in the PRC, limited liability company	RMB10,000,000	100% (Note (a))	Provision of value-added services in the PRC
Tencent Cyber (Shenzhen) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD30,000,000	100%	Development of softwares in the PRC

48 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES (continued)

Name	Place of establishment and nature of legal entity	Particulars of issued/paid-in capital	Proportion of equity interest held by the Group (%)	Principal activities and place of operation
Tencent Technology (Shanghai) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD5,000,000	100%	Development of softwares and provision of information technology services in the PRC
Tencent Technology (Chengdu) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD220,000,000	100%	Development of softwares and provision of information technology services in the PRC
Tencent Cloud Computing (Beijing) Company Limited	Established in the PRC, limited liability company	RMB1,042,500,000	100% (Note (a))	Provision of information system integration services in the PRC
Beijing Tencent Culture Media Company Limited	Established in the PRC, limited liability company	RMB10,204,082	100%	Design and production of advertisement in the PRC
Riot Games, Inc.	Established in the United States, limited liability company	USD1,328	99.33%	Development and operation of online games in the United States
China Literature Limited	Established in the Cayman Islands, limited liability company	USD101,568	57.30%*	Provision of online literature services in the PRC
TME (Note (b))	Established in the Cayman Islands, limited liability company	USD255,792	53.53%*	Provision of online music entertainment services in the PRC
Supercell Oy	Established in Finland, limited liability company	EUR2,500	90.67%	Development and operation of mobile games in Finland
Shenzhen Tencent Culture Media Company Limited	Established in the PRC, limited liability company	RMB5,000,000	100%	Design and production of advertisement in the PRC
Shenzhen Tencent Tianyou Technology Company Limited	Established in the PRC, limited liability company	RMB50,000,000	100% (Note (a))	Provision of value-added services in the PRC
Guangzhou Tencent Technology Company Limited	Established in the PRC, wholly foreign owned enterprise	RMB70,000,000	100%	Development of softwares and provision of information technology services in the PRC

* on an outstanding basis

48 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES (continued)

Note:

(a) As described in Note 1, the Company does not have legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain contractual agreements entered into with the registered owners of these structured entities, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these companies to the Company and/or its other legally owned subsidiaries. As a result, they are accounted for as controlled structured entities of the Company.

(b) In September 2020, TME issued two tranches of senior notes with an aggregate principal amount of USD800 million due in 5 years to 10 years, with interest rates ranging from 1.375% to 2.000%. As at 31 December 2024, the principal amount and net book balance of its notes payable were USD800 million and USD797 million, respectively.

(c) The directors of the Company considered that none of the non wholly-owned subsidiaries has non-controlling interests that are material to the Group, therefore, no summarised financial information of these non wholly-owned subsidiaries is presented separately.

(d) All subsidiaries' undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary's undertakings held directly by the parent company does not differ from its proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of a subsidiary's undertakings included in the Group.

(e) Significant restrictions

As at 31 December 2024, cash and cash equivalents, term deposits and restricted cash of the Group, amounting to RMB195,191 million were held in the Mainland of China and they are subject to local exchange control and other financial and treasury regulations. The local exchange control, and other financial and treasury regulations provide for restrictions, on payment of dividends, share repurchases and offshore investments, other than through normal activities.

48 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES (continued)

Note: (continued)

(f) Consolidation of structured entities

As mentioned in Note (a) above and Note 35(c), the Company has consolidated certain operating entities within the Group without any legal interests and the EISs where wholly-owned subsidiaries of the Company act as general partners. In addition, due to the implementation of the share award schemes of the Group mentioned in Note 35(b), the Company has also set up a structured entity ("Share Scheme Trust"), and its particulars are as follows:

Structured entity	Principal activities
Share Scheme Trust	Administering and holding the Company's shares acquired for share award schemes which are set up for the benefits of eligible persons of the schemes

As the Company has the power to govern the financial and operating policies of the Share Scheme Trust and can derive benefits from the contributions of the eligible persons who are awarded with the shares by the schemes, the directors of the Company consider that it is appropriate to consolidate the Share Scheme Trust.

During the year ended 31 December 2024, the Company contributed approximately RMB3,420 million (2023: RMB4,378 million) to the Share Scheme Trust for financing its acquisition of the Company's shares.

TO THE SHAREHOLDERS OF TENCENT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Tencent Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 128 to 272, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Independent Auditor's Report

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition on provision of online games value-added services related to in-game permanent virtual items – the estimates of the expected users' relationship periods
- Impairment assessments of goodwill, investments in associates and joint ventures
- Fair value measurement of Level 3 financial instruments, including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

Key Audit Matter

Revenue recognition on provision of online games value-added services related to in-game permanent virtual items – the estimates of the expected users' relationship periods

Refer to Notes 2.22(a), 5(a) and 6(b) to the consolidated financial statements.

The Group recognises revenue from sales of online games virtual items to the users in respect of value-added services rendered on the Group's online platforms. Among them, revenues from sales of in-game permanent virtual items are recognised ratably over the respective estimates of the expected users' relationship periods of the applicable games.

We focused on this area due to the fact that management applied significant judgments in determining the expected users' relationship periods. These judgments include (i) historical users' consumption patterns, churn rates, game life-cycles, and qualitative factors such as reactivity on marketing activities and the Group's marketing strategy; and (ii) the identification of events that may trigger changes in the estimates of the expected users' relationship periods.

How our audit addressed the Key Audit Matter

We assessed and tested the effectiveness of controls in respect of determination of expected users' relationship periods for recognition of revenue from sales of in-game permanent virtual items, including management's review and approval of (i) determination of the expected users' relationship periods of new games prior to their launches in the current year; (ii) periodic reassessment on the expected users' relationship periods of existing games; and (iii) changes in the estimates of the expected users' relationship periods on any indicators triggering such changes.

We assessed, on a sample basis, the data generated from the Group's information system supporting the management's estimates, including testing the information system logic for generation of the applicable reports, and checking the completeness and accuracy of underlying data utilised in development of the management's estimates.

We assessed, on a sample basis, the expected users' relationship periods adopted by management by (i) testing the data integrity of historical users' consumption patterns and calculation of the churn rates; (ii) evaluating the consideration made by management in determining the underlying assumptions for expected users' relationship periods with reference to historical operating and marketing data of the relevant games; and (iii) assessing the accuracy of the management's historical estimation results by comparing the actual users' relationship periods for current year against the original estimation made in prior years.

We found that the results of our procedures performed to be materially consistent with management's assessment.

Independent Auditor's Report

Key Audit Matter

Impairment assessments of goodwill, investments in associates and joint ventures

Refer to Notes 2.8(a), 2.10, 5(b), 22, 23 and 24 to the consolidated financial statements.

As at 31 December 2023, the Group had significant amounts of goodwill, investments in associates and joint ventures amounting to RMB126,220 million, RMB253,696 million and RMB7,969 million, respectively.

Impairment provisions of RMB5 million and RMB6,847 million had been recognised against the carrying amounts of goodwill and investments in associates, respectively, while impairment reversals of RMB752 million had been recognised for the carrying amounts of investments in joint ventures, during the year ended 31 December 2023.

Goodwill is subject to impairment assessments annually or more frequently when there is an impairment indicator. Investments in associates and joint ventures are subject to impairment assessment when there is an impairment indicator. In carrying out impairment assessments, significant judgments are required to estimate the recoverable amounts, being the higher of the fair value less costs of disposal and value in use.

Management adopted either the discounted cash flows or market approach as valuation models depending on the situation of the respective assessments. In assessing the value in use, significant management assumptions have to be applied in the determination of revenue growth rates, terminal growth rates, and discount rates when using discounted cash flows; while in assessing the fair value less costs of disposal, assumptions are applied in the selection of comparable companies, recent market transactions, liquidity discounts adopted for lack of marketability for unlisted investments, and share prices for listed investments when using market approach.

How our audit addressed the Key Audit Matter

We assessed and tested the effectiveness of controls in respect of (i) the annual impairment assessments of goodwill; and (ii) identification of impairment indicators of and performing impairment assessments on investments in associates and joint ventures, including the determination of appropriate valuation models and assumptions used in impairment provisions.

We assessed, on a sample basis, the basis management adopted to ascertain and identify separate groups of cash generating units that contain the goodwill balances; the valuation models used in management's impairment assessments.

In respect of the impairment assessments using discounted cash flows, we assessed and evaluated, on a sample basis, the key assumptions adopted including revenue growth rates, terminal growth rates, discount rates and other assumptions adopted by management by examining the approved financial/business forecast models, and comparing actual results for current year against the previous period's forecasts and the applicable industry/business data available to the Group from external sources. We assessed these key assumptions with the involvement of our internal valuation experts.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of goodwill, investments in associates and joint ventures (continued)	
We focused on these areas due to the magnitude of the carrying amounts of these assets and the fact that significant judgments were applied by management.	In respect of impairment assessments performed using the market approach, we assessed and evaluated, on a sample basis, the valuation assumptions adopted by management including the selection of comparable companies (i.e., by making reference to the respective market segments, geographic areas, and revenue size, etc.), recent market transactions undertaken, liquidity discounts adopted for lack of marketability for unlisted investments, and share prices for listed investments, etc. We assessed these key assumptions adopted by management with the involvement of our internal valuation experts based on our industry knowledge and independent research performed by us. We independently tested, on a sample basis, the accuracy of mathematical calculations applied in the valuation models and the calculation of the applicable impairment charges. We found that the valuation models were acceptable, and the key assumptions used by management were in line with our expectations and supported by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement of Level 3 financial instruments, including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	
Refer to Notes 4.3, 5(c), 26 and 27 to the consolidated financial statements.	In respect of the fair value measurement of Level 3 financial instruments, we assessed and tested the effectiveness of management controls in relation to the valuation process employed, which include the adoption of applicable valuation methodology and the related assumptions under different circumstances, and inspected the evidence of management's review.
As at 31 December 2023, approximately RMB199,535 million of financial assets at fair value through profit or loss and approximately RMB22,671 million of financial assets at fair value through other comprehensive income were measured based on significant unobservable inputs and classified as "Level 3 financial instruments".	We involved our internal valuation experts to assess the appropriateness of valuation methodology adopted and key assumptions used.
We focused on this area due to the high degree of judgment required in determining the respective fair values of Level 3 financial instruments, which do not have open market quoted values, with respect to the adoption of applicable valuation methodology and the application of appropriate assumptions in the valuation.	We tested, on a sample basis, valuation of Level 3 financial instruments as at 31 December 2023 by evaluating the underlying assumptions and inputs including risk-free rates, expected volatility and market information of recent transactions (such as recent fund raising transactions undertaken by the investees), as well as the underlying supporting documentation.
	We also tested, on a sample basis, the arithmetical accuracy of the valuation computation.
	We found that the valuation methodology of Level 3 financial instruments was acceptable and the assumptions made by management were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wilson W.Y. Chow.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2024

Consolidated Income Statement

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 RMB'Million	2022 Restated (Note 2.2) RMB'Million
Revenues			
Value-added Services		**298,375**	287,565
Online Advertising		**101,482**	82,729
FinTech and Business Services		**203,763**	177,064
Others		**5,395**	7,194
	6	**609,015**	554,552
Cost of revenues	7	**(315,906)**	(315,806)
Gross profit		**293,109**	238,746
Selling and marketing expenses	7	**(34,211)**	(29,229)
General and administrative expenses	7	**(103,525)**	(106,696)
Other gains/(losses), net	8	**4,701**	8,006
Operating profit		**160,074**	110,827
Net gains/(losses) from investments and others	9	**(6,090)**	116,287
Interest income	10	**13,808**	8,592
Finance costs	11	**(12,268)**	(9,352)
Share of profit/(loss) of associates and joint ventures, net	12	**5,800**	(16,129)
Profit before income tax		**161,324**	210,225
Income tax expense	13(a)	**(43,276)**	(21,516)
Profit for the year		**118,048**	188,709
Attributable to:			
Equity holders of the Company		**115,216**	188,243
Non-controlling interests		**2,832**	466
		118,048	188,709
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)			
– basic	14(a)	**12.186**	19.757
– diluted	14(b)	**11.887**	19.341

The notes on pages 139 to 272 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 RMB'Million	2022 RMB'Million
Profit for the year		**118,048**	188,709
Other comprehensive income, net of tax:			
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive income of associates and joint ventures		**(176)**	1,479
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures		**(9)**	(129)
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income		**–**	13
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income		**59**	(52)
Currency translation differences		**13,328**	18,732
Other fair value (losses)/gains, net		**(3,581)**	5,457
Items that will not be subsequently reclassified to profit or loss			
Share of other comprehensive income of associates and joint ventures		**(561)**	937
Net losses from changes in fair value of assets held for distribution	34	**(29,991)**	(6,102)
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income		**11,142**	(148,686)
Currency translation differences		**(1,077)**	(794)
		(10,866)	(129,145)
Total comprehensive income for the year		**107,182**	59,564
Attributable to:			
Equity holders of the Company		**102,130**	60,699
Non-controlling interests		**5,052**	(1,135)
		107,182	59,564

The notes on pages 139 to 272 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	As at 31 December 2023 RMB'Million	2022 RMB'Million
ASSETS			
Non-current assets			
Property, plant and equipment	18	**53,232**	53,978
Land use rights	19	**17,179**	18,046
Right-of-use assets	20	**20,464**	22,524
Construction in progress	21	**13,583**	9,229
Investment properties		**570**	559
Intangible assets	22	**177,727**	161,802
Investments in associates	23	**253,696**	246,043
Investments in joint ventures	24	**7,969**	6,672
Financial assets at fair value through profit or loss	26	**211,145**	206,085
Financial assets at fair value through other comprehensive income	27	**213,951**	185,247
Prepayments, deposits and other assets	28	**28,439**	36,752
Other financial assets	29	**2,527**	6,987
Deferred income tax assets	30	**29,017**	29,882
Term deposits	31	**29,301**	28,336
		1,058,800	1,012,142
Current assets			
Inventories		**456**	2,333
Accounts receivable	32	**46,606**	45,467
Prepayments, deposits and other assets	28	**88,411**	76,685
Other financial assets	29	**5,949**	1,278
Financial assets at fair value through profit or loss	26	**14,903**	27,963
Term deposits	31	**185,983**	104,776
Restricted cash	33	**3,818**	2,783
Cash and cash equivalents	33	**172,320**	156,739
Assets held for distribution	34	**–**	147,965
		518,446	565,989
Total assets		**1,577,246**	1,578,131

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	As at 31 December 2023 RMB'Million	2022 RMB'Million
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	35	**–**	–
Share premium	35	**37,989**	62,418
Treasury shares	35	**(4,740)**	(1,868)
Shares held for share award schemes	35	**(5,350)**	(4,226)
Other reserves	36	**(33,219)**	(40,914)
Retained earnings		**813,911**	705,981
		808,591	721,391
Non-controlling interests		**65,090**	61,469
Total equity		**873,681**	782,860
LIABILITIES			
Non-current liabilities			
Borrowings	38	**155,819**	163,668
Notes payable	39	**137,101**	148,669
Long-term payables	40	**12,169**	9,067
Other financial liabilities	41	**8,781**	5,574
Deferred income tax liabilities	30	**17,635**	12,162
Lease liabilities		**16,468**	18,424
Deferred revenue	6(c)(i)	**3,435**	3,503
		351,408	361,067

Consolidated Statement of Financial Position

As at 31 December 2023

		As at 31 December	
		2023	2022
	Note	**RMB'Million**	RMB'Million
Current liabilities			
Accounts payable	42	**100,948**	92,381
Other payables and accruals	43	**76,595**	61,139
Borrowings	38	**41,537**	11,580
Notes payable	39	**14,161**	10,446
Current income tax liabilities		**17,664**	13,488
Other tax liabilities		**4,372**	4,698
Other financial liabilities	41	**4,558**	3,937
Lease liabilities		**6,154**	6,354
Deferred revenue	6(c)(i)	**86,168**	82,216
Dividends payable for distribution in specie	17(b)	**–**	147,965
		352,157	434,204
Total liabilities		**703,565**	795,271
Total equity and liabilities		**1,577,246**	1,578,131

The notes on pages 139 to 272 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 128 to 272 were approved by the Board on 20 March 2024 and were signed on its behalf:

Ma Huateng
Director

Yang Siu Shun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	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 2023	–	62,418	(1,868)	(4,226)	(40,914)	705,981	721,391	61,469	782,860
Comprehensive income									
Profit for the year	–	–	–	–	–	115,216	115,216	2,832	118,048
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	–	–	–	–	(701)	–	(701)	(36)	(737)
– losses from changes in fair value of assets held for distribution	–	–	–	–	(29,991)	–	(29,991)	–	(29,991)
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	(9)	–	(9)	–	(9)
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	9,650	–	9,650	1,551	11,201
– currency translation differences	–	–	–	–	11,480	–	11,480	771	12,251
– other fair value losses, net	–	–	–	–	(3,515)	–	(3,515)	(66)	(3,581)
Total comprehensive income for the year	–	–	–	–	(13,086)	115,216	102,130	5,052	107,182
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	–	–	–	17,846	(17,891)	(45)	–	(45)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	66	(66)	–	–	–
Share of other changes in net assets of associates and joint ventures	–	–	–	–	4,680	–	4,680	–	4,680
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)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	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
Transactions with equity holders									
Capital injections/(reductions)	–	–	–	–	–	–	–	121	121
Employee share option schemes:									
– value of employee services	–	1,687	–	–	73	–	1,760	64	1,824
– proceeds from shares issued, net of withholding individual income tax	–	828	–	–	–	–	828	–	828
Employee share award schemes:									
– value of employee services	–	17,267	–	–	1,583	–	18,850	342	19,192
– shares purchased/withheld for share award schemes	–	–	–	(4,378)	–	–	(4,378)	–	(4,378)
– vesting of awarded shares	–	(2,071)	–	2,071	–	–	–	–	–
Tax benefit from share-based payments	–	–	–	–	21	–	21	–	21
Profit appropriations to statutory reserves	–	–	–	–	912	(912)	–	–	–
Repurchase and cancellation of shares	–	(42,112)	1,868	–	–	–	(40,244)	–	(40,244)
Repurchase of shares (to be cancelled)	–	–	(4,740)	–	–	–	(4,740)	–	(4,740)
Cash dividends	–	–	–	–	–	(20,586)	(20,586)	(598)	(21,184)
Dividends under distribution in specie	–	–	–	–	–	32,169	32,169	–	32,169
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	3,386	3,386
Acquisition of additional equity interests in non wholly-owned subsidiaries	–	–	–	–	1,449	–	1,449	(4,560)	(3,111)
Dilution of interests in subsidiaries	–	–	–	–	(1,349)	–	(1,349)	1,361	12
Disposal of subsidiaries	–	–	–	–	–	–	–	(101)	(101)
Changes in put option liabilities in respect of non-controlling interests	–	–	–	–	117	–	117	16	133
Recognition of put option liabilities arising from business combinations	–	–	–	–	(4,594)	–	(4,594)	–	(4,594)
Transfer of equity interests of subsidiaries to non-controlling interests	–	(28)	–	1,183	95	–	1,250	(1,462)	(212)
Total transactions with equity holders in their capacity as equity holders for the year	–	(24,429)	(2,872)	(1,124)	(1,693)	10,671	(19,447)	(1,431)	(20,878)
Balance at 31 December 2023	–	37,989	(4,740)	(5,350)	(33,219)	813,911	808,591	65,090	873,681

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	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 2022	–	67,330	–	(4,843)	73,901	669,911	806,299	70,394	876,693
Comprehensive income									
Profit for the year	–	–	–	–	–	188,243	188,243	466	188,709
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	–	–	–	–	2,337	–	2,337	79	2,416
– net losses from changes in fair value of assets held for distribution	–	–	–	–	(6,102)	–	(6,102)	–	(6,102)
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	(129)	–	(129)	–	(129)
– net losses from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	(146,500)	–	(146,500)	(2,238)	(148,738)
– transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	–	–	–	–	11	–	11	2	13
– currency translation differences	–	–	–	–	17,494	–	17,494	444	17,938
– other fair value gains, net	–	–	–	–	5,345	–	5,345	112	5,457
Total comprehensive income for the year	–	–	–	–	(127,544)	188,243	60,699	(1,135)	59,564
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	–	–	–	7,838	(7,978)	(140)	–	(140)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	7	(7)	–	–	–
Share of other changes in net assets of associates and joint ventures	–	–	–	–	7,009	–	7,009	–	7,009
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	–	–	–	–	(5,541)	–	(5,541)	–	(5,541)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	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
Transactions with equity holders									
Capital injections	–	–	–	–	–	–	–	3	3
Employee share option schemes:									
– value of employee services	–	2,055	–	–	110	–	2,165	97	2,262
– proceeds from shares issued	–	995	–	–	–	–	995	–	995
Employee share award schemes:									
– value of employee services	–	20,632	–	–	1,425	–	22,057	445	22,502
– shares withheld for share award schemes	–	–	–	(2,882)	–	–	(2,882)	–	(2,882)
– vesting of awarded shares	–	(2,882)	–	2,882	–	–	–	–	–
Tax benefit from share-based payments	–	–	–	–	5	–	5	–	5
Profit appropriations to statutory reserves	–	–	–	–	1,082	(1,082)	–	–	–
Repurchase and cancellation of shares	–	(28,010)	–	–	–	–	(28,010)	–	(28,010)
Repurchase of shares (to be cancelled)	–	–	(1,868)	–	–	–	(1,868)	–	(1,868)
Cash dividends	–	–	–	–	–	(12,950)	(12,950)	(1,610)	(14,560)
Dividends under distribution in specie	–	–	–	–	–	(130,156)	(130,156)	–	(130,156)
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	908	908
Acquisition of additional equity interests in non wholly-owned subsidiaries	–	–	–	–	992	–	992	(5,199)	(4,207)
Dilution of interests in subsidiaries	–	–	–	–	(929)	–	(929)	1,029	100
Disposal of subsidiaries	–	–	–	–	–	–	–	(1)	(1)
Changes in put option liabilities in respect of non-controlling interests	–	–	–	–	727	–	727	121	848
Recognition of put option liabilities arising from business combinations	–	–	–	–	(175)	–	(175)	–	(175)
Transfer of equity interests of subsidiaries to non-controlling interests	–	2,298	–	617	179	–	3,094	(3,583)	(489)
Total transactions with equity holders in their capacity as equity holders for the year	–	(4,912)	(1,868)	617	3,416	(144,188)	(146,935)	(7,790)	(154,725)
Balance at 31 December 2022	–	62,418	(1,868)	(4,226)	(40,914)	705,981	721,391	61,469	782,860

