



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	925 209 171
Organisasjonsform:	Europeisk selskap
Foretaksnavn:	FUNCOM SE
Forretningsadresse:	Kirkegata 15 0153 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2024 - 31.12.2024
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Stian Skirstad Drageset
Dato for fastsettelse av årsregnskapet:	22.05.2025

Grunnlag for avgivelse

År 2024: Årsregnskapet er elektronisk innlevert
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 05.08.2025



Resultatregnskap

Beløp i: USD	Note	2024	2023
RESULTATREGNSKAP			
Kostnader			
Personnel expenses	2		
Other operating expenses	3	230 137	53 607
Sum kostnader		230 137	53 607
Driftsresultat		-230 137	-53 607
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	4	5 333 746	6 820 922
Annen renteinntekt	4	37 646	79 779
Other financial income	4	475 362	527 186
Sum finansinntekter		5 846 753	7 427 887
Rentekostnad til foretak i samme konsern	4	4 585 068	2 539 778
Annen rentekostnad	4	39 055	72 521
Other financial expenses	4	891 800	446 698
Sum finanskostnader		5 515 923	3 058 997
Netto finans	4	330 831	4 368 890
Resultat før skattekostnad		100 694	4 315 283
Income tax expense	5		1 074 642
Årsresultat		100 694	3 240 640
Årsresultat etter minoritetsinteresser		100 694	3 240 640
Totalresultat		100 694	3 240 640
Overføringer og disponeringer			
Udekket tap		100 694	3 240 640
Sum overføringer og disponeringer		100 694	3 240 640



Balanse

Beløp i: USD	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5		
Finansielle anleggsmidler			
Investering i datterselskap	6	140 450 010	138 415 524
Investering i annet foretak i samme konsern	6		
Lån til foretak i samme konsern	7	74 643 958	23 819 362
Investments in shares	6		
Other long-term receivables	11		
Sum finansielle anleggsmidler		215 093 968	162 234 886
Sum anleggsmidler		215 093 968	162 234 886
Omløpsmidler			
Varer			
Fordringer			
Prepayments		5 373	10 342
Sum fordringer		5 373	10 342
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	8	369 069	2 109 261
Sum bankinnskudd, kontanter og lignende		369 069	2 109 261
Sum omløpsmidler		374 442	2 119 602
SUM EIENDELER		215 468 410	164 354 488
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	9, 10	20 053 452	19 189 639



Balanse

Beløp i: USD	Note	2024	2023
Overkurs	10	223 452 832	188 886 918
Ikke registrert kapitalforhøyelse	10		35 429 726
Annen innskutt egenkapital	10	20 196 783	18 227 719
Sum innskutt egenkapital		263 703 067	261 734 003
Opptjent egenkapital			
Other equity	10		
Udekket tap	10	175 363 066	175 463 759
Sum opptjent egenkapital		-175 363 066	-175 463 759
Sum egenkapital	10	88 340 001	86 270 244
Gjeld			
Langsiktig gjeld			
Utsatt skatt	5		
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11		
Langsiktig konserngjeld	11	90 146 276	45 146 276
Other non-current liabilities	12		737 694
Sum annen langsiktig gjeld		90 146 276	45 883 970
Sum langsiktig gjeld		90 146 276	45 883 970
Kortsiktig gjeld			
Leverandørgjeld		196 791	
Tax payable	5		
Kortsiktig konserngjeld	11	36 785 342	32 200 274
Sum kortsiktig gjeld		36 982 133	32 200 274
Sum gjeld		127 128 409	78 084 244
SUM EGENKAPITAL OG GJELD		215 468 410	164 354 488



Skatteetaten

Vår dato
17.10.2022

Din/Deres dato
28.09.2022

Saksbehandler
Lars Waalorp

800 80 000
Skatteetaten.no

Din/Deres referanse
AR508550392

Telefon
90833418

Org.nr
974761076

Vår referanse
2022/5821649

Postadresse
Postboks 9200 Grønland
0134 OSLO

FUNCOM SE
Kirkegata 15
0153 OSLO

Att. Alexander Voldsund

Fritak for konsernregnskapsplikt for Funcom SE, org.nr. 925 209 171

Vi viser til deres brev av 28. september 2022 hvor dere søker om fritak fra plikten til å utarbeide konsernregnskap for Funcom SE.

Skattekontoret finner med hjemmel i regnskapsloven § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Funcom SE. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Funcom SE er morselskap i et underkonsern, hvor Tencent Holdings Limited er det ultimate morselskapet og er hjemmehørende i Caymanøyene. Konsernregnskap utarbeides av Tencent Holdings Limited på engelsk språk etter IFRS, hvor Funcom SE med datterselskaper er omfattet.

Skattekontorets vurdering

Det forutsettes at Tencent Holdings Limited utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskaper. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med IFRS og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7. september 2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten å være på norsk, kan være på svensk, dansk eller engelsk.

Skattekontoret gir etter en konkret helhetsvurdering tillatelse til at det gjøres unntak for konsernregnskapsplikten.



Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



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Annual Report 2024 Funcom SE

Income statement
Statement of Financial Position
Statement of Cash flows
Notes to the Financial Statements

Org.no.: 925 209 171



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Funcom SE Financial Statement

Income Statement

for the year ended 31 December

In US Dollars	Note	2024	2023
Personnel expenses	2	0	0
Other operating expenses	3	230 137	53 607
Total expenses		<u>230 137</u>	<u>53 607</u>
Operating profit		<u>-230 137</u>	<u>-53 607</u>
Financial income and expenses			
Interest income from group companies	4	5 333 746	6 820 922
Other interest income	4	37 646	79 779
Other financial income	4	475 362	527 186
Interest expense to group companies	4	4 585 068	2 539 778
Other interest expenses	4	39 055	72 521
Other financial expenses	4	891 800	446 698
Net financial items	4	<u>330 831</u>	<u>4 368 890</u>
Net profit before tax		100 694	4 315 283
Income tax expense	5	0	1 074 642
Net profit after tax		<u>100 694</u>	<u>3 240 640</u>
Net profit or loss		<u>100 694</u>	<u>3 240 640</u>
Attributable to			
Loss brought forward		100 694	3 240 640
Total		<u>100 694</u>	<u>3 240 640</u>



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Statement of Financial Position as at 31 December

In US Dollars	Note	2024	2023
Assets			
Non-current assets			
Non-current financial assets			
Investments in subsidiaries	6	140 450 010	138 415 524
Loans to subsidiaries	7	74 643 958	23 819 362
Total non-current financial assets		<u>215 093 968</u>	<u>162 234 886</u>
Total non-current assets		<u>215 093 968</u>	<u>162 234 886</u>
Current assets			
Prepayments		5 373	10 342
Cash and cash equivalents	8	369 069	2 109 261
Total current assets		<u>374 442</u>	<u>2 119 602</u>
Total assets		<u>215 468 410</u>	<u>164 354 488</u>

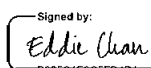


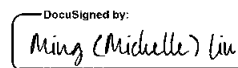
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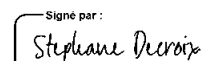
Statement of Financial Position
as at 31 December


In US Dollars	Note	2024	2023
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	9, 10	20 053 452	19 189 639
Share premium	10	223 452 832	188 886 918
Other paid-in equity	10	20 196 783	18 227 719
Unregistered capital increase	10	0	35 429 726
Total paid-in capital		<u>263 703 067</u>	<u>261 734 003</u>
Retained earnings			
Accumulated losses	10	-175 363 066	-175 463 759
Total retained earnings		<u>-175 363 066</u>	<u>-175 463 759</u>
Total equity	10	<u>88 340 001</u>	<u>86 270 244</u>
Non-current liabilities			
Non-current liabilities to group companies	11	90 146 276	45 146 276
Other non-current liabilities	12	0	737 694
Total non-current liabilities		<u>90 146 276</u>	<u>45 883 970</u>
Current liabilities			
Trade payables		196 791	0
Tax payable	5	0	0
Liabilities to group companies	11	36 785 342	32 200 274
Total current liabilities		<u>36 982 133</u>	<u>32 200 274</u>
Total liabilities		<u>127 128 409</u>	<u>78 084 244</u>
Total equity and liabilities		<u>215 468 410</u>	<u>164 354 488</u>

Oslo, 22.05.2025
The board of Funcom SE

Signed by:

Eddie Tak Ho Chan
Chairman

DocuSigned by:

Ming Liu
Board member

Signé par :

Stéphane Jean Pierre Decroix
Board member

DocuSigned by:

Rui Manuel Monteiro Casais
CEO



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Statement of Cash Flows for the year ended 31 December

In US Dollars	Note	2024	2023
Cash flows from operating activities			
Profit/loss before tax		100 694	4 315 283
Income tax paid	5	0	0
Effect of exchange rate fluctuations		416 438	-80 488
Change in accounts payable		196 791	-21 851
Change in other accrual items		4 537 149	2 654 739
Net cash flows from operating activities (A)		<u>5 251 072</u>	<u>6 867 683</u>
Cash flows from investment activities			
Payments for purchase of shares in subsidiaries	6	-750 229	0
Net increase in loans to subsidiaries	7	-50 824 596	-60 284 798
Net cash flows from investment activities (B)		<u>-51 574 826</u>	<u>-60 284 798</u>
Cash flows from financing activities			
Proceeds from borrowings	11	45 000 000	55 000 000
Net cash flows from financing activities (C)		<u>45 000 000</u>	<u>55 000 000</u>
Net change in cash (A+B+C)		-1 323 754	1 582 885
Effect of exchange rate fluctuations on cash		-416 438	80 488
Cash at the start of the period	8	2 109 261	445 888
Cash at the end of the period	8	<u>369 069</u>	<u>2 109 261</u>



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Notes to the Financial Statements

Note 1 Accounting principles

Funcom SE (or the "Company") is a European limited-liability company (Societas Europaea) registered in Norway. The Company's head office is in Kirkegata 15, 0153 Oslo, Norway. The Company is a subsidiary of the Tencent Group, and Tencent Holding Limited is the Ultimate Parent Company of the Group.

The financial statements are presented in accordance with the Norwegian Accounting Act and Norwegian general accepted accounting principles (NGAAP). The financial Statements are presented in USD which also is the functional currency for the Company.

Going concern

The accounts have been prepared on a going concern basis.

Rounding

All amounts are in US dollars, unless stated otherwise. There may be some minor rounding differences, or the total may deviate from the total of the individual amounts. This is due to the rounding to whole individual amounts.

Classification

An asset or liability is classified as current when it is part of a normal operating cycle, held primarily for trading purposes, falls due within 12 months or when it consists of cash or cash equivalents on the statement of financial position date. Other items are classified as non-current.

Investments in subsidiaries

Investments in subsidiaries are recognized according to the cost method and are yearly tested for impairment indicators.

Loans

All loans are recognized at cost price. That means that they are recognized at the current rate of value of amounts received. Costs relating to raising new loans are expensed over the term of the loan.

Trade debtors

Trade debtors are recognized in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the Customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Foreign currency

Monetary balances in foreign currency are convert into USD using the official closing exchange rates from Norges Bank. Transactions concerning foreign currency are valued at the exchange rate on the date of the transaction.



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Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

Group contributions

Group contributions represent an increase in the parent's investment in the subsidiary and may impact the carrying value of the subsidiary's shares. Group contributions from a parent company to its subsidiary will be recognized as an increase in the parent's investment in the subsidiary. If the subsidiary has negative equity at the time of receiving the group contribution, the parent company will assess the need for impairment of the investment. The impairment assessment will consider factors such as the recoverable amount of the subsidiary's assets, the ability of the subsidiary to generate future cash flows, and any potential risks or uncertainties associated with the subsidiary's operations.

Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22% on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. Due to the uncertainty surrounding future utilization, deferred tax assets have not been recognized in the balance sheet

Cash Flow

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and cash on hand.

