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Tencent 腾讯
TENCENT HOLDINGS LIMITED
騰訊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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

**PROPOSED ISSUE OF NOTES UNDER
THE GLOBAL MEDIUM TERM NOTE PROGRAMME**

AND

EXTRACT OF FINANCIAL INFORMATION

References are made to the announcements of the Company dated 10 April 2014, 24 April 2015, 9 January 2018, 1 April 2019, 25 May 2020, 13 April 2021, 15 September 2025 and 8 June 2026 in relation to the establishment, increase of the Programme Limit and update of the Programme.

The Company proposes to conduct an international offering of the Proposed Notes to certain professional investors. The Proposed Notes will be issued in series with different issue dates and terms and may be denominated in any currency subject to compliance with all relevant laws, regulations and directives. The completion of the Proposed Notes Issue is dependent on several factors, including but not limited to global market conditions, corporate needs of the Company and investors' interests. None of the Proposed Notes will be offered to the public in Hong Kong, the United States, or any other jurisdictions, nor will the Proposed Notes be placed to any connected person(s) of the Company.

In connection with the Programme and the Proposed Notes Issue, the Company will provide certain professional investors with recent corporate and financial information. For the purposes of a transparent and timely dissemination of information to Shareholders and the broader investment community, an extract of the relevant information which relates to the management's discussion and analysis of financial condition and results of operations of the Group is attached hereto.

J.P. Morgan, ICBC (Asia), Agricultural Bank of China, Bank of China, Bank of Communications, China Construction Bank, CITIC Securities, Goldman Sachs (Asia) L.L.C., HSBC and Morgan Stanley are the joint global coordinators in respect of the Proposed Notes Issue.

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialise. The completion of the Proposed Notes Issue is dependent on several factors, including but not limited to global market conditions, corporate needs of the Company and investors' interests. Investors and Shareholders are advised to exercise caution when dealing in the securities of the Company.

Further announcement in respect of the Proposed Notes Issue will be made by the Company as and when appropriate.

PROPOSED NOTES ISSUE

Introduction

The Company proposes to conduct an international offering of the Proposed Notes to certain professional investors. In connection with the Programme and the Proposed Notes Issue, the Company will provide certain professional investors with recent corporate and financial information. For the purposes of a transparent and timely dissemination of information to Shareholders and the broader investment community, an extract of the relevant information which relates to the management's discussion and analysis of financial condition and results of operations of the Group is attached hereto.

The completion of the Proposed Notes Issue is dependent on several factors, including but not limited to global market conditions, corporate needs of the Company and investors' interests. J.P. Morgan, ICBC (Asia), Agricultural Bank of China, Bank of China, Bank of Communications, China Construction Bank, CITIC Securities, Goldman Sachs (Asia) L.L.C., HSBC and Morgan Stanley are the joint global coordinators in respect of the Proposed Notes Issue.

The Proposed Notes have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States. The Proposed Notes will only be offered (i) in the United States to qualified institutional buyers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or in transactions not subject to the registration requirements of the U.S. Securities Act and/or (ii) in offshore transactions to Non-U.S. Persons in compliance with Regulation S, as the case may be. None of the Proposed Notes will be offered to the public in Hong Kong, the United States, or any other jurisdictions, nor will the Proposed Notes be placed to any connected person(s) of the Company.

Listing

The Company intends to seek a listing of the Proposed Notes on the Stock Exchange. Admission of the Proposed Notes to the official list of the Stock Exchange and quotation of the Proposed Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company or the Proposed Notes.

GENERAL

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialise. The completion of the Proposed Notes Issue is dependent on several factors, including but not limited to global market conditions, corporate needs of the Company and investors' interests. Investors and Shareholders are advised to exercise caution when dealing in the securities of the Company.

Further announcement in respect of the Proposed Notes Issue will be made by the Company as and when appropriate.

DEFINITION

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

Term	Definition
“Agricultural Bank of China”	ABCI Capital Limited
“Bank of China”	Bank of China (Hong Kong) Limited
“Bank of Communications”	Bank of Communications Co., Ltd. Hong Kong Branch
“Board”	the board of directors of the Company
“China Construction Bank”	China Construction Bank (Asia) Corporation Limited
“CITIC Securities”	CLSA Limited
“Company”	Tencent Holdings Limited, a limited liability company organised and existing under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region, the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“ICBC (Asia)”	Industrial and Commercial Bank of China (Asia) Limited
“J.P. Morgan”	J.P. Morgan Securities (Asia Pacific) Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Morgan Stanley”	Morgan Stanley & Co. International plc
“Non-U.S. Persons”	persons who are not U.S. persons as defined under Regulation S
“Notes”	the medium term notes under the Programme

“Programme”	the global medium term note programme established by the Company by way of the dealer agreement dated 10 April 2014 (as amended and restated by the amended and restated dealer agreement dated 24 April 2015 which was further amended on 1 April 2019, 25 May 2020 and 13 April 2021, amended and restated by the amended and restated dealer agreement dated 15 September 2025, and as further amended and restated by the amended and restated dealer agreement dated 8 June 2026) and as updated and modified from time to time
“Programme Limit”	the maximum aggregate principal amount of the Notes which may be outstanding at any one time under the Programme
“Proposed Notes”	the Notes proposed to be issued
“Proposed Notes Issue”	the issue of the Proposed Notes
“Regulation S”	Regulation S under the U.S. Securities Act
“Rule 144A”	Rule 144A under the U.S. Securities Act
“Share(s)”	the ordinary share(s) with par value of HK\$0.00002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction

“U.S. Securities Act”

the United States Securities Act of 1933, as amended

By Order of the Board

Ma Huateng

Chairman

12 October 2026

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

Executive Director:

Ma Huateng;

Non-Executive Directors:

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

Independent Non-Executive Directors:

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

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a lot of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. The Board and the Company assume no obligation to correct or update the forward-looking statements contained in this announcement.