The notes on pages 139 to 272 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 RMB'Million	2022 RMB'Million
Cash flows from operating activities			
Cash generated from operations	45(a)	**256,691**	173,760
Income tax paid		**(34,729)**	(27,669)
Net cash flows generated from operating activities		**221,962**	146,091
Cash flows from investing activities			
Payments for business combinations, net of cash acquired		**(7,633)**	(12,267)
Net inflow of cash in respect of disposals of investments in subsidiaries		**14**	33
Purchase of property, plant and equipment, construction in progress and investment properties		**(21,008)**	(22,679)
Proceeds from disposal of property, plant and equipment		**257**	376
Purchase of/prepayments for intangible assets		**(26,042)**	(27,645)
Purchase of/prepayments for land use rights		**(357)**	(526)
Payments for acquisition of investments in associates		**(5,625)**	(11,602)
Proceeds from disposal of investments in associates		**3,938**	22,269
Payments for acquisition of investments in joint ventures		**(25)**	(20)
Proceeds from disposal of investments in joint ventures		**431**	352
Payments for acquisition of financial assets at fair value through other comprehensive income		**(8,511)**	(12,925)
Proceeds from disposal of financial assets at fair value through other comprehensive income		**7,727**	8,048
Payments for acquisition of financial assets at fair value through profit or loss		**(45,614)**	(41,181)
Proceeds from disposal of financial assets at fair value through profit or loss		**49,324**	20,019
Payments for acquisition/settlement of other financial instruments		**(3,616)**	(870)
Net (outflow)/inflow of acquisition/settlement of other financial assets		**(730)**	344
Payments for loans to investees and others		**(544)**	(2,949)
Loans repayments from investees and others		**1,199**	501
Receipt from maturity of term deposits with initial terms of over three months		**163,713**	92,199
Placement of term deposits with initial terms of over three months		**(244,419)**	(127,046)
Interest received		**10,349**	8,506
Dividends received		**2,011**	2,192
Net cash flows used in investing activities		**(125,161)**	(104,871)

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB'Million	RMB'Million
Cash flows from financing activities		
Proceeds from short-term borrowings	**29,809**	7,701
Repayments of short-term borrowings	**(9,889)**	(15,378)
Proceeds from long-term borrowings	**33,641**	22,535
Repayments of long-term borrowings	**(34,116)**	(8,451)
Repayments of notes payable	**(10,141)**	–
Principal elements of lease payments	**(6,652)**	(5,969)
Interest paid	**(11,478)**	(9,342)
Payments for repurchase of shares	**(43,767)**	(29,307)
Proceeds from issuance of ordinary shares as a result of exercise of share options	**1,070**	995
Payments for withholding individual income tax for share option schemes	**(242)**	–
Payments for purchased/withheld of shares for share award schemes	**(4,378)**	(2,882)
Proceeds from issuance of additional equity of non wholly-owned subsidiaries	**196**	8
Payments for acquisition of non-controlling interests in non wholly-owned subsidiaries	**(4,818)**	(4,746)
Capital reductions of non-controlling interests in non wholly-owned subsidiaries	**(20)**	–
Dividends paid to the Company's shareholders	**(20,983)**	(12,952)
Dividends paid to non-controlling interests	**(805)**	(2,165)
Net cash flows used in financing activities	**(82,573)**	(59,953)
Net increase/(decrease) in cash and cash equivalents	**14,228**	(18,733)
Cash and cash equivalents at beginning of the year	**156,739**	167,966
Exchange gains on cash and cash equivalents	**1,353**	7,506
Cash and cash equivalents at end of the year	**172,320**	156,739

The notes on pages 139 to 272 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Tencent Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 June 2004.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of Value-added Services ("VAS"), Online Advertising services and FinTech and Business Services.

The operations of the Group were initially conducted through Shenzhen Tencent Computer Systems Company Limited ("Tencent Computer"), a limited liability company established in the PRC by certain shareholders of the Company on 11 November 1998. Tencent Computer is legally owned by the core founders of the Company who are PRC citizens (the "Registered Shareholders").

The PRC regulations restrict foreign ownership of companies that provide value-added telecommunications services, which include activities and services operated by Tencent Computer. In order to enable the Company to own and control the business of the Group, the Company established a subsidiary, Tencent Technology (Shenzhen) Company Limited ("Tencent Technology"), which is a wholly foreign owned enterprise incorporated in the PRC, on 24 February 2000.

Under a series of contractual arrangements (collectively, "Structure Contracts") entered into among the Company, Tencent Technology, Tencent Computer and the Registered Shareholders, the Company is able to effectively control, recognise and receive substantially all the economic benefit of the business and operations of Tencent Computer. In summary, the Structure Contracts provide the Company through Tencent Technology with, among other things:

- the right to receive the cash received by Tencent Computer from its operations which is surplus to its requirements, having regard to its forecast working capital needs, capital expenditure, and other short-term anticipated expenditure through various commercial arrangements;

- the right to ensure that Tencent Technology owns the valuable assets of the business through the assignment to Tencent Technology of the principal present and future intellectual property rights of Tencent Computer; and

- the right to control the management, financial and operating policies of Tencent Computer.

As a result, Tencent Computer is accounted for as a controlled structured entity (see also Note 2.3(a) and Note 50) and the formation of the Group in 2000 was accounted for as a business combination between entities under common control under a method similar to the uniting of interests method for recording all assets and liabilities at predecessor carrying amounts. This approach was adopted because in management's belief it best reflected the substance of the formation.

1 GENERAL INFORMATION (continued)

Similar Structure Contracts were also executed for other PRC operating companies established by the Group similar to Tencent Computer subsequent to 2000. All these PRC operating companies are treated as controlled structured entities of the Company and their financial statements have also been consolidated by the Company. See details in Note 50.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI"), dividends payable for distribution in specie, certain other financial assets and liabilities, which are carried at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.2 Changes in accounting policies

(a) Changes in presentation of the consolidated income statement

For the year ended 31 December 2023, certain items in the Group's consolidated income statement have been reclassified. Some items previously within "Other gains/(losses), net" are reclassified to "Net gains/(losses) from investments and others"; they include (i) impairment provisions for investments accounted for using the equity method; (ii) impairment provisions for goodwill and other intangible assets arising from business combinations; (iii) net gains on disposals and deemed disposals of investee companies; (iv) fair value changes and dividend income arising from investments; (v) donations and others. "Net gains/(losses) from investments and others" as well as "Interest income" are presented below "Operating profit". The management believes that such revised presentation of the consolidated income statement better reflects the results of the Group's day-to-day operations and the financial effects of income and gains/losses in relation to investing activities, which would facilitate users of the consolidated financial statements to have a better understanding of the financial performance of the Group. 2022 comparative figures have been restated to conform to the current year presentation.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

(a) Changes in presentation of the consolidated income statement (continued)

The following table shows the amounts of restatement relating to changes in the presentation of the consolidated income statement, i.e., "interest income" and "net gains/(losses) from investments and others" were presented below the operating profit:

	Year ended 31 December 2022		
Consolidated income statement (extract)	**As originally presented RMB'Million**	**Difference RMB'Million**	**Restated RMB'Million**
Revenues	**554,552**	**–**	**554,552**
Cost of revenues	**(315,806)**	**–**	**(315,806)**
Gross profit	**238,746**	**–**	**238,746**
Interest income	**8,592**	**(8,592)**	**–**
Selling and marketing expenses	**(29,229)**	**–**	**(29,229)**
General and administrative expenses	**(106,696)**	**–**	**(106,696)**
Other gains/(losses), net	**124,293**	**(116,287)**	**8,006**
Operating profit	**235,706**	**(124,879)**	**110,827**
Net gains/(losses) from investments and others	**–**	**116,287**	**116,287**
Interest income	**–**	**8,592**	**8,592**
Finance costs	**(9,352)**	**–**	**(9,352)**
Share of profit/(loss) of associates and joint ventures, net	**(16,129)**	**–**	**(16,129)**
Profit before income tax	**210,225**	**–**	**210,225**
Income tax expense	**(21,516)**	**–**	**(21,516)**
Profit for the year	**188,709**	**–**	**188,709**

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

(b) New standard and amendments to standards adopted by the Group

The following new standard and amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2023:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform - Pillar Two Model Rules

The Group has adopted the Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" on 1 January 2023, which resulted in the recognition of separate deferred income tax assets and separate deferred income tax liabilities for temporary differences arising on leases, both at initial recognition and subsequently. In accordance with the transitional provisions, the Group adopted the amendments for the first time by recognising deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. As a result, with the beginning of the earliest period presented being 1 January 2022, an adjustment of RMB3,070 million was recognised to the gross amounts of deferred income tax assets and deferred income tax liabilities simultaneously, and the resultant deferred income tax assets and deferred income tax liabilities met the set-off provisions and were presented on a net basis in the consolidated statement of financial position. Since the Group had considered the lease as a single transaction in which the assets and liabilities were integrally linked and recognised deferred tax on a net basis previously, there were nil impact on opening retained earnings upon the adoption of the amendments.

In addition, Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules" were issued on 23 May 2023 which are effective upon issuance and require retrospective application. The Group applied the temporary exception to deferred tax accounting for Pillar Two top-up taxes immediately upon the release of the amendments in May 2023, and provided new disclosures about its exposure to these taxes, the details of which are described in Note 13.

Except for Amendments to IAS 12, the adoption of these new and amended standards does not have significant impact on the consolidated financial statements of the Group.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

(c) Amendments to standards issued but not yet effective

The following amendments to standards have not come into effect for the financial year beginning on 1 January 2023 and have not been early adopted by the Group in preparing the consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

2.3 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including controlled structured entities as stated in Note 1 above) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Subsidiaries (continued)

(a) Consolidation (continued)

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement, which is recognised under "Other financial assets" or "Other financial liabilities" in the consolidated financial statements. Identifiable assets acquired and liabilities and contingent consideration assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs other than those incurred to issue equity interests are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying amount of the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Subsidiaries (continued)

(a) Consolidation (continued)

(i) Business combinations (continued)

The excess of the total of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill in "Intangible assets" in the consolidated financial statements. Goodwill is not amortised, but must instead subject to an impairment test at least annually (Notes 2.8 and 2.10). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

(ii) Changes in ownership interests in subsidiaries without loss of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost and is included in the calculation of the gain or loss on disposal of that subsidiary. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Subsidiaries (continued)

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable. In addition, the contribution to the Company's Share Scheme Trust (as defined in Note 50(f)) will be transferred to the "Shares held for share award schemes" under equity when the contribution is used for the acquisition of the Company's shares.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividends exceed the total comprehensive income of the subsidiaries in the period the dividends are declared or if the carrying amount of the investments in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Investments under equity accounting method

(a) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally but not necessarily accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. The Group's investments in associates include underlying goodwill identified on acquisition, net of any accumulated impairment loss.

(b) Joint ventures

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and are accounted for using the equity method of accounting.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Investments under equity accounting method (continued)

(c) Equity accounting method

Under the equity method of accounting, the investments are initially recognised at cost and subsequently the Group's share of post-acquisition profit or loss of the investees is recognised in the consolidated income statement, the Group's share of post-acquisition movements in other comprehensive income of the investees is recognised in other comprehensive income. When the investees have a change in net assets (other than from a transaction with other investors) that does not affect profit or loss or other comprehensive income, the Group's share of other changes in net assets is recognised in consolidated statement of changes in equity. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Where the Group's share of losses in an associate or a joint venture equals or exceeds its interests in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the entity.

The Group determines at each reporting date whether there is any objective evidence that investments accounted for using the equity method, including investments in associates and joint ventures, are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying amount and recognises the amount in "Net gains/(losses) from investments and others" in the consolidated income statement.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

An associate or a joint venture of the Group might issue shares to other investors which dilute the Group's interest. This is deemed as a partial disposal of the Group's interest in this entity. A dilution gain or loss arising on the deemed partial disposal is recognised in the consolidated income statement. If the ownership interest in an associate or a joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated income statement where appropriate.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Investments under equity accounting method (continued)

(d) Investments in associates/joint ventures achieved in stages

The cost of associates/joint ventures acquired in stages, except for the change from an associate to a joint venture, is measured as the sum of the fair value of the interests previously held plus the fair value of any additional consideration transferred as of the date when they become associates/joint ventures.

(e) Disposal of associates and joint ventures

When the Group ceases to continue equity accounting for an associate or joint venture because of a loss of significant influence or joint control, it measures any retained investment at fair value. A gain or loss is recognised at any difference between the fair value of any retained interest plus any proceeds from disposing of part of the interests in the associate or joint venture and the carrying amount of the investment at the date the equity method of accounting is discontinued. The amounts previously recognised in other comprehensive income and other changes in equity in respect of the associate or joint venture are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards when the Group ceases to continue equity accounting for the associate or joint venture.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and certain of its overseas subsidiaries is United States Dollars ("USD"). As the major operations of the Group are within the Mainland of China, the Group presents its consolidated financial statements in Renminbi ("RMB"), unless otherwise stated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised, except as disclosed in Note (c) below, in the consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on non-monetary assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary financial assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary financial assets, such as equity instruments classified as FVOCI, are included in other comprehensive income.

(c) Translation of foreign operations

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of RMB are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting currency translation differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Currency translation differences arising thereon are recognised in other comprehensive income.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment and construction in progress

All property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charges. Historical costs include expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost net of their residual values over their estimated useful lives, as follows:

Buildings	20 ~ 50 years
Computer and other operating equipment	2 ~ 10 years
Furniture and office equipment	2 ~ 5 years
Motor vehicles	5 years
Leasehold improvements	Shorter of their useful lives and the lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress represents office buildings and data centers under construction, which is stated at actual construction costs less any impairment loss. Construction in progress is transferred to property, plant and equipment when completed and ready for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in "Other gains/(losses), net" in the consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Land use rights

Land use rights are up-front payments to acquire long-term interest in land. These payments are stated at cost and charged to the consolidated income statement on a straight-line basis over the remaining period of the lease.

2.8 Intangible assets

(a) Goodwill

Goodwill on acquisition of subsidiaries is recognised as described in Note 2.3(a) and included in "Intangible assets" in the consolidated financial statements.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of the CGU or group of CGUs including the allocated goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately under "Net gains/(losses) from investments and others" and is not subsequently reversed.

(b) Media content

Media content mainly includes game licenses, long-form video and music content, and literature copyrights. They are initially recognised and measured at cost or estimated fair value as acquired through business combinations. Media content is amortised using a straight-line method or an accelerated method which reflects the estimated consumption patterns.

(c) Other intangible assets

Other intangible assets mainly include trademarks, other copyrights, computer software and technology, non-compete agreements and customer relationships. They are initially recognised and measured at cost or estimated fair value as intangible assets acquired through business combinations.

Other intangible assets are amortised over their estimated useful lives (generally one to ten years) using the straight-line method which reflects the pattern in which the intangible assets' future economic benefits are expected to be consumed.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Shares held for share award schemes

The consideration paid by the Share Scheme Trust (see Note 50(f)) for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Shares held for share award schemes" and the amount is deducted from total equity.

When the Share Scheme Trust transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for share award schemes", with a corresponding adjustment made to "Share premium".

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Investments and other financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Except for accounts receivable, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(a) Classification and measurement (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three categories into which the Group classifies its debt instruments:

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as and measured at amortised cost. A gain or loss on a debt instrument measured at amortised cost which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest method.

- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are classified as and measured at FVOCI. Gains and losses on these financial assets are taken through other comprehensive income, except for the recognition of impairment losses or reversals, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "Net gains/(losses) from investments and others" in the consolidated income statement. Interest income from these financial assets is recognised using the effective interest method. Foreign exchange gains and losses are presented in "Finance costs" and impairment losses or reversals are presented in "Net gains/(losses) from investments and others".

- FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are classified as and measured at fair value through profit or loss. A gain or loss on a debt instrument measured at fair value through profit or loss which is not part of a hedging relationship is recognised in profit or loss and presented in "Net gains/(losses) from investments and others" for the period in which it arises.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(a) Classification and measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group's management can elect to present fair value gains and losses on equity investments in other comprehensive income when they are in the scope of IFRS 9 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Where the Group has made the irrevocable election to present fair value gains or losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains or losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as "Net gains/(losses) from investments and others" when the Group's right to receive payments is established. Equity instruments designated as FVOCI are not subject to impairment assessment.

All other investments in equity instruments are classified as and measured at FVPL. Changes in the fair value of FVPL are recognised in "Net gains/(losses) from investments and others" in the consolidated income statement.

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable and contract assets, the Group applies the simplified approach prescribed by IFRS 9, which requires lifetime ECL to be recognised since initial recognition.

Impairment on deposits and other receivables is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a deposit or other receivable has occurred since initial recognition, the impairment is measured as lifetime ECL.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 Derivative and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative, which are recognised under "Other financial assets" and "Other financial liabilities" in the consolidated financial statements, respectively. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of a recognised asset or liability or a highly probable forecast transaction (cash flow hedges). The Group documents at the inception of the hedging relationship the economic relationship between hedging instruments and hedged items including how the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

A hedging relationship qualifies for hedge accounting if it meets all of the hedge effectiveness requirements under IFRS 9. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised through other comprehensive income within equity, while any ineffective portion is recognised immediately in profit or loss.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ("aligned time value") are recognised within other comprehensive income in the costs of hedging reserve within equity.

Except as disclosed below, amounts accumulated in equity are accounted for, depending on the nature of the underlying hedged transaction, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset, the amounts accumulated in equity are removed from other reserves and included within the initial cost of the asset. These deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss.

- For any other cash flow hedges, the gain or loss relating to the effective portion of the derivatives is reclassified to profit or loss at the same time when the hedged cash flows affect profit or loss.

For an option that hedges a time-period related hedged item, the aligned time value at the inception date is amortised on a straight-line basis over the period during which the hedged cash flows affect profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 Derivative and hedging activities (continued)

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remain in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging included in equity are immediately reclassified to profit or loss.

Hedge relationships

The interest rate benchmark reform – phase 2 amendments address issues arising during interest rate benchmark reform, including specifying when the interest rate benchmark reform – phase 1 ("phase 1") amendments will cease to apply, when hedge designations and documentation should be updated, and when hedges of the alternative benchmark rate as the hedged risk are permitted.

The "phase 1" amendments provided temporary reliefs from applying specific hedge accounting requirements to hedging relationships directly affected by Inter Bank Offered Rate ("IBOR") reform. The reliefs had the effect that IBOR reform should not generally cause hedge accounting to terminate prior to contracts being amended. However, any hedge ineffectiveness continued to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs would end, which included the uncertainty arising from interest rate benchmark reform no longer being present.

Following the IBOR benchmark reform, all the borrowings and notes payable the Group held which referenced to USD LIBOR, had been transitioned to SOFR/Term SOFR-referenced in July 2023. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

2.13 Accounts receivable

Accounts receivable are amounts due from customers or agents for services performed or merchandise sold in the ordinary course of business. Accounts receivable are presented as current assets unless collection is not expected within 12 months after the end of the reporting period.

Accounts receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment that is subject to ECL model (Note 4.1(b)).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Cash and cash equivalents

Cash and cash equivalents mainly include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with initial maturities of three months or less.

The Group does not recognise cash amounts deposited with banks in the Mainland of China under users' entrustment (which are received under its payment business) in the consolidated statement of financial position as the Group holds these cash amounts as a custodian according to the relevant users' agreements.

2.15 Repurchase of shares

Save as disclosed in Note 2.9, where any group company purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to equity holders of the Company as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) is included in equity attributable to equity holders of the Company.

2.16 Accounts payable

Accounts payable are obligations to pay for services or goods that have been acquired in the ordinary course of business from suppliers. Accounts payable are presented as current liabilities unless payment is not due within 12 months after the end of the reporting period.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.17 Put option arrangements on non-controlling interest

Put options on non-controlling interest of the Group are financial instruments granted by the Group which permit the holders to put back to the Group their shares in certain non wholly-owned subsidiaries of the Group for cash or other financial instruments when certain conditions are met. If the Group does not have the unconditional right to avoid delivering cash or other financial instruments under the put option, a financial liability is initially recognised under "Other financial liabilities" in the consolidated financial statements at the present value of the estimated future cash outflows on exercise under the put option. Subsequently, if the Group revises its estimates of payments, the Group will adjust the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. The Group will recalculate the carrying amount based on the present value of revised estimated future cash outflows at the financial instrument's original effective interest rate and the adjustment will be recognised in the consolidated statement of changes in equity. In the event that the put option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

The put option liabilities are non-current liabilities unless the put option first becomes exercisable within 12 months after the end of the reporting period.

2.18 Borrowings, notes payable and borrowing costs

Borrowings and notes payable issued by the Group are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over their terms using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan facilities to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the term of the facility to which it relates.

Borrowings and notes payable are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific finance costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale. During the year ended 31 December 2023, finance cost capitalised was insignificant to the Group.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Current and deferred income tax

The income tax expense for the year comprises current and deferred income tax, which is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. When it is not probable, the Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available to utilise those temporary differences and tax losses.