Note 2 Personnel expenses

There were no employees in Funcom SE in 2024 or 2023. Funcom SE has not remunerated board members with board remuneration in 2024 or 2023. No loans have been granted to the board members or other executives.

Note 3 Other operating expenses

Other operating expenses	2024	2023
Audit fees	10 019	22 194
Legal services	1 006	6 171
Consulting fees	8 785	7 205
Marketing	200 966	0
Other	9 361	18 037
Sum other operating expenses	230 137	53 607



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Auditor's remunerations	2024	2023
Statutory audit	10 019	17 508
Other audit services	0	4 686
Tax advisory services	0	0
Other non-audit services	0	0
Total	10 019	22 194

Note 4 Other financial/interest income and expenses

	2024	2023
Income from currency differences (agio)	475 362	527 186
Interest income from group companies	5 333 746	6 820 922
Other interest income	37 646	79 779
Financial income	5 846 753	7 427 887

	2024	2023
Expenses from currency differences (disagio)	-891 800	-446 698
Interest expense to group companies	-4 585 068	-2 539 778
Other interest expense	-39 055	-72 521
Financial expenses	-5 515 923	-3 058 997

Net financial items	330 831	4 368 890
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Other interest expense is related to the interest on deferred considerations from the acquisition of Sunhammer AB.

Intercompany expenses	2024	2023
Proxima Beta Europe Interest	4 585 068	2 539 778
Sum Interest expense to group companies	4 585 068	2 539 778

Intercompany Income	2024	2023
Funcom Oslo AS	4 888 604	6 506 282
Sunhammer AB	70 015	63 664
Zona Paradoxal Lda	143 856	109 123
Funcom Games Bucharest S.R.L.	231 271	141 853
Sum Interest income from group companies	5 333 746	6 820 922



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Note 5 Tax

This year's tax expense	2024	2023
Entered tax on ordinary profit/loss:		
Payable tax on this year's result	0	1 074 642
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	0	1 074 642

Taxable income:		
Ordinary result before tax	100 694	4 315 283
Permanent differences	47 653	117 082
Changes in temporary differences	0	0
Currency exchange difference (1)	-5 482 295	452 373
Basis for payable taxes in the income statement	-5 333 948	4 884 738
Calculated tax based on 22%	-1 173 468	1 074 642
Deferred tax asset not recognized in the balance	1 173 468	0
Total tax expense for the year	0	1 074 642

(1) The currency exchange difference occurs as a result of the annual accounts and tax papers being filed in different currencies.

Payable tax in the balance:		
Payable tax on this year's result	0	1 074 642
Payable tax on provided Group contribution	0	-1 074 642
Total payable tax in the balance	0	0

The Company has no history of taxable profits and due to uncertainty of future utilization, deferred tax assets has not been recognized in the balance sheet. Deferred tax asset not recognized in the balance sheet amounts to USD 1 173 468 (2023: USD 0). The carry forward loss has no time limit according to current tax legislations.



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Note 6 Investments in subsidiaries

Investments in subsidiaries directly owned by Funcom SE:

Subsidiaries	Location	Ownership interest	
		2024	2023
Funcom Inc.	Durham, United States	100%	100%
Nephilim LLC	Durham, United States	100%	100%
Funcom Oslo AS	Oslo, Norway	100%	100%
Funcom Games Beijing Ltd	Beijing, China	100%	100%
Zona Paradoxal, Lda	Lisboa, Portugal	100%	100%
Funcom Games Bucharest S.R.L.	Bucharest, Romania	100%	100%
Sunhammer AB	Stockholm, Sweden	100%	85%
Funcom UK Ltd.	Newry, United Kingdom	100%	n/a

In October 2024, Funcom SE completed the acquisition of the remaining 15% of shares in Sunhammer AB, bringing its ownership to 100%.

Subsidiary	Net Profit	
	2024	2023
Funcom Inc	-1 507 586	-1 330 228
Nephilim LLC	-1 949	0
Funcom Oslo AS	-39 453 477	-27 187 654
Funcom Games Beijing Ltd	10 680	-6 747
Zona Paradoxal, Lda	197 600	26 380
Funcom Games Bucharest S.R.L.	-7 366	-285 650
Sunhammer AB	-7 471	-155 528
Funcom UK Ltd.	8 024	0
Net Profit for the year	-40 761 545	-28 939 427

Subsidiary	Equity	
	2024	2023
Funcom Inc	1 229 768	2 582 559
Nephilim LLC	-61 033	-59 084
Funcom Oslo AS	45 297 533	80 751 287
Funcom Games Beijing Ltd	179 145	168 495
Zona Paradoxal, Lda	810 757	463 695
Funcom Games Bucharest S.R.L.	-232 603	-368 994
Sunhammer AB	818 928	664 676
Funcom UK Ltd.	71 781	0
Balance at 31.12	48 114 276	84 202 633



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Subsidiary	Book value	
	2024	2023
Funcom Inc	1 706 058	1 551 263
Nephilim LLC	1 000	1 000
Funcom Oslo AS	131 944 547	130 536 478
Funcom Games Beijing Ltd	400 000	400 000
Zona Paradoxal, Lda	1 567 889	1 454 987
Funcom Games Bucharest S.R.L.	382 469	243 252
Sunhammer AB	4 382 624	4 228 543
Funcom UK Ltd.	65 423	0
Balance at 31.12	140 450 010	138 415 524

Funcom SE has provided a group contribution to a subsidiary, it represents an increase in the capital invested in the subsidiary. From an accounting perspective, group contributions are treated as capital injections equivalent to a formal increase in share capital. The payable intercompany group contributions are netted against loans to the subsidiary.

Note 7 Loans to subsidiaries

	2024	2023
Funcom Oslo AS	69 208 647	18 536 129
Funcom Inc	57 109	57 109
Funcom Games Bucharest S.R.L	2 648 627	2 655 050
Zona Paradoxal	1 781 168	1 603 239
Sunhammer AB	948 408	967 835
Sum loans to subsidiaries as at 31.12	74 643 958	23 819 362



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Note 8 Cash and cash equivalents

	2024	2023
Non-restricted cash at bank and in hand	369 069	2 109 261
Restricted cash	0	0
Sum cash and cash equivalents as at 31.12	369 069	2 109 261

Note 9 Share capital

<i>Number of shares</i>	2024	2023
Outstanding shares as at 1 January	81 346 154	81 346 154
Issues against payment in cash	0	0
Outstanding shares as at 31 December	81 346 154	81 346 154
Nominal value as at December 31 (EUR)	17 082 692	16 269 231

The registered share capital of Funcom SE is EUR 17 082 692.34 divided into 81 346 154 ordinary shares, each with a nominal value of EUR 0.21. The share capital is translated into US dollars using historic rates. All issued shares are fully paid, and Funcom does not hold any of Funcom SE's own shares.

On the 20th November 2023 Funcom SE held an extraordinary general meeting to increase the share capital. The share capital was increased from EUR 16 269 230.80 by EUR 813 461.54 to EUR 17 082 692.34 by increasing all of the company's 81 346 154 shares' nominal value from EUR 0.20 per share to EUR 0.21 per share. The capital increase was registered in Foretaksregisteret on 16th January 2024. It is therefore presented as Unregistered capital increase in the Statement of Financial Position as at 31st December 2023.

All the shares in Funcom SE are owned by Proxima Beta Europe B.V. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Company shareholders' meetings.

The Company has been granted the right not to prepare consolidated financial statements. The Company is a subsidiary of the Tencent Group, and Tencent Holding Limited is the Ultimate Parent Company of the Group. The Funcom SE consolidated financial statements are not included based on Accounting Act § 3-7. The consolidated financial statements prepared by the ultimate mother company, Tencent Holdings Limited, are available on their website Tencent.com.

Note 10 Shareholders' equity

	Share capital	Share premium	Other paid-in equity	Accumulated losses	Total equity
As at 31.12.2023	19 189 639	188 886 918	53 657 446	-175 463 759	86 270 244
Result of the year				100 694	100 694
Share-based payment expense (RSU)			1 969 063		1 969 063
Loan to equity conversion	863 813	34 565 914	-35 429 726		0
As at 31.12.2024	20 053 452	223 452 832	20 196 783	-175 363 066	88 340 001



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Note 11 Liabilities to group companies

	Interest rate	Maturity date	2024	2023
Loan facility 1 (USD)	2.00%	31.12.2024	30 000 000	30 000 000
Loan facility 3 (USD)	6.00%	21.05.2026	90 000 000	45 000 000
Balance as at 31.12			120 000 000	75 000 000

In April 2024 the Company received a new USD 22.5 million drawdown of loan facility #3, and in September 2024 the Company increased this by USD 22.5 million. In April 2025 the loan facility #1 was converted to equity, for more info see note 14.

	2024	2023
Funcom Games Beijing Ltd	146 276	146 276
Proxima Beta Europe B.V.	90 000 000	45 000 000
Sum Long-term liabilities to group companies	90 146 276	45 146 276

	2024	2023
Proxima Beta Europe B.V.	36 785 342	32 200 274
Sum Short-term liabilities to group companies	36 785 342	32 200 274

Short-term liabilities to group companies consists of a loan facility that falls due within 12 months and accrued interest.

Note 12 Other long-term liabilities

	2024	2023
Deferred consideration	0	737 694
Sum other long-term liabilities	0	737 694

The deferred consideration represents the Company's obligation to transfer additional consideration to the former owners of Sunhammer AB as part of the exchange for control of the subsidiary if specified future conditions are met. In October 2024, Funcom SE exercised the option to buy the remaining 15% of the shares in Sunhammer AB.

Note 13 Transactions with related parties

Remuneration to members of the Board is disclosed in note 2, transactions with group companies are disclosed in note 4, and balance with group companies are disclosed in note 6, 7, and 11.

Funcom SE CEO, Rui Casais, is compensated in Funcom Oslo AS. His compensation for year 2024 and 2023 is disclosed below.

<i>In thousands of US dollars</i>	Salary	Bonus	SBC	Pension	Other	Total
Rui Casais 2024	248	0	308	5	1	562
Rui Casais 2023	256	94	144	5	1	499

SBC (Share Based Compensation) consists of a Restricted Stock Unit (RSU) program for stocks in Tencent Holdings Limited.



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The CEO has a mutual notice period of three months. If the employment is terminated by the Company there is a severance pay equal to nine months base salary in addition to salary in the notice period. The CEO has no entitlement to severance pay if he resigns from his position or is terminated due to material breach of employment contract. The CEO is eligible for a bonus. The bonus is subject to the board approval and varies based on company and personal performance. The share based option program and bonus are contingent on continued employment.

Note 14 Events after the reporting date

On 31 January 2025, the Company signed a new USD 40 million loan facility, and on 13 February 2025 a drawdown of USD 20 million was made.

On 8 April 2025 the Company held an extraordinary general meeting to convert a loan into equity. The Loan equal to USD 31 930 685 inclusive of accrued interest, was used as capital contribution in a share capital increase in the company. The share capital was increased from EUR 17 082 692.34 by EUR 813 461.54 to EUR 17 896 153.88 by increasing all of the Company's 81 346 154 shares' nominal value from EUR 0.21 per share to EUR 0.22 per share.



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Board of Directors Report - Funcom SE - 2024

The Company's activities and operations

The Company's business is to invest in subsidiaries who develop, promote, operate, and sell video games as well as related activities. The Company is based in Oslo, Norway, and is the parent company of the Funcom Group. The Company does not have any operational activities.

Financial Summary for the Company

Operating income

There was no operating income in Funcom SE for 2024 or 2023.

Operating expenses

Operating expenses for 2024 were USD 230 137 (2023: USD 53 607).

Operating profit/loss

The Company generated an operating loss of USD 230 137 (2023: USD 53 607).

Financial items

Net financial income amounted to USD 330 831 (2023: USD 4 368 890).

Net profit

The net profit before tax was USD 100 694 (2023: USD 4 315 283). Tax on ordinary result was USD 0 (2023: USD 1 074 642). Net profit for the year was USD 100 694 (2023: USD 3 240 640).