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 2023, 2024 and 2025 and as at and for the six months ended 30 June 2025 and 2026, 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 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 2026, combined MAU of *Weixin* and *WeChat* reached 1,439 million, an increase of 2%, from 1,411 million as at 30 June 2025, and mobile device MAU of *QQ* was 520 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 make 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. 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 an AI-powered technology platform, we enhance our capabilities for marketing, games 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 evolving development of technology and user behavior. We have endeavored to embrace generative and agentic AI technologies, implement AI technologies to businesses, such as games, 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 RMB609,015 million, RMB660,257 million and RMB751,766 million and RMB364,526 million and RMB401,243 million (US\$59,136 million) for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, 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				
	2023		2024		2025		2025		2026		
	(RMB	% of	(RMB	% of	(RMB	% of	(RMB	% of	(RMB	(US\$ in	% of
	in	total	in	total	in	total	in	total	in	millions)	total
	millions)	revenues	millions)	revenues	millions)	revenues	millions)	revenues	millions)	millions)	revenues
Revenues											
VAS	298,375	49%	319,168	49%	369,281	49%	183,501	50%	194,524	28,669	48%
Marketing Services	101,482	17%	121,374	18%	144,973	19%	67,615	19%	81,736	12,046	21%
FinTech and Business Services	203,763	33%	211,956	32%	229,435	31%	110,443	30%	120,171	17,711	30%
Others.....	5,395	1%	7,759	1%	8,077	1%	2,967	1%	4,812	710	1%
Total Revenues	609,015	100%	660,257	100%	751,766	100%	364,526	100%	401,243	59,136	100%

VAS

Revenues from VAS are derived principally from the provisions of games and social networks services. Our VAS is primarily provided on a subscription basis, per-item basis or revenue share basis.

We derive games revenues primarily from sales of in-game virtual items and social networks revenues primarily from subscriptions, sales of virtual items, livestreaming and 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 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 is also attributable to our social networks.

Revenues from VAS were RMB298,375 million, RMB319,168 million and RMB369,281 million and RMB183,501 million and RMB194,524 million (US\$28,669 million) for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

For a detailed discussion of how revenues from VAS are recognised in our consolidated financial statements, see “— *Critical Accounting Policies, Estimates and Judgements — Revenue Recognition — VAS.*”

Marketing Services

Marketing Services revenues mainly include revenues derived from sales of marketing solutions and advertising inventories from our various platforms, such as *Video Accounts, 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 provide targeted marketing services to generate attractive returns for advertisers.

Revenues from Marketing Services were RMB101,482 million, RMB121,374 million and RMB144,973 million and RMB67,615 million and RMB81,736 million (US\$12,046 million) for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

For a detailed discussion of how revenues from Marketing Services are recognised in our consolidated financial statements, see “— *Critical Accounting Policies, Estimates and Judgements — 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 services 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 RMB203,763 million, RMB211,956 million and RMB229,435 million and RMB110,443 million and RMB120,171 million (US\$17,711 million) for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

For a detailed discussion of how revenues from FinTech and Business Services are recognised in our consolidated financial statements, see “— *Critical Accounting Policies, Estimates and Judgements — Revenue Recognition — FinTech and Business Services*”.

Others

Revenues from our other businesses are primarily derived from investments in, production of and distribution of, films and television programmes, copyrights licensing, merchandise sales and various other activities. Revenues from others were RMB5,395 million, RMB7,759 million and RMB8,077 million and RMB2,967 million and RMB4,812 million (US\$710 million) for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

Cost of Revenues

Our cost of revenues was RMB315,906 million, RMB311,011 million and RMB329,173 million and RMB159,020 million and RMB171,545 million (US\$25,283 million) for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, 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, technical infrastructure operation costs, 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				
	2023		2024		2025		2025		2026		
	(Audited)						(Unaudited)				
	(RMB	% of	(RMB	% of	(RMB	% of	(RMB	% of	(RMB	% of	
	in	segment	in	segment	in	segment	in	segment	in	(US\$ in	segment
	millions)	revenues	millions)	revenues	millions)	revenues	millions)	revenues	millions)	millions)	revenues
Cost of Revenues											
VAS	136,456	46%	137,511	43%	146,985	40%	73,367	40%	71,471	10,533	37%
Marketing Services	50,138	49%	54,142	45%	61,584	42%	29,336	43%	35,777	5,272	44%
FinTech and Business Services.....	123,127	60%	112,255	53%	112,819	49%	53,894	49%	57,573	8,485	48%
Others.....	6,185	115%	7,103	92%	7,785	96%	2,423	82%	6,724	993	140%
Total cost of revenues.....	315,906		311,011		329,173		159,020		171,545	25,283	

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 primarily consist 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 our best knowledge of the income tax rates expected to be applicable 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 2023, 2024 and 2025 and for the six months ended 30 June 2025 and 2026.

(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, 2024 and 2025 and for the six months ended 30 June 2025 and 2026.

(iii) PRC CIT

PRC CIT had been provided for at applicable tax rates under the relevant laws and regulations of the PRC after considering the available preferential tax benefits from refunds and allowances, and on the estimated assessable profits of our entities established in the Chinese Mainland for the years ended 31 December 2023, 2024 and 2025 and for the six months ended 30 June 2025 and 2026. The general PRC CIT rate was 25% in 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

Certain subsidiaries in the Chinese Mainland were approved as High and New Technology Enterprise, and they were subject to a preferential CIT rate of 15% for the years ended 31 December 2023, 2024 and 2025 and for the six months ended 30 June 2025 and 2026.

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 Chinese Mainland upon fulfilment of certain requirements of the respective local governments.

(iv) CIT in other jurisdictions

Income tax on profits arising from other jurisdictions, including North America, Europe, Asia and South America, had been calculated on the estimated assessable profits at the respective rates prevailing in the relevant jurisdictions, which were not higher than 39% for the years ended 31 December 2023, 2024 and 2025 and for the six months ended 30 June 2025 and 2026.

(v) Withholding tax

According to applicable tax laws and regulations prevailing in the Chinese Mainland, dividends distributed by a company established in the Chinese Mainland 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 Chinese Mainland 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 which our entities operate in are also subject to withholding tax at respective applicable tax rates.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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 judgements 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 judgements 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 judgements. We believe the following represents our critical accounting policies, judgements 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 games and social networks services. 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, livestreaming and games revenues attributable to social networks business.

Revenues from VAS are recognised when we satisfy our performance obligations by rendering relevant promised services.

Gross receipts from sales of in-game permanent virtual items are deferred and amortised over the respective estimated expected user lifetime of the applicable games estimated by us 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 periods 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, 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 pre-determined percentages (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 co-operation agreements, under which we pay to the third-party game/application developers a pre-determined 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 marketing solutions and advertising inventories from our various platforms.