Deferred income tax liabilities are provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the associates' and joint ventures' undistributed profit is not recognised.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Current and deferred income tax (continued)

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the foreseeable future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset where: (i) there is a legally enforceable right to offset current tax assets against current tax liabilities; and (ii) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.20 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund, and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(c) Long-term employee benefit obligations

In addition to participating in the defined contribution plans as described above, the Group also provides commercial health insurance benefits to certain eligible employees till their resignation or retirement. These obligations are classified as non-current liabilities unless it is expected to be settled wholly within 12 months after the end of the reporting period.

These long-term employee benefit obligations are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. For currencies for which there is no deep market in such high-quality corporate bonds, the market yields on government bonds denominated in that currency were applied. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(d) Long-term service awards

The Group recognises a liability and an expense for long-term service awards where cash is paid to retired employees qualified for certain criteria as one-off retirement bonus and it is considered as a defined benefit plan. The method of accounting is similar to those used for long-term employee benefits as described above, except that re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they occur.

(e) Share-based compensation benefits

The Group operates a number of share-based compensation plans (including share option schemes and share award schemes), under which the Group receives services from employees and other qualifying participants as consideration for equity instruments (including share options and awarded shares) of the Group. The fair value of the employee services and other qualifying participants' services received in exchange for the grant of equity instruments of the Group is recognised as an expense over the vesting period, i.e., the period over which all of the specified vesting conditions are to be satisfied and credited to equity.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(e) Share-based compensation benefits (continued)

For grant of share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using option-pricing model, "Enhanced FAS 123" binomial model (the "Binomial Model"), which includes the impact of market performance conditions (such as the Company's share price) but excludes the impact of service condition and non-market performance conditions. For grant of awarded shares, the total amount to be expensed is determined by reference to the market price of the Company's shares at the grant date. The Group also adopts valuation and actuarial techniques to assess the fair value of other equity instruments of the Group granted under the share-based compensation plans as appropriate.

Non-market performance and service conditions are included in assumptions about the number of options and awarded shares that are expected to become vested.

From the perspective of the Company, the grants of its equity instruments to employees of its subsidiaries are made in exchange for their services related to the subsidiaries. Accordingly, the share-based compensation expenses are treated as part of the "Investments in subsidiaries", or "Other receivables" if rechargeable, in the Company's statement of financial position.

At each reporting period end, the Group revises the estimates of the number of options and awarded shares that are expected to ultimately vest. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement of the Group, with a corresponding adjustment to equity.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. When the vested equity instruments are later forfeited prior to expiry date, the amount previously recognised in share premium may be transferred to retained earnings.

If the Group repurchases vested equity instruments, the payments made to the employees and other qualifying participants are accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date. Any such excess is recognised as an expense.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(e) Share-based compensation benefits (continued)

If the terms of an equity-settled share-based award are modified, an additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees and other qualifying participants, as measured at the date of modification. Modifications of an equity-settled share-based award in a manner that is not beneficial to employees are not taken into account when determining the expenses to be recognised.

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

Cash-settled share-based payment transactions are those arrangements where the terms provide the Group to settle the transaction in cash. For cash-settled share-based payments, a liability equal to the portion of the services received is recognised at the current fair value determined at the end of the reporting period until the date of settlement, with any changes in fair value recognised in profit or loss.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition

The Group generates revenues primarily from provision of VAS, Online Advertising services, FinTech and Business Services, and other online related services in the PRC. Revenue is recognised when the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

(a) VAS

Revenues from VAS primarily include revenues from the provision of online games and social networks services. Online games revenues are mainly derived from sales of in-game virtual items, and social networks revenues are mainly derived from sales of virtual items such as VAS subscriptions across various online platforms, and games revenues attributable to social networks business. The Group offers virtual items to users on the Group's online platforms. The VAS fees are paid directly by end users mainly via online payment channels.

Revenue from VAS is recognised when the Group satisfies its performance obligations by rendering services. Given that there is an explicit or implicit obligation of the Group to maintain the virtual items operated on the Group's platforms and allow users to gain access to them, revenue is recognised over the estimated lifespans of the respective virtual items. Revenues from sales of limited life virtual items are recognised based on the consumption or the stipulated period of validity of the relevant virtual items ratably. Revenues from sales of in-game permanent virtual items are recognised ratably over the respective estimates of the expected users' relationship periods of the applicable games determined by the management.

Where the contracts include multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to recover from customers.

In respect of the Group's VAS directly delivered to the Group's customers and paid through various third-party platforms, these third-party platforms collect the relevant service fees (the "Online Service Fees") on behalf of the Group and they are entitled to a pre-determined percentage of platform provider fees (as part of "Channel and distribution costs"). Such Channel and distribution costs are withheld and deducted from the gross Online Service Fees collected by these platforms from the users, with the net amounts remitted to the Group. The Group recognises the Online Service Fees as revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in these transactions based on the assessment according to the criteria stated in (e) below.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition (continued)

(a) VAS (continued)

The Group also opens its online platforms to third-party game/application developers under certain co-operation agreements, under which the Group pays to the third-party game/application developers a pre-determined percentage of the fees paid by and collected from the users of the Group's online platforms for the virtual items sold. The Group recognises the related revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in the transaction.

The Group adopts different revenue recognition methods based on its specific responsibilities/obligations in different VAS offerings.

(b) Online Advertising

Online Advertising revenues mainly comprise revenues derived from media advertisements and from social and other advertisements, depending on the placement of advertising properties and inventories.

Advertising contracts are signed to establish the prices and advertising services to be provided based on different arrangements, including display-based advertising that is display of advertisements for an agreed period of time, and performance-based advertising that is based on actual performance measurement.

Revenue from display-based advertising is recognised on number of display/impression basis or depending on the contractual measures. Revenue from performance-based advertising is recognised when relevant specific performance measures are fulfilled. Where the contracts include multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to recover from customers.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition (continued)

(c) FinTech and Business Services

FinTech and Business Services revenues mainly comprise revenues derived from provision of FinTech and cloud services.

FinTech service revenues mainly include commissions from payment, wealth management and other FinTech services, which are generally determined as a percentage based on the value of transaction amount or retention amount. Revenue related to such commissions is recognised upon a point in time when the Group satisfies its performance obligations by rendering services.

Cloud services are mainly charged on either a subscription or consumption basis. For cloud service contracts billed based on a fixed amount for a specified service period, revenue is recognised over the subscribed period when the services are delivered to customers. For cloud service provided on a consumption basis, revenue is recognised based on the customer utilisation of the resources. When a cloud-based service includes multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to recover from customers.

(d) Other revenues

The Group's other revenues are primarily derived from investments in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities. The Group recognises other revenues when the respective services are rendered, or when the control of the products is transferred to customers.

(e) Principal agent consideration

The Group reports the revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in a transaction. The Group is a principal if it controls the specified product or service before that product or service is transferred to a customer or it has a right to direct others to provide the product or service to the customer on the Group's behalf. Indicators that the Group is a principal include but are not limited to: the Group (i) is the primary obligor in the arrangement; (ii) has latitude in establishing the selling price; (iii) has discretion in supplier selection; (iv) changes the product or performs part of the service; and (v) has involvement in the determination of product or service specifications.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition (continued)

(f) Deferred revenue, contract liabilities and contract costs

The Group's deferred revenue includes contract liabilities and refundable advance payments in certain businesses. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities mainly comprise unamortised virtual items, prepaid subscription fees, prepaid tokens or cards, Internet traffic and other support to be offered to certain investee companies in the future periods measured at their fair value on the inception dates, and customer loyalty incentives (Note 6(c)), which are presented as "Deferred revenue" in the consolidated statement of financial position.

Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract with the customers. The contract costs are amortised using a method which is consistent with the pattern of recognition of the respective revenues. The Group has applied the practical expedient to recognise the contract cost relating to obtaining a contract as an expense when incurred, if otherwise the amortisation period is one year or less.

2.23 Government grants/subsidies

Grants/subsidies from the government are recognised at their fair values where there is a reasonable assurance that the grants/subsidies will be received and the Group will comply with all attached conditions.

Under these circumstances, the grants/subsidies are recognised as income or deducted in reporting the associated costs and expenses which the grants/subsidies are intended to compensate.

2.24 Leases

The Group leases land (Note 2.7), various buildings, computer and other operating equipment and others. Rental contracts other than land are typically made for fixed periods of not longer than 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. A right-of-use asset arising from land lease is presented as "Land use rights".

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.24 Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free rate adjusted for credit risk for leases held by the lessee, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entity uses that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.24 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

A right-of-use asset is generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2.25 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividend is approved by the Company's shareholders or Board where appropriate and no longer at the discretion of the Group.

In respect of a dividend by way of distribution of non-cash assets, the liability to distribute the non-cash assets as a dividend is measured at the fair value of the assets to be distributed on the declaration date. At the end of the reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend liability, and any subsequent change in the fair value of the dividend liability is recognised in equity as an adjustment to the amount of the dividend distribution. Upon settlement, the difference between the carrying amount of the dividend liability which is also the fair value of the assets distributed, and the carrying amount of the assets distributed, if any, is recognised in profit or loss.

The non-cash assets to be distributed are presented as "Assets held for distribution" in the consolidated statement of financial position.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.26 Research and development expenses

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalised when capitalisation criteria are fulfilled and tests for impairment are performed annually. Other development expenditures that do not meet those criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent periods.

3 SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 Inventories

Inventories, mainly consisting of merchandise for sale, are primarily accounted for using the weighted average cost method and are stated at the lower of cost and net realisable value.

3.2 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment properties are carried at historical costs less accumulated depreciation and accumulated impairment charges. Historical costs include expenditures that are directly attributable to the acquisition of the items.

Depreciation is calculated on the straight-line method to allocate their costs net of their residual values over their estimated useful lives of 20-50 years. Investment properties' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment properties' carrying amounts are written down immediately to their recoverable amounts if their carrying amounts are greater than their estimated recoverable amounts (Note 2.10).

3.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

3 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

3.4 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in certain circumstances, such as default, insolvency, bankruptcy or the termination of a contract.

3.5 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as "Interest income" where it is mainly earned from financial assets that are held for cash management purposes.

3.6 Dividend income

Dividends received from FVPL and FVOCI are recognised in "Net gains/(losses) from investments and others" in the consolidated income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects on the financial performance of the Group. Risk management is carried out by the management of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong Dollars ("HKD"), USD and euro ("EUR"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The functional currency of the Company and the majority of its overseas subsidiaries is USD whereas the functional currency of the subsidiaries which operate in the Mainland of China is RMB.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

As at 31 December 2023, the Group's major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	USD denominated RMB'Million	Non-USD denominated RMB'Million
As at 31 December 2023		
Monetary assets, current	**13,637**	**9,184**
Monetary assets, non-current	**4**	**1,593**
Monetary liabilities, current	**(9,160)**	**(3,985)**
Monetary liabilities, non-current	**(3,629)**	**(534)**
	852	**6,258**

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	USD denominated RMB'Million	Non-USD denominated RMB'Million
As at 31 December 2022		
Monetary assets, current	13,332	7,536
Monetary assets, non-current	3	1,490
Monetary liabilities, current	(9,242)	(3,397)
Monetary liabilities, non-current	(2,957)	(869)
	1,136	4,760

During the year ended 31 December 2023, the Group reported net exchange losses of approximately RMB383 million (2022: net exchange gains of RMB633 million) within "Finance costs" in the consolidated income statement.

As at 31 December 2023, management considered that any reasonable changes in foreign exchange rates of the above currencies against the two major functional currencies would not result in a significant change in the Group's results, as the net carrying amounts of financial assets and liabilities denominated in a currency other than the respective subsidiaries' functional currencies are considered to be not significant. Accordingly, no sensitivity analysis is presented for foreign exchange risk.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity price risk mainly arising from investments held by the Group that are classified either as FVPL (Note 26) or FVOCI (Note 27). To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. Each investment is managed by management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of FVPL and FVOCI at the end of each reporting period. If prices of the respective instruments held by the Group had been 5% (31 December 2022: 5%) higher/lower as at 31 December 2023, profit for the year would have been approximately RMB10,888 million (2022: RMB11,028 million) higher/lower as a result of gains/losses on financial instruments classified as at FVPL, other comprehensive income would have been approximately RMB10,424 million (2022: RMB9,096 million) higher/lower as a result of gains/losses on financial instruments classified as at FVOCI.

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for loans to investees and investees' shareholders, term deposits with initial terms of over three months, restricted cash and cash and cash equivalents, details of which have been disclosed in Notes 28, 31 and 33.

If the interest rate of term deposits with initial terms of over three months had been 50 basis points higher/lower, the profit before income tax for the year ended 31 December 2023 would have been RMB1,076 million (2022: RMB666 million) higher/lower. If the interest rate of cash and cash equivalents had been 50 basis points higher/lower, the profit before income tax for the year ended 31 December 2023 would have been RMB862 million (2022: RMB784 million) higher/lower.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The Group's exposure to changes in interest rates is also attributable to its borrowings and notes payable, details of which have been disclosed in Notes 38 and 39, representing a substantial portion of the Group's debts. Borrowings and notes payable carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

The Group regularly monitors its interest rate risk to identify if there are any undue exposures to significant interest rate movements and manages its cash flow interest rate risk by using interest rate swaps, whenever considered necessary.

The Group entered into certain interest rate swap contracts to hedge its exposure arising from borrowings and senior notes carried at floating rates. Under these interest rate swap contracts, the Group agreed with the counterparties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. These interest rate swap contracts had the economic effect of converting borrowings and senior notes from floating rates to fixed rates and were qualified for hedge accounting. Details of the Group's outstanding interest rate swap contracts as at 31 December 2023 are mainly disclosed in Note 29.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2023	2022
	RMB'Million	RMB'Million
Interest rate swaps		
Carrying amount (current assets)	**2,520**	216
Carrying amount (non-current assets)	**969**	6,752
Notional amount	**97,019**	103,410
Maturity date	**2024/3/28~**	2023/1/19~
	2026/2/24	2026/2/24
Hedge ratio	**1:1**	1:1
Changes in fair value of outstanding hedging instruments since 1 January	**(3,581)**	5,457
Change in value of hedged item used to determine hedge effectiveness since 1 January	**(3,581)**	5,457
Weighted average hedged rate for the year	**0.59%**	0.64%

Swaps currently in place covered the majority of the floating-rate borrowings and notes payable principal outstanding.

As at 31 December 2023 and 2022, management considered that any reasonable changes in the interest rates would not result in a significant change in the Group's results as the Group's exposure to cash flow interest-rate risk arising from its borrowings and notes payable carried at floating rates after considering the effect of hedging is considered to be insignificant.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk

The Group is exposed to credit risk in relation to its cash, deposits and restricted cash placed with banks and financial institutions, accounts receivable, other receivables, derivative financial instruments, as well as debt investments measured at amortised cost, at FVOCI and at FVPL. The carrying amount of each class of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

The majority of the balances of accounts receivable are due from online advertising customers and agents, FinTech and cloud customers, content production related customers and third party platform providers. To manage the credit risk arising from accounts receivable, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit periods granted to these customers are disclosed in Note 32 and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. The Group has a large number of customers and there is no significant concentration of credit risk.

Other receivables are mainly comprised of loan receivables related to financial services, interest receivables, loans to investees and investees' shareholders, lease deposits and other receivables. Management manages the loans by category, makes periodic assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experience.

For financial assets whose impairment losses are measured using ECL model, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

– Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial instrument is included in stage 1.

– Stage 2: If the credit risk has increased significantly since its initial recognition but not yet deemed to be credit-impaired, the financial instrument is included in stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in stage 3.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, lifetime or 12-month ECL are provided respectively.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the years. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at year end with the risk of default as at the date of initial recognition. In particular, the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant changes in the expected performance and behavior of the counterparty, including changes in the payment status of the counterparty.

(i) Credit risk of cash and deposits

To manage this risk, the Group only makes transactions with state-owned banks and financial institutions in the PRC and reputable international banks and financial institutions outside of the PRC, which are of high credit quality. The ECL is close to zero.

(ii) Credit risk of accounts receivable

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all accounts receivable. In view of the sound financial position and collection history of receivables due from these counterparties and insignificant risk of default, to measure the ECL, accounts receivable have been grouped based on shared credit risk characteristics and the days past due.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Credit risk of accounts receivable (continued)

The expected loss rates are based on the payment profiles of revenue over 12 months before 31 December 2023 and the corresponding historical credit losses experienced within this period or probability of a receivable progressing through successive stages of delinquency to write-off. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") to be the most relevant factor. Various economic scenarios are considered in generating the forward-looking adjustment.

A default on accounts receivable occurs when the counterparty fails to make contractual payments within 90 days when they fall due. To measure the ECL, accounts receivable are grouped on the basis of shared credit risk characteristics, such as industry, with the objective of facilitating recognition of loss allowance on a timely basis. Accounts receivable are written off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 3 years past due.

Impairment losses on accounts receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same item.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Credit risk of loan receivables related to financial services

To manage credit risk arising from loan receivables related to financial services, standardised credit management procedures are performed. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). This is consistent with the general approach used for the purpose of measuring ECL under IFRS 9. ECL is the product of the PD, EAD, and LGD.

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition. No significant changes to estimation techniques or assumptions were made during the reporting period.

Details of the Group's loan receivables related to financial services are included in Note 28. As at 31 December 2023, the majority of the gross carrying amount of loan receivables was classified in stage 1, and the amounts of loan receivables transferred from stage 1 to stage 2 or stage 3 were immaterial (31 December 2022: immaterial). During the year ended 31 December 2023, the impairment loss resulting from loan receivables related to financial services was immaterial (2022: immaterial).

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents, and readily marketable securities which are classified as FVPL. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such.

The table below analyses the Group's financial liabilities by relevant maturity groupings based on the remaining period since the end of the reporting period to the contractual maturity date (or the earliest date a financial liability may become payable in the absence of a fixed maturity date). The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial assets to be delivered.

	Less than 1 year RMB'Million	Between 1 and 2 years RMB'Million	Between 2 and 5 years RMB'Million	Over 5 years RMB'Million	Total RMB'Million
At 31 December 2023					
Non-derivatives:					
Notes payable	19,138	13,034	40,529	144,814	217,515
Long-term payables	–	6,330	3,027	89	9,446
Borrowings	49,390	46,547	128,371	2	224,310
Lease liabilities	6,547	5,379	8,516	4,402	24,844
Other financial liabilities	4,523	2,375	5,548	8,360	20,806
Accounts payable, other payables and accruals	144,283	–	–	–	144,283
Derivatives:					
Other financial liabilities	8	–	–	–	8
	223,889	73,665	185,991	157,667	641,212

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'Million	Between 1 and 2 years RMB'Million	Between 2 and 5 years RMB'Million	Over 5 years RMB'Million	Total RMB'Million
At 31 December 2022					
Non-derivatives:					
Notes payable	15,614	18,737	31,511	163,558	229,420
Long-term payables	–	5,290	1,264	423	6,977
Borrowings	18,868	38,953	142,964	4	200,789
Lease liabilities	6,661	5,294	9,366	4,296	25,617
Other financial liabilities	3,835	1,967	3,901	480	10,183
Accounts payable, other payables and accruals	125,040	–	–	–	125,040
Dividends payable for distribution in specie	147,965	–	–	–	147,965
Derivatives:					
Other financial liabilities	9	–	–	–	9
	317,992	70,241	189,006	168,761	746,000

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Capital risk management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

Capital refers to equity and external debts (including borrowings and notes payable). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase the Company's shares or raise/repay debts.

The Group assesses its creditworthiness based on its business and financial risk profile and monitors its capital by regularly reviewing its total debts to adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") (Note) ratio, being the measure of the Group's ability to pay off all of its debts which in turn reflects the Group's financial health and liquidity position. The total debts/Adjusted EBITDA ratio calculated by dividing the total debts by Adjusted EBITDA is as follows:

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Borrowings (Note 38)	**197,356**	175,248
Notes payable (Note 39)	**151,262**	159,115
Total debts	**348,618**	334,363
Adjusted EBITDA (Note)	**235,454**	188,986
Total debts/Adjusted EBITDA ratio	**1.48**	1.77

Note:

Adjusted EBITDA represents operating profit less other gains/(losses), net, and adding back depreciation of property, plant and equipment, investment properties as well as right-of-use assets, amortisation of intangible assets and land use rights, and equity-settled share-based compensation expenses.

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 RMB'Million	Level 2 RMB'Million	Level 3 RMB'Million	Total RMB'Million
As at 31 December 2023				
FVPL	**12,280**	**14,233**	**199,535**	**226,048**
FVOCI	**190,011**	**1,269**	**22,671**	**213,951**
Other financial assets	**–**	**6,715**	**26**	**6,741**
Other financial liabilities	**–**	**(8)**	**(2,977)**	**(2,985)**
As at 31 December 2022				
FVPL	13,934	27,109	193,005	234,048
FVOCI	160,528	1,881	22,838	185,247
Assets held for distribution	147,965	–	–	147,965
Other financial assets	–	7,059	211	7,270
Other financial liabilities	–	(9)	(3,298)	(3,307)
Dividends payable for distribution in specie (Note)	(147,965)	–	–	(147,965)

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

Note:

It represented the dividend liability resulting from distribution in specie which was measured at fair value of shares of Meituan to be distributed (Note 17(b)) as at 31 December 2022.

The fair value of financial instruments traded in active markets is determined with reference to quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments mainly include:

- Dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

The group did not change any valuation techniques in determining the Level 2 and Level 3 fair values.