Cash flow

The cash flow from operating activities was USD 5 251 072 (2023: USD 6 867 683). Cash flow from investment activities was USD 51 574 826 (2023: USD -60 284 798) and cash flow from financing activities was USD 45 000 000 (2023: USD 55 000 000). Cash and cash equivalents at year end 2024 were USD 369 069 (2023: USD 2 109 261).

Financing and debt

The Company's equity was USD 88 340 001 at the end of 2024 (2023: USD 86 270 244). The Company had total liabilities of USD 127 128 409 at the end of 2024 (2023: USD 78 084 244).

Risk factors

The Company's overall performance is dependent on the revenues from subsidiaries, which come from existing and future games. In particular the much anticipated open-world survival game 'Dune Awakening', which is the focus of current investments in the subsidiaries. Liquidity risk arises due to strong growth of the Group and investments in games. These are funded by operating revenues in subsidiaries and supported by Tencent Group, one of the world's largest companies in terms of market capitalization. Currency risk is managed by the management of the Company and cash balance in relevant currencies are kept as a natural hedge against cost, to reduce significant currency risk. The Company does not use derivative instruments to manage its financial risk.

The Company has entered a liability insurance policy to cover members of the board. The liability insurance covers all subsidiaries.



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Going concern

The accounts have been prepared on a going concern basis.

The Company's key funding sources are the cash balance, revenues from subsidiaries, future pipeline, and a strong shareholder funding growth. Based on future cash flow projections estimated by the Funcom Group and the financially strong ultimate owner, Tencent Holdings Limited, one of the largest companies in the world in terms of market cap, there is no reason to believe that the Company will not be a going concern going forward.

Research and development

There have not been any research and development activities in 2024 in the Company.

Working environment and equal opportunities

There are no employees in the Company. There is one woman on the board as of 31 December 2024.

Environmental report

The company's activities do not pollute the environment.

Transparency Act

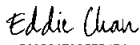
Information regarding the Company's work with the Transparency Act can be found on Funcom's official webpage.

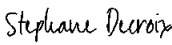
Events after the balance sheet date

In January 2025, the Company signed a new USD 40 million loan facility, and on 13 February 2025 a drawdown of USD 20 million was made.

In April 2025, the Company held an extraordinary general meeting to convert a loan into equity. The Loan equal to USD 31 930 685 inclusive of accrued interest, was used as capital contribution in a share capital increase in the company. The share capital was increased from EUR 17 082 692.34 by EUR 813 461.54 to EUR 17 896 153.88 by increasing all of the Company's 81 346 154 shares' nominal value from EUR 0.21 per share to EUR 0.22 per share.

Oslo, 22 Mai 2025

Signed by:

Eddie Tak Ho Chan
Chairman

Signé par :

Stéphane Jean Pierre Decroix
Board member

DocuSigned by:

Ming Liu
Board member

DocuSigned by:

Rui Manuel Monteiro Casais
CEO



To the General Meeting of Funcom SE

Independent Auditor's Report

Opinion

We have audited the annual report of Funcom SE (the Company), which comprise the statement of financial position as at 31 December 2024, the income statement and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo

T: 02316, org. no.: 987 009 713 MVA, www.pwc.no

Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisionsberetninger>

Oslo, 22 May 2025

PricewaterhouseCoopers AS

Eivind Nilsen
State Authorised Public Accountant
(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Nilsen, Eivind	BANKID	2025-05-22 14:17

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Tencent 腾讯

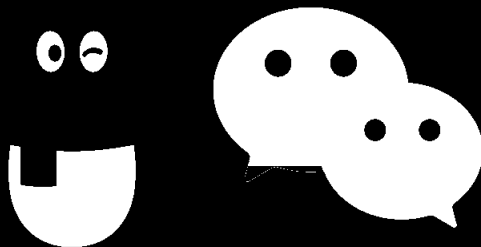
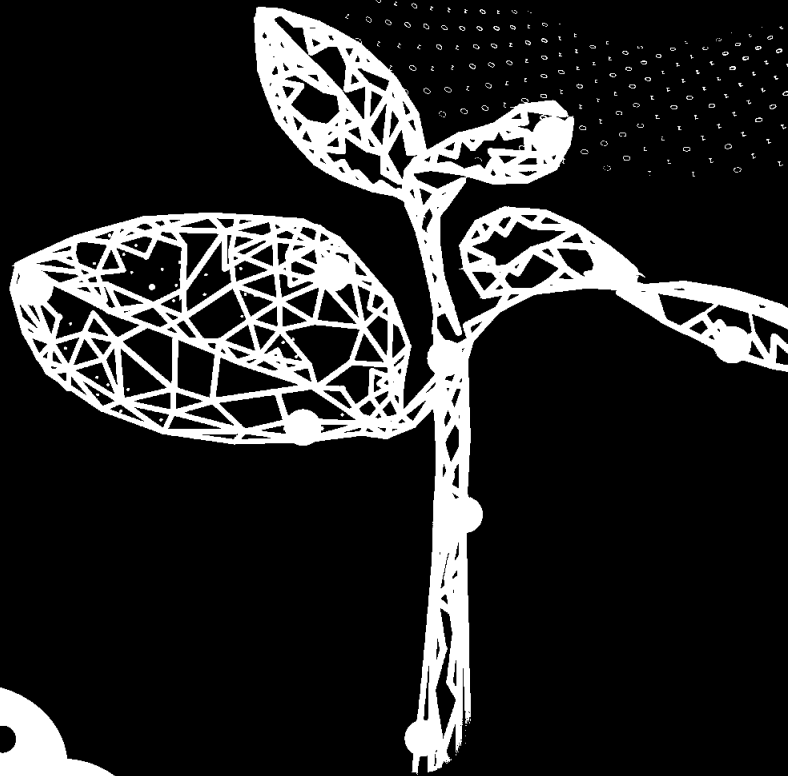
Tencent Holdings Limited
Incorporated in the Cayman Islands with limited liability

騰訊控股有限公司

於開曼群島註冊成立的有限公司

HKD Counter Stock Code : 700

RMB Counter Stock Code : 80700



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2024
Annual Report





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Corporate Information

DIRECTORS

Executive Director

Ma Huateng (*Chairman*)

Non-Executive Directors

Jacobus Petrus (Koos) Bekker

Charles St Leger Searle

Independent Non-Executive Directors

Li Dong Sheng

Ian Charles Stone

Yang Siu Shun

Ke Yang

Zhang Xiulan

AUDIT COMMITTEE

Yang Siu Shun (*Chairman*)

Ian Charles Stone

Charles St Leger Searle

CORPORATE GOVERNANCE COMMITTEE

Charles St Leger Searle (*Chairman*)

Ian Charles Stone

Yang Siu Shun

Ke Yang

Zhang Xiulan

INVESTMENT COMMITTEE

Lau Chi Ping Martin (*Chairman*)

Ma Huateng

Charles St Leger Searle

NOMINATION COMMITTEE

Ma Huateng (*Chairman*)

Li Dong Sheng

Ian Charles Stone

Yang Siu Shun

Charles St Leger Searle

REMUNERATION COMMITTEE

Ian Charles Stone (*Chairman*)

Li Dong Sheng

Jacobus Petrus (Koos) Bekker

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants
and Registered Public Interest
Entity Auditor

PRINCIPAL BANKERS

Bank of China Limited

The Hongkong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

TENCENT GROUP HEAD OFFICE

Tencent Binhai Towers

No. 33 Haitian 2nd Road

Nanshan District

Shenzhen, 518054

The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

29/F., Three Pacific Place

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Wanchai

Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited

Suite 3204, Unit 2A

Block 3, Building D

P.O. Box 1586

Gardenia Court

Camana Bay

Grand Cayman, KY1-1100

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wan Chai, Hong Kong

COMPANY WEBSITE

www.tencent.com

STOCK CODES

HKD counter 700

RMB counter 80700





Financial Summary

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2020 RMB'Million	2021 RMB'Million	2022 RMB'Million	2023 RMB'Million	2024 RMB'Million
Revenues	482,064	560,118	554,552	609,015	660,257
Gross profit	221,532	245,944	238,746	293,109	349,246
Operating profit	126,197	124,656	110,827	160,074	208,099
Profit before income tax	180,022	248,062	210,225	161,324	241,485
Profit for the year	160,125	227,810	188,709	118,048	196,467
Profit attributable to equity holders of the Company	159,847	224,822	188,243	115,216	194,073
Total comprehensive income for the year	281,173	200,390	59,564	107,182	284,342
Total comprehensive income attributable to equity holders of the Company	277,834	200,323	60,699	102,130	279,009
Non-IFRS operating profit	143,241	152,729	143,203	191,886	237,811
Non-IFRS profit attributable to equity holders of the Company	122,742	123,788	115,649	157,688	222,703

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2020 RMB'Million	2021 RMB'Million	2022 RMB'Million	2023 RMB'Million	2024 RMB'Million
Assets					
Non-current assets	1,015,778	1,127,552	1,012,142	1,058,800	1,284,815
Current assets	317,647	484,812	565,989	518,446	496,180
Total assets	1,333,425	1,612,364	1,578,131	1,577,246	1,780,995
Equity and liabilities					
Equity attributable to equity holders of the Company	703,984	806,299	721,391	808,591	973,548
Non-controlling interests	74,059	70,394	61,469	65,090	80,348
Total equity	778,043	876,693	782,860	873,681	1,053,896
Non-current liabilities	286,303	332,573	361,067	351,408	330,190
Current liabilities	269,079	403,098	434,204	352,157	396,909
Total liabilities	555,382	735,671	795,271	703,565	727,099
Total equity and liabilities	1,333,425	1,612,364	1,578,131	1,577,246	1,780,995





Chairman's Statement

I am pleased to present our annual report for the year ended 31 December 2024 to the shareholders.

RESULTS

The Group's audited profit attributable to equity holders of the Company for the year ended 31 December 2024 was RMB194,073 million, an increase of 68% compared with the results for the previous year. Basic and diluted EPS for the year ended 31 December 2024 were RMB20.938 and RMB20.486, respectively.

The Group's non-IFRS profit attributable to equity holders of the Company for the year ended 31 December 2024 was RMB222,703 million, an increase of 41% compared with the results for the previous year. Non-IFRS basic and diluted EPS for the year ended 31 December 2024 were RMB24.027 and RMB23.505, respectively.

OPERATING INFORMATION

	As at 31 December 2024	As at 31 December 2023	Year- on-year change	As at 30 September 2024	Quarter- on-quarter change
Combined MAU of Weixin and WeChat	1,385	1,343	3%	1,382	0.2%
Mobile device MAU of QQ	524	554	-5%	562	-7%
Fee-based VAS paying subscriptions*	262	244	7%	265	-1%

* Adjusted to report the average daily number of subscriptions during the quarter, since the first quarter of 2024

BUSINESS REVIEW AND OUTLOOK

Benefitting from AI-powered enhancements to our advertising platform, higher engagement in Video Accounts, and growth in our evergreen games, we achieved double digit revenue growth while sustaining continued operating leverage in the fourth quarter of 2024. Starting a few months ago, we have reorganised our AI teams to sharpen focus on both fast product innovation and deep model research, increased our AI-related capital expenditures, and increased our R&D and marketing efforts for our AI-native products. We believe these stepped-up investments will generate ongoing returns via uplifting productivity in our advertising business and longevity of our games, as well as longer term value from accelerated consumer usage of our AI applications and enterprise adoption of our AI services.