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 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 ratably over the subscribed period as the services are delivered to customers. 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, 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.

Other Revenues

Our other revenues are primarily derived from investments in, production of and distribution of, films and television programmes, copyrights licensing, merchandise sales and various other activities. We recognise other revenues as 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 with a corresponding increase in equity over the vesting period, i.e., the period over which all of the specified vesting conditions are to be satisfied.

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 the relevant equity instruments at the grant date. We also adopt valuation and actuarial techniques to assess the grant-date fair value of non-listed equity instruments 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 vest.

From our perspective, the grants of our equity instruments to employees of our subsidiaries are made in exchange for employee services 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 the end of each reporting period, 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 prior estimates, if any, in the consolidated income statement of us, with a corresponding adjustment to equity.

When share 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.

Share-based payment arrangements where the terms provide us to settle the transactions in cash are cash-settled share-based payment transactions. 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 judgement is required in determining the worldwide provision for income taxes. Where the final tax outcome is different from the amounts that were previously 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

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. In addition, the Group performs impairment tests on goodwill and other intangible assets that have an indefinite life or are not yet available for use at least annually regardless of whether there are indicators of impairment. The recoverable amounts are determined based on value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates.

Judgement 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 testing purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changes in 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, liquidity discounts adopted for lack of marketability, 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 measurement of these investments.

Scope of consolidation

Consolidation of an investee is permitted 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 from 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 are not considered in isolation by us in our assessment of control over an investee. Where the factors of control are not apparent, significant judgement is applied in the assessment, which is based on a holistic analysis of all of the relevant facts and circumstances.

We are required to reassess whether we control an 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 2026 compared to six months ended 30 June 2025

Revenues. Revenues increased by 10% year-on-year to RMB401,243 million (US\$59,136 million) for the six months ended 30 June 2026.

The following table sets forth our revenues by line of business for the six months ended 30 June 2025 and 2026:

	Six months ended 30 June				
	2025		2026		
	(Unaudited)				
		% of total			% of total
	Amount	revenues	Amount	Amount	revenues
	(RMB in		(RMB in	(US\$ in	
	millions)		millions)	millions)	
VAS	183,501	50%	194,524	28,669	48%
Marketing Services	67,615	19%	81,736	12,046	21%
FinTech and Business Services	110,443	30%	120,171	17,711	30%
Others.....	2,967	1%	4,812	710	1%
Total revenues	364,526	100%	401,243	59,136	100%

Revenues from VAS increased by 6% year-on-year to RMB194,524 million (US\$28,669 million) for the six months ended 30 June 2026. Domestic Games revenues were RMB92.7 billion (US\$13.7 billion), up 11% year-on-year, driven by growth from most of our major games, with notable contributions from *Delta Force*, *VALORANT* PC and MOBILE, *Roco Kingdom: World* and *Wuthering Waves*. International Games revenues were RMB37.4 billion (US\$5.5 billion), up 6% year-on-year, primarily driven by higher revenues from *Clash Royale*, *Wuthering Waves* and *VALORANT* PC. Social Networks revenues decreased by 0.7% year-on-year to RMB64.4 billion (US\$9.5 billion).

Revenues from Marketing Services were RMB81,736 million (US\$12,046 million) for the six months ended 30 June 2026, up 21% year-on-year, supported by enhancements to our AI-driven ad recommendation model (which determines the ad shown to each user for each impression), upgrades to our automated campaign management solution *AIM+* (which helps advertisers purchase performant impressions), and integration of closed-loop marketing capabilities within the *Weixin* ecosystem (which facilitates *Weixin*-integrated services, such as *Mini Games* and *Mini Shops*, to advertise more effectively on Tencent-managed ad properties). Most major industry categories increased marketing spending on our platforms during the six months ended 30 June 2026.

Revenues from FinTech and Business Services increased by 9% year-on-year to RMB120,171 million (US\$17,711 million) for the six months ended 30 June 2026. FinTech Services revenue growth was mainly due to higher revenues from commercial payment, wealth management and consumer loan services. Business Services revenue growth was primarily driven by increased revenues from our cloud services, underpinned by greater demand for AI-related services, ongoing international expansion, and a more favourable pricing environment.

Cost of revenues. Cost of revenues increased by 8% year-on-year to RMB171,545 million (US\$25,283 million) for the six months ended 30 June 2026. The increase was primarily due to higher AI-related equipment depreciation and associated operating costs.

Gross profit. Gross profit increased by 12% year-on-year to RMB229,698 million (US\$33,853 million) for the six months ended 30 June 2026, slightly outpacing revenue growth. Robust growth in high-margin revenue streams, including higher revenues from internally developed games and from Marketing Services, offset higher depreciation and operating costs associated with our expanded AI infrastructure. Gross margin was 57%, up from 56% in the same period last year. The following table sets forth our gross profit and gross margin by line of business for the six months ended 30 June 2025 and 2026:

	Six months ended 30 June				
	2025		2026		
	(Unaudited)				
	Gross				Gross
	Amount	margin	Amount	Amount	margin
	(RMB in		(RMB in	(US\$ in	
	millions)		millions)	millions)	
VAS	110,134	60%	123,053	18,136	63%
Marketing Services	38,279	57%	45,959	6,774	56%
FinTech and Business Services	56,549	51%	62,598	9,226	52%
Others.....	544	18%	(1,912)	(283)	NM
Total gross profit.....	205,506	56%	229,698	33,853	57%

Gross profit for VAS grew by 12% year-on-year to RMB123,053 million (US\$18,136 million), primarily driven by a greater revenue contribution from high-margin internally developed games. Gross margin expanded to 63% from 60% in the same period last year.

Gross profit for Marketing Services increased by 20% year-on-year to RMB45,959 million (US\$6,774 million), broadly consistent with segment revenue growth, as higher revenues, supported by enhancements to our AI-driven marketing capabilities, largely offset higher costs, including depreciation and operating costs associated with expanding our AI infrastructure to improve ad and content recommendation. Gross margin was 56%, compared with 57% in the same period last year.

Gross profit for FinTech and Business Services rose by 11% year-on-year to RMB62,598 million (US\$9,226 million), mainly driven by wealth management and consumer loan services, as well as cloud services. Gross margin increased to 52% from 51% in the same period last year.