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

During the year ended 31 December 2023, there was no transfer between Level 1 and 2 for recurring fair value measurements. Transfers in and out of Level 3 measurements are set out in the following table, which presents the changes of financial instruments in Level 3 for the years ended 31 December 2023 and 2022:

	Financial assets		Financial liabilities	
	2023 RMB'Million	2022 RMB'Million	**2023 RMB'Million**	2022 RMB'Million
Opening balance	**216,054**	193,608	**(3,298)**	(2,444)
Additions and others	**18,770**	22,581	**40**	(1,238)
Business combinations	**5,238**	14	**2**	(61)
Disposals/settlements	**(2,911)**	(6,620)	**906**	753
Transfers (Note)	**(17,202)**	(7,847)	**–**	–
Changes in fair value recognised in other comprehensive income	**34**	363	**–**	–
Changes in fair value recognised in profit or loss*	**(1,508)**	(1,220)	**(579)**	(146)
Currency translation differences	**3,757**	15,175	**(48)**	(162)
Closing balance	**222,232**	216,054	**(2,977)**	(3,298)
*Includes unrealised losses recognised in profit or loss attributable to balances held at the end of the reporting period	**(3,678)**	(3,564)	**(496)**	(148)

Note:

During the years ended 31 December 2023 and 2022, transfers from Level 3 to Level 1 were mainly due to the successful Initial Public Offerings ("IPO"s) of certain existing investees.

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

Valuation processes inputs and relationships to fair value (Level 3)

The Group has a team of personnel who performs valuation on these Level 3 instruments for financial reporting purposes. The team performs valuation, or necessary updates, at least once every quarter, which coincides with the Group's quarterly reporting dates. On an annual basis, the team adopts various valuation techniques to determine the fair value of the Group's Level 3 instruments. External valuation experts may also be involved and consulted when it is necessary.

The components of the Level 3 instruments mainly include investments in unlisted companies classified as FVPL or FVOCI, other financial assets, and other financial liabilities. Other financial liabilities included in Level 3 instruments mainly include contingent consideration payables related to certain business combinations. As these investments and instruments are not traded in an active market, the majority of their fair values have been determined using applicable valuation techniques including comparable companies approach, comparable transactions approach and option pricing approach. These valuation approaches require significant judgments, assumptions and inputs, including risk-free rates, expected volatility, and market information of recent transactions (such as recent fund-raising transactions undertaken by the investees) and other exposure, etc.

The quantitative information about the significant unobservable inputs used in Level 3 fair value measurements of investments in unlisted companies comprises:

Description	Fair value as at 31 December		Significant unobservable inputs	Range of inputs as at 31 December		Relationship of unobservable inputs to fair value
	2023 RMB'Million	2022 RMB'Million		**2023**	2022	
Investments in unlisted companies in FVPL and FVOCI	**213,369**	210,340	Expected volatility	**33%~82%**	29%~83%	Depends on rights and restrictions of shares held by the Group
			Risk-free rate	**0.04%~7.05%**	0.04%~7.14%	

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

For the fair value of the Group's investments in unlisted companies, the sensitivity analysis on equity price risk is performed by management, see Note 4.1(a)(ii) for details.

For the fair value of contingent consideration payables related to business combinations, management considered that any reasonable changes in the growth rate of net profit or expected volatility would not result in a significant change in the Group's results for the years ended 31 December 2023 and 2022.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) The estimates of the expected users' relationship periods related to in-game permanent virtual items provided on the Group's online platforms

As mentioned in Note 2.22(a), the end users purchase certain in-game permanent virtual items provided on the Group's online platforms and the relevant revenue is recognised ratably over the respective estimates of the expected users' relationship periods.

Significant judgments are required in determining the expected users' relationship periods, including but not limited to historical users' consumption patterns, churn rates, game life-cycles, and qualitative factors such as reactivity on marketing activities and the Group's marketing strategy. The Group has adopted a policy of reassessing the expected users' relationship periods on a regular basis whenever there is any indicator of change in the estimates of the expected users' relationship periods.

The Group will continue to monitor the estimates of the expected users' relationship periods. The results may differ from prior periods, and any change in the estimates may result in the revenue being recognised on a different basis from that in prior periods.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(b) Recoverability of non-financial assets

The Group tests at least annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, construction in progress, other intangible assets, investment properties, land use rights, right-of-use assets as well as investments in associates and joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgments and estimates.

Judgment is required to identify any impairment indicators existing for any of the Group's goodwill and other non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated income statement.

(c) Fair value measurement of FVPL and FVOCI

The fair value assessment of FVPL and FVOCI that are measured at Level 3 fair value hierarchy requires significant estimates, which include risk-free rates, expected volatility, market information of recent transactions (such as recent fund raising transactions undertaken by the investees) and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

(d) Share-based compensation arrangements

As mentioned in Note 2.20(e), the Group has granted share options to its employees and other qualifying participants. The directors have adopted the Binomial Model to determine the total fair value of the options granted, which is to be expensed over the respective vesting periods. Significant estimates and judgment on key parameters, such as risk-free rate, dividend yield and expected volatility, are required to be made by the directors based on historical experience and other relevant factors in applying the Binomial Model (Note 37). Changes in these estimates and judgments could materially affect the fair value of these options granted.

The fair value of share options granted to employees and other qualifying participants determined using the Binomial Model was approximately HKD2,183 million (equivalent to approximately RMB1,987 million) in 2023 (2022: approximately HKD1,452 million (equivalent to approximately RMB1,211 million)).

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(d) Share-based compensation arrangements (continued)

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the options and awarded shares (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. Where the final retention rate is different from the initial estimate, such differences will impact the share-based compensation expenses in subsequent periods. As at 31 December 2023, the Expected Retention Rate of the Group's wholly-owned subsidiaries was assessed to be not lower than approximately 89% (31 December 2022: not lower than 89%).

(e) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such determination is made.

(f) Scope of consolidation

Consolidation is required only if control exists. The Group controls an investee when it has all the following: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. Power results from rights that can be straightforward through voting rights or complicated in contractual arrangements. Variable returns normally encompass financial benefits and risks, but in certain cases, they also include operational values specific to the Group. These three factors cannot be considered in isolation by the Group in its assessment of control over an investee. Where the factors of control are not apparent, significant judgment is applied in the assessment, which is based on an overall analysis of all of the relevant facts and circumstances.

The Group is required to reassess whether it controls the investee if facts and circumstances indicate a change to one or more of the three factors of control.

6 SEGMENT INFORMATION AND REVENUES

(a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers.

The chief operating decision-makers mainly include chief executive officer and president of the Company. They review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

The Group has the following reportable segments for the years ended 31 December 2023 and 2022:

- 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.

The chief operating decision-makers assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. Revenues and cost of revenues are directly attributable to our operating segments, whereas other income and expenses, such as selling and marketing expenses, general and administrative expenses, interest income and finance costs (net), are managed centrally at group level due to the coherent nature of our businesses; therefore, they are not included in the measure of the operating segments' performance. Other gains/losses (net), net gains/(losses) from investments and others, share of profit/loss of associates and joint ventures (net) and income tax expense are not allocated to individual operating segment either.

There were no material inter-segment sales during the years ended 31 December 2023 and 2022. 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.

Other information, together with the segment information, provided to the chief operating decision-makers, is measured in a manner consistent with that applied in these consolidated financial statements. There was no segment assets or segment liabilities information provided to the chief operating decision-makers.

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

The segment information provided to the chief operating decision-makers for the reportable segments for the years ended 31 December 2023 and 2022 is as follows:

	Year ended 31 December 2023				
	VAS RMB'Million	Online Advertising RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	**298,375**	**101,482**	**203,763**	**5,395**	**609,015**
Gross profit/(loss)	**161,919**	**51,344**	**80,636**	**(790)**	**293,109**
Cost of revenues					
Depreciation	**5,239**	**6,025**	**8,713**	**59**	**20,036**
Amortisation	**19,468**	**8,661**	**158**	**1,930**	**30,217**

	Year ended 31 December 2022				
	VAS RMB'Million	Online Advertising RMB'Million	FinTech and Business Services RMB'Million	Others RMB'Million	Total RMB'Million
Segment revenues	287,565	82,729	177,064	7,194	554,552
Gross profit/(loss)	145,647	35,009	58,374	(284)	238,746
Cost of revenues					
Depreciation	6,147	6,477	9,467	50	22,141
Amortisation	19,320	8,422	200	1,569	29,511

The reconciliation of gross profit to profit before income tax is shown in the consolidated income statement.

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the Mainland of China. During the years ended 31 December 2023 and 2022, breakdown of the total revenues by geographical location is as follows:

	2023	2022
	RMB'Million	RMB'Million
Revenues		
– The Mainland of China	**550,779**	502,534
– Others	**58,236**	52,018
	609,015	554,552

The Group also conducts operations in the North America, Europe and other regions, and holds investments (including investments in associates, investments in joint ventures, FVPL, FVOCI and assets held for distribution) in various territories. The geographical information on the total assets is as follows:

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Operating assets		
– The Mainland of China	**550,635**	482,401
– Others	**324,947**	275,755
Investments		
– The Mainland of China and Hong Kong	**393,836**	560,835
– North America	**110,106**	91,636
– Asia excluding the Mainland of China and Hong Kong	**110,224**	105,891
– Europe	**64,123**	45,835
– Others	**23,375**	15,778
	1,577,246	1,578,131

As at 31 December 2023, the total non-current assets other than financial instruments and deferred income tax assets located in the Mainland of China and other regions amounted to RMB361,619 million (31 December 2022: RMB352,703 million) and RMB201,821 million (31 December 2022: RMB192,413 million), respectively.

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

All the revenues derived from any single external customer were less than 10% of the Group's total revenues during the years ended 31 December 2023 and 2022.

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue of the Group from contracts with customers is disaggregated by revenue source. The table also includes a reconciliation to the segment information (Note 6(a)).

	2023	2022
	RMB'Million	RMB'Million
Revenue from contracts with customers		
– VAS	**298,375**	287,565
Games	**179,860**	170,715
Social networks	**118,515**	116,850
– Online Advertising	**101,482**	82,729
Social and others advertising	**91,164**	72,020
Media advertising	**10,318**	10,709
– FinTech and Business Services	**203,763**	177,064
– Others	**5,395**	7,194
	609,015	554,552

6 SEGMENT INFORMATION AND REVENUES (continued)

(c) Assets and liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers under "Deferred revenue":

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Contract liabilities:		
VAS	**62,890**	62,478
Online Advertising	**1,335**	2,152
FinTech and Business Services	**6,733**	6,082
Others	**172**	182
	71,130	70,894

Note:

(i) Contract liabilities

Contract liabilities mainly comprised unamortised virtual items, prepaid subscription fees, prepaid tokens or cards, Internet traffic and other support to be offered to certain investee companies in the future periods measured at their fair value on the inception dates, and customer loyalty incentives.

6 SEGMENT INFORMATION AND REVENUES (continued)

(c) Assets and liabilities related to contracts with customers (continued)

Note: (continued)

(ii) Revenue recognised in relation to contract liabilities

The following table shows the extent of the revenue recognised in the current reporting period which relates to carried-forward contract liabilities:

	2023	2022
	RMB'Million	RMB'Million
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:		
VAS	**59,697**	59,326
Online Advertising	**1,802**	1,549
FinTech and Business Services	**5,334**	5,558
Others	**155**	108
	66,988	66,541

As at 31 December 2023 and 2022, total capitalised contract costs to obtain or fulfil contracts with customers were immaterial.

7 EXPENSES BY NATURE

	2023 RMB'Million	2022 RMB'Million
Transaction costs (Note (a))	**134,864**	124,282
Employee benefits expenses (Note (b) and Note 15)	**107,675**	111,182
Content costs (excluding amortisation of intangible assets)	**62,696**	67,306
Amortisation of intangible assets (Note (c) and Note 22)	**32,623**	32,695
Depreciation of property, plant and equipment, investment properties and right-of-use assets	**26,305**	28,444
Bandwidth and server custody fees (excluding depreciation of right-of-use assets)	**24,248**	30,719
Promotion and advertising expenses	**22,836**	18,764
Auditor's remuneration		
– Audit and audit-related services	**155**	146
– Non-audit services	**57**	32
– Tax advisory	***23***	*18*
– Due diligence service	***2***	*5*
– Other services	***32***	*9*

Note:

(a) Transaction costs primarily consist of bank handling fees, channel and distribution costs.

(b) During the year ended 31 December 2023, the Group had incurred expenses for the purpose of research and development of approximately RMB64,078 million (2022: RMB61,401 million), which mainly comprised employee benefits expenses of approximately RMB52,416 million (2022: RMB50,000 million).

No significant development expenses had been capitalised for the years ended 31 December 2023 and 2022.

During the year ended 31 December 2023, employee benefits expenses included the share-based compensation expenses of approximately RMB22,782 million (2022: RMB26,248 million), which contained those incurred for employees related to SSV & CPP of approximately RMB63 million (2022: RMB73 million).

7 EXPENSES BY NATURE (continued)

Note: (continued)

(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 year ended 31 December 2023, amortisation of media content was approximately RMB30,088 million (2022: RMB28,893 million).

During the year ended 31 December 2023, amortisation of intangible assets included the amortisation of intangible assets arising from acquisitions of approximately RMB5,019 million (2022: RMB5,197 million).

(d) During the year ended 31 December 2023, expenses incurred related to SSV & CPP (excluding share-based compensation expenses) were approximately RMB998 million (2022: RMB726 million).

(e) During the year ended 31 December 2023, except as disclosed in Note 8(a), non-recurring compliance-related costs and expenses incurred for certain litigation settlements in total were approximately RMB18 million (2022: RMB205 million), of which approximately RMB1 million (2022: RMB20 million) were included in "Other gains/(losses), net".

8 OTHER GAINS/(LOSSES), NET

	2023	2022 Restated
	RMB'Million	RMB'Million
Subsidies and tax rebates	**10,285**	11,119
Tenpay-related fine (Note (a))	**(2,995)**	–
Others	**(2,589)**	(3,113)
	4,701	8,006

Note:

(a) In July 2023, Tenpay received a notice from the People's Bank of China regarding its decision to impose a fine amounted to approximately RMB2.99 billion for its past regulatory breaches in relation to the provision of payment services in the Mainland of China. The amount was paid in July 2023.

9 NET GAINS/(LOSSES) FROM INVESTMENTS AND OTHERS

	2023	2022 Restated
	RMB'Million	RMB'Million
Net gains on disposals and deemed disposals of investee companies (Note (a))	**4,283**	172,707
Net fair value losses on FVPL (Note (b))	**(1,954)**	(7,117)
Impairment provisions for investments in associates (Note 23(c))	**(6,847)**	(25,689)
Impairment reversals/(provisions) for investments in joint ventures and others	**752**	(1,849)
Impairment provisions for goodwill and other intangible assets arising from acquisitions (Note 22)	**(95)**	(17,265)
Net fair value losses on other financial instruments (Note (c))	**(165)**	(633)
Donations (Note (d))	**(2,952)**	(5,124)
Dividend income	**546**	948
Others	**342**	309
	(6,090)	116,287

Note:

(a) The net disposal and deemed disposal gains of approximately RMB4,283 million recognised during the year ended 31 December 2023 comprised the following:

- aggregate net gains of approximately RMB1,574 million (2022: RMB18,914 million) on disposals and partial disposals of investee companies of the Group;
- aggregate net gains of approximately RMB4,004 million (2022: RMB151,000 million) on deemed disposals of investee companies of the Group; and
- aggregate net losses of approximately RMB1,295 million on dilution of the Group's equity interests in certain associates due to new equity interests being issued by these associates (2022: net gains of approximately RMB2,793 million on dilution of the Group's equity interests in certain associates and a joint venture). These investee companies are principally engaged in eCommerce, manufacture and sales of electric vehicles, and other Internet-related businesses.

9 NET GAINS/(LOSSES) FROM INVESTMENTS AND OTHERS (continued)

Note: (continued)

(b) During the year ended 31 December 2023, the net fair value losses on FVPL mainly comprised net losses of approximately RMB2,886 million as a result of changes in valuations of certain investee companies (2022: RMB7,737 million).

(c) During the year ended 31 December 2023, the net fair value losses on other financial instruments mainly included net losses of approximately RMB152 million, as a result of changes in valuations of investment-related financial instruments (2022: RMB586 million).

(d) During the year ended 31 December 2023, donations mainly included approximately RMB2,792 million for SSV & CPP of the Group (2022: RMB5,037 million).

10 INTEREST INCOME

Interest income mainly represents interest income from bank deposits, including bank balance and term deposits.

11 FINANCE COSTS

	2023	2022
	RMB'Million	RMB'Million
Interest and related expenses	**11,885**	9,985
Exchange losses/(gains), net	**383**	(633)
	12,268	9,352

Interest and related expenses mainly arose from the borrowings, notes payable and lease liabilities as disclosed in Notes 38, 39 and 20, respectively.

12 SHARE OF PROFIT/(LOSS) OF ASSOCIATES AND JOINT VENTURES, NET

	2023 RMB'Million	2022 RMB'Million
Share of profit/(loss) of associates, net (Note 23)	**5,400**	(16,379)
Share of profit/(loss) of joint ventures, net (Note 24)	**400**	250
	5,800	(16,129)

(a) During the year ended 31 December 2023, it represented the Group's share of its associates and joint ventures' post-acquisition profit or loss, including share of their impairment provisions for investee companies, goodwill and other intangible assets arising from acquisitions of approximately RMB1,933 million (2022: RMB3,201 million), amortisation of intangible assets arising from acquisitions of approximately RMB5,250 million (2022: RMB6,621 million), share-based compensation expenses of approximately RMB4,984 million (2022: RMB7,063 million), non-recurring compliance-related adjustment gains of approximately RMB1 million (2022: losses of RMB1,920 million) and other net gains from investee companies of approximately RMB4,925 million (2022: RMB314 million).

(b) Details of the Group's impairment provisions/reversals for investments in associates and joint ventures are included in Notes 9, 23 and 24.

13 TAXATION

(a) Income tax expense

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

(i) 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 2023 and 2022.

(ii) 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 years ended 31 December 2023 and 2022.

13 TAXATION (continued)

(a) Income tax expense (continued)

(iii) 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 years ended 31 December 2023 and 2022. The general PRC CIT rate was 25% in 2023 and 2022.

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 years ended 31 December 2023 and 2022. Moreover, according to announcement and circular issued by relevant government authorities, a subsidiary which was qualified as a national key software enterprise was subject to a preferential corporate income tax rate of 10%.

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

(iv) 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, which were not higher than 35%.

(v) 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.

13 TAXATION (continued)

(a) Income tax expense (continued)

The income tax expense of the Group is analysed as follows:

	2023 RMB'Million	2022 RMB'Million
Current income tax	**32,720**	24,425
Deferred income tax (Note 30)	**10,556**	(2,909)
	43,276	21,516

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% (2022: 25%) for the year ended 31 December 2023, being the general tax rate of the major subsidiaries of the Group before enjoying preferential tax treatments, as follows:

	2023 RMB'Million	2022 RMB'Million
Profit before income tax	**161,324**	210,225
Share of (profit)/loss of associates and joint ventures, net	**(5,800)**	16,129
	155,524	226,354
Tax calculated at a tax rate of 25%	**38,881**	56,588
Effects of different tax rates applicable to different subsidiaries of the Group	**(13,971)**	(45,335)
Effects of tax holiday and preferential tax benefits on assessable profits of subsidiaries incorporated in the Mainland of China	**(4,400)**	(4,641)
Income not subject to tax	**(433)**	(84)
Expenses not deductible for tax purposes	**2,918**	2,532
Withholding tax on earnings expected to be remitted by subsidiaries (Note 30)	**10,300**	4,350
Unrecognised deferred income tax assets	**9,983**	7,992
Others	**(2)**	114
Income tax expense	**43,276**	21,516

13 TAXATION (continued)

(b) Value-added tax and other taxes

The operations of the Group are also mainly subject to the following taxes in the PRC:

Category	Tax rate	Basis of levy
Value-added tax ("VAT")	6~13%	Sales value of goods sold and services fee income, offset by VAT on purchases
Cultural construction fee	3% (Note (i))	Taxable advertising income
City construction tax	7%	Net VAT payable amount
Educational surcharge	5%	Net VAT payable amount

Note:

(i) Effective from 1 July 2019 to 31 December 2024, the rate of cultural construction fee has been reduced by 50% in certain regions, while during the period from 1 January 2020 to 31 December 2021, this fee was fully exempted.

(c) OECD Pillar Two model rules

The Organisation for Economic Co-operation and Development ("OECD") published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws ("Pillar Two legislation") to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group is reasonably expected to fall into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%.

The Group has reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and engaged external tax specialists in assessing its tax exposure. As at 31 December 2023, the Group mainly operates in the Mainland of China and Hong Kong, in which exposures to Pillar Two income taxes might exist in the future although the legislation is not yet substantively enacted or enacted. Besides, certain subsidiaries of the Company are located in jurisdictions mainly including Luxembourg, Netherlands and Ireland where Pillar Two legislation had been enacted or substantively enacted, but not yet in effect; it is estimated that the Group's income tax would not be materially different should those legislation had been in effect for the year ended 31 December 2023.

Since none of the Pillar Two legislation relevant to the Group has come into effect, the Group does not recognise any relevant current tax or deferred tax for the year ended 31 December 2023.

14 EARNINGS PER SHARE

(a) Basic

Basic earnings per share ("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 year.

	2023	2022
Profit attributable to equity holders of the Company (RMB'Million)	**115,216**	188,243
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	**9,455**	9,528
Basic EPS (RMB per share)	**12.186**	19.757

(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.

	2023	2022
Profit attributable to equity holders of the Company (RMB'Million)	**115,216**	188,243
Dilution effect arising from share-based awards granted by non wholly-owned subsidiaries and associates (RMB'Million)	**(986)**	(740)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB'Million)	**114,230**	187,503
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	**9,455**	9,528
Adjustments for share options and awarded shares (million shares)	**155**	167
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	**9,610**	9,695
Diluted EPS (RMB per share)	**11.887**	19.341

15 EMPLOYEE BENEFITS EXPENSES

	2023 RMB'Million	2022 RMB'Million
Wages, salaries and bonuses	**71,225**	70,213
Share-based compensation expenses	**22,782**	26,248
Contributions to pension plans (Note)	**7,299**	7,108
Welfare, medical and other expenses (Note)	**6,241**	7,473
Training expenses	**128**	140
	107,675	111,182

Note:

The majority of the Group's contributions to pension plans are related to the local employees in the PRC. All local employees of the subsidiaries in the PRC participate in employee social security plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the governmental authorities. Except for the contributions made to these social security plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the portion of premium and welfare benefit contributions that should be borne by the companies within the Group as required by the above social security plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are paid to the respective labour and social welfare authorities and are expensed as incurred. The applicable percentages used to provide for these social security plans for the years ended 31 December 2023 and 2022 are listed below:

	Percentage
Pension insurance	12.0 ~ 20.0%
Medical insurance	5.0 ~ 10.0%
Unemployment insurance	0.25 ~ 1.5%
Housing fund	10.0 ~ 12.0%

Effective from 1 January 2022, additional employee benefits had been provided by the Group to certain employees, including (i) commercial health insurance benefits to certain eligible employees who have completed a required period of service; and (ii) one-off retirement cash bonus upon the retirement of qualified employees. The financial impacts relating to these additional benefits for the year ended 31 December 2023 and 2022 were not material.