Chairman's Statement

Below are some highlights from our key products and services for 2024:

- Weixin strengthened its user engagement and transaction capabilities through the launch of Mini Shops, our platform for indexed and standardised merchandise.
- Video Accounts' total user time spent grew rapidly year-on-year, benefitting from enhanced recommendation algorithms and more local content.
- Query volume rapidly increased in Weixin Search, benefitting from integrating AI capabilities which enhance the relevance and quality of search results.
- Tencent Video maintained its leading position in China's long-form video market with 113 million¹ video subscribers. Tencent Music extended its industry leadership in China's music streaming market with 121 million² music subscribers.
- We expanded our evergreen games portfolio³ from 12 games in 2023 to 14 in 2024, while nurturing new games with evergreen potential.
- We upgraded our advertising technology platform by optimising advertisement ranking systems and adding LLM capabilities, driving higher click-through rates and advertiser spending.
- For FinTech services, we upgraded our risk controls and optimised payment funding costs.
- We rapidly iterated our HunYuan Foundation Model, deployed AI for internal use cases, and prepared for breakout growth in consumer adoption of AI, via the Yuanbao and Weixin applications.

We delivered substantial shareholder returns in 2024 through payment of a cash dividend of HKD3.40 per share (equivalent to approximately HKD32 billion) and through share repurchase of approximately HKD112 billion. For 2025, we propose to increase our annual dividend by 32%, to HKD4.50 per share⁴ (equivalent to approximately HKD41 billion), and we intend to repurchase at least HKD80 billion worth of our shares.

¹ The average daily number of subscriptions for the fourth quarter of 2024

² The average number of subscriptions as of the last day of each month during the fourth quarter of 2024

³ Evergreen games portfolio includes domestic and international games. Evergreen games refer to games surpassing average quarterly DAU of 5 million for mobile or 2 million for PC, and generating over RMB4 billion annual gross receipts

⁴ For the year ended 31 December 2024; subject to shareholders' approval at the 2025 AGM





Chairman's Statement

Below are some highlights of our sustainability initiatives for 2024:

- Our digital philanthropy initiative connected with over 280 million users, over 2,200 charitable organisations, and over 20,000 enterprises, via Tencent Charity Platform, and upgraded Giving for Good campaign.
- Through our XPLOER PRIZE and New Cornerstone Investigator Program, we have provided funding to over 360 outstanding scientists, contributing to societal and economic development.
- We leveraged AI, game technology and Mini Programs to create an immersive digital experience of the Beijing Central Axis, assisting this historic landmark's inclusion into the UNESCO World Heritage List.
- We enhanced our data centres' energy efficiency, and increased their adoption of renewable energy, progressing towards our goal of carbon neutrality.

DIVIDEND

The Board has recommended the payment of a final dividend of HKD4.50 per share (2023: HKD3.40 per share) for the year ended 31 December 2024, subject to the approval of the shareholders at the 2025 AGM. Such proposed dividend is expected to be payable on 30 May 2025 to the shareholders whose names appear on the register of members of the Company on 21 May 2025.

APPRECIATION

On behalf of the Board, I would like to express our heartfelt gratitude to our dedicated staff and management team for their relentless commitment and invaluable expertise, which are essential for the Company's continued success. I would also like to extend our sincere appreciation to our shareholders and stakeholders for their unwavering support and confidence in the Company.

We are committed to adhering to the core principle of "Value for Users, Tech for Good" and will continue to strive to create exceptional value for our shareholders and society at large. Furthermore, we are dedicated to fostering innovation, addressing the needs of the community and contributing to a sustainable future for all.

Ma Huateng

Chairman

Hong Kong, 19 March 2025





Management Discussion and Analysis

YEAR ENDED 31 DECEMBER 2024 COMPARED TO YEAR ENDED 31 DECEMBER 2023

The following table sets forth the comparative figures for the years ended 31 December 2024 and 2023:

	Year ended 31 December	
	2024	2023
	(RMB in millions)	
Revenues	660,257	609,015
Cost of revenues	(311,011)	(315,906)
Gross profit	349,246	293,109
Selling and marketing expenses	(36,388)	(34,211)
General and administrative expenses	(112,761)	(103,525)
Other gains/(losses), net	8,002	4,701
Operating profit	208,099	160,074
Net gains/(losses) from investments and others	4,187	(6,090)
Interest income	16,004	13,808
Finance costs	(11,981)	(12,268)
Share of profit/(loss) of associates and joint ventures, net	25,176	5,800
Profit before income tax	241,485	161,324
Income tax expense	(45,018)	(43,276)
Profit for the year	196,467	118,048
Attributable to:		
Equity holders of the Company	194,073	115,216
Non-controlling interests	2,394	2,832
	196,467	118,048
Non-IFRS operating profit	237,811	191,886
Non-IFRS profit attributable to equity holders of the Company	222,703	157,688





Management Discussion and Analysis

Revenues. Revenues increased by 8% year-on-year to RMB660.3 billion for the year ended 31 December 2024. The following table sets forth revenues of the Group and its segments for the years ended 31 December 2024 and 2023:

	Year ended 31 December				
	2024	2023	Year-on-year change	2024	2023
	Revenues			% of total revenues	
	(RMB in millions, unless specified)				
VAS	319,168	298,375	7%	49%	49%
Marketing Services	121,374	101,482	20%	18%	17%
FinTech and Business Services	211,956	203,763	4%	32%	33%
Others	7,759	5,395	44%	1%	1%
The Group	<u>660,257</u>	<u>609,015</u>	8%	<u>100%</u>	<u>100%</u>

- Revenues from VAS increased by 7% year-on-year to RMB319.2 billion 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 RMB121.4 billion 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 RMB212.0 billion 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.





Management Discussion and Analysis

Cost of revenues. Cost of revenues were RMB311.1 billion 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 RMB349.2 billion 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 gross profit and gross margin of the Group and its segments for the years ended 31 December 2024 and 2023:

	Year ended 31 December				
	2024	2023	Year-on-year change	2024	2023
	Gross profit/(loss)			Gross margin	
	(RMB in millions, unless specified)				
VAS	181,657	161,919	12%	57%	54%
Marketing Services	67,232	51,344	31%	55%	51%
FinTech and Business Services	99,701	80,636	24%	47%	40%
Others	656	(790)	NA	8%	(15%)
The Group	<u>349,246</u>	<u>293,109</u>	19%	53%	48%

- Gross profit for VAS increased by 12% year-on-year to RMB181.7 billion, 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%, up from 54% in the prior year.
- Gross profit for Marketing Services rose by 31% year-on-year to RMB67.2 billion, primarily due to growth in high-margin revenues from Video Accounts and Weixin Search marketing services. Gross margin expanded to 55%, compared to 51% in the previous year.
- Gross profit for FinTech and Business Services increased by 24% year-on-year to RMB99.7 billion, 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.





Management Discussion and Analysis

Selling and marketing expenses. Selling and marketing expenses grew by 6% year-on-year to RMB36.4 billion 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 RMB112.7 billion 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.

Interest income. Interest income increased by 16% year-on-year to RMB16.0 billion for the year ended 31 December 2024 due to growth in cash reserves.

Finance costs. Finance costs decreased by 2% year-on-year to RMB12.0 billion 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 RMB25.2 billion for the year ended 31 December 2024, up from share of profits of RMB5.8 billion for the previous year. Non-IFRS share of profits of associates and joint ventures rose to RMB31.6 billion, compared to RMB13.0 billion 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.

Income tax expense. Income tax expense increased by 4% year-on-year to RMB45.0 billion 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 attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 68% year-on-year to RMB194.1 billion for the year ended 31 December 2024. Non-IFRS profit attributable to equity holders of the Company increased by 41% to RMB222.7 billion for the year ended 31 December 2024.





Management Discussion and Analysis

FOURTH QUARTER OF 2024 COMPARED TO FOURTH QUARTER OF 2023

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

	Unaudited	
	Three months ended	
	31 December	31 December
	2024	2023
	(RMB in millions)	
Revenues	172,446	155,196
Cost of revenues	(81,793)	(77,632)
Gross profit	90,653	77,564
Selling and marketing expenses	(10,285)	(10,971)
General and administrative expenses	(31,403)	(27,175)
Other gains/(losses), net	2,513	1,983
Operating profit	51,478	41,401
Net gains/(losses) from investments and others	1,119	(6,730)
Interest income	3,910	3,917
Finance costs	(2,512)	(3,543)
Share of profit/(loss) of associates and joint ventures, net	9,253	2,463
Profit before income tax	63,248	37,508
Income tax expense	(11,781)	(9,658)
Profit for the period	51,467	27,850
Attributable to:		
Equity holders of the Company	51,324	27,025
Non-controlling interests	143	825
	51,467	27,850
Non-IFRS operating profit	59,475	49,135
Non-IFRS profit attributable to equity holders of the Company	55,312	42,681





Management Discussion and Analysis

Revenues. Revenues increased by 11% year-on-year to RMB172.4 billion for the fourth quarter of 2024. The following table sets forth revenues of the Group and its segments for the fourth quarter of 2024 and the fourth quarter of 2023:

	Unaudited				
	Three months ended				
	31 December	31 December	Year-	31 December	31 December
	2024	2023	on-year	2024	2023
	Revenues			% of total revenues	
	(RMB in millions, unless specified)				
VAS	79,022	69,079	14%	46%	45%
Marketing Services	35,004	29,794	17%	20%	19%
FinTech and Business Services	56,125	54,379	3%	33%	35%
Others	2,295	1,944	18%	1%	1%
The Group	<u>172,446</u>	<u>155,196</u>	11%	<u>100%</u>	<u>100%</u>

- Revenues from VAS increased by 14% year-on-year to RMB79.0 billion for the fourth quarter of 2024. International Games revenues were RMB16.0 billion, reflecting a 15% year-on-year increase (16% increase on a constant currency basis), driven by robust performances from Brawl Stars and PUBG MOBILE, alongside the early access release of Path of Exile 2. Domestic Games revenues increased by 23% year-on-year to RMB33.2 billion, benefitting from: a low base in the prior year's period; growth in revenue from major games such as Honour of Kings, Peacekeeper Elite and VALORANT; and contributions from recently released games DnF Mobile and Delta Force. Social Networks revenues rose by 6% year-on-year to RMB29.8 billion, primarily due to growth in app-based game virtual item sales, music subscription revenues and Mini Games platform service fees.
- Revenues from Marketing Services were RMB35.0 billion for the fourth quarter of 2024, up 17% year-on-year, driven by robust advertiser demand for Video Accounts, Mini Programs and Weixin Search inventories. Advertising spending rose across most major categories during the quarter.
- Revenues from FinTech and Business Services increased by 3% year-on-year to RMB56.1 billion for the fourth quarter of 2024. FinTech Services revenue growth reflected higher revenues from wealth management services and consumer loan services, while commercial payment services revenue was broadly stable year-on-year. Higher Business Services revenues were driven by growth in eCommerce technology service fees and WeCom revenue.





Management Discussion and Analysis

Cost of revenues. Cost of revenues for the fourth quarter of 2024 rose by 5% year-on-year to RMB81.7 billion, mainly due to higher content costs driven by growth of games revenues, along with increased bandwidth and server costs.

Gross profit. Gross profit for the fourth quarter of 2024 grew by 17% year-on-year to RMB90.7 billion, primarily supported by growth in high-margin revenue streams from Domestic Games, Video Accounts and Weixin Search, alongside enhanced cost efficiency in our cloud services. Gross margin improved to 53% from 50% in the same period last year. The following table sets forth gross profit and gross margin of the Group and its segments for the fourth quarter of 2024 and the fourth quarter of 2023.

	Unaudited				
	Three months ended				
	31 December	31 December	Year-	31 December	31 December
	2024	2023	on-year	2024	2023
	Gross profit/(loss)			Gross margin	
	(RMB in millions, unless specified)				
VAS	44,157	37,090	19%	56%	54%
Marketing Services	20,197	16,922	19%	58%	57%
FinTech and Business Services	26,460	23,860	11%	47%	44%
Others	(161)	(308)	NA	(7%)	(16%)
The Group	<u>90,653</u>	<u>77,564</u>	17%	53%	50%

- Gross profit for VAS grew by 19% year-on-year to RMB44.2 billion, primarily driven by growth in high-margin Domestic Games revenues. Gross margin rose to 56%, up from 54% in the same period last year.
- Gross profit for Marketing Services was RMB20.2 billion, up 19% year-on-year, supported by growth in high-margin Video Accounts and Weixin Search revenues. Gross margin was 58%, compared to 57% in the same period last year.
- Gross profit for FinTech and Business Services rose by 11% year-on-year to RMB26.5 billion, mainly due to revenue growth from wealth management services, consumer loan services and WeCom, alongside improved cost efficiency in our cloud services. Gross margin increased to 47% from 44% in the same period last year.