Selling and marketing expenses. Selling and marketing expenses increased by 34% year-on-year to RMB23,212 million (US\$3,421 million) for the six months ended 30 June 2026, due to higher marketing spending to support our games business and to drive adoption of our AI-native products. As a percentage of revenues, selling and marketing expenses were 6% for the six months ended 30 June 2026, increased from 5% for the six months ended 30 June 2025.

General and administrative expenses. General and administrative expenses increased by 11% year-on-year to RMB72,608 million (US\$10,701 million) for the six months ended 30 June 2026, primarily reflecting higher R&D spending to support *Hy* model enhancements, *Weixin* AI initiatives, and development of AI capabilities across our products and services. As a percentage of revenues, general and administrative expenses remained stable at 18% for the six months ended 30 June 2025 and 2026.

Other gains/(losses), net. We recorded net other gains of RMB773 million (US\$114 million) for the six months ended 30 June 2026.

Operating profit. Operating profit increased by 14% year-on-year to RMB134,651 million (US\$19,845 million) for the six months ended 30 June 2026. Non-IFRS operating profit¹ increased by 9% year-on-year to RMB151,263 million (US\$22,293 million). Non-IFRS operating profit excluding new AI products² increased by 18% year-on-year to RMB170.5 billion (US\$25.1 billion).

¹ 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.

² New AI products primarily consist of *Hy*, *Yuanbao*, *CodeBuddy*, *WorkBuddy*, and *Xiaowei*.

Net gains/(losses) from investments and others. We recorded net gains from investments and others of RMB13,112 million (US\$1,932 million) for the six months ended 30 June 2026.

Interest income. Interest income increased by 5% year-on-year to RMB8,227 million (US\$1,213 million) for the six months ended 30 June 2026, mainly driven by growth in cash reserves.

Finance costs. Finance costs were RMB5,958 million (US\$878 million) for the six months ended 30 June 2026, compared with RMB7,801 million in the same period last year, reflecting favourable foreign exchange movements and lower interest expenses due to lower average interest rates.

Share of profit/(loss) of associates and joint ventures, net. Our share of losses of associates and joint ventures was RMB6,373 million (US\$939 million) for the six months ended 30 June 2026, primarily reflecting our share of the fair value adjustment recognised by an unlisted investee from revaluation of its issued convertible redeemable preferred shares arising from increased valuation of the investee, which was excluded from our non-IFRS profit. On a non-IFRS basis, our share of profits of associates and joint ventures was RMB13,482 million (US\$1,987 million), compared with share of profits of RMB13,988 million in the same period last year.

Profit before income tax. Profit before income tax increased by 10% year-on-year to RMB143,659 million (US\$21,173 million) for the six months ended 30 June 2026.

Income tax expense. Income tax expense increased by 5% year-on-year to RMB26,290 million (US\$3,875 million) for the six months ended 30 June 2026, reflecting operating profit growth.

Profit for the period. As a result of the factors discussed above, profit for the period increased by 11% year-on-year to RMB117,369 million (US\$17,298 million) for the six months ended 30 June 2026. Our profit margin remained stable at 29% for the six months ended 30 June 2025 and 2026.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 10% year-on-year to RMB114,115 million (US\$16,818 million) for the six months ended 30 June 2026. Non-IFRS profit attributable to equity holders of the Company increased by 10% year-on-year to RMB136,320 million (US\$20,091 million).

Year ended 31 December 2025 compared to year ended 31 December 2024

Revenues. Revenues increased by 14% year-on-year to RMB751,766 million for the year ended 31 December 2025.

The following table sets forth our revenues by line of business for the years ended 31 December 2024 and 2025:

	Year ended 31 December			
	2024		2025	
	(Audited)			
	Amount	% of total	Amount	% of total
	(RMB in millions)	revenues	(RMB in millions)	revenues
VAS	319,168	49%	369,281	49%
Marketing Services	121,374	18%	144,973	19%
FinTech and Business Services	211,956	32%	229,435	31%
Others.....	7,759	1%	8,077	1%
Total revenues	660,257	100%	751,766	100%

Revenues from VAS increased by 16% year-on-year to RMB369,281 million for the year ended 31 December 2025. Domestic Games revenues were RMB164.2 billion, up 18% year-on-year, underpinned by robust performance of recently released *Delta Force*, as well as higher revenues from evergreen games such as *Honour of Kings* and *Peacekeeper Elite*, and from *VALORANT* franchise (PC and mobile). International Games revenues were RMB77.4 billion, up 33% year-on-year (32% on a constant-currency basis), reflecting higher revenues from Supercell's games and *PUBG MOBILE*, as well as incremental revenue contribution from *Wuthering Waves*. Social Networks revenues rose by 5% year-on-year to RMB127.7 billion, due to growth in *Video Accounts* live streaming revenue, music subscription revenue and app-based game virtual item sales.

Revenues from Marketing Services increased by 19% year-on-year to RMB144,973 million for the year ended 31 December 2025, primarily driven by growth in pricing and ad impressions. Pricing benefitted from AI-powered ad targeting, advertisers using AI to create more ads, and an increasing proportion of closed-loop ads (where the user clicks through to native transactional experiences, such as *Mini Programs*, *Mini Shops*, or *Mini Games*). Impression growth benefitted primarily from greater user engagement with products including *Video Accounts* and *Weixin Search*, and modest increases in ad load. Advertising spending grew across most major industry categories during the year.

Revenues from FinTech and Business Services grew by 8% year-on-year to RMB229,435 million for the year ended 31 December 2025. FinTech Services revenues increased at a high single-digit rate year-on-year, due to higher revenues from wealth management services, consumer loan services, and commercial payment activities. Business Services revenues rose by a high-teens rate year-on-year, reflecting increased domestic and international demand for cloud services, including demand for AI-related services, as well as higher eCommerce technology service fees, underpinned by growth in *Mini Shops* GMV.