15 EMPLOYEE BENEFITS EXPENSES (continued)

(a) Senior management's emoluments

Senior management includes directors, chief executive officer ("CEO"), president and other senior executives. The aggregate compensation paid/payable to senior management for employee services (excluding the compensation paid/payable to (i) the then executive director of the Company during the period from 1 January 2023 to 17 May 2023, and (ii) a director and the CEO of the Company, details of which have been reflected in Note 16(a)), is as follows:

	2023	2022
	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	**567,622**	435,500
Contributions to pension plans	**720**	772
Share-based compensation expenses	**4,042,105**	4,835,839
	4,610,447	5,272,111

The emoluments of the above senior management fell within the following bands:

	Number of individuals	
	2023	2022
Emolument bands		
HKD8,000,000 ~ HKD50,000,000	**1**	1
HKD50,000,001 ~ HKD200,000,000	**4**	3
HKD200,000,001 ~ HKD400,000,000	**4**	3
HKD400,000,001 ~ HKD800,000,000	**2**	3
HKD800,000,001 ~ HKD1,200,000,000	**1**	–
HKD1,200,000,001 ~ HKD2,000,000,000	**1**	2

15 EMPLOYEE BENEFITS EXPENSES (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group did not include any director for the year ended 31 December 2023 (2022: did not include any director). All of these individuals have not received any emolument from the Group as an inducement to join the Group during the years ended 31 December 2023 and 2022. The emoluments paid/payable to the five (2022: five) individuals during the years are as follows:

	2023	2022
	RMB'000	RMB'000
Salaries	**36,100**	35,339
Bonuses	**1,091,373**	1,105,178
Contributions to pension plans	**23,091**	16,336
Share-based compensation expenses	**2,391,324**	3,013,520
Allowances and benefits in kind	**193**	217
	3,542,081	4,170,590

The emoluments of the above five individuals (2022: five) fell within the following bands:

	Number of individuals	
	2023	2022
Emolument bands		
HKD431,500,001 ~ HKD432,000,000	**1**	–
HKD502,500,001 ~ HKD503,000,000	**2**	–
HKD536,500,001 ~ HKD537,000,000	**–**	2
HKD561,000,001 ~ HKD561,500,000	**–**	1
HKD1,049,500,001 ~ HKD1,050,000,000	**1**	–
HKD1,421,000,001 ~ HKD1,421,500,000	**1**	–
HKD1,504,000,001 ~ HKD1,504,500,000	**–**	1
HKD1,530,000,001 ~ HKD1,530,500,000	**–**	1

16 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and the chief executive's emoluments

The remuneration of every director and the CEO is set out below:

During the year ended 31 December 2023:

Name of director	Fees RMB'000	Salaries RMB'000	Bonuses RMB'000	Contributions to pension plans RMB'000	Share-based compensation expenses RMB'000	Allowances and benefits in kind RMB'000 (Note (i))	Total RMB'000
Ma Huateng (CEO)	1,275	6,791	34,723	76	–	58	42,923
Lau Chi Ping Martin (Note (ii))	472	2,690	9,000	–	40,316	–	52,478
Li Dong Sheng	816	–	–	–	3,119	–	3,935
Ian Charles Stone	1,087	–	–	–	6,239	–	7,326
Yang Siu Shun	1,087	–	–	–	5,545	–	6,632
Ke Yang	816	–	–	–	3,042	–	3,858
Zhang Xiu Lan	816	–	–	–	1,929	–	2,745
Jacobus Petrus (Koos) Bekker	–	–	–	–	–	–	–
Charles St Leger Searle	–	–	–	–	–	–	–
	6,369	9,481	43,723	76	60,190	58	119,897

16 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and the chief executive's emoluments (continued)

During the year ended 31 December 2022:

Name of director	Fees RMB'000	Salaries RMB'000	Bonuses RMB'000	Contributions to pension plans RMB'000	Share-based compensation expenses RMB'000	Allowances and benefits in kind RMB'000 (Note (i))	Total RMB'000
Ma Huateng (CEO)	1,254	7,103	30,194	128	–	15	38,694
Lau Chi Ping Martin	1,254	7,353	20,436	–	158,317	99	187,459
Li Dong Sheng	804	–	–	–	2,981	–	3,785
Ian Charles Stone	1,072	–	–	–	5,963	–	7,035
Yang Siu Shun	1,072	–	–	–	5,278	–	6,350
Ke Yang	804	–	–	–	2,708	–	3,512
Zhang Xiu Lan	298	–	–	–	274	–	572
Jacobus Petrus (Koos) Bekker	–	–	–	–	–	–	–
Charles St Leger Searle	–	–	–	–	–	–	–
	6,558	14,456	50,630	128	175,521	114	247,407

Note:

(i) Allowances and benefits in kind include leave pay, insurance premium and club membership.

16 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and the chief executive's emoluments (continued)

Note: (continued)

(ii) The emoluments were received by Mr Lau Chi Ping Martin in his capacity as a director of the Company during the period from 1 January 2023 to 17 May 2023.

(iii) During the year ended 31 December 2023, no options were granted to any executive director of the Company (2022: Nil), and no options previously granted were voluntarily waived by executive directors, except for voluntary waiver of 843,658 options held by a former executive director which did not take place during his term of directorship (2022: 2,530,972 options previously granted were voluntarily waived by an executive director), while 74,542 awarded shares were granted to five independent non-executive directors of the Company (2022: 58,398 awarded shares were granted to five independent non-executive directors of the Company).

(iv) 843,658 options previously granted were voluntarily waived by a former executive director in January 2024.

(v) No director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office. Except as stated in Note (iii) above, no director waived or has agreed to waive any emoluments during the years ended 31 December 2023 and 2022.

(b) Directors' termination benefits

No director's termination benefit subsisted at the end of the year or at any time during the year.

(c) Consideration provided to third parties for making available directors' services

No consideration provided to or receivable by third parties for making available directors' services subsisted at the end of the year or at any time during the year.

(d) Information about loans, quasi-loans and other dealings in favour of directors, their controlled bodies and connected entities

No loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities subsisted at the end of the year or at any time during the year.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

17 DIVIDENDS

(a) Final dividends

The final dividends amounting to HKD22,762 million (2022: HKD15,260 million) were paid during the year ended 31 December 2023.

A final dividend in respect of the year ended 31 December 2023 of HKD3.40 per share (2022: HKD2.40 per share) was proposed pursuant to a resolution passed by the Board on 20 March 2024 and subject to the approval of the shareholders at the 2024 annual general meeting of the Company to be held on 14 May 2024 or any adjournment thereof. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

(b) Settlement of special interim dividend by way of distribution in specie

On 16 November 2022, the Board resolved to declare a distribution of a special interim dividend by the Company in the form of a distribution in specie of approximately 948 million Class B ordinary shares of Meituan to the shareholders. The share certificates of the relevant shares of Meituan ("Meituan Shares") in respect of the distribution to qualifying shareholders were dispatched to qualifying shareholders on 24 March 2023 (the "Share Certificate Dispatch Date").

Dividends payable for distribution in specie was approximately RMB115.8 billion right before the Share Certificate Dispatch Date, measured at fair value using the market price of the Meituan Shares to be distributed. Fair value changes on the dividends payable amounted to approximately RMB30.0 billion from 1 January 2023 to the Share Certificate Dispatch Date were recognised in equity as a result of the changes in the fair value of the Meituan Shares to be distributed. Upon the dispatch of the share certificates of the Meituan Shares to be distributed, the assets held for distribution (Note 34) and dividends payable for distribution in specie were derecognised and the cumulative fair value losses of assets held for distribution amounted to approximately RMB19.0 billion were transferred from other reserves to retained earnings.

18 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'Million	Computer and other operating equipment RMB'Million	Furniture and office equipment RMB'Million	Motor vehicles RMB'Million	Leasehold improvements RMB'Million	Total RMB'Million
At 1 January 2023						
Cost	20,158	103,343	2,966	155	4,981	131,603
Accumulated depreciation and impairment	(5,651)	(67,413)	(1,822)	(85)	(2,782)	(77,753)
Currency translation differences	26	37	8	(1)	58	128
Net book amount	14,533	35,967	1,152	69	2,257	53,978
Year ended 31 December 2023						
Opening net book amount	14,533	35,967	1,152	69	2,257	53,978
Business combinations	–	13	8	1	9	31
Additions	1,922	16,515	193	37	503	19,170
Disposals	(4)	(100)	(9)	(3)	(17)	(133)
Depreciation	(930)	(17,715)	(376)	(40)	(834)	(19,895)
Impairment provisions	–	(4)	–	–	(32)	(36)
Currency translation differences	36	72	2	–	7	117
Closing net book amount	15,557	34,748	970	64	1,893	53,232
At 31 December 2023						
Cost	22,077	110,811	3,012	175	4,319	140,394
Accumulated depreciation and impairment	(6,582)	(76,172)	(2,052)	(110)	(2,491)	(87,407)
Currency translation differences	62	109	10	(1)	65	245
Net book amount	15,557	34,748	970	64	1,893	53,232

18 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'Million	Computer and other operating equipment RMB'Million	Furniture and office equipment RMB'Million	Motor vehicles RMB'Million	Leasehold improvements RMB'Million	Total RMB'Million
At 1 January 2022						
Cost	17,767	102,278	2,545	137	3,860	126,587
Accumulated depreciation and impairment	(4,597)	(55,909)	(1,487)	(61)	(2,264)	(64,318)
Currency translation differences	(58)	(292)	(3)	(1)	(1)	(355)
Net book amount	13,112	46,077	1,055	75	1,595	61,914
Year ended 31 December 2022						
Opening net book amount	13,112	46,077	1,055	75	1,595	61,914
Business combinations	1	48	11	1	33	94
Additions	2,471	9,186	471	25	1,207	13,360
Disposals	–	(124)	(3)	(3)	(30)	(160)
Depreciation	(1,135)	(19,549)	(393)	(29)	(607)	(21,713)
Currency translation differences	84	329	11	–	59	483
Closing net book amount	14,533	35,967	1,152	69	2,257	53,978
At 31 December 2022						
Cost	20,158	103,343	2,966	155	4,981	131,603
Accumulated depreciation and impairment	(5,651)	(67,413)	(1,822)	(85)	(2,782)	(77,753)
Currency translation differences	26	37	8	(1)	58	128
Net book amount	14,533	35,967	1,152	69	2,257	53,978

During the year ended 31 December 2023, depreciation of RMB16,630 million (2022: RMB18,856 million), RMB405 million (2022: RMB349 million) and RMB2,860 million (2022: RMB2,508 million) were charged to "Cost of revenues", "Selling and marketing expenses" and "General and administrative expenses", respectively.

19 LAND USE RIGHTS

	2023 RMB'Million	2022 RMB'Million
Opening net book amount	**18,046**	17,728
Additions	**36**	858
Reduction (Note)	**(201)**	–
Disposals	**(162)**	–
Amortisation	**(532)**	(546)
Impairment provisions	**(10)**	(9)
Currency translation differences	**2**	15
Closing net book amount	**17,179**	18,046

Note:

It represented the return from the government due to actual occupancy area adjustments.

The land use rights mainly represented prepaid operating lease payments in respect of land in the Mainland of China with remaining lease periods of 25 to 47 years.

20 LEASES (EXCLUDING LAND USE RIGHTS)

(a) Amounts recognised in the consolidated statement of financial position

Movement of right-of-use assets (excluding land use rights, disclosed in Note 19) is analysed as follows:

	2023	2022
	RMB'Million	RMB'Million
Opening net book amount	**22,524**	20,468
Business combinations	**47**	171
Additions	**6,535**	8,715
Depreciation	**(6,398)**	(6,722)
Reduction (Note)	**(2,512)**	(543)
Impairment provisions	**–**	(3)
Currency translation differences	**268**	438
Closing net book amount	**20,464**	22,524

Note:

The reduction of right-of-use assets during the years ended 31 December 2023 and 2022 mainly arose from early termination and modification of lease contracts.

20 LEASES (EXCLUDING LAND USE RIGHTS) (continued)

(b) Amounts recognised in consolidated income statement and consolidated statement of cash flows

The consolidated income statement included the following amounts relating to leases (excluding the amortisation of land use rights, disclosed in Note 19):

	2023 RMB'Million	2022 RMB'Million
Depreciation charge of right-of-use assets		
Buildings	**2,927**	3,370
Computer and other operating equipment	**3,436**	3,320
Others	**34**	30
	6,397	6,720
Interest expense (included in finance costs)	**1,011**	1,060
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues and expenses)	**1,595**	1,741
Expense relating to variable lease payments not included in lease liabilities (included in cost of revenues and expenses)	**4,687**	5,577

Some leases of computer and other operating equipment contain variable lease payments. Variable payments are used for a variety of reasons, including managing cash outflows and minimising the fixed costs. Variable lease payments that depend on usage of bandwidth are recognised in profit or loss in the period in which the conditions that trigger those payments occur. Variable lease payments relating to computer and other operating equipment leases during the year ended 31 December 2023 were considered to be insignificant.

The total cash outflow in financing activities for leases during the year ended 31 December 2023 was approximately RMB7,589 million (2022: RMB6,871 million), including principal elements of lease payments of approximately RMB6,652 million (2022: RMB5,969 million) and related interest paid of approximately RMB937 million (2022: RMB902 million), respectively.

21 CONSTRUCTION IN PROGRESS

	2023 RMB'Million	2022 RMB'Million
Opening net book amount	**9,229**	5,923
Additions	**7,129**	5,363
Transfer to property, plant and equipment	**(2,623)**	(2,055)
Business combinations	**5**	1
Disposal	**(175)**	(4)
Currency translation differences	**18**	1
Closing net book amount	**13,583**	9,229

As at 31 December 2023, construction in progress mainly comprised office buildings and data centers under construction located in the PRC.

22 INTANGIBLE ASSETS

	Goodwill RMB'Million	Computer software and technology RMB'Million	Media content RMB'Million	Trademarks RMB'Million	Others RMB'Million	Total RMB'Million
At 1 January 2023						
Cost	142,499	14,179	139,124	13,865	9,948	319,615
Accumulated amortisation and impairment	(23,101)	(10,035)	(108,045)	(5,971)	(7,515)	(154,667)
Currency translation differences	(2,667)	(34)	(69)	(304)	(72)	(3,146)
Net book amount	116,731	4,110	31,010	7,590	2,361	161,802
Year ended 31 December 2023						
Opening net book amount	116,731	4,110	31,010	7,590	2,361	161,802
Business combinations	6,850	185	6,277	727	194	14,233
Additions	–	707	31,298	–	122	32,127
Disposals and others	(2,383)	(41)	(1,347)	(1)	–	(3,772)
Amortisation	–	(1,001)	(30,088)	(989)	(545)	(32,623)
Impairment provisions	(5)	(90)	(3)	–	–	(98)
Currency translation differences	5,027	23	610	337	61	6,058
Closing net book amount	126,220	3,893	37,757	7,664	2,193	177,727
At 31 December 2023						
Cost	146,966	14,935	167,888	14,591	10,253	354,633
Accumulated amortisation and impairment	(23,106)	(11,031)	(130,672)	(6,960)	(8,049)	(179,818)
Currency translation differences	2,360	(11)	541	33	(11)	2,912
Net book amount	126,220	3,893	37,757	7,664	2,193	177,727

22 INTANGIBLE ASSETS (continued)

	Goodwill RMB'Million	Computer software and technology RMB'Million	Media content RMB'Million	Trademarks RMB'Million	Others RMB'Million	Total RMB'Million
At 1 January 2022						
Cost	131,347	12,679	125,114	12,977	9,354	291,471
Accumulated amortisation and impairment	(14,275)	(4,355)	(88,359)	(3,256)	(3,799)	(114,044)
Currency translation differences	(4,899)	(83)	(466)	(446)	(157)	(6,051)
Net book amount	112,173	8,241	36,289	9,275	5,398	171,376
Year ended 31 December 2022						
Opening net book amount	112,173	8,241	36,289	9,275	5,398	171,376
Business combinations	11,152	836	3,968	900	563	17,419
Additions	–	688	22,292	–	45	23,025
Disposals	–	(3)	(2,803)	(8)	(8)	(2,822)
Amortisation	–	(1,640)	(28,893)	(1,111)	(1,051)	(32,695)
Impairment provisions	(8,826)	(4,061)	(240)	(1,608)	(2,671)	(17,406)
Currency translation differences	2,232	49	397	142	85	2,905
Closing net book amount	116,731	4,110	31,010	7,590	2,361	161,802
At 31 December 2022						
Cost	142,499	14,179	139,124	13,865	9,948	319,615
Accumulated amortisation and impairment	(23,101)	(10,035)	(108,045)	(5,971)	(7,515)	(154,667)
Currency translation differences	(2,667)	(34)	(69)	(304)	(72)	(3,146)
Net book amount	116,731	4,110	31,010	7,590	2,361	161,802

22 INTANGIBLE ASSETS (continued)

During the year ended 31 December 2023, amortisation of RMB30,217 million (2022: RMB29,511 million) and RMB2,406 million (2022: RMB3,184 million) were charged to "Cost of revenues" and "General and administrative expenses", respectively.

During the year ended 31 December 2023, impairment losses of RMB95 million (2022: RMB17,265 million) on goodwill and other intangible assets arising from acquisitions were charged to the consolidated income statement under "Net gains/(losses) from investments and others", and RMB3 million (2022: RMB141 million) were charged to "Cost of revenues".

Impairment tests for goodwill

Goodwill was allocated to VAS segment with RMB121,437 million (31 December 2022: RMB112,120 million), Online Advertising segment with RMB434 million (31 December 2022: RMB468 million), FinTech and Business Services segment with RMB1,432 million (31 December 2022: RMB1,226 million) and Others segment with RMB2,917 million (31 December 2022: RMB2,917 million).

The Group carries out its impairment testing on goodwill by comparing the recoverable amounts of CGUs or groups of CGUs to their carrying amounts. For the purpose of goodwill impairment review, the recoverable amount of a CGU (or group of CGUs) is the higher of its fair value less costs of disposal and its value in use.

The key assumptions used for the calculation of the recoverable amounts of the CGUs (or groups of CGUs) under impairment testing are as follows:

For goodwill attributable to the Group's online game business within VAS segment, the recoverable amount was determined using fair value less costs of disposal where the fair value was determined as Level 3 according to the principle set out in Note 4.3. Fair value less costs of disposal was primarily determined based on ratios of EV (enterprise value) divided by EBITDA of several comparable public companies (range: 11-19x) (2022: range: 13-21x) multiplied by the EBITDA of the related CGU (or group of CGUs) and liquidity discounted for lack of marketability at a range of 10% to 20% (2022: 10% to 20%). The comparable public companies were chosen based on factors such as industry similarity, company size, profitability and financial risks etc.

22 INTANGIBLE ASSETS (continued)

Impairment tests for goodwill (continued)

For goodwill attributable to the Group's online music business and online literature business within VAS segment, FinTech and Business Services segment and television series and film production businesses within Others segment, value in use was calculated using discounted cash flows. The valuations were based on five-year financial projections plus a terminal value related to cash flows beyond the projection period extrapolated at an estimated terminal growth rate of generally not more than 5% (2022: not more than 5%). Pre-tax discount rates of not more than 22% (2022: not more than 22%) were applied, which reflected assessment of time value and specific risks relating to the industries that the Group operates in. Management leveraged their experiences in the industries and provided forecast based on past performance and their anticipation of future business and market developments. Key parameters applied in the financial projections for impairment review purpose also included revenue growth rates, on a compound annual basis, of not more than 25% (2022: not more than 25%).

Management had not identified any reasonably possible change in key assumptions that could cause carrying amounts of the above CGUs (or groups of CGUs) to exceed their recoverable amounts.

23 INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Investments in associates		
– Listed entities	**132,776**	125,535
– Unlisted entities	**120,920**	120,508
	253,696	246,043

23 INVESTMENTS IN ASSOCIATES (continued)

Movement of investments in associates is analysed as follows:

	2023 RMB'Million	2022 RMB'Million
At beginning of the year	**246,043**	316,574
Additions (Note (a))	**7,696**	12,713
Transfers (Note (b))	**4,408**	(54,438)
Dilution (losses)/gains on deemed disposal	**(1,295)**	2,763
Share of profit/(loss) of associates, net (Note 12)	**5,400**	(16,379)
Share of other comprehensive income of associates	**(743)**	2,417
Share of other changes in net assets of associates	**4,674**	7,009
Dividends	**(5,235)**	(724)
Disposals	**(2,544)**	(3,853)
Impairment provisions, net (Note (c) and Note 9)	**(6,847)**	(25,689)
Currency translation differences	**2,139**	5,650
At end of the year	**253,696**	246,043

Note:

(a) During the year ended 31 December 2023, the Group's additions mainly comprised new investments and additional investments in certain investee companies, which are principally engaged in games development, streaming media and other Internet-related businesses.