Management Discussion and Analysis

Selling and marketing expenses. Selling and marketing expenses decreased by 6% year-on-year to RMB10.3 billion in the fourth quarter of 2024, reflecting a high base in the prior-year period. As a percentage of revenues, selling and marketing expenses declined to 6%, compared to 7% in the same period last year.

General and administrative expenses. General and administrative expenses increased by 16% year-on-year to RMB31.4 billion for the fourth quarter of 2024, primarily driven by increased R&D expenses, including staff costs and depreciation expenses related to our AI initiatives.

Interest income. Interest income was RMB3.9 billion for the fourth quarter of 2024, broadly stable year-on-year.

Finance costs. Finance costs decreased by 29% year-on-year to RMB2.5 billion for the fourth quarter of 2024, mainly due to recognition of foreign exchange gains this quarter, compared to losses recorded in the same period last year.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB9.3 billion for the fourth quarter of 2024, an increase from share of profits of RMB2.4 billion in the same period last year. Non-IFRS share of profits of associates and joint ventures rose to RMB7.7 billion, compared to share of profits of RMB4.5 billion in the same period last year. The increase in non-IFRS share of profits of associates and joint ventures was due to associate company-specific factors, such as business growth, new content releases and enhanced operating efficiencies.

Income tax expense. Income tax expense rose by 22% year-on-year to RMB11.8 billion for the fourth quarter of 2024, driven primarily by growth in operating profit.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 90% to RMB51.3 billion for the fourth quarter of 2024 on a year-on-year basis. Non-IFRS profit attributable to equity holders of the Company increased by 30% year-on-year to RMB55.3 billion for the fourth quarter of 2024.





Management Discussion and Analysis

FOURTH QUARTER OF 2024 COMPARED TO THIRD QUARTER OF 2024

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

	Unaudited	
	Three months ended	
	31 December	30 September
	2024	2024
	(RMB in millions)	
Revenues	172,446	167,193
Cost of revenues	<u>(81,793)</u>	<u>(78,365)</u>
Gross profit	90,653	88,828
Selling and marketing expenses	(10,285)	(9,411)
General and administrative expenses	(31,403)	(29,058)
Other gains/(losses), net	<u>2,513</u>	<u>2,974</u>
Operating profit	51,478	53,333
Net gains/(losses) from investments and others	1,119	3,066
Interest income	3,910	3,996
Finance costs	(2,512)	(3,531)
Share of profit/(loss) of associates and joint ventures, net	<u>9,253</u>	<u>6,019</u>
Profit before income tax	63,248	62,883
Income tax expense	<u>(11,781)</u>	<u>(8,900)</u>
Profit for the period	<u>51,467</u>	<u>53,983</u>
Attributable to:		
Equity holders of the Company	51,324	53,230
Non-controlling interests	<u>143</u>	<u>753</u>
	<u>51,467</u>	<u>53,983</u>
Non-IFRS operating profit	<u>59,475</u>	<u>61,274</u>
Non-IFRS profit attributable to equity holders of the Company	<u>55,312</u>	<u>59,813</u>





Management Discussion and Analysis

Revenues. Revenues for the fourth quarter of 2024 increased by 3% quarter-on-quarter to RMB172.4 billion.

- Revenues from VAS decreased by 4% quarter-on-quarter to RMB79.0 billion. International Games revenues were RMB16.0 billion, up 10% quarter-on-quarter, driven by newly launched game Age of Empires Mobile and the early access release of Path of Exile 2, as well as Supercell's games. Domestic Games revenues were RMB33.2 billion, representing a 11% decline quarter-on-quarter, primarily due to seasonally lower revenue in the fourth quarter. Social Networks revenues decreased by 3% quarter-on-quarter to RMB29.8 billion, reflecting seasonally lower revenue from app-based game virtual item sales.
- Revenues from Marketing Services rose by 17% quarter-on-quarter to RMB35.0 billion, due to increased revenues from Video Accounts, Weixin Moments and our mobile ad network, benefitting from ongoing improvements to our AI-powered advertising infrastructure, and a seasonal uptick in eCommerce advertising spending.
- Revenues from FinTech and Business Services increased by 6% quarter-on-quarter to RMB56.1 billion, driven by higher revenues from payment activities, consumer loan services, cloud services and eCommerce technology service fees.

Cost of revenues. Cost of revenues were RMB81.7 billion for the fourth quarter of 2024, up 4% quarter-on-quarter.

Gross profit. Gross profit was RMB90.7 billion for the fourth quarter of 2024, up 2% quarter-on-quarter. Gross margin was 53%, broadly stable quarter-on-quarter.

- Gross profit for VAS was RMB44.2 billion, down 7% quarter-on-quarter primarily due to seasonally lower revenues from Domestic Games. Gross margin was 56%, compared to 57% in the third quarter of 2024.
- Gross profit for Marketing Services increased by 27% quarter-on-quarter to RMB20.2 billion driven by seasonally higher eCommerce advertising spending. Gross margin increased to 58% from 53% in the previous quarter.
- Gross profit for FinTech and Business Services increased by 4% quarter-on-quarter to RMB26.5 billion, mainly due to revenue growth from consumer loan services and eCommerce technology service fees. Gross margin was 47%, compared to 48% in the third quarter of 2024.

Selling and marketing expenses. Selling and marketing expenses rose by 9% quarter-on-quarter to RMB10.3 billion for the fourth quarter of 2024, reflecting seasonally higher promotional and advertising efforts related to games and eSports events.



Management Discussion and Analysis

General and administrative expenses. General and administrative expenses increased by 8% quarter-on-quarter to RMB31.4 billion for the fourth quarter of 2024, driven by costs related to AI initiatives, including higher depreciation on servers and network equipment.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB9.3 billion for the fourth quarter of 2024, compared to share of profits of RMB6.0 billion for the previous quarter. Non-IFRS share of profits of associates and joint ventures was RMB7.7 billion for the fourth quarter of 2024, compared to share of profits of RMB8.5 billion for the previous quarter.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company decreased by 4% to RMB51.3 billion for the fourth quarter of 2024 on a quarter-on-quarter basis. Non-IFRS profit attributable to equity holders of the Company decreased by 8% to RMB55.3 billion for the fourth quarter of 2024.

OTHER FINANCIAL INFORMATION

	Unaudited				
	Three months ended			Year ended	
	31 December 2024	30 September 2024	31 December 2023	31 December 2024	31 December 2023
	(RMB in millions, unless specified)				
EBITDA (a)	63,917	64,397	53,983	256,310	214,381
Adjusted EBITDA (a)	69,579	69,656	59,494	277,012	235,454
Adjusted EBITDA margin (b)	40%	42%	38%	42%	39%
Interest and related expenses	3,340	3,145	3,015	12,447	11,885
Net cash/(debt) (c)	76,798	95,462	54,740	76,798	54,740
Capital expenditures (d)	36,578	17,094	7,524	76,760	23,893

Note:

- (a) EBITDA is calculated as operating profit minus other gains/(losses), net, and adding back depreciation of property, plant and equipment, investment properties as well as right-of-use assets, and amortisation of intangible assets and land use rights. Adjusted EBITDA is calculated as EBITDA plus equity-settled share-based compensation expenses.
- (b) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues.
- (c) Net cash/(debt) represents period end balance and is calculated as cash and cash equivalents, plus term deposits and others, including highly liquid investment products held for treasury purposes, minus borrowings and notes payable.
- (d) Capital expenditures primarily consist of investments in computer equipment and components, and other property, plant and equipment, construction in progress, investment properties, land use rights, as well as certain intangible assets.





Management Discussion and Analysis

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

	Unaudited				
	Three months ended			Year ended	
	31 December 2024	30 September 2024	31 December 2023	31 December 2024	31 December 2023
	(RMB in millions, unless specified)				
Operating profit	51,478	53,333	41,401	208,099	160,074
Adjustments:					
Other (gains)/losses, net	(2,513)	(2,974)	(1,983)	(8,002)	(4,701)
Depreciation of property, plant and equipment and investment properties	5,811	5,183	5,117	21,141	19,908
Depreciation of right-of-use assets	1,595	1,549	1,544	6,191	6,397
Amortisation of intangible assets and land use rights	7,546	7,306	7,904	28,881	32,703
EBITDA	63,917	64,397	53,983	256,310	214,381
Equity-settled share-based compensation	5,662	5,259	5,511	20,702	21,073
Adjusted EBITDA	69,579	69,656	59,494	277,012	235,454



Management Discussion and Analysis

NON-IFRS FINANCIAL MEASURES

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

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

The following tables set forth the reconciliations of the Group's non-IFRS financial measures for the fourth quarter of 2024 and 2023, the third quarter of 2024, as well as the years ended 31 December 2024 and 2023 to the nearest measures prepared in accordance with IFRS:

Unaudited three months ended 31 December 2024								
	Adjustments							
	As reported	Share-based compensation (a)	Net (gains)/ losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Income tax effects (g)	Non-IFRS
(RMB in millions, unless specified)								
Operating profit	51,478	6,140	-	1,416	-	441	-	59,475
Share of profit/(loss) of associates and joint ventures, net	9,253	1,003	(3,799)	1,176	116	-	-	7,749
Profit for the period	51,467	7,143	(6,888)	2,592	1,760	1,109	(706)	56,477
Profit attributable to equity holders	51,324	7,034	(6,931)	2,396	1,037	1,109	(657)	55,312
EPS (RMB per share)								
- basic	5.597							6.032
- diluted	5.485							5.909
Operating margin	30%							34%





Management Discussion and Analysis

Unaudited three months ended 30 September 2024

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

Unaudited three months ended 31 December 2023

	Adjustments							Non-IFRS	
	As reported	Share-based compensation (a)	Net (gains)/ losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Others (f)		Income tax effects (g)
Operating profit	41,401	5,732	-	1,564	-	437	1	-	49,135
Share of profit/(loss) of associates and joint ventures, net	2,463	914	(416)	1,396	159	-	-	-	4,516
Profit for the period	27,850	6,646	(94)	2,960	5,705	1,594	1	(829)	43,833
Profit attributable to equity holders	27,025	6,512	(55)	2,719	5,650	1,594	1	(765)	42,681
EPS (RMB per share)									
- basic	2.873								4.537
- diluted	2.807								4.443
Operating margin	27%								32%





Management Discussion and Analysis

Year ended 31 December 2024									
Adjustments									
As reported	Share-based compensation (a)	Net (gains)/ losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Others (f)	Income tax effects (g)	Non-IFRS	
(RMB in millions, unless specified)									
Operating profit	208,099	23,424	-	5,294	-	991	3	-	237,811
Share of profit/(loss) of associates and joint ventures, net	25,176	4,423	(4,289)	5,478	847	-	-	-	31,635
Profit for the year	196,467	27,847	(18,646)	10,772	10,636	2,570	3	(2,455)	227,194
Profit attributable to equity holders	194,073	27,230	(18,770)	9,994	9,836	2,570	3	(2,233)	222,703
EPS (RMB per share)									
- basic	20.938								24.027
- diluted	20.486								23.505
Operating margin	32%								36%

Year ended 31 December 2023									
Adjustments									
As reported	Share-based compensation (a)	Net (gains)/ losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Others (f)	Income tax effects (g)	Non-IFRS	
(RMB in millions, unless specified)									
Operating profit	160,074	22,782	-	5,019	-	998	3,013	-	191,886
Share of profit/(loss) of associates and joint ventures, net	5,800	4,984	(4,925)	5,250	1,933	-	(1)	-	13,041
Profit for the year	118,048	27,766	(6,170)	10,269	8,123	3,790	3,012	(3,104)	161,734
Profit attributable to equity holders	115,216	27,100	(6,024)	9,462	8,004	3,790	3,012	(2,872)	157,688
EPS (RMB per share)									
- basic	12.186								16.678
- diluted	11.887								16.320
Operating margin	26%								32%





Management Discussion and Analysis

Note:

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

INVESTMENTS HELD

As at 31 December 2024, our investment portfolio amounted to approximately RMB817,687 million (31 December 2023: RMB701,664 million) as recorded in the consolidated statement of financial position under various categories including:

- investments in associates and joint ventures which are accounted for by using equity method; and
- financial assets at fair value through profit or loss and through other comprehensive income.