Cost of revenues. Cost of revenues increased by 6% year-on-year to RMB329,173 million for the year ended 31 December 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 rose by 21% year-on-year to RMB422,593 million for the year ended 31 December 2025, primarily driven by greater contributions from high-margin revenue streams, including internally developed games, *Video Accounts* and *Weixin Search* marketing services, and by enhanced cost efficiency in FinTech services and cloud services. Gross margin was 56%, up from 53% for the year ended 31 December 2024. The following table sets forth our gross profit and gross margin by line of business for the years ended 31 December 2024 and 2025:

	Year ended 31 December			
	2024		2025	
	(Audited)			
	Amount	Gross margin	Amount	Gross margin
	(RMB in millions)		(RMB in millions)	
VAS	181,657	57%	222,296	60%
Marketing Services	67,232	55%	83,389	58%
FinTech and Business Services	99,701	47%	116,616	51%
Others.....	656	8%	292	4%
Total gross profit.....	349,246	53%	422,593	56%

Gross profit for VAS increased by 22% year-on-year to RMB222,296 million, due to greater revenue contributions from internally developed games. Gross margin was 60%, up from 57% in the prior year.

Gross profit for Marketing Services rose by 24% year-on-year to RMB83,389 million, as AI-powered marketing services drove strong growth in high-margin revenue streams, particularly *Video Accounts* and *Weixin Search*. Gross margin improved to 58% from 55% in the previous year.

Gross profit for FinTech and Business Services increased by 17% year-on-year to RMB116,616 million, benefitting from growing scale of cloud services and improved revenue mix in FinTech services, alongside enhanced cost efficiency. Gross margin rose to 51% from 47% in the previous year.

Selling and marketing expenses. Selling and marketing expenses grew by 15% year-on-year to RMB41,727 million for the year ended 31 December 2025, reflecting increased promotional efforts to support the growth of our AI-native applications and games. 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 rose by 21% year-on-year to RMB136,127 million for the year ended 31 December 2025. This growth was due to increased R&D expenses, primarily higher staff costs and increased depreciation expenses driven by our AI investments, alongside a one-off share-based compensation expense of RMB4.0 billion related to restructuring of an existing commercial arrangement at an overseas subsidiary. As a percentage of revenues, general and administrative expenses were 18% for the year ended 31 December 2025, increased from 17% for the year ended 31 December 2024.

Other gains/(losses), net. We recorded net other losses of RMB3,177 million for the year ended 31 December 2025.

Operating profit. Operating profit increased by 16% year-on-year to RMB241,562 million for the year ended 31 December 2025. Non-IFRS operating profit increased by 18% year-on-year to RMB280,656 million for the year ended 31 December 2025. We recorded non-IFRS operating profit excluding new AI products of RMB298.1 billion for the year ended 31 December 2025.

Net gains/(losses) from investments and others. We recorded net gains from investments and others of RMB10,168 million for the year ended 31 December 2025.

Interest income. Interest income increased by 6% year-on-year to RMB16,909 million for the year ended 31 December 2025 due to growth in cash reserves.

Finance costs. Finance costs were RMB15,130 million for the year ended 31 December 2025, compared with RMB11,981 million in the prior year, mainly due to net foreign exchange losses recognised for the year ended 31 December 2025, versus net foreign exchange gains recorded for the year ended 31 December 2024.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB23,740 million for the year ended 31 December 2025, compared with share of profits of RMB25,176 million for the year ended 31 December 2024. Non-IFRS share of profits of associates and joint ventures rose to RMB33,457 million, compared with RMB31,635 million in the previous year.

Profit before income tax. Profit before income tax increased by 15% year-on-year to RMB277,249 million for the year ended 31 December 2025.

Income tax expense. Income tax expense increased by 5% year-on-year to RMB47,448 million for the year ended 31 December 2025, mainly reflecting operating profit growth, partially offset by lower withholding tax provision recognised this year.

Profit for the year. As a result of the factors discussed above, profit for the year increased by 17% year-on-year to RMB229,801 million for the year ended 31 December 2025. Our profit margin increased from 30% for the year ended 31 December 2024 to 31% for the year ended 31 December 2025.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 16% year-on-year to RMB224,842 million for the year ended 31 December 2025. Non-IFRS profit attributable to equity holders of the Company increased by 17% year-on-year to RMB259,626 million for the year ended 31 December 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.

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	Amount	% of total
	(RMB in millions)	revenues	(RMB in millions)	revenues
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)	NM	656	8%
Total gross profit.....	293,109	48%	349,246	53%

Gross profit for VAS increased by 12% year-on-year to RMB181,657 million, 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.

QUARTERLY RESULTS OF OPERATIONS

The following table presents our unaudited quarterly results of operations for the most recent nine 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								
	30	30	31	31	30	30	31	31	30
	June	September	December	March	June	September	December	March	June
	2024	2024	2024	2025	2025	2025	2025	2026	2026
	(Unaudited)								
	(RMB in millions)								
Revenues:									
VAS	78,822	82,695	79,022	92,133	91,368	95,860	89,920	96,110	98,414
Marketing Services ⁽¹⁾	29,871	29,993	35,004	31,853	35,762	36,242	41,116	38,171	43,565
FinTech and Business Services	50,440	53,089	56,125	54,907	55,536	58,174	60,818	59,885	60,286
Others	1,984	1,416	2,295	1,129	1,838	2,593	2,517	2,292	2,520
Total revenues	161,117	167,193	172,446	180,022	184,504	192,869	194,371	196,458	204,785
Cost of revenues	(75,222)	(78,365)	(81,793)	(79,529)	(79,491)	(84,071)	(86,082)	(85,193)	(86,352)
Gross profit	85,895	88,828	90,653	100,493	105,013	108,798	108,289	111,265	118,433
Selling and marketing expenses	(9,156)	(9,411)	(10,285)	(7,866)	(9,410)	(11,468)	(12,983)	(11,343)	(11,869)
General and administrative expenses	(27,491)	(29,058)	(31,403)	(33,664)	(31,921)	(34,259)	(36,283)	(33,800)	(38,808)
Other gains/(osses), net	1,484	2,974	2,513	(1,397)	(3,578)	483	1,315	1,253	(480)
Operating profit	50,732	53,333	51,478	57,566	60,104	63,554	60,338	67,375	67,276
Net gains/(losses) from investments									
and others	(654)	3,066	1,119	1,407	2,638	2,820	3,303	1,928	11,184
Interest income	3,850	3,996	3,910	3,748	4,121	4,256	4,784	4,025	4,202
Finance costs	(3,112)	(3,531)	(2,512)	(3,860)	(3,941)	(3,756)	(3,573)	(2,979)	(2,979)
Share of profit/(loss) of associates									
and joint ventures, net	7,718	6,019	9,253	4,581	4,473	7,854	6,832	3,620	(9,993)
Profit before income tax	58,534	62,883	63,248	63,442	67,395	74,728	71,684	73,969	69,690
Income tax expense	(10,168)	(8,900)	(11,781)	(13,717)	(11,351)	(9,785)	(12,595)	(14,577)	(11,713)
Profit for the period	48,366	53,983	51,467	49,725	56,044	64,943	59,089	59,392	57,977

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.