23 INVESTMENTS IN ASSOCIATES (continued)

Note: (continued)

(b) During the year ended 31 December 2023, the Group's transfers mainly comprised the following:

(i) investment in an associate of approximately RMB2,304 million transferred from FVPL due to conversion of the redeemable instruments into ordinary shares upon its IPO in January 2023; and this investment with a carrying amount of approximately RMB2,293 million was transferred from investment in an associate to FVOCI due to resignation of the board representative in March 2023;

(ii) except as described above, investment in associates with an aggregate amount of approximately RMB7,968 million transferred from FVPL due to conversion of the redeemable instruments into ordinary shares; and

(iii) investments in associates with an aggregate amount of approximately RMB1,317 million transferred to FVPL due to resignation of board representatives.

(c) Both external and internal sources of information of associates are considered in assessing whether there is any indicator that the investments may be impaired, including but not limited to information about financial position and business performance of the associates, and a significant or prolonged decline in the fair value of an investment below its carrying amount is also objective evidence of impairment. The Group carries out impairment assessments on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less costs of disposal and value in use.

In respect of the recoverable amount using value in use, the discounted cash flows calculations are based on cash flow projections estimated by management and the key assumptions adopted in these cash flow projections include revenue growth rates, terminal growth rates and discount rates. In respect of the recoverable amount based on fair value less costs of disposal, the amount is calculated with reference to their respective market prices for listed investments, or using certain key valuation assumptions including the selection of comparable companies, recent market transactions, liquidity discounts adopted for lack of marketability for unlisted investments.

During the year ended 31 December 2023, an aggregate impairment loss of approximately RMB6,847 million (2022: RMB25,689 million) had been recognised for associates with impairment indicators, and the majority of these associates' recoverable amounts were determined using fair value less costs of disposal where the respective fair values had been determined according to the principle set out in Note 4.3.

23 INVESTMENTS IN ASSOCIATES (continued)

The associates of the Group have been accounted for by using equity method based on the financial information of the associates prepared under the accounting policies generally consistent with those of the Group.

The Group's share of the results, the revenues, the aggregated assets (including goodwill) and liabilities of its associates, as well as the fair value of its stakes in the associates which are listed entities, are shown in aggregate as follows:

	Assets RMB'Million	Liabilities RMB'Million	Revenues RMB'Million	Profit/(loss) from continuing operation RMB'Million	Other comprehensive income RMB'Million	Total comprehensive income RMB'Million	Fair value of stakes in listed associates as at 31 December RMB'Million
2023							
Listed entities (Note)	**250,491**	**117,715**	**103,724**	**6,184**	**(373)**	**5,811**	**351,594**
Unlisted entities	**329,534**	**208,614**	**66,375**	**(784)**	**(370)**	**(1,154)**	
	580,025	**326,329**	**170,099**	**5,400**	**(743)**	**4,657**	
2022							
Listed entities (Note)	230,845	105,310	126,405	(4,594)	2,990	(1,604)	264,090
Unlisted entities	324,940	204,432	60,229	(11,785)	(573)	(12,358)	
	555,785	309,742	186,634	(16,379)	2,417	(13,962)	

Note:

As at 31 December 2023 and 2022, stakes in the associates which are listed entities consisted of directly and indirectly held listed equity interests.

23 INVESTMENTS IN ASSOCIATES (continued)

Management had assessed the level of influence that the Group was able to exercise on certain associates with the respective shareholding below 20% and certain associates with shareholding over 50% (voting power is below 50%), with total carrying amounts of RMB148,749 million and RMB18,960 million as at 31 December 2023, respectively (31 December 2022: RMB142,323 million and RMB19,615 million, respectively). Management had determined that it had significant influence thereon through the board of directors representation or other arrangements made, but it had no control or joint control over such investees since the Group had no power to direct or jointly direct relevant activities due to other arrangements made. Consequently, these investments had been classified as associates.

There were no material contingent liabilities relating to the Group's interests in the associates.

24 INVESTMENTS IN JOINT VENTURES

As at 31 December 2023, the Group's investments in joint ventures of RMB7,969 million (31 December 2022: RMB6,672 million) mainly comprised an investee company that is a special purpose vehicle of which the Group has a majority stake for the investment in one of the telecommunication carriers in the PRC and other joint venture initiatives in entertainment-related businesses.

Share of profit amounting to RMB400 million was recognised during the year ended 31 December 2023 (2022: RMB250 million) (Note 12).

During the year ended 31 December 2023, an aggregate impairment reversal of approximately RMB752 million (2022: impairment provision of RMB3 million) for the carrying amounts of the investments in joint ventures, based on the respective assessed recoverable amounts which were determined using fair value less costs of disposal, was recognised due to favourable events or changes in circumstances that indicated the reduction in impairment.

25 FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2023, the financial instruments of the Group are analysed as follows:

	As at 31 December	
	2023	2022
Financial assets	**RMB'Million**	RMB'Million
Financial assets at amortised cost:		
Deposits and other receivables	**46,985**	39,643
Term deposits (Note 31)	**215,284**	133,112
Accounts receivable (Note 32)	**46,606**	45,467
Cash and cash equivalents (Note 33(a))	**172,320**	156,739
Restricted cash (Note 33(b))	**3,818**	2,783
Other financial assets (Note 29)	**1,735**	995
Financial assets at fair value:		
FVPL (Note 26)	**226,048**	234,048
FVOCI (Note 27)	**213,951**	185,247
Assets held for distribution (Note 34)	**–**	147,965
Other financial assets (Note 29)	**6,741**	7,270
	933,488	953,269
Financial liabilities		
Financial liabilities at amortised cost:		
Borrowings (Note 38)	**197,356**	175,248
Notes payable (Note 39)	**151,262**	159,115
Long-term payables	**9,034**	6,867
Other financial liabilities (Note 41)	**10,354**	6,204
Accounts payable (Note 42)	**100,948**	92,381
Lease liabilities	**22,622**	24,778
Other payables and accruals	**43,335**	32,659
Financial liabilities at fair value:		
Other financial liabilities (Note 41)	**2,985**	3,307
Financial liabilities measured according to IFRIC 17:		
Dividends payable for distribution in specie (Note 17(b))	**–**	147,965
	537,896	648,524

25 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Group's exposure to various risks associated with the financial instruments is discussed in Note 4. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

FVPL include the following:

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Included in non-current assets:		
Investments in listed entities	**11,495**	12,443
Investments in unlisted entities	**190,698**	187,502
Treasury investments and others	**8,952**	6,140
	211,145	206,085
Included in current assets:		
Investments in listed entities	**1**	2
Treasury investments and others	**14,902**	27,961
	14,903	27,963
	226,048	234,048

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Movement of FVPL is analysed as follows:

	2023 RMB'Million	2022 RMB'Million
At beginning of the year	**234,048**	202,757
Additions and transfers (Note (a))	**40,915**	45,206
Changes in fair value (Note 9)	**(1,954)**	(7,117)
Disposals and others	**(50,303)**	(22,926)
Currency translation differences	**3,342**	16,128
At end of the year	**226,048**	234,048

Note:

(a) During the year ended 31 December 2023, the Group's additions and transfers mainly comprised the following:

(i) new investments and additional investments with an aggregate amount of approximately RMB53,276 million in treasury investments, investee companies which are principally engaged in digital payment, games development and eCommerce, and others; and

(ii) except as described in Note 23(b), transfers mainly comprised certain investments with an aggregate amount of approximately RMB6,442 million designated as FVOCI due to the conversion of preference shares into ordinary shares upon their IPOs.

Management had assessed the level of influence that the Group was able to exercise on certain FVPL with shareholding exceeding 20%. Since these investments were either held in the form of redeemable instruments or interests in limited partnerships without significant influence, these investments had been classified as FVPL.

27 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

FVOCI include the following:

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Equity investments in listed entities	**189,286**	159,861
Equity investments in unlisted entities	**22,671**	22,838
Treasury investments	**1,994**	2,548
	213,951	185,247

Movement of FVOCI is analysed as follows:

	2023	2022
	RMB'Million	RMB'Million
At beginning of the year	**185,247**	250,257
Additions and transfers (Note (a))	**19,048**	80,325
Changes in fair value	**12,419**	(148,169)
Disposals	**(8,074)**	(9,191)
Currency translation differences	**5,311**	12,025
At end of the year	**213,951**	185,247

Note:

(a) During the year ended 31 December 2023, except as described in Note 23(b)(i) and Note 26(a)(ii), the Group's additions and transfers mainly comprised certain new investments and additional investments with an aggregate amount of approximately RMB8,454 million in investee companies which are principally engaged in eCommerce, FinTech services and other Internet-related businesses.

28 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Included in non-current assets:		
Prepayments for media content and game licences	**13,872**	17,260
Loans to investees and investees' shareholders (Note (a))	**3,667**	4,796
Prepayments for capital transactions	**3,201**	6,133
Running royalty fees for online games (Note (b))	**517**	464
Others	**7,182**	8,099
	28,439	36,752
Included in current assets:		
Prepayments and prepaid expenses	**27,824**	24,393
Receivables related to financial services (Note (c))	**18,824**	15,807
Running royalty fees for online games (Note (b))	**16,172**	15,939
Interest receivables	**9,101**	6,504
Loans to investees and investees' shareholders (Note (a))	**3,113**	1,233
Lease and other deposits	**1,715**	1,258
Refundable VAT	**1,596**	1,524
Dividend and other investment-related receivables	**1,033**	832
Others	**9,033**	9,195
	88,411	76,685
	116,850	113,437

Note:

(a) As at 31 December 2023, the balances of loans to investees and investees' shareholders were mainly repayable within a period of one to seven years (included in non-current assets), or within one year (included in current assets), and were interest-bearing at rates of not higher than 18.0% per annum (31 December 2022: not higher than 10.0% per annum). The loan arrangements are in line with the Group's overall business strategy.

(b) Running royalty fees for online games comprised prepaid royalty fees, unamortised running royalty fees and deferred Online Service Fees.

28 PREPAYMENTS, DEPOSITS AND OTHER ASSETS (continued)

Note: (continued)

(c) Loan receivables related to the Group's financial services are initially measured at fair value. Given the business models in which the loan receivables are held, they were subsequently measured at amortised cost. During the year ended 31 December 2023, the impairment loss on loan receivables related to financial services was immaterial.

As at 31 December 2023, loss allowance subject to the ECL model made against the gross amounts of deposits and other assets amounted to RMB2,761 million (31 December 2022: RMB2,863 million).

As at 31 December 2023 and 2022, the carrying amounts of prepayments, deposits and other assets (excluding prepayments and refundable VAT) approximated their fair values.

29 OTHER FINANCIAL ASSETS

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Measured at amortised cost:		
Treasury investments	**1,735**	995
Measured at fair value:		
Interest rate swap (Note)	**3,489**	6,968
Others	**3,252**	302
	6,741	7,270
	8,476	8,265
Included in:		
Non-current assets	**2,527**	6,987
Current assets	**5,949**	1,278
	8,476	8,265

Note:

The Group's outstanding interest rate swap contracts were measured at fair value and used to hedge the exposure arising from certain borrowings and senior notes carried at floating rates. As at 31 December 2023, the aggregate notional principal amounts of these outstanding interest rate swap contracts were USD13,698 million (equivalent to approximately RMB97,019 million) (31 December 2022: USD14,848 million (equivalent to approximately RMB103,410 million)).

30 DEFERRED INCOME TAXES

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

Deferred income tax assets/liabilities are analysed as follows:

	As at 31 December 2023	As at 1 January 2023 Restated
	RMB'Million	RMB'Million
Gross deferred income tax assets:		
– to be recovered after more than 12 months	**23,102**	24,690
– to be recovered within 12 months	**12,541**	13,556
	35,643	38,246
Set-off of deferred income tax assets pursuant to set-off provisions	**(6,626)**	(8,364)
Net deferred income tax assets	**29,017**	29,882
Gross deferred income tax liabilities:		
– to be recovered after more than 12 months	**(22,919)**	(18,227)
– to be recovered within 12 months	**(1,342)**	(2,299)
	(24,261)	(20,526)
Set-off of deferred income tax liabilities pursuant to set-off provisions	**6,626**	8,364
Net deferred income tax liabilities	**(17,635)**	(12,162)

30 DEFERRED INCOME TAXES (continued)

The movements of the deferred income tax assets/liabilities before offsetting are as follows:

	Deferred income tax assets RMB'Million	Deferred income tax liabilities RMB'Million	Deferred income tax, net RMB'Million
At 31 December 2022	**34,816**	**(17,096)**	**17,720**
Adjustment on Amendments to IAS 12 (Note 2.2)	**3,430**	**(3,430)**	**–**
At 1 January 2023 (Restated)	**38,246**	**(20,526)**	**17,720**
Business combinations	**47**	**(1,431)**	**(1,384)**
Charged to consolidated income statement (Note 13(a))	**(2,282)**	**(8,274)**	**(10,556)**
Withholding taxes paid	**–**	**6,550**	**6,550**
Charged to consolidated statement of changes in equity	**(368)**	**(850)**	**(1,218)**
Transfer upon disposal and deemed disposal of financial instruments	**(45)**	**512**	**467**
Currency translation differences	**45**	**(242)**	**(197)**
At 31 December 2023	**35,643**	**(24,261)**	**11,382**
At 31 December 2021	30,844	(17,918)	12,926
Adjustment on Amendments to IAS 12 (Note 2.2)	3,070	(3,070)	–
At 1 January 2022 (Restated)	33,914	(20,988)	12,926
Business combinations	50	(1,258)	(1,208)
Credited/(charged) to consolidated income statement (Note 13(a))	3,522	(613)	2,909
Withholding taxes paid	–	3,250	3,250
Credited/(charged) to consolidated statement of changes in equity	459	(1,028)	(569)
Transfer upon disposal and deemed disposal of financial instruments	(140)	372	232
Currency translation differences	441	(261)	180
At 31 December 2022 (Restated)	38,246	(20,526)	17,720

30 DEFERRED INCOME TAXES (continued)

The movements of deferred income tax assets before offsetting are as follows:

	Deferred income tax assets on temporary differences arising from					
	Accelerated amortisation of intangible assets RMB'Million	Tax losses RMB'Million (Note)	Accrued expenses RMB'Million	Lease liabilities RMB'Million	Share-based payments and others RMB'Million	Total RMB'Million
At 31 December 2022	**9,718**	**3,655**	**10,493**	**372**	**10,578**	**34,816**
Adjustment on Amendments to IAS 12 (Note 2.2)	**–**	**–**	**–**	**3,430**	**–**	**3,430**
At 1 January 2023 (Restated)	**9,718**	**3,655**	**10,493**	**3,802**	**10,578**	**38,246**
Business combinations	**–**	**7**	**34**	**6**	**–**	**47**
Credited/(charged) to consolidated income statement	**1,389**	**(168)**	**(595)**	**(473)**	**(2,435)**	**(2,282)**
Charged to consolidated statement of changes in equity	**–**	**–**	**–**	**–**	**(368)**	**(368)**
Transfer upon disposal and deemed disposal of financial instruments	**–**	**–**	**–**	**–**	**(45)**	**(45)**
Currency translation differences	**17**	**4**	**14**	**23**	**(13)**	**45**
At 31 December 2023	**11,124**	**3,498**	**9,946**	**3,358**	**7,717**	**35,643**
At 31 December 2021	8,267	1,707	12,022	228	8,620	30,844
Adjustment on Amendments to IAS 12 (Note 2.2)	–	–	–	3,070	–	3,070
At 1 January 2022 (Restated)	8,267	1,707	12,022	3,298	8,620	33,914
Business combinations	–	22	–	–	28	50
Credited/(charged) to consolidated income statement	1,451	1,958	(1,726)	504	1,335	3,522
Credited to consolidated statement of changes in equity	–	–	–	–	459	459
Transfer upon disposal and deemed disposal of financial instruments	–	–	–	–	(140)	(140)
Currency translation differences	–	(32)	197	–	276	441
At 31 December 2022 (Restated)	9,718	3,655	10,493	3,802	10,578	38,246

30 DEFERRED INCOME TAXES (continued)

Note:

The Group only recognises deferred income tax assets for unused cumulative tax losses if it is probable that future taxable profits will be available to utilise those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at 31 December 2023, the Group did not recognise deferred income tax assets of RMB12,903 million (31 December 2022: RMB7,343 million) in respect of unused cumulative tax losses amounting to RMB68,715 million (31 December 2022: RMB39,683 million). The majority of these unused tax losses were originated from subsidiaries located in the Mainland of China and will expire from 2024 to 2033.

The movements of deferred income tax liabilities before offsetting are as follows:

	Deferred income tax liabilities on temporary differences arising from							
	Intangible assets acquired in business combinations RMB'Million	Withholding tax on the earnings anticipated to be remitted by subsidiaries RMB'Million	Changes in fair value of FVPL and FVOCI RMB'Million	Deemed disposals of investees RMB'Million	Accelerated tax depreciation RMB'Million	Right-of-use assets RMB'Million	Others RMB'Million	Total RMB'Million
At 31 December 2022	(4,684)	(5,041)	(3,425)	(1,256)	(2,405)	(10)	(275)	(17,096)
Adjustment on Amendments to IAS 12 (Note 2.2)	–	–	–	–	–	(3,430)	–	(3,430)
At 1 January 2023 (Restated)	(4,684)	(5,041)	(3,425)	(1,256)	(2,405)	(3,440)	(275)	(20,526)
Business combinations	(1,411)	–	(2)	–	(12)	(5)	(1)	(1,431)
Credited/(charged) to consolidated income statement	1,162	(10,300)	(301)	(120)	794	535	(44)	(8,274)
Withholding tax paid	–	6,550	–	–	–	–	–	6,550
Charged to consolidated statement of changes in equity	–	–	(850)	–	–	–	–	(850)
Transfer upon disposal and deemed disposal of financial instruments	–	–	512	–	–	–	–	512
Currency translation differences	(235)	(4)	(80)	–	7	(29)	99	(242)
At 31 December 2023	(5,168)	(8,795)	(4,146)	(1,376)	(1,616)	(2,939)	(221)	(24,261)

30 DEFERRED INCOME TAXES (continued)

	Deferred income tax liabilities on temporary differences arising from							
	Intangible assets acquired in business combinations RMB'Million	Withholding tax on the earnings anticipated to be remitted by subsidiaries RMB'Million	Changes in fair value of FVPL and FVOCI RMB'Million	Deemed disposals of investees RMB'Million	Accelerated tax depreciation RMB'Million	Right-of-use assets RMB'Million	Others RMB'Million	Total RMB'Million
At 31 December 2021	(6,425)	(3,926)	(2,827)	(963)	(3,655)	(2)	(120)	(17,918)
Adjustment on Amendments to IAS 12 (Note 2.2)	–	–	–	–	–	(3,070)	–	(3,070)
At 1 January 2022 (Restated)	(6,425)	(3,926)	(2,827)	(963)	(3,655)	(3,072)	(120)	(20,988)
Business combinations	(1,258)	–	–	–	–	–	–	(1,258)
Credited/(charged) to consolidated income statement	3,080	(4,350)	138	(293)	1,266	(368)	(86)	(613)
Withholding tax paid	–	3,250	–	–	–	–	–	3,250
Charged to consolidated statement of changes in equity	–	–	(1,028)	–	–	–	–	(1,028)
Transfer upon disposal and deemed disposal of financial instruments	–	–	372	–	–	–	–	372
Currency translation differences	(81)	(15)	(80)	–	(16)	–	(69)	(261)
At 31 December 2022 (Restated)	(4,684)	(5,041)	(3,425)	(1,256)	(2,405)	(3,440)	(275)	(20,526)

Note:

As at 31 December 2023, the Group recognised the relevant deferred income tax liabilities of RMB8,795 million (31 December 2022: RMB5,041 million) on earnings anticipated to be remitted by certain subsidiaries in the foreseeable future. No withholding tax had been provided for the earnings of approximately RMB43,162 million (31 December 2022: RMB107,316 million) expected to be retained by the PRC subsidiaries and not to be remitted to a foreign investor in the foreseeable future based on several factors, including management's estimation of overseas funding requirements.

31 TERM DEPOSITS

An analysis of the Group's term deposits by currency is as follows:

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Included in non-current assets:		
RMB term deposits	**28,848**	27,970
Other currencies	**453**	366
	29,301	28,336
Included in current assets:		
RMB term deposits	**119,990**	49,412
USD term deposits	**65,798**	55,248
Other currencies	**195**	116
	185,983	104,776
	215,284	133,112

Term deposits with initial terms of over three months were neither past due nor impaired. As at 31 December 2023 and 2022, the carrying amounts of the term deposits with initial terms of over three months approximated their fair values.

32 ACCOUNTS RECEIVABLE

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Accounts receivable from contracts with agents/customers	**54,355**	52,003
Loss allowance	**(7,749)**	(6,536)
	46,606	45,467

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

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
0 ~ 30 days	**24,259**	25,279
31 ~ 60 days	**11,708**	9,247
61 ~ 90 days	**6,163**	6,545
Over 90 days	**4,476**	4,396
	46,606	45,467

The majority of the Group's accounts receivable were denominated in RMB.

32 ACCOUNTS RECEIVABLE (continued)

The carrying amounts of accounts receivable of the Group's major agents/customers are as follows:

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
FinTech and cloud customers	**16,703**	16,421
Online advertising customers and agents	**14,045**	13,787
Third party platform providers	**7,849**	5,658
Content production related customers	**2,609**	3,550
Others	**5,400**	6,051
	46,606	45,467

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

The Group applies the simplified approach prescribed by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at year end. For the years ended 31 December 2023 and 2022, information about the impairment of accounts receivable and the Group's exposure to credit risk and foreign exchange risk can be found in Note 4.1.

As at 31 December 2023 and 2022, the carrying amounts of the accounts receivable approximated their fair values.

33 BANK BALANCES AND CASH

(a) Cash and cash equivalents

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Bank balances and cash	**127,241**	104,767
Term deposits and highly liquid investments with initial terms within three months	**45,079**	51,972
	172,320	156,739

Approximately RMB85,673 million (31 December 2022: RMB96,849 million) within the total balance of the Group's cash and cash equivalents was denominated in RMB.