Changes in respective items in the consolidated statement of financial position have been disclosed in the notes to the consolidated financial statements in this annual report.

We manage our investment portfolio with a primary objective to strengthen our leading position in core businesses and complement our "Connection" strategy in various industries, particularly in social and digital content, retail and FinTech sectors. We also invest in healthcare, cloud and AI, transportation and other sectors.



Management Discussion and Analysis

The fair value of our shareholdings⁵ in listed investee companies (excluding subsidiaries) amounted to RMB569.8 billion as at 31 December 2024 (31 December 2023: RMB550.7 billion), and the carrying book value of our shareholdings in unlisted investee companies (excluding subsidiaries) amounted to RMB335.6 billion as at 31 December 2024 (31 December 2023: RMB337.3 billion). None of the carrying value of any of our investments (including listed equity investments) constituted 5% or more of our total assets as at 31 December 2024.

There were no material changes in our significant investment portfolio during the year ended 31 December 2024 that need to be disclosed under paragraph 32 of Appendix D2 to the Listing Rules.

Return from our investment portfolio amounted to RMB26,239 million for the year ended 31 December 2024, compared to losses of RMB2,686 million for last year. Details of our return from investment portfolio are as follows:

Performance of Principal Investment (Classified by nature)	2024 RMB'Million	2023 RMB'Million
Dividend income	715	546
Net gains on disposals and deemed disposals of investee companies	12,810	4,283
Net fair value gains/(losses)	2,621	(2,106)
Impairment provision for investee companies, goodwill and other intangible assets from acquisitions	(9,789)	(6,190)
Share of profit/(loss) of associates and joint ventures, net	25,176	5,800
Amortisation of intangible assets resulting from acquisitions	(5,294)	(5,019)

We continue to closely monitor the performance of our investment portfolio, strategically make investments, and explore opportunities in monetising some of the existing investments if appropriate opportunities in the market arise.

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





Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

Our cash and debt positions as at 31 December 2024 and 30 September 2024 were as follows:

	Audited	Unaudited
	31 December	30 September
	2024	2024
	(RMB in millions)	
Cash and cash equivalents	132,519	145,468
Term deposits and others	282,894	280,049
Borrowings	(199,406)	(194,367)
Notes payable	(139,209)	(135,688)
Net cash	<u>76,798</u>	<u>95,462</u>

As at 31 December 2024, the Group had net cash of RMB76.8 billion, compared to net cash of RMB95.5 billion as at 30 September 2024. The sequential decline in net cash was primarily due to cash outflows related to capital expenditures and share repurchases, as well as seasonally lower games gross receipts.

For the fourth quarter of 2024, the Group generated free cash flow of RMB4.5 billion. This was a result of net cash flow generated from operating activities of RMB54.0 billion, offset by payments for capital expenditures of RMB39.0 billion to support the development of our AI initiatives, as well as payments for media content of RMB8.5 billion and payments for lease liabilities of RMB2.0 billion.

As at 31 December 2024, bank balances and cash of the Group were mainly denominated in RMB and primarily held by subsidiaries in the Mainland of China whose functional currencies are RMB. The Group considers that any reasonable changes in foreign exchange rates of currencies against major functional currencies would not result in a significant change in the Group's results, as the net carrying amounts of financial assets and liabilities denominated in a currency other than the respective subsidiaries' functional currencies are considered to be not significant. Details are set out in Note 4.1 to the consolidated financial statements.





Management Discussion and Analysis

As at 31 December 2024, the Group's total debts comprised borrowings and notes payable. Particulars of the Group's borrowings and notes payable are set out in Note 36 and Note 37 to the consolidated financial statements respectively.

As at 31 December 2024, the Group held some floating rate borrowings, whose cash flows are hedged by using interest rate swaps. The effects of the interest rate swaps on the Group's financial position and performance are set out in Note 4.1 to the consolidated financial statements.

The Group assesses its creditworthiness based on its business and financial risk profile and monitors its capital by regularly reviewing its total debts to Adjusted EBITDA ratio, being the measure of the Group's ability to pay off all of its debts which in turn reflects the Group's financial health and liquidity position. Details are set out in Note 4.2 to the consolidated financial statements.

The Group had no material contingent liabilities outstanding as at 31 December 2024.

CHARGES

As at 31 December 2024, the Group's partial equity interests in certain investee companies, with a total carrying amount of approximately RMB3.5 billion, were charged to certain investment banks as security for obligations under derivative transactions entered into with those banks.

As at 31 December 2024, the Group's equity interests in an investee company at a carrying amount of approximately RMB3.2 billion were charged to a bank syndicate (as part of the collateral) against a loan extended to such investee company.

As at 31 December 2024, certain subsidiaries of the Group had pledged certain accounts receivable amounting to approximately RMB1 million in total to banks as collaterals against their bank borrowings/overdrafts.





Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the material subsidiaries are set out in Note 48 to the consolidated financial statements.

The analysis of the Group's revenues and contribution to results by business segments and the Group's revenues by geographical area of operations is set out in Note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 124 of this annual report.

The Board has recommended the payment of a final dividend of HKD4.50 per Share for the year ended 31 December 2024. The dividend is expected to be payable on 30 May 2025 to the shareholders whose names appear on the register of members of the Company on 21 May 2025. The total final dividend proposed for the year is HKD4.50 per Share.

RESERVES

The Company may pay dividends out of share premium, retained earnings and any other reserves provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

As at 31 December 2024, the Company had distributable reserves amounting to RMB125,310 million (2023: RMB86,872 million).

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 128 to 131, Note 33, Note 34 and Note 46 to the consolidated financial statements respectively.





Directors' Report

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 17 to the consolidated financial statements.

BUSINESS REVIEW AND DIVIDEND

A fair review of the business of the Group, comprising a discussion and analysis of the Group's performance during the year, an indication of likely future development in the business of the Group and the proposed dividend for the year ended 31 December 2024 are set out in the "Chairman's Statement" on pages 4 to 6 of this annual report. Particulars of material events affecting the Group that have occurred since the end of the financial year 2024 are set out in Note 47 to the consolidated financial statements. An analysis using financial key performance indicators is set out in the "Management Discussion and Analysis" on pages 7 to 25 of this annual report. Discussions on the Group's environmental policies and performance, and an account of the Group's key relationships with its stakeholders are set out in the standalone "Environmental, Social and Governance Report 2024". Details regarding the Group's compliance with the relevant laws and regulations which have a significant impact on the Group are also set out in the standalone "Environmental, Social and Governance Report 2024" and the "Corporate Governance Report" on pages 80 to 113 of this annual report. A description of the principal risks and uncertainties facing the Group is set out in the "Corporate Governance Report" on pages 80 to 113 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in Note 33 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's material subsidiaries as at 31 December 2024 are set out in Note 48 to the consolidated financial statements.

BORROWINGS AND NOTES PAYABLE

Particulars of the Group's borrowings and notes payable are set out in Note 36 and Note 37 to the consolidated financial statements respectively.





Directors' Report

DONATION

The donations made by the Group in the year were RMB2,003 million.

FINANCIAL SUMMARY

A summary of the condensed consolidated results and financial positions of the Group is set out on page 3 of this annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2024, the Company repurchased a total of 307,238,500 Shares on the Stock Exchange for an aggregate consideration of approximately HKD112.0 billion before expenses. The repurchased Shares were subsequently cancelled. The repurchase was effected for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Month of purchase in 2024	No. of Shares purchased	Purchase consideration per Share		Aggregate consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
January	34,110,000	304.40	271.20	9,824,604,509.00
March	16,930,000	308.60	282.80	5,010,078,160.00
April	25,860,000	317.40	303.00	8,010,247,840.00
May	27,550,000	399.80	359.80	10,445,334,088.00
June	50,280,000	392.00	367.40	19,059,646,307.00
July	23,700,000	397.00	365.20	9,013,854,402.00
August	29,320,000	385.40	365.40	11,017,639,867.00
September	41,877,400	414.20	365.20	15,881,930,806.12
October	5,051,100	482.20	424.00	2,294,908,497.32
November	19,200,000	413.40	392.20	7,726,199,532.00
December	33,360,000	430.60	395.00	13,718,939,918.00
Total:	<u>307,238,500</u>			<u>112,003,383,926.44</u>

Save as disclosed above and in Note 33 to the consolidated financial statements, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.





Directors' Report

USE OF PROCEEDS FROM FPO OF A NON WHOLLY-OWNED SUBSIDIARY

The use of proceeds from the FPO of HUYA, our non wholly-owned subsidiary, is set out below:

HUYA

In April 2019, HUYA launched its FPO of 18,400,000 American depository shares ("ADS") representing 18,400,000 of its Class A ordinary shares (including 13,600,000 ADSs sold by HUYA and 4,800,000 ADSs sold by the selling shareholder) at a public offering price of USD24.00 per ADS. The net proceeds from the FPO amounted to approximately USD313.8 million and are intended to be applied in accordance with the proposed application as set out in the FPO prospectus of HUYA dated 10 April 2019. Up to 31 December 2024, USD215.3 million of the net proceeds from the FPO were utilised according to the intentions previously disclosed by HUYA. Details of the use of proceeds are as follows:

	Intended use of proceeds from the FPO USD'Million	Actual amount utilised during the year ended 31 December 2024 USD'Million	Unutilised amount as at 31 December 2024 USD'Million	Expected timeline for utilising the unutilised amount
Investment in content ecosystem and eSports partners to expand content genres and improve content quality	94.1 to 125.5	27.7	up to 24.2	Before the end of 2027
Research and development to strengthen technologies and products	78.5 to 94.1	3.6	up to 71.7	Before the end of 2027
Overseas expansion opportunities and potential strategic investments and merger and acquisition opportunities	31.4 to 47.1	4.1	up to 35.9	Before the end of 2027
Expanding and enhancing product and service offerings	15.7 to 31.4	2.3	up to 14.9	Before the end of 2027
General corporate purposes	15.7 to 94.1	34.9	up to 30.3	Before the end of 2027

As at 31 December 2024, the remaining USD98.5 million of the net proceeds from the FPO was placed with banks.





Directors' Report

SHARE OPTION SCHEMES

The Company had one share option scheme which remained valid and effective during the year ended 31 December 2024, namely, the 2023 Share Option Scheme. The Board may, at its discretion, grant options to any qualifying participant to subscribe for Shares, subject to the terms and conditions stipulated therein. The exercise price must be in compliance with the requirements under the Listing Rules. In addition, the option vesting period is determined by the Board provided that it is not later than the last day of a 10-year period after the date of grant of options.

The Post-IPO Option Scheme II expired on 16 May 2017 and no further options can be granted under this scheme, but the options granted prior to such expiry continue to be valid and exercisable in accordance with the provisions of the scheme. Certain grantees exercised their options granted under this scheme during the year ended 31 December 2024. For further details, please refer to Note 35 to the consolidated financial statements. Save for the Post-IPO Option Scheme II and the 2023 Share Option Scheme, the Company did not have any outstanding share options exercisable under any share option scheme during the year ended 31 December 2024.

As at 31 December 2024, the Company did not have any outstanding share options exercisable under any share option scheme other than the 2023 Share Option Scheme.

The total number of options available for grant under the scheme mandate of the 2023 Share Option Scheme as at 1 January 2024 and 31 December 2024 were 274,076,375 and 262,443,505, respectively. The total number of options available for grant under the Service Providers sub-limit of the 2023 Share Option Scheme as at 1 January 2024 and 31 December 2024 were both 958,794.