We experienced growth in our quarterly revenues for the nine quarters in the period from 30 June 2024 to 30 June 2026.

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, technical infrastructure operations costs (excluding depreciation), 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 RMB172,320 million, RMB132,519 million and RMB141,041 million and RMB206,930 million (US\$30,498 million) as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively. Our term deposits and others included in current and non-current assets were RMB231,038 million, RMB282,894 million and RMB353,837 million and RMB304,224 million (US\$44,837 million) as at 31 December 2023, 2024 and 2025 and 30 June 2026, 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 RMB46,606 million, RMB48,203 million and RMB49,930 million and RMB55,606 million (US\$8,195 million) as at 31 December 2023, 2024 and 2025 and 30 June 2026, 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 RMB100,948 million, RMB118,712 million and RMB121,127 million and RMB175,579 million (US\$25,877 million) as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively. We normally settle the amount due by 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 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026:

	Year ended 31 December			Six months ended 30 June		
	2023	2024	2025	2025	2026	2026
	(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	221,962	258,521	303,052	151,265	154,061	22,706
Net cash flows used in investing activities.....	(125,161)	(122,187)	(205,732)	(72,407)	(74,724)	(11,013)
Net cash flows (used in)/ generated from financing activities	(82,573)	(176,494)	(87,155)	(30,111)	(9,469)	(1,396)
Net increase/(decrease) in cash and cash equivalents	14,228	(40,160)	10,165	48,747	69,868	10,297
Cash and cash equivalents at beginning of the year/period.....	156,739	172,320	132,519	132,519	141,041	20,787
Exchange gains/(losses) on cash and cash equivalents	1,353	359	(1,643)	791	(3,979)	(586)
Cash and cash equivalents at end of the year/period	172,320	132,519	141,041	182,057	206,930	30,498

Cash Flows from Operating Activities

For the six months ended 30 June 2026, we had a net cash inflow from operating activities in the amount of RMB154,061 million (US\$22,706 million). Our net cash inflow from operating activities was after deduction of income tax paid of RMB32,863 million.

For the six months ended 30 June 2025, we had a net cash inflow from operating activities in the amount of RMB151,265 million. Our net cash inflow from operating activities was after deduction of income tax paid of RMB29,006 million.

In 2025, we had a net cash inflow from operating activities in the amount of RMB303,052 million. This was primarily a result of cash flows generated from operations before changes in working capital in the amount of RMB331,267 million and changes in working capital in the amount of RMB16,484 million. Our net cash inflow from operating activities was after deduction of income tax paid of RMB44,699 million. The changes in working capital primarily consisted of (i) a decrease in prepayments, deposits and other assets of RMB17,007 million, (ii) an increase in accounts payable of RMB13,741 million, and (iii) an increase in deferred revenue of RMB6,143 million, partially offset by (i) a decrease in other payables and accruals of RMB18,745 million, (ii) an increase in accounts receivable of RMB1,242 million, (iii) a decrease in other tax liabilities of RMB331 million, and (iv) an increase in inventories of RMB89 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 assets 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 assets 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.

Cash Flows from Investing Activities

Net cash used in investing activities for the six months ended 30 June 2026 was RMB74,724 million (US\$11,013 million), primarily reflecting purchase of or prepayments for property, plant and equipment, construction in progress and investment properties in the amount of RMB95,615 million, the payments for acquisition of financial assets at fair value through other comprehensive income in the amount of RMB46,445 million, payments for acquisition of financial assets at fair value through profit or loss in the amount of RMB39,876 million and purchase of or prepayment for intangible assets in the amount of RMB11,547 million, partially offset by proceeds from disposal of financial assets at fair value through other comprehensive income in the amount of RMB41,938 million, proceeds from disposals of financial assets at fair value through profit or loss in the amount of RMB35,668 million and net receipt flow of term deposits with initial terms of over three months in the amount of RMB34,349 million.

Net cash used in investing activities for the six months ended 30 June 2025 was RMB72,407 million, primarily reflecting payments for acquisition of financial assets at fair value through profit or loss in the amount of RMB71,170 million, purchase of or prepayments for 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 year ended 31 December 2025 was RMB205,732 million, primarily reflecting the payments for acquisition of financial assets at fair value through profit or loss in the amount of RMB131,087 million, purchase of or prepayments for property, plant and equipment, construction in progress and investment properties in the amount of RMB87,482 million, payments for acquisition of financial assets at fair value through other comprehensive income in the amount of RMB73,517 million, net placement flow of term deposits with initial terms of over three months in the amount of RMB40,886 million, purchase of or prepayments for intangible assets in the amount of RMB25,399 million and payments for acquisition of investments in associates in the amount of RMB24,637 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss in the amount of RMB96,904 million, proceeds from disposal of financial assets at fair value through other comprehensive income in the amount of RMB70,033 million and interest received in the amount of RMB14,534 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 or prepayments for 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 or prepayments for 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.

Cash Flows from Financing Activities

Net cash used in financing activities for the six months ended 30 June 2026 was RMB9,469 million (US\$1,396 million), primarily reflecting dividends paid to the Company's shareholders of RMB41,595 million, payments for repurchase of shares of RMB22,257 million, repayments of short-term borrowings of RMB13,999 million, repayments of notes payable of RMB10,399 million and interest paid of RMB6,408 million, partially offset by proceeds from short-term borrowings of RMB57,733 million and net proceeds from issuance of notes payable of RMB31,592 million.

Net cash used in financing activities for the six months ended 30 June 2025 was RMB30,111 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 year ended 31 December 2025 was RMB87,155 million, primarily reflecting repayments of short-term borrowings of RMB121,385 million, payments for repurchase of shares of RMB73,312 million, repayments of long-term borrowings of RMB48,530 million, dividends paid to the Company's shareholders of RMB37,535 million, interest paid of RMB13,180 million and repayments of notes payable of RMB8,587 million, partially offset by proceeds from short-term borrowings of RMB113,557 million and proceeds from long-term borrowings of RMB108,683 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.