(b) Restricted cash

As at 31 December 2023, restricted deposits held at banks of RMB3,818 million (31 December 2022: RMB2,783 million) were mainly denominated in RMB, the majority of which were reserves provided for certain licensed business under regulatory requirements.

34 ASSETS HELD FOR DISTRIBUTION

As at 31 December 2022, assets held for distribution represented the Meituan Shares to be distributed under the distribution in specie held by the Group as the interim dividend declared on 16 November 2022. Fair value losses amounted to approximately RMB30.0 billion from 1 January 2023 to the Share Certificate Dispatch Date were recorded in other comprehensive income as a result of the changes in the fair value of the Meituan Shares to be distributed.

These assets were distributed to the qualifying shareholders of the Company on 24 March 2023.

35 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARE AWARD SCHEMES

As at 31 December 2023 and 2022, the authorised share capital of the Company comprised 50,000,000,000 ordinary shares with par value of HKD0.00002 per share.

	Number of issued and fully paid ordinary shares*	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Shares held for share award schemes RMB'Million	Total RMB'Million
At 1 January 2023	**9,568,738,935**	**–**	**62,418**	**(1,868)**	**(4,226)**	**56,324**
Employee share option schemes:						
– value of employee services	–	–	1,687	–	–	1,687
– proceeds from shares issued, net of withholding individual income tax (Note (a))	8,820,561	–	828	–	–	828
Employee share award schemes:						
– value of employee services	–	–	17,267	–	–	17,267
– shares purchased/withheld for share award schemes (Note (b))	–	–	–	–	(4,378)	(4,378)
– shares allotted for share award schemes (Note (c))	46,249,024	–	–	–	–	–
– shares vested from share award schemes and transferred to the grantees (Note (d))	–	–	(2,071)	–	2,071	–
Repurchase and cancellation of shares (Note (e))	(140,815,700)	–	(42,112)	1,868	–	(40,244)
Repurchase of shares (to be cancelled) (Note (e))	–	–	–	(4,740)	–	(4,740)
Transfer of equity interests of subsidiaries to non-controlling interests	–	–	(28)	–	1,183	1,155
At 31 December 2023	**9,482,992,820**	**–**	**37,989**	**(4,740)**	**(5,350)**	**27,899**

35 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARE AWARD SCHEMES (continued)

	Number of issued and fully paid ordinary shares*	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Shares held for share award schemes RMB'Million	Total RMB'Million
At 1 January 2022	9,608,378,469	–	67,330	–	(4,843)	62,487
Employee share option schemes:						
– value of employee services	–	–	2,055	–	–	2,055
– shares issued (Note (a))	6,806,825	–	995	–	–	995
Employee share award schemes:						
– value of employee services	–	–	20,632	–	–	20,632
– shares withheld for share award schemes (Note (b))	–	–	–	–	(2,882)	(2,882)
– shares allotted for share award schemes (Note (c))	54,196,641	–	–	–	–	–
– shares vested from share award schemes and transferred to the grantees (Note (d))	–	–	(2,882)	–	2,882	–
Repurchase and cancellation of shares (Note (e))	(100,643,000)	–	(28,010)	–	–	(28,010)
Repurchase of shares (to be cancelled) (Note (e))	–	–	–	(1,868)	–	(1,868)
Transfer of equity interests of subsidiaries to non-controlling interests	–	–	2,298	–	617	2,915
At 31 December 2022	9,568,738,935	–	62,418	(1,868)	(4,226)	56,324

* As at 31 December 2023, the total number of issued ordinary shares of the Company included 91,783,469 shares (31 December 2022: 79,489,557 shares) held for the share award schemes.

35 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARE AWARD SCHEMES (continued)

Note:

(a) During the year ended 31 December 2023, 13,148,354 options (2022: 6,806,825 options) with exercise prices ranging from HKD126.57 to HKD343.96 (2022: HKD135.50 to HKD386.60) per share were exercised, while the right to receive 4,327,793 shares (2022: Nil) was surrendered by certain grantees to set off against the exercise consideration and individual income tax payable by the grantees when they exercised their options.

(b) During the year ended 31 December 2023, the Share Scheme Trust purchased and withheld 13,976,126 ordinary shares (2022: withheld 9,341,643 ordinary shares) of the Company for an amount of approximately HKD4,839 million (equivalent to approximately RMB4,378 million) (2022: HKD3,408 million (equivalent to approximately RMB2,882 million)), which had been deducted from the equity.

(c) During the year ended 31 December 2023, the Company allotted 46,249,024 ordinary shares (2022: 54,196,641 ordinary shares) to the Share Scheme Trust for the purpose of granting awarded shares to the participants under the share award schemes.

(d) During the year ended 31 December 2023, the Share Scheme Trust transferred 47,931,238 ordinary shares of the Company (2022: 53,951,167 ordinary shares) to the share awardees upon vesting of the awarded shares (Note 37(b)).

(e) During the year ended 31 December 2023, the Company repurchased 152,205,700 of its own shares from the market, out of which, 17,830,000 had not been cancelled as at 31 December 2023 and had been subsequently cancelled in January 2024 (2022: the Company repurchased 107,083,000 of its own shares from the market, out of which, 6,440,000 had not been cancelled as at 31 December 2022 and had been subsequently cancelled in January 2023). The shares were repurchased at prices ranging from HKD263.80 to HKD393.80 per share, with an average price of HKD324.78 per share.

36 OTHER RESERVES

	Capital reserves RMB'Million (Note (a))	FVOCI RMB'Million (Note (b))	Investments in associates and joint ventures RMB'Million	Currency translation differences RMB'Million	PRC statutory reserves RMB'Million (Note (c))	Share-based compensation reserves RMB'Million (Note (d))	Others RMB'Million	Total RMB'Million
Balance at 1 January 2023	(31,890)	(42,530)	18,426	(6,409)	6,011	9,544	5,934	(40,914)
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	17,846	–	–	–	–	–	17,846
Share of other changes in net assets of associates and joint ventures	–	–	4,680	–	–	–	–	4,680
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)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	–	–	66	–	–	–	–	66
Value of employee services:								
– Employee share option schemes	–	–	–	–	–	73	–	73
– Employee share award schemes	–	–	–	–	–	1,583	–	1,583
Tax benefit from share-based payments	–	–	–	–	–	21	–	21
Acquisition of additional equity interests in non wholly-owned subsidiaries	1,449	–	–	–	–	–	–	1,449
Transfer of equity interests of subsidiaries to non-controlling interests	95	–	–	–	–	–	–	95
Recognition of put option liabilities arising from business combinations (Note (e))	(4,594)	–	–	–	–	–	–	(4,594)
Changes in put option liabilities in respect of non-controlling interests	117	–	–	–	–	–	–	117
Dilution of interests in subsidiaries	(1,349)	–	–	–	–	–	–	(1,349)
Profit appropriations to statutory reserves	–	–	–	–	912	–	–	912
Net gains from changes in fair value of FVOCI	–	9,650	–	–	–	–	–	9,650
Share of other comprehensive income of associates and joint ventures	–	–	(701)	–	–	–	–	(701)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	(9)	–	–	–	–	(9)
Currency translation differences	–	–	–	11,480	–	–	–	11,480
Other fair value losses, net	–	–	–	–	–	–	(3,515)	(3,515)
Losses from changes in fair value of assets held for distribution	–	(29,991)	–	–	–	–	–	(29,991)
Balance at 31 December 2023	(36,172)	(45,025)	22,344	5,071	6,923	11,221	2,419	(33,219)

36 OTHER RESERVES (continued)

	Capital reserves RMB'Million (Note (a))	FVOCI RMB'Million (Note (b))	Investments in associates and joint ventures RMB'Million	Currency translation differences RMB'Million	PRC statutory reserves RMB'Million (Note (c))	Share-based compensation reserves RMB'Million (Note (d))	Others RMB'Million	Total RMB'Million
Balance at 1 January 2022	(32,684)	102,223	14,743	(23,903)	4,929	8,004	589	73,901
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	7,838	–	–	–	–	–	7,838
Share of other changes in net assets of associates and joint ventures	–	–	7,009	–	–	–	–	7,009
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	–	–	(5,541)	–	–	–	–	(5,541)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	–	–	7	–	–	–	–	7
Transfer to profit or loss upon disposal of FVOCI	–	11	–	–	–	–	–	11
Value of employee services:								
– Employee share option schemes	–	–	–	–	–	110	–	110
– Employee share award schemes	–	–	–	–	–	1,425	–	1,425
Tax benefit from share-based payments	–	–	–	–	–	5	–	5
Acquisition of additional equity interests in non wholly-owned subsidiaries	992	–	–	–	–	–	–	992
Transfer of equity interests of subsidiaries to non-controlling interests	179	–	–	–	–	–	–	179
Recognition of put option liabilities arising from business combinations	(175)	–	–	–	–	–	–	(175)
Changes in put option liabilities in respect of non-controlling interests	727	–	–	–	–	–	–	727
Dilution of interests in subsidiaries	(929)	–	–	–	–	–	–	(929)
Profit appropriations to statutory reserves	–	–	–	–	1,082	–	–	1,082
Net losses from changes in fair value of FVOCI	–	(146,500)	–	–	–	–	–	(146,500)
Share of other comprehensive income of associates and joint ventures	–	–	2,337	–	–	–	–	2,337
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	(129)	–	–	–	–	(129)
Currency translation differences	–	–	–	17,494	–	–	–	17,494
Other fair value gains, net	–	–	–	–	–	–	5,345	5,345
Net losses from changes in fair value of assets held for distribution	–	(6,102)	–	–	–	–	–	(6,102)
Balance at 31 December 2022	(31,890)	(42,530)	18,426	(6,409)	6,011	9,544	5,934	(40,914)

36 OTHER RESERVES (continued)

Note:

(a) The capital reserve mainly arises from transactions undertaken with non-controlling interests.

(b) Gains and losses on certain investments, including changes in fair value, are recognised in other comprehensive income. These changes are accumulated within FVOCI reserve in equity. When the relevant investments are derecognised, amounts from this reserve are transferred to retained earnings for equity instruments or to profit or loss for debt instruments.

(c) In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profit (after offsetting accumulated losses from prior years) should be made by these companies to their respective Statutory Surplus Reserve Funds and Discretionary Reserve Funds before distributions are made to the owners. The percentage of appropriation to Statutory Surplus Reserve Fund is 10%. The amount to be transferred to the Discretionary Reserve Fund is determined by the equity owners of these companies. When the balance of the Statutory Surplus Reserve Fund reaches 50% of the registered capital, further transfer needs not be made. Both the Statutory Surplus Reserve Fund and Discretionary Reserves Fund can be capitalised as capital of an enterprise, provided that the remaining Statutory Surplus Reserve Fund shall not be less than 25% of the registered capital.

In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly-owned foreign subsidiaries in the PRC, appropriation from net profit (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their respective Reserve Fund. The percentage of net profit to be appropriated to the Reserve Fund is not less than 10% of the net profit. When the balance of the Reserve Fund reaches 50% of the registered capital, further transfer needs not be made.

With approvals obtained from respective boards of directors of these companies, the Reserve Fund can be used to offset accumulated deficit or to increase capital.

(d) Share-based compensation reserve arises from share option schemes and share award schemes adopted by certain subsidiaries of the Group (Note 37(d)).

(e) During the year ended 31 December 2023, the Group had granted put option to a non-controlling shareholder of a non wholly-owned subsidiary, and the non-controlling shareholder shall have the right to request the Group to purchase remaining equity interests when certain conditions are met. The put price was determined based on the financial performance of the non wholly-owned subsidiary in the future periods, not exceeding a certain amount as stated in the respective agreement. Accordingly, the put option liability of approximately USD644 million (equivalent to approximately RMB4.5 billion) was initially recognised at the present value of the estimated future cash outflows.

37 SHARE-BASED PAYMENTS

(a) Share option schemes

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

The Pre-IPO Option Scheme, the Post-IPO Option Scheme I, the Post-IPO Option Scheme II and the Post-IPO Option Scheme III expired on 31 December 2011, 23 March 2014, 16 May 2017 and 13 May 2019, respectively. Upon the expiry of these schemes, no further options would be granted under these schemes, but the options granted prior to such expiry continued to be valid and exercisable in accordance with provisions of the schemes. As at 31 December 2023, there were no outstanding share options exercisable under the Pre-IPO Option Scheme, the Post-IPO Option Scheme I and the Post-IPO Option Scheme III.

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

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

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

37 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(i) Movements in share 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		2023 Share Option Scheme		Total
	Average exercise price	Number of options	Average exercise price	Number of options	Average exercise price	Number of options	Number of options
At 1 January 2023 (Note)	**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	**HKD165.15**	**(11,941,689)**	**HKD262.55**	**(752,225)**	**HKD250.65**	**(454,440)**	**(13,148,354)**
Lapsed/forfeited	**HKD143.33**	**(1,850)**	**HKD453.51**	**(276,898)**	**HKD376.26**	**(607,455)**	**(886,203)**
Transferred	**–**	**–**	**HKD355.55**	**(92,792,712)**	**HKD355.55**	**92,792,712**	**–**
At 31 December 2023	**HKD185.65**	**17,318,327**	**–**	**–**	**HKD353.11**	**105,292,749**	**122,611,076**
Exercisable as at 31 December 2023	**HKD185.65**	**17,208,952**	**–**	**–**	**HKD356.48**	**52,857,824**	**70,066,776**

	Post-IPO Option Scheme II		Post-IPO Option Scheme IV		Total
	Average exercise price	Number of options	Average exercise price	Number of options	Number of options
At 1 January 2022	HKD191.64	35,146,117	HKD402.75	81,689,281	116,835,398
Granted	–	–	HKD353.22	12,778,815	12,778,815
Exercised	HKD146.28	(5,862,075)	HKD279.99	(944,750)	(6,806,825)
Lapsed/forfeited/waived	HKD135.50	(22,176)	HKD557.65	(3,361,436)	(3,383,612)
At 31 December 2022	HKD200.77	29,261,866	HKD391.24	90,161,910	119,423,776
Exercisable as at 31 December 2022	HKD200.73	29,152,491	HKD382.60	43,255,764	72,408,255

Note:

As a result of the distribution in specie of Meituan Shares, 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 prices of the outstanding share options thereunder as at 5 January 2023, and were reflected in the average exercise prices of related outstanding share options listed above.

37 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(i) Movements in share options (continued)

During the year ended 31 December 2023, no options were granted to any director of the Company (2022: Nil).

During the year ended 31 December 2023, 13,148,354 options (2022: 6,806,825 options) were exercised and the right to receive 4,327,793 shares (2022: Nil) was surrendered by certain grantees to set off against the exercise consideration and individual income tax payable by the grantees when they exercised their options. The weighted average price of the shares at the time these options were exercised was HKD338.98 per share (equivalent to approximately RMB301.28 per share) (2022: HKD305.94 per share (equivalent to approximately RMB269.73 per share)).

(ii) Outstanding share options

Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2023 and 2022 are as follows:

		Number of share options	
		31 December	31 December
Expiry Date	**Range of exercise price**	**2023**	2022
7 years commencing from the date of grant of options	HKD126.57~HKD143.33	**–**	4,234,341
	HKD185.65~HKD256.06	**20,358,477**	28,870,121
	HKD276.01~HKD348.04	**61,529,918**	48,748,226
	HKD355.51~HKD387.16	**25,754,058**	22,143,949
	HKD433.25~HKD511.83	**9,092,271**	9,394,340
	HKD526.97~HKD533.39	**5,876,352**	6,032,799
		122,611,076	119,423,776

The outstanding share options as of 31 December 2023 were divided into one to four tranches at their grant dates. The first tranche can be exercised after a specified period ranging from one month to five years from the grant date, and then the remaining tranches will become exercisable in each subsequent year.

37 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(iii) Fair value of options

The directors of the Company had used the Binomial Model to determine the fair value of the options as at the respective grant dates, which was to be expensed over the relevant vesting period. The weighted average fair value of options granted during the year ended 31 December 2023 was HKD126.73 per share (equivalent to approximately RMB115.38 per share) (2022: HKD113.60 per share (equivalent to approximately RMB94.75 per share)).

Other than the exercise price mentioned above, significant judgments on parameters, such as risk-free rate, dividend yield and expected volatility, were required to be made by the directors in applying the Binomial Model, which are summarised as below.

	2023	2022
Weighted average share price at the grant date	**HKD341.90**	HKD342.95
Risk-free rate	**2.82% ~ 3.98%**	2.11% ~ 2.56%
Dividend yield	**0.31%**	0.25%
Expected volatility (Note)	**36% ~ 37%**	34%

Note:

The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the average daily trading price volatility of the shares of the Company.

37 SHARE-BASED PAYMENTS (continued)

(b) Share award schemes

As disclosed in the circular of the Company dated 24 April 2023, upon the completion of the transfer of the shares held by the trustee for the purpose of satisfying the outstanding share awards under the 2013 Share Award Scheme and the 2019 Share Award Scheme to the trustee administering the 2023 Share Award Scheme, the 2013 Share Award Scheme and the 2019 Share Award Scheme would be terminated. The transfer had been completed during the year ended 31 December 2023. As at 31 December 2023, the 2023 Share Award Scheme was the only effective share award scheme of the Company which was administered by the 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 2023 and 2022 are as follows:

	Number of awarded shares	
	2023	2022
At beginning of the year	**123,861,178**	121,314,396
Granted (Note)	**64,604,655**	65,174,957
Lapsed/forfeited	**(7,545,346)**	(8,677,008)
Vested and transferred	**(47,931,238)**	(53,951,167)
At end of the year	**132,989,249**	123,861,178
Vested but not transferred as at the end of the year	**38,955**	13,767

Note:

As a result of the distribution in specie of Meituan Shares, 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 5 January 2023. The number of awarded shares granted during the year ended 31 December 2023 included a total of 6,186,967 additional awarded shares which were awarded pursuant to such adjustments.

During the year ended 31 December 2023, 74,542 awarded shares were granted to five independent non-executive directors of the Company (2022: 58,398 awarded shares were granted to five independent non-executive directors of the Company).

37 SHARE-BASED PAYMENTS (continued)

(b) Share award schemes (continued)

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date, which was to be expensed over the relevant vesting period. The expected dividends during the vesting period had been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the year ended 31 December 2023 was HKD342.27 per share (equivalent to approximately RMB310.79 per share) (2022: HKD326.30 per share (equivalent to approximately RMB277.69 per share)).

The outstanding awarded shares as of 31 December 2023 were divided into one to seven tranches as at their grant dates. The first tranche can be exercised immediately or after a specified period ranging from one month to seven years from the grant date, and the remaining tranches will become exercisable in each subsequent year.

(c) Employee investment schemes

For aligning the interests of key employees with the Group, the Group established several employees' investment plans in the form of limited liability partnerships (the "EISs") among which the five EISs approved/established in 2014, 2015, 2016, 2017 and 2021 are in effect as at 31 December 2023. According to the terms of the EISs, the Board may, at its absolute discretion, invite any qualifying participants of the Group, excluding any director of the Company, to participate in the EISs by subscribing for the partnership interest at cash consideration. The participating employees are entitled to the economic benefits generated by the EISs, if any, after a specified vesting period under the respective EISs, ranging from four to seven years. Wholly-owned subsidiaries of the Company acting as general partner of these EISs administer and in essence, control the EISs. These EISs are therefore consolidated by the Company as structured entities.

The related share-based compensation expenses incurred for the years ended 31 December 2023 and 2022 were insignificant to the Group.

37 SHARE-BASED PAYMENTS (continued)

(d) Share options and share award schemes adopted by subsidiaries

Certain subsidiaries of the Company operate their own share-based compensation plans (share options and/or share award schemes). Their exercise prices of the share options, as well as the vesting periods of the share options and awarded shares are determined by the respective board of directors of these subsidiaries at their sole discretion and in accordance with the relevant rules. The share options or awarded shares of the subsidiaries granted are normally vested by several tranches. Participants of some subsidiaries have the right to request the Group to repurchase their vested equity interests of the respective subsidiaries (the "Repurchase Transaction"). The Group has discretion to settle the Repurchase Transaction either by using equity instruments of the Company or by cash. For the Repurchase Transaction which the Group has settlement options, the directors of the Company are currently of the view that some of them would be settled by equity instruments of the Company. As a result, they are accounted for using the equity-settled share-based payment method. For some of them to be settled in cash, they are accounted for using cash-settled share-based payment method.

(e) Expected Retention Rate of grantees

The Group has to estimate the Expected Retention Rate in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. As at 31 December 2023, the Expected Retention Rate of the Group's wholly-owned subsidiaries was assessed to be not lower than approximately 89% (31 December 2022: not lower than 89%).

38 BORROWINGS

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD bank borrowings, unsecured (Note (a))	**109,782**	141,090
Non-current portion of long-term RMB bank borrowings, unsecured (Note (a))	**46,000**	22,514
Non-current portion of long-term JPY bank borrowings, unsecured (Note (a))	**26**	45
Non-current portion of long-term JPY bank borrowings, secured (Note (a))	**2**	3
Non-current portion of long-term EUR bank borrowings, secured (Note (a))	**6**	9
Non-current portion of long-term EUR bank borrowings, unsecured (Note (a))	**3**	7
	155,819	163,668
Included in current liabilities:		
USD bank borrowings, unsecured (Note (b))	**18,415**	–
RMB bank borrowings, unsecured (Note (b))	**7,046**	5,981
RMB bank borrowings, secured (Note (b))	**100**	–
Current portion of long-term USD bank borrowings, unsecured (Note (a))	**15,936**	5,572
Current portion of long-term JPY bank borrowings, unsecured (Note (a))	**16**	19
Current portion of long-term JPY bank borrowings, secured (Note (a))	**1**	1
Current portion of long-term EUR bank borrowings, unsecured (Note (a))	**4**	4
Current portion of long-term EUR bank borrowings, secured (Note (a))	**4**	3
Current portion of long-term RMB bank borrowings, unsecured (Note (a))	**15**	–
	41,537	11,580
	197,356	175,248

38 BORROWINGS (continued)

Note:

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

	31 December 2023		31 December 2022	
	Amount (Million)	**Interest rate (per annum)**	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	**RMB46,015**	**2.45% ~ 4.60%**	RMB22,514	2.80% ~ 4.80%
USD bank borrowings	**USD17,750**	**SOFR + CAS + 0.80% ~ 0.95%**	USD20,998	LIBOR + 0.80% ~ 0.95%
USD bank borrowings	**–**	**–**	USD60	1.41%
JPY bank borrowings	**JPY894**	**0.00% ~ 1.86%**	JPY1,250	0.00% ~ 1.86%
JPY bank borrowings	**JPY21**	**TIBOR + 1.70%**	JPY36	TIBOR + 1.70%
EUR bank borrowings	**EUR2**	**1.00% ~ 2.54%**	EUR3	1.00% ~ 2.54%

Following the IBOR benchmark reform, all the borrowings the Group held which referenced to USD LIBOR, had been transitioned to SOFR-referenced in July 2023.