As at 31 December 2024, no director was holding any outstanding share options under any share option scheme of the Company.





Directors' Report

Details of movements of share options granted to Employee Participants of the Group during the year ended 31 December 2024 are as follows:

Date of grant	Number of share options				As at 31 December 2024	Exercise price HKD	Exercise period/ Performance targets (Note 20)
	As at 1 January 2024	Granted during the year (Notes 15 and 16)	Exercised during the year (Note 14)	Lapsed/ forfeited/ waived during the year			
24 Mar 2017	690,152	–	690,152	–	–	185.65	24 Mar 2018 to 23 Mar 2024 (Note 1)
24 Mar 2017	16,628,175	–	16,518,800	109,375	–	185.65	24 Mar 2018 to 23 Mar 2024 (Note 3)
10 Jul 2017	3,031,874	–	3,031,872	2	–	230.87	10 Jul 2018 to 9 Jul 2024 (Note 3)
10 Jul 2017	3,728	–	3,728	–	–	230.89	10 Jul 2019 to 9 Jul 2024 (Note 4)
	4,548	–	4,548	–	–	230.87	
23 Nov 2017	31,430	–	31,430	–	–	368.46	23 Nov 2018 to 22 Nov 2024 (Note 2)
16 Jan 2018	97,915	–	97,900	–	15	387.16	16 Jan 2019 to 15 Jan 2025 (Note 2)
9 Apr 2018	1,861,700	–	378,545	–	1,483,155	358.11	9 Apr 2019 to 8 Apr 2025 (Note 1)
9 Apr 2018	191,555	–	21,000	–	170,555	358.11	9 Apr 2019 to 8 Apr 2025 (Note 2)
9 Apr 2018	14,851,089	–	527,429	–	14,323,660	358.11	9 Apr 2019 to 8 Apr 2025 (Note 3)
	4,984,470	–	157,178	22,732	4,804,560	357.86	
24 May 2018	26,390	–	19,355	7,035	–	355.51	24 May 2019 to 23 May 2025 (Note 2)
22 Jun 2018	13,055	–	–	–	13,055	348.04	22 Jun 2019 to 21 Jun 2025 (Note 1)
22 Jun 2018	70,525	–	–	–	70,525	348.04	22 Jun 2019 to 21 Jun 2025 (Note 2)
6 Jul 2018	1,980,404	–	223,728	50,330	1,706,346	332.87	6 Jul 2019 to 5 Jul 2025 (Note 3)
	983,323	–	180,481	29,139	773,703	332.47	





Directors' Report

Date of grant	Number of share options				As at 31 December 2024	Exercise price HKD	Exercise period/ Performance targets (Note 20)
	As at 1 January 2024	Granted during the year (Notes 15 and 16)	Exercised during the year (Note 14)	Lapsed/ forfeited/ waived during the year			
6 Jul 2018	2,024	-	2,024	-	-	332.87	6 Jul 2020 to 5 Jul 2025 (Note 4)
	2,013	-	2,013	-	-	332.47	
	2,013	-	2,013	-	-	331.57	
6 Jul 2018	647	-	-	-	647	332.87	6 Jul 2021 to 5 Jul 2025 (Note 5)
	4,532	-	1,524	-	3,008	332.47	
	4,533	-	1,700	-	2,833	331.57	
	4,534	-	-	-	4,534	331.40	
24 Aug 2018	17,780	-	9,880	-	7,900	302.78	24 Aug 2019 to 23 Aug 2025 (Note 2)
4 Apr 2019	169,028	-	8,788	-	160,240	321.04	4 Apr 2020 to 3 Apr 2026 (Note 1)
4 Apr 2019	2,894,848	-	-	-	2,894,848	321.04	4 Apr 2020 to 3 Apr 2026 (Note 3)
	1,447,425	-	-	-	1,447,425	320.78	
	1,447,427	-	-	-	1,447,427	320.45	
4 Apr 2019	17,500,000	-	-	-	17,500,000	320.01	4 Apr 2024 to 3 Apr 2026 (Note 6)
8 Jul 2019	669,763	-	53,092	6,684	609,987	306.21	8 Jul 2020 to 7 Jul 2026 (Note 3)
	438,259	-	42,805	3,343	392,111	305.79	
	445,027	-	45,788	3,343	395,896	304.61	
8 Jul 2019	3,000	-	455	-	2,545	306.21	8 Jul 2021 to 7 Jul 2026 (Note 4)
	3,001	-	455	-	2,546	305.79	
	3,001	-	2,688	-	313	304.61	
	3,003	-	2,722	-	281	301.46	
23 Aug 2019	9,870	-	-	-	9,870	288.46	15 Aug 2020 to 22 Aug 2026 (Note 10)
23 Aug 2019	43,732	-	-	-	43,732	288.89	15 Aug 2020 to 22 Aug 2026 (Note 7)
	21,866	-	-	-	21,866	288.46	
	46,236	-	-	-	46,236	287.49	





Directors' Report

Date of grant	Number of share options					As at 31 December 2024	Exercise price HKD	Exercise period/ Performance targets (Note 20)
	As at 1 January 2024	Granted during the year (Notes 15 and 16)	Exercised during the year (Note 14)	Lapsed/ forfeited/ waived during the year	As at 31 December 2024			
8 Jan 2020	74,340	-	-	-	74,340	330.89	15 Dec 2020 to 7 Jan 2027 (Note 10)	
	37,170	-	-	-	37,170	329.92		
20 Mar 2020	98,981	-	9,854	-	89,127	305.66	21 Jan 2021 to 19 Mar 2027 (Note 9)	
	183,107	-	9,255	-	173,852	305.64		
20 Mar 2020	1,697,498	-	-	-	1,697,498	305.66	20 Mar 2021 to 19 Mar 2027 (Note 8)	
	1,746,159	-	24,330	24,329	1,697,500	305.49		
	1,746,159	-	24,330	24,329	1,697,500	304.23		
	1,770,490	-	24,330	48,658	1,697,502	303.74		
22 May 2020	16,613	-	16,613	-	-	367.16	15 May 2021 to 21 May 2027 (Note 10)	
	16,613	-	16,613	-	-	366.70		
	16,614	-	16,614	-	-	365.53		
10 Jul 2020	294,687	-	-	22,044	272,643	472.04	5 Jul 2021 to 9 Jul 2027 (Note 8)	
	307,590	-	-	22,054	285,536	471.92		
	307,657	-	210	22,062	285,385	470.14		
	298,302	-	789	22,064	275,449	469.87		
10 Jul 2020	876	-	-	-	876	471.92	5 Jul 2022 to 9 Jul 2027 (Note 8)	
	877	-	-	-	877	470.14		
	877	-	-	877	-	470.04		
	877	-	-	-	877	469.87		
21 Aug 2020	12,232	-	-	12,232	-	444.32	15 Jul 2021 to 20 Aug 2027 (Note 9)	
	12,233	-	-	12,233	-	444.07		





Directors' Report

Date of grant	Number of share options				As at 31 December 2024	Exercise price HKD	Exercise period/ Performance targets (Note 20)
	As at 1 January 2024	Granted during the year (Notes 15 and 16)	Exercised during the year (Note 14)	Lapsed/ forfeited/ waived during the year			
21 Aug 2020	3,511	-	-	-	3,511	444.32	15 Aug 2021 to 20 Aug 2027 (Note 10)
	3,512	-	-	-	3,512	444.01	
	3,512	-	-	-	3,512	443.08	
21 Aug 2020	488	-	-	249	239	444.32	15 Aug 2021 to 20 Aug 2027 (Note 8)
	489	-	-	249	240	444.01	
	490	-	-	250	240	443.08	
	490	-	-	250	240	442.82	
23 Nov 2020	46,501	-	-	-	46,501	511.83	15 Oct 2021 to 22 Nov 2027 (Note 9)
	7,510	-	-	-	7,510	511.59	
23 Nov 2020	2,951	-	-	-	2,951	511.83	15 Oct 2021 to 22 Nov 2027 (Note 10)
	2,952	-	-	-	2,952	511.59	
	2,952	-	-	-	2,952	510.71	
23 Nov 2020	4,206	-	-	-	4,206	511.83	15 Nov 2021 to 22 Nov 2027 (Note 8)
	4,206	-	-	-	4,206	511.54	
	4,206	-	-	-	4,206	510.57	
	4,207	-	-	-	4,207	508.53	
23 Dec 2020	7,014	-	-	7,014	-	495.23	15 Dec 2021 to 22 Dec 2027 (Note 9)
	7,014	-	-	7,014	-	494.94	
23 Dec 2020	35,069	-	-	35,069	-	495.23	15 Dec 2021 to 22 Dec 2027 (Note 10)
	35,069	-	-	35,069	-	494.94	
	35,069	-	-	35,069	-	494.22	
30 Mar 2021	518,344	-	-	19,313	499,031	533.39	8 Feb 2022 to 29 Mar 2028 (Note 9)
	518,537	-	-	19,330	499,207	533.13	





Directors' Report

Date of grant	Number of share options				As at 31 December 2024	Exercise price HKD	Exercise period/ Performance targets (Note 20)
	As at 1 January 2024	Granted during the year (Notes 15 and 16)	Exercised during the year (Note 14)	Lapsed/ forfeited/ waived during the year			
30 Mar 2021	25,083	-	-	-	25,083	533.39	8 Feb 2022 to 29 Mar 2028 (Note 8)
	25,083	-	-	-	25,083	533.13	
	25,084	-	-	-	25,084	532.35	
	25,085	-	-	-	25,085	531.71	
30 Mar 2021	1,444	-	-	-	1,444	533.39	15 Feb 2022 to 29 Mar 2028 (Note 10)
	1,444	-	-	-	1,444	533.13	
	1,445	-	-	-	1,445	532.24	
30 Mar 2021	761	-	-	-	761	533.39	15 Feb 2022 to 29 Mar 2028 (Note 8)
	762	-	-	-	762	533.13	
	763	-	-	-	763	532.24	
	763	-	-	-	763	531.69	
30 Mar 2021	966,958	-	-	-	966,958	533.39	30 Mar 2022 to 29 Mar 2028 (Note 8)
	966,958	-	-	-	966,958	533.07	
	966,961	-	-	-	966,961	532.29	
	1,810,622	-	-	843,658	966,964	532.06	
10 Jun 2021	2,173	-	-	-	2,173	529.18	5 Jul 2021 to 9 Jun 2028 (Note 8)
	2,173	-	-	-	2,173	529.08	
	2,174	-	-	-	2,174	528.40	
	2,174	-	-	-	2,174	526.97	
10 Jun 2021	3,853	-	-	3,853	-	529.15	15 May 2022 to 9 Jun 2028 (Note 10)
	3,854	-	-	3,854	-	528.51	
	3,854	-	-	3,854	-	527.29	





Directors' Report

Date of grant	Number of share options				As at 31 December 2024	Exercise price HKD	Exercise period/ Performance targets (Note 20)
	As at 1 January 2024	Granted during the year (Notes 15 and 16)	Exercised during the year (Note 14)	Lapsed/ forfeited/ waived during the year			
14 Jul 2021	1,874,281	-	-	78,321	1,795,960	478.17	5 Jul 2022 to 13 Jul 2028 (Note 8)
	1,870,023	-	-	78,339	1,791,684	477.46	
	1,855,716	-	-	78,352	1,777,364	476.52	
	1,856,034	-	-	92,006	1,764,028	476.09	
16 Nov 2021	57,632	-	-	-	57,632	437.83	15 Sep 2022 to 15 Nov 2028 (Note 10)
	57,632	-	-	-	57,632	436.86	
	57,633	-	-	-	57,633	433.54	
16 Nov 2021	5,231	-	1,462	3,769	-	435.86	15 Oct 2022 to 15 Nov 2028 (Note 10)
	5,231	-	-	5,231	-	434.78	
	5,232	-	-	5,232	-	433.25	
24 Mar 2022	8,769	-	-	511	8,258	343.96	5 Jul 2022 to 23 Mar 2029 (Note 8)
	6,827	-	-	511	6,316	343.22	
	8,772	-	-	511	8,261	343.21	
	6,827	-	-	511	6,316	342.87	
24 Mar 2022	786,077	-	83,253	630	702,194	343.84	27 Jan 2023 to 23 Mar 2029 (Note 9)
	787,278	-	79,760	631	706,887	343.20	
24 Mar 2022	3,094	-	-	-	3,094	343.77	15 Feb 2023 to 23 Mar 2029 (Note 10)
	3,094	-	-	-	3,094	343.06	
	3,094	-	-	-	3,094	342.81	
24 Mar 2022	4,583	-	376	-	4,207	343.77	15 Feb 2023 to 23 Mar 2029 (Note 8)
	4,595	-	-	-	4,595	343.06	
	4,584	-	290	-	4,294	342.81	
	4,595	-	-	-	4,595	342.50	