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 RMB22.7 billion, RMB72.1 billion and RMB88.3 billion and RMB45.9 billion and RMB96.3 billion (US\$14.2 billion) for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, 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 RMB197,356 million, RMB199,406 million and RMB250,987 million and RMB298,942 million (US\$44,059 million) as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

Our total notes payable amounted to RMB151,262 million, RMB139,209 million and RMB136,746 million and RMB154,021 million (US\$22,700 million) as at 31 December 2023, 2024 and 2025 and 30 June 2026, 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 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 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 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*”. On 23 September 2025, we completed the issue of the September 2030 Notes. The September 2030 Notes bear an interest of 2.10% per annum from 23 September 2025, payable semi-annually in arrears on 23 March and 23 September of each year, subject to adjustment in accordance with the Modified Following Business Day Convention. The September 2030 Notes will mature on 23 September 2030. See “*Description of Other Material Indebtedness — September 2030 Notes*”. On 23 September 2025, we completed the issue of the September

2035 Notes. The September 2035 Notes bear an interest of 2.50% per annum from 23 September 2025, payable semi-annually in arrears on 23 March and 23 September of each year, subject to adjustment in accordance with the Modified Following Business Day Convention. The September 2035 Notes will mature on 23 September 2035. See “*Description of Other Material Indebtedness — September 2035 Notes*”. On 23 September 2025, we completed the issue of the September 2055 Notes. The September 2055 Notes bear an interest of 3.10% per annum from 23 September 2025, payable semi-annually in arrears on 23 March and 23 September of each year, subject to adjustment in accordance with the Modified Following Business Day Convention. The September 2055 Notes will mature on 23 September 2055. See “*Description of Other Material Indebtedness — September 2055 Notes*”. On 16 June 2026, we completed the issue of the 2036 USD Notes. The 2036 USD Notes bear an interest of 5.00% per annum from 16 June 2026, payable semi-annually in arrears on 16 June and 16 December of each year. The 2036 USD Notes will mature on 16 June 2036. See “*Description of Other Material Indebtedness — 2036 USD Notes*”. On 16 June 2026, we completed the issue of the 2036 CNY Notes. The 2036 CNY Notes bear an interest of 2.50% per annum from 16 June 2026, payable semi-annually in arrears on 16 June and 16 December of each year, subject to adjustment in accordance with the Modified Following Business Day Convention. The 2036 CNY Notes will mature on 16 June 2036. See “*Description of Other Material Indebtedness — 2036 CNY Notes*”. On 16 June 2026, we completed the issue of the 2046 USD Notes. The 2046 USD Notes bear an interest of 5.60% per annum from 16 June 2026, payable semi-annually in arrears on 16 June and 16 December of each year. The 2046 USD Notes will mature on 16 June 2046. See “*Description of Other Material Indebtedness — 2046 USD Notes*”. On 16 June 2026, we completed the issue of the 2056 CNY Notes. The 2056 CNY Notes bear an interest of 3.10% per annum from 16 June 2026, payable semi-annually in arrears on 16 June and 16 December of each year, subject to adjustment in accordance with the Modified Following Business Day Convention. The 2056 CNY Notes will mature on 16 June 2056. See “*Description of Other Material Indebtedness — 2056 CNY Notes*”.

The following table sets forth our debt as at the dates indicated:

	As at 31 December			As at 30 June	
	2023	2024	2025	2026	2026
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US\$ in millions)
	(Audited)			(Unaudited)	
Current:					
USD bank borrowings					
– Unsecured	18,415	20,487	—	—	—
– Secured ⁽¹⁾	—	—	—	206	30
HKD bank borrowings, unsecured ⁽¹⁾	—	—	12,627	13,879	2,046
RMB bank borrowings					
– Unsecured ⁽¹⁾	7,046	28,039	28,094	70,421	10,379
– Secured ⁽¹⁾	100	—	100	10	1
Current portion of long-term USD bank borrowings, unsecured ⁽²⁾	15,936	4,313	1,757	1,703	251
Current portion of long-term RMB bank borrowings, unsecured ⁽²⁾	15	28	30	68	10
Current portion of long-term EUR bank borrowings					
– Unsecured	4	3	—	—	—
– Secured ⁽²⁾	4	3	2	1	—
Current portion of long-term JPY bank borrowings					
– Unsecured ⁽²⁾	16	12	8	4	1
– Secured	1	—	—	—	—
	<u>41,537</u>	<u>52,885</u>	<u>42,618</u>	<u>86,292</u>	<u>12,718</u>
Non-Current:					
Non-current portion of long-term USD bank borrowings, unsecured ⁽²⁾	109,782	92,012	46,742	45,292	6,675
Non-current portion of long-term EUR bank borrowings					
– Unsecured ⁽²⁾	3	—	17,130	16,156	2,381
– Secured	6	3	1	—	—
Non-current portion of long-term RMB bank borrowings, unsecured ⁽²⁾	46,000	48,655	133,325	140,438	20,698
Non-current portion of long					
– Unsecured ⁽²⁾	26	14	6	4	1
– Secured	2	—	—	—	—
	<u>155,819</u>	<u>146,521</u>	<u>208,369</u>	<u>212,650</u>	<u>31,341</u>
Total borrowings	<u>197,356</u>	<u>199,406</u>	<u>250,987</u>	<u>298,942</u>	<u>44,059</u>
Current:					
Notes payable	14,161	8,623	10,542	—	—
Non-current:					
Notes payable ⁽³⁾	137,101	130,586	126,204	154,021	22,700
Total notes payable	<u>151,262</u>	<u>139,209</u>	<u>136,746</u>	<u>154,021</u>	<u>22,700</u>
Total	<u>348,618</u>	<u>338,615</u>	<u>387,733</u>	<u>452,963</u>	<u>66,759</u>

Notes:

- (1) The aggregate principal amounts of short-term RMB, HKD and USD bank borrowings as at 30 June 2026 and applicable interest rates are as follows:

Unaudited 30 June 2026		
	Amount (Million)	Interest rate (per annum)
RMB bank borrowings.....	RMB70,573	0.75% ~ 3.50%
RMB bank borrowings.....	RMB158	1-year LPR - 0.70% ~ - 0.30%
HKD bank borrowings.....	HKD15,980	HIBOR + 0.08% ~ 0.10%
USD bank borrowings	USD30	3.70%

- (2) The aggregate principal amounts of long-term RMB, HKD, USD, EUR and JPY bank borrowings as at 30 June 2026 and applicable interest rates are as follows:

Unaudited 30 June 2026		
	Amount (Million)	Interest rate (per annum)
RMB bank borrowings.....	RMB69,085	2.52% ~ 3.10%
RMB bank borrowings.....	RMB65,621	1-year LPR - 0.65% ~ + 0.15%
RMB bank borrowings.....	RMB5,800	5-year LPR - 0.85%
HKD bank borrowings.....	HKD12,402	HIBOR + 0.25% ~ 0.60%
USD bank borrowings	USD6,900	SOFR + CAS + 0.80%
EUR bank borrowings	EUR2,080	EURIBOR + 0.70% ~ 0.75%
JPY bank borrowings	JPY103	0.60% ~ 1.36%
JPY bank borrowings	JPY90	TIBOR + 1.70%

The long-term bank borrowings are repayable as follows:

	As at 31 December			As at 30 June	
	2023	2024	2025	2026	2026
	(Audited)			(Unaudited)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(US\$ in millions)
Within 1 year	15,976	4,359	1,797	1,776	262
Between 1 and 2 years.....	41,643	45,784	19,671	19,155	2,823
Between 2 and 5 years.....	114,174	95,759	183,771	182,794	26,941
Over 5 years	2	4,978	4,927	10,701	1,577
Total	171,795	150,880	210,166	214,426	31,603

- (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 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 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 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. On 23 September 2025, we completed the issue of the September 2030 Notes in an aggregate principal amount of CNY2,000 million that will mature on 23 September 2030. The September 2030 Notes bear an interest of 2.10% per annum from 23 September 2025, payable semi-annually in arrears on 23 March and 23 September of each year, subject to adjustment in accordance with the Modified Following Business Day Convention. The September 2030 Notes were issued at a price of 100.00% of the aggregate principal amount. On 23 September 2025, we completed the issue of the September 2035 Notes in an aggregate principal amount of CNY6,000 million that will mature on 23 September 2035. The September 2035 Notes bear an interest of 2.50% per annum from 23 September 2025, payable semi-annually in arrears on 23 March and 23 September of each year, subject to adjustment in accordance with the Modified Following Business Day Convention. The September 2035 Notes were issued at a price of 100.00% of the aggregate principal amount. On 23 September 2025, we completed the issue of the September 2055 Notes in an aggregate principal amount of CNY1,000 million that will mature on 23 September 2055. The September 2055 Notes bear an interest of 3.10% per annum from 23 September 2025, payable semi-annually in arrears on 23 March and 23 September of each year, subject to adjustment in accordance with the Modified Following Business Day Convention. The September 2055 Notes were issued at a price of 100.00% of the aggregate principal amount. On 16 June 2026, we completed the issue of the 2036 USD Notes in an aggregate principal amount of US\$1,750 million that will mature on 16 June 2036. The 2036 USD Notes bear an interest of 5.00% per annum from 16 June 2026, payable semi-annually in arrears on 16 June and 16 December of each year. The 2036 USD Notes were issued at a price of 99.689% of the aggregate principal amount. On 16 June 2026, we completed the issue of the 2036 CNY Notes in an aggregate principal amount of CNY11,000 million that will mature on 16 June 2036. The 2036 CNY Notes bear an interest of 2.50% per annum from 16 June 2026, payable semi-annually in arrears on 16 June and 16 December of each year, subject to adjustment in accordance with the Modified Following Business Day Convention. The 2036 CNY Notes were issued at a price of 100.00% of the aggregate principal amount. On 16 June 2026, we completed the issue of the 2046 USD Notes in an aggregate principal amount of US\$700 million that will mature on 16 June 2046. The 2046 USD Notes bear an interest of 5.60% per annum from 16 June 2026, payable semi-annually in arrears on 16 June and 16 December of each year. The 2046 USD Notes were issued at a price of 99.571% of the aggregate principal amount. On 16 June 2026, we completed the issue of the 2056 CNY Notes in an aggregate principal amount of CNY4,000 million that will mature on 16 June 2056. The 2056 CNY Notes bear an interest of 3.10% per annum from 16 June 2026, payable semi-annually in arrears on 16 June and 16 December of each year, subject to adjustment in accordance with the Modified Following Business Day Convention. The 2056 CNY Notes were issued at a price of 100.00% 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	
	2023	2024	2025	2026	
	(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	4,480	2,937	5,237	4,649	685
Capital investment in investees.....	9,685	9,298	12,164	13,754	2,027
Purchase of other capital assets	3,444	2,470	3,354	74,326	10,955
Total	17,609	14,705	20,755	92,729	13,667

Other Commitments

Our commitments under agreements mainly for technical infrastructure operations costs, online game licensing, media content and other technical services, which were contracted but not provided in the condensed consolidated financial statements, amounted to approximately RMB29,308 million, RMB31,070 million, RMB55,190 million and RMB280,147 million (US\$41,289 million) as at 31 December 2023, 2024 and 2025 and 30 June 2026. A portion of our commitments is expected to fall due within the next 12 months, with the majority payable beyond the next 12 months, based on the contractual terms of the underlying arrangements.

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 Chinese Mainland is RMB.

We manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposures.

Price Risk

We are exposed to price risk mainly arising from investments held by us that are classified as at either 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, receivables related to financial services, 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 manage 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 and senior notes carried at floating rates. Under these interest rate swap contracts, we agreed with the counterparties to exchange, at specified intervals, the difference between contractual fixed-rate interest and benchmark 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.

Swaps currently in place covered certain floating-rate borrowings principal outstanding as at 30 June 2026.

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 regularly 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 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, 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 an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout its life. To assess whether there is a significant increase in credit risk, we compare risk of a default occurring on the asset 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, with reference to their expected loss rates and probability of defaults. 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 2026 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 after a certain period which takes into account their financial position, past experience and other factors 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 the failure to make contractual payments for a period of greater than three years past due.

Impairment losses on accounts receivable 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 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 2026, 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. During the six months ended 30 June 2026, 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.