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

The long-term bank borrowings are repayable as follows:

	As at 31 December	
	2023 RMB'Million	2022 RMB'Million
Within 1 year	**15,976**	5,599
Between 1 and 2 years	**41,643**	33,178
Between 2 and 5 years	**114,174**	130,487
Over 5 years	**2**	3
	171,795	169,267

38 BORROWINGS (continued)

Note: (continued)

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

	31 December 2023		31 December 2022	
	Amount (Million)	**Interest rate (per annum)**	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	**RMB7,160**	**1.60% ~ 3.48%**	RMB6,007	1.50% ~ 4.80%
USD bank borrowings	**USD2,600**	**SOFR + 0.50% ~ 0.55%**	–	–

The Group had entered into interest rate swap contracts to hedge its exposure arising from certain long-term bank borrowings carried at floating rates. The Group's outstanding interest rate swap contracts as at 31 December 2023 and 2022 are detailed in Note 29.

As at 31 December 2023 and 2022, the carrying amounts of borrowings approximated their fair values.

The Group had complied with all of the financial covenants of its borrowing facilities for the years ended 31 December 2023 and 2022.

39 NOTES PAYABLE

	As at 31 December	
	2023 RMB'Million	2022 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD notes payable	**137,101**	148,669
Included in current liabilities:		
Current portion of long-term USD notes payable	**14,161**	10,446
	151,262	159,115

39 NOTES PAYABLE (continued)

Note:

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

	31 December 2023		31 December 2022	
	Amount (Million)	**Interest rate (per annum)**	Amount (Million)	Interest rate (per annum)
USD notes payable	**USD750**	**Term SOFR + CAS + 0.910%**	USD1,250	LIBOR + 0.605% ~ 0.910%
USD notes payable	**USD20,700**	**1.375% ~ 4.700%**	USD21,700	1.375% ~ 4.700%

Following the IBOR benchmark reform, the notes payable the Group held which referenced to USD LIBOR, had been transitioned to Term SOFR-referenced in July 2023.

The Group had entered into interest rate swap contracts to hedge its exposure arising from its senior notes carried at floating rates. The Group's outstanding interest rate swap contracts as at 31 December 2023 and 2022 are detailed in Note 29.

The notes payable are repayable as follows:

	As at 31 December	
	2023 RMB'Million	2022 RMB'Million
Within 1 year	**14,161**	10,446
Between 1 and 2 years	**8,486**	13,913
Between 2 and 5 years	**28,275**	18,758
More than 5 years	**100,340**	115,998
	151,262	159,115

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

As at 31 December 2023, the fair value of the notes payable amounted to approximately RMB131,247 million (31 December 2022: RMB134,516 million). The respective fair value was assessed based on the active market prices of these notes at the reporting date or by making reference to similar instruments traded in the observable market.

40 LONG-TERM PAYABLES

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Payables relating to media content and running royalty fee for online games	**5,398**	3,072
Cash-settled share-based compensation payables (Note 37(d))	**1,227**	1,007
Payables relating to capital transaction	**85**	306
Others	**5,459**	4,682
	12,169	9,067

41 OTHER FINANCIAL LIABILITIES

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Measured at amortised cost:		
Redemption liabilities (Note (a))	**10,354**	6,204
Measured at fair value:		
Contingent consideration	**2,966**	3,236
Others	**19**	71
	2,985	3,307
	13,339	9,511
Included in:		
Non-current liabilities	**8,781**	5,574
Current liabilities	**4,558**	3,937
	13,339	9,511

Note:

(a) It comprised redemption liabilities arising from put option arrangements made with non-controlling shareholders of acquired subsidiaries of approximately RMB10,354 million (31 December 2022: RMB6,204 million).

42 ACCOUNTS PAYABLE

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

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
0 ~ 30 days	**94,537**	87,612
31 ~ 60 days	**3,099**	1,512
61 ~ 90 days	**528**	180
Over 90 days	**2,784**	3,077
	100,948	92,381

43 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Staff costs and welfare accruals	**30,747**	27,664
Selling and marketing expense accruals	**7,096**	4,584
General and administrative expenses accruals	**4,574**	4,157
Purchase of land use rights, buildings and construction related costs	**3,451**	2,620
Interests payable	**1,718**	1,655
Purchase consideration payables for investee companies	**1,022**	1,496
Prepayments received from customers and others	**669**	816
Others (Note)	**27,318**	18,147
	76,595	61,139

Note:

Others primarily consist of deposits from third parties, reserve for platform services, sundry payables and other accruals.

44 BUSINESS COMBINATIONS

During the year ended 31 December 2023, the Group completed the acquisition of a game company by acquiring 67% of its equity interest at a cash consideration of approximately USD0.9 billion (equivalent to approximately RMB6.5 billion), which was accounted for as a subsidiary of the Group upon the completion of the transaction.

Goodwill of approximately RMB5.6 billion 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 was expected to be deductible for income tax purpose.

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

	RMB'Million
Total consideration:	
Cash paid	**6,481**
	6,481
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Intangible assets	**4,816**
Cash and cash equivalents	**138**
Other assets	**279**
Deferred income tax liabilities	**(858)**
Other payables and accruals	**(227)**
Other liabilities	**(92)**
Total identifiable net assets	**4,056**
Non-controlling interests	**(3,192)**
Goodwill	**5,617**
	6,481

Note:

The Group's revenue for the year ended 31 December 2023 would be increased by not more than 5% and results for the year ended 31 December 2023 would not be materially different should the transaction had occurred on 1 January 2023.

The related transaction costs of the transaction recognised in the Group's consolidated income statement were not material.

45 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of net profit to cash generated from operations:

	2023 RMB'Million	2022 RMB'Million
Profit for the year	**118,048**	188,709
Adjustments for:		
Income tax expense	**43,276**	21,516
Net gains on disposals and deemed disposals of investee companies	**(4,283)**	(172,707)
Dividend income	**(546)**	(948)
Depreciation of property, plant and equipment, investment properties and right-of-use assets	**26,305**	28,444
Amortisation of intangible assets and land use rights	**32,703**	32,772
Net gains on disposals of intangible assets, land use rights, property, plant and equipment, construction in progress and right-of-use assets	**(126)**	(108)
Interest income	**(13,808)**	(8,592)
Interest and related expenses	**11,885**	9,985
Equity-settled share-based compensation expenses	**21,073**	24,949
Share of (profit)/loss of associates and joint ventures, net	**(5,800)**	16,129
Impairment provisions for investments in associates, investments in joint ventures and others	**6,095**	27,538
Net fair value losses on FVPL and other financial instruments	**2,119**	7,750
Net impairment of intangible assets, land use rights, right-of-use assets, investment properties and property, plant and equipment	**134**	17,428
Exchange losses/(gains), net	**383**	(633)
Changes in working capital:		
Accounts receivable	**(1,010)**	4,336
Inventories	**1,882**	(1,201)
Prepayments, deposits and other receivables	**5,469**	(5,840)
Accounts payable	**8,044**	(6,518)
Other payables and accruals	**1,349**	(4,851)
Other tax liabilities	**(322)**	2,239
Deferred revenue	**3,821**	(6,637)
Cash generated from operations	**256,691**	173,760

45 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Major non-cash transactions

Major non-cash transactions during the year ended 31 December 2023 were the settlement of dividend declared to be distributed in specie of Meituan Shares (Note 17(b) and Note 34).

(c) Net cash/(debt) reconciliation

This section sets out an analysis of net cash/(debt) and the movements in net cash/(debt) for each of the years presented.

Net cash/(debt)	**As at 31 December**	
	2023	2022
	RMB'Million	RMB'Million
Cash and cash equivalents	**172,320**	156,739
Term deposits and others	**231,038**	162,792
Borrowings – repayable within one year	**(41,537)**	(11,580)
Borrowings – repayable after one year	**(155,819)**	(163,668)
Notes payable – repayable within one year	**(14,161)**	(10,446)
Notes payable – repayable after one year	**(137,101)**	(148,669)
Net cash/(debt)	**54,740**	(14,832)

45 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Net cash/(debt) reconciliation (continued)

	Cash and cash equivalents RMB'Million	Term deposits and others RMB'Million	Borrowings due within 1 year RMB'Million	Borrowings due after 1 year RMB'Million	Notes payable due within 1 year RMB'Million	Notes payable due after 1 year RMB'Million	Total RMB'Million
Net debt as at 1 January 2023	**156,739**	**162,792**	**(11,580)**	**(163,668)**	**(10,446)**	**(148,669)**	**(14,832)**
Cash flows	**14,228**	**65,897**	**(14,234)**	**(5,211)**	**10,141**	**–**	**70,821**
Exchange impacts	**1,353**	**1,506**	**(94)**	**(2,537)**	**(12)**	**(2,205)**	**(1,989)**
Other non-cash movements (Note)	**–**	**843**	**(15,629)**	**15,597**	**(13,844)**	**13,773**	**740**
Net cash as at 31 December 2023	**172,320**	**231,038**	**(41,537)**	**(155,819)**	**(14,161)**	**(137,101)**	**54,740**
Net debt as at 1 January 2022	167,966	113,320	(19,003)	(136,936)	–	(145,590)	(20,243)
Cash flows	(18,733)	44,080	13,430	(19,837)	–	–	18,940
Exchange impacts	7,506	3,326	(273)	(12,492)	(883)	(12,564)	(15,380)
Other non-cash movements (Note)	–	2,066	(5,734)	5,597	(9,563)	9,485	1,851
Net debt as at 31 December 2022	156,739	162,792	(11,580)	(163,668)	(10,446)	(148,669)	(14,832)

Note:

It mainly resulted from the reclassification from non-current to current and assets/liabilities acquired from business combinations.

46 COMMITMENTS

(a) Capital commitments

Capital commitments as at 31 December 2023 and 2022 are analysed as follows:

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Contracted:		
Construction/purchase of buildings and purchase of land use rights	**4,480**	4,821
Capital investments in investees	**9,685**	12,623
Purchase of other capital assets	**3,444**	158
	17,609	17,602

(b) Other commitments

The Group's commitments under agreements mainly for bandwidth, online game licensing, media content and other technical services, which are contracted but not provided in the consolidated financial statements, are as follows:

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
Contracted:		
Not later than one year	**11,404**	13,037
Later than one year and not later than five years	**12,801**	14,124
Later than five years	**5,103**	5,427
	29,308	32,588

47 RELATED PARTY TRANSACTIONS

Except as disclosed in Note 15(a) (Senior management's emoluments), Note 15(b) (Five highest paid individuals), Note 16 (Benefits and interests of directors), Note 28 (Loans to investees and investees' shareholders) and Note 37 (Share-based payments) to the consolidated financial statements, other significant transactions carried out between the Group and its related parties during the years are presented as follows. These related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

47 RELATED PARTY TRANSACTIONS (continued)

(a) Significant transactions with related parties

The Group has commercial arrangements with certain associates and joint ventures to provide Online Advertising services, FinTech and Business Services, and other services, the revenue from which, for the year ended 31 December 2023, amounted to RMB7,286 million, RMB42,141 million and RMB2,740 million, respectively (2022: RMB5,819 million, RMB39,200 million and RMB2,577 million, respectively).

The Group has commercial arrangements with certain associates and joint ventures to purchase online game licenses and related services, media content and related services, FinTech and Business Services and others, the costs and expenses of which, for the year ended 31 December 2023, amounted to RMB3,082 million, RMB4,752 million, RMB2,222 million and RMB1,532 million, respectively (2022: RMB1,734 million, RMB4,226 million, RMB3,710 million and RMB1,030 million, respectively).

(b) Year end balances with related parties

As at 31 December 2023, accounts receivable and other receivables from related parties were RMB9,891 million and RMB493 million, respectively (31 December 2022: RMB10,755 million and RMB186 million, respectively).

As at 31 December 2023, accounts payable and other payables to related parties were RMB2,681 million and RMB144 million, respectively (31 December 2022: RMB1,530 million and RMB64 million, respectively).

The Group has certain business co-operation arrangements with certain associates, which are engaged in various Internet businesses including eCommerce, Online-To-Offline platforms, and FinTech services, in respect of the provision of various services such as FinTech services, business services and online advertising to these associates. As at 31 December 2023, contract liabilities arising from these business co-operation arrangements were RMB1,373 million (31 December 2022: RMB1,959 million).

The Group has entered into certain contracts for purchasing services or content with certain associates or joint ventures. As at 31 December 2023, commitments in respect of these agreements amounted to RMB4,433 million.

Other than the transactions and balances disclosed above or elsewhere in the consolidated financial statements, the Group had no other material transactions with related parties during the years ended 31 December 2023 and 2022, and no other material balances with related parties as at 31 December 2023 and 2022.

48 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	As at 31 December	
	2023	2022
	RMB'Million	RMB'Million
ASSETS		
Non-current assets		
Intangible assets	**43**	42
Investments in subsidiaries	**207,615**	215,342
Investments in associates	**399**	440
Financial assets at fair value through other comprehensive income	**951**	1,944
Contribution to Share Scheme Trust	**–**	15
	209,008	217,783
Current assets		
Amounts due from subsidiaries	**74,986**	45,516
Prepayments, deposits and other receivables	**178**	177
Cash and cash equivalents	**1,654**	754
Assets held for distribution	**–**	147,965
	76,818	194,412
Total assets	**285,826**	412,195

48 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) Financial position of the Company (continued)

	As at December 31	
	2023	2022
	RMB'Million	RMB'Million
EQUITY		
Share capital	**–**	–
Share premium	**37,989**	62,418
Treasury shares	**(4,740)**	(1,868)
Shares held for share award schemes	**(5,350)**	(4,226)
Other reserves (b)	**(5,279)**	8,617
Retained earnings (b)	**64,252**	17,621
Total equity	**86,872**	82,562
LIABILITIES		
Non-current liabilities		
Notes payable	**131,465**	143,134
Other financial liabilities	**67**	153
	131,532	143,287
Current liabilities		
Amounts due to subsidiaries	**50,111**	25,944
Other payables and accruals	**3,150**	1,991
Notes payable	**14,161**	10,446
Dividends payable for distribution in specie	**–**	147,965
	67,422	186,346
Total liabilities	**198,954**	329,633
Total equity and liabilities	**285,826**	412,195

48 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Reserve movement of the Company

	Retained earnings RMB'Million	Other reserves RMB'Million
At 1 January 2023	**17,621**	**8,617**
Profit for the year	**54,011**	**–**
Cash dividends	**(20,586)**	**–**
Dividends under distribution in specie	**32,169**	**–**
Transfer of losses on settlement of assets held for distribution to retained earnings	**(18,963)**	**18,963**
Losses from changes in fair value of assets held for distribution	**–**	**(29,991)**
Net losses from changes in the fair value of financial assets at fair value through other comprehensive income	**–**	**(1,020)**
Currency translation differences	**–**	**(1,848)**
At 31 December 2023	**64,252**	**(5,279)**
At 1 January 2022	506	3,708
Profit for the year	171,971	–
Cash dividends	(12,950)	–
Dividends under distribution in specie	(130,156)	–
Transfer of losses on settlement of assets held for distribution to retained earnings	(11,750)	11,750
Net losses from changes in fair value of assets held for distribution	–	(6,102)
Net gains from changes in the fair value of financial assets at fair value through other comprehensive income	–	55
Currency translation differences	–	(794)
At 31 December 2022	17,621	8,617

49 SUBSEQUENT EVENTS

There were no material subsequent events during the period from 31 December 2023 to the approval date of these financial statements by the Board on 20 March 2024.

50 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES

The following is a list of material subsidiaries of the Company as at 31 December 2023:

Name	Place of establishment and nature of legal entity	Particulars of issued/paid-in capital	Proportion of equity interest held by the Group (%)	Principal activities and place of operation
Tencent Computer	Established in the PRC, limited liability company	RMB65,000,000	100% (Note (a))	Provision of value-added services and Internet advertisement services in the PRC
Tencent Technology	Established in the PRC, wholly foreign owned enterprise	USD2,000,000	100%	Development of softwares and provision of information technology services in the PRC
Shenzhen Shiji Kaixuan Technology Company Limited	Established in the PRC, limited liability company	RMB11,000,000	100% (Note (a))	Provision of Internet advertisement services in the PRC
Tencent Cyber (Tianjin) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD90,000,000	100%	Development of softwares and provision of information technology services in the PRC
Tencent Asset Management Limited	Established in the British Virgin Islands, limited liability company	USD100	100%	Asset management in Hong Kong
Tencent Technology (Beijing) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD1,000,000	100%	Development and sale of softwares and provision of information technology services in the PRC
Nanjing Wang Dian Technology Company Limited	Established in the PRC, limited liability company	RMB10,290,000	100% (Note (a))	Provision of value-added services in the PRC
Beijing BIZCOM Technology Company Limited	Established in the PRC, limited liability company	RMB1,216,500,000	100% (Note (a))	Provision of value-added services in the PRC
Beijing Starsinhand Technology Company Limited	Established in the PRC, limited liability company	RMB10,000,000	100% (Note (a))	Provision of value-added services in the PRC
Tencent Cyber (Shenzhen) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD30,000,000	100%	Development of softwares in the PRC

50 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES (continued)

Name	Place of establishment and nature of legal entity	Particulars of issued/paid-in capital	Proportion of equity interest held by the Group (%)	Principal activities and place of operation
Tencent Technology (Shanghai) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD5,000,000	100%	Development of softwares and provision of information technology services in the PRC
Tencent Technology (Chengdu) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD220,000,000	100%	Development of softwares and provision of information technology services in the PRC
Tencent Cloud Computing (Beijing) Company Limited	Established in the PRC, limited liability company	RMB1,042,500,000	100% (Note (a))	Provision of information system integration services in the PRC
Beijing Tencent Culture Media Company Limited	Established in the PRC, limited liability company	RMB5,000,000	100%	Design and production of advertisement in the PRC
Riot Games, Inc.	Established in the United States, limited liability company	USD1,310	99.72%	Development and operation of online games in the United States
China Literature Limited	Established in the Cayman Islands, limited liability company	USD102,339	57.03%*	Provision of online literature services in the PRC
TME (Note (b))	Established in the Cayman Islands, limited liability company	USD280,753	53.09%*	Provision of online music entertainment services in the PRC
Supercell Oy	Established in Finland, limited liability company	EUR2,500	81.22%	Development and operation of mobile games in Finland
Shenzhen Tencent Culture Media Company Limited	Established in the PRC, limited liability company	RMB5,000,000	100%	Design and production of advertisement in the PRC
Shenzhen Tencent Tianyou Technology Company Limited	Established in the PRC, limited liability company	RMB50,000,000	100% (Note (a))	Provision of value-added services in the PRC
Guangzhou Tencent Technology Company Limited	Established in the PRC, wholly foreign owned enterprise	RMB70,000,000	100%	Development of softwares and provision of information technology services in the PRC

* on an outstanding basis

50 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES (continued)

Note:

(a) As described in Note 1, the Company does not have legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain contractual agreements entered into with the registered owners of these structured entities, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these companies to the Company and/or its other legally owned subsidiaries. As a result, they are presented as controlled structured entities of the Company.

(b) In September 2020, TME issued two tranches of senior notes with an aggregate principal amount of USD800 million due in 5 years to 10 years, with interest rates ranging from 1.375% to 2.000%. As at 31 December 2023, the principal amount and net book balance of its notes payable were USD800 million and USD796 million respectively.

(c) The directors of the Company considered that none of the non wholly-owned subsidiaries has non-controlling interests that are material to the Group, therefore, no summarised financial information of these non wholly-owned subsidiaries is presented separately.

(d) All subsidiaries' undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary's undertakings held directly by the parent company does not differ from its proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiary's undertakings included in the Group.

(e) Significant restrictions

As at 31 December 2023, cash and cash equivalents, term deposits and restricted cash of the Group, amounting to RMB231,391 million were held in the Mainland of China and they are subject to local exchange control and other financial and treasury regulations. The local exchange control, and other financial and treasury regulations provide for restrictions, on payment of dividends, share repurchase and offshore investments, other than through normal activities.

(f) Consolidation of structured entities

As mentioned in Note (a) above and Note 37(c), the Company has consolidated the operating entities within the Group without any legal interests and the EISs where wholly-owned subsidiaries of the Company act as general partner. In addition, due to the implementation of the share award schemes of the Group mentioned in Note 37(b), the Company has also set up a structured entity ("Share Scheme Trust"), and its particulars are as follows:

Structured entity	**Principal activities**
Share Scheme Trust	Administering and holding the Company's shares acquired for share award schemes which are set up for the benefits of eligible persons of the schemes

As the Company has the power to govern the financial and operating policies of the Share Scheme Trust and can derive benefits from the contributions of the eligible persons who are awarded with the shares by the schemes, the directors of the Company consider that it is appropriate to consolidate the Share Scheme Trust.

During the year ended 31 December 2023, the Company contributed approximately RMB4,378 million (2022: RMB2,882 million) to the Share Scheme Trust for financing its acquisition of the Company's shares.

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