Directors' Report

Date of grant	Number of share options					Exercise price HKD	Exercise period/ Performance targets (Note 20)
	As at 1 January 2024	Granted during the year (Notes 15 and 16)	Exercised during the year (Note 14)	Lapsed/ forfeited/ waived during the year	As at 31 December 2024		
24 Mar 2022	1,399,354	-	-	-	1,399,354	343.61	24 Mar 2023 to 23 Mar 2029 (Note 8)
	1,399,355	-	-	-	1,399,355	342.79	
	1,399,356	-	-	-	1,399,356	342.49	
	1,399,357	-	-	-	1,399,357	341.94	
18 Aug 2022	1,269,908	-	258,773	12,910	998,225	277.91	15 Jul 2023 to 17 Aug 2029 (Note 8)
	1,300,846	-	209,963	31,418	1,059,465	277.42	
	1,301,030	-	-	87,427	1,213,603	276.81	
	1,301,252	-	-	87,442	1,213,810	276.01	
23 Mar 2023	588,526	-	22,698	17,864	547,954	375.60	15 Jan 2024 to 22 Mar 2030 (Note 9)
23 Mar 2023	3,071,143	-	-	-	3,071,143	375.60	15 Apr 2024 to 22 Mar 2030 (Note 8)
17 Aug 2023	36,883	-	-	-	36,883	334.04	15 Jun 2024 to 16 Aug 2030 (Note 9)
17 Aug 2023	60,862	-	-	-	60,862	334.04	15 Jun 2024 to 16 Aug 2030 (Note 10)
17 Aug 2023	22,551	-	-	-	22,551	334.04	15 Jul 2024 to 16 Aug 2030 (Note 9)
17 Aug 2023	1,864,852	-	32,074	71,503	1,761,275	334.04	15 Jul 2024 to 16 Aug 2030 (Note 8)
17 Aug 2023	11,557,350	-	-	-	11,557,350	334.04	15 Sep 2024 to 16 Aug 2030 (Note 8)
21 Mar 2024	-	984	-	-	984	291.20	15 Jul 2024 to 20 Mar 2031 (Notes 8 and 12)
21 Mar 2024	-	128,633	-	-	128,633	291.20	15 Jan 2026 to 20 Mar 2031 (Notes 11 and 12)
21 Mar 2024	-	363,656	-	277	363,379	291.20	15 Jan 2025 to 20 Mar 2031 (Notes 9 and 12)
21 Mar 2024	-	10,186,212	-	-	10,186,212	291.20	15 Apr 2025 to 20 Mar 2031 (Notes 8 and 12)
15 Aug 2024	-	953,385	-	18,785	934,600	373.12	15 Jul 2025 to 14 Aug 2031 (Notes 8 and 13)
Total:	122,611,076	11,632,870	22,893,680	2,129,141	109,221,125		





Directors' Report

Note:

1. For options granted with exercisable date determined based on the grant date of options, the first 50% of the total options shall be vested and become exercisable 1 year after the grant date, and the remaining 50% of the total options will be vested and become exercisable in the subsequent year.
2. For options granted with exercisable date determined based on the grant date of options, the first 33.33% (one-third) of the total options shall be vested and become exercisable 1 year after the grant date, and each 33.33% (one-third) of the total options will be vested and become exercisable in each subsequent year.
3. For options granted with exercisable date determined based on the grant date of options, the first 25% of the total options shall be vested and become exercisable 1 year after the grant date, and each 25% of the total options will be vested and become exercisable in each subsequent year.
4. For options granted with exercisable date determined based on the grant date of options, the first 25% of the total options shall be vested and become exercisable 2 years after the grant date, and each 25% of the total options will be vested and become exercisable in each subsequent year.
5. For options granted with exercisable date determined based on the grant date of options, the first 25% of the total options shall be vested and become exercisable 3 years after the grant date, and each 25% of the total options will be vested and become exercisable in each subsequent year.
6. For options granted with exercisable date determined based on the grant date of options, 100% of the total options shall be vested and become exercisable 5 years after the grant date.
7. Subject to the satisfaction of certain conditions, the first 25% of the total options shall be vested and become exercisable on the first date of the exercise period, and each 25% of the total options will be vested and become exercisable in each subsequent year.
8. The first 25% of the total options shall be vested and become exercisable on the first date of the exercise period, and each 25% of the total options will be vested and become exercisable in each subsequent year.
9. The first 50% of the total options shall be vested and become exercisable on the first date of the exercise period, and the remaining 50% of the total options will be vested and become exercisable in the subsequent year.
10. The first 33.33% (one-third) of the total options shall be vested and become exercisable on the first date of the exercise period, and each 33.33% (one-third) of the total options will be vested and become exercisable in each subsequent year.





Directors' Report

11. 100% of the total options shall be vested and become exercisable on the first date of the exercise period.
12. The closing price immediately before the date on which the options were granted on 21 March 2024 was HKD288.8 per Share.
13. The closing price immediately before the date on which the options were granted on 15 August 2024 was HKD373.8 per Share.
14. The weighted average closing price immediately before the dates on which the options were exercised in 2024 was HKD313.7 per Share.
15. The average fair value of the options granted on 21 March 2024 was HKD103.11 per Share at the date of grant.
16. The average fair value of the options granted on 15 August 2024 was HKD122.63 per Share at the date of grant.
17. No options granted to the Employee Participants were cancelled during the year ended 31 December 2024.
18. None of the participants has been granted with options and awards in excess of the 1% individual limit.
19. Details of the valuation of share options of the Company during the year ended 31 December 2024, including the accounting standard and policy adopted for the share option schemes, are set out in Note 35 and Note 2.20 to the consolidated financial statements.
20. All of the grants made during the year ended 31 December 2024 were made without any performance targets.
21. Please refer to the Definition section for the description of Employee Participants.





Directors' Report

SUMMARY OF THE SHARE OPTION SCHEMES

Details	Post-IPO Option Scheme II	2023 Share Option Scheme
1. Purposes	To recognise the contribution that certain individuals have made to the Group, to attract the best available personnel and to promote the success of the Group's business	
2. Qualifying participants	Any employee (whether full time or part time), executive or officer, director (including executive, non-executive and independent non-executive directors) of any member of the Group or any invested entity, which is any entity in which the Group holds an equity interest, and any consultant, adviser or agent of any member of the Board, who have contributed or will contribute to the growth and development of the Group or any invested entity	Any Employee Participant, any director or employee of a Related Entity, and any Service Provider
3. Scheme limit	The maximum number of Shares in respect of which options may be granted under the Post-IPO Option Scheme II shall be 444,518,270 Shares (after the effect of the Share Subdivision), being 5% of the relevant class of securities of the Company in issue as at 16 May 2007 (Note 1).	The maximum number of Shares in respect of which options may be granted under the 2023 Share Option Scheme shall be 287,638,307 Shares, being 3% of the relevant class of securities of the Company in issue as at 17 May 2023.





Directors' Report

Details	Post-IPO Option Scheme II	2023 Share Option Scheme
4. Maximum entitlement of each participant	1% of the issued Shares from time to time within any 12-month period up to the date of the latest grant	For any 12-month period up to and including the date of grant, the aggregate number of Shares issued and to be issued in respect of all options or awards granted to any Eligible Person (excluding any lapsed options or awards) under the share scheme(s) of the Company shall not exceed 1% of the issued Shares from time to time, unless such grant is separately approved by the shareholders of the Company.
5. Option period	The option period is determined by the Board provided that it shall expire not later than the last day of the 7-year period after the date of grant of the options. There is no minimum period for which an option must be held before it can be exercised.	The option period is determined by the Board provided that it shall expire not later than the last day of the 10-year period after the date of grant of the options. There is no minimum period for which an option must be held before it can be exercised.
6. Vesting period	The total vesting period of options granted ranges from approximately 24 to 83 months.	The total vesting period of options granted ranges from approximately 22 to 72 months.





Directors' Report

Details	Post-IPO Option Scheme II	2023 Share Option Scheme
7. Acceptance of offer	Options granted must be accepted within 28 days of the date of grant, upon payment of HKD1 per grant.	Options granted must be accepted within 28 days of the date of grant. No cash consideration is required.
8. Exercise price	The exercise price must be at least the higher of: (i) the closing price of the securities as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the securities as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.	
9. Remaining life of the scheme	It expired on 16 May 2017.	It shall expire on 17 May 2033, subject to early termination in accordance with the scheme rules (i.e. the remaining life of the scheme as at the date of this annual report is approximately 8 years and 2 months).

Note:

1. The Post-IPO Option Scheme II expired on 16 May 2017 and no further options will be granted under the scheme. As at 31 December 2024, there were no outstanding share options exercisable under the Post-IPO Option Scheme II.
2. The total number of Shares available for issue under the 2023 Share Option Scheme as at the date of this annual report is 371,242,197, representing approximately 4.04% of the issued Shares as at the date of this annual report.

MOVEMENTS IN THE SHARE OPTIONS

Details of the movements in the share options of the Company during the year are set out in Note 35 to the consolidated financial statements.





Directors' Report

SHARE AWARD SCHEME

The Company had one share award scheme which remained valid and effective during the year ended 31 December 2024, namely, the 2023 Share Award Scheme. As at 31 December 2024, the Company did not have any outstanding share awards under any share award scheme other than the 2023 Share Award Scheme.

2023 Share Award Scheme

- | | |
|-----------------------------|--|
| 1. Purposes | To recognise the contributions and to attract, motivate and retain eligible persons (including any director) of the Group |
| 2. Duration and termination | It shall be valid and effective unless and until being terminated on the earlier of: (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board provided that such termination does not affect any subsisting rights of any Selected Participant. |
| 3. Eligible Persons | Any Employee Participant, any director or employee of a Related Entity, and any Service Provider |
| 4. Scheme limit | 4.5% of the issued Shares as at the Adoption Date (i.e. 431,457,460 Shares), among which the total number of new Shares which may be issued in respect of all awards to be granted under the 2023 Share Award Scheme shall be no more than 3.5% of the issued Shares as at the Adoption Date (i.e. 335,578,024 Shares) and the number of existing Shares to be used for satisfying the awards to be granted under the 2023 Share Award Scheme shall be no more than 1% of the issued Shares as at the Adoption Date (i.e. 95,879,435 Shares) |





Directors' Report

2023 Share Award Scheme

5. Maximum entitlement of each participant For any 12-month period up to and including the date of grant, the aggregate number of Shares issued and to be issued in respect of all options or awards granted to any Eligible Person (excluding any lapsed options or awards) under the share scheme(s) of the Company shall not exceed 1% of the issued Shares from time to time, unless such grant is separately approved by the shareholders of the Company.

6. Operation The Board may, from time to time, at its absolute discretion select any Eligible Person to be a Selected Participant and grant to such Selected Participant Awarded Shares.

The Board may at any time at its discretion, in respect of each Selected Participant, cause to be paid the relevant amount from the Company's resources or any subsidiary's resources into an account for the purchase and/or subscription of the Awarded Shares after the Grant Date.

7. Restrictions No award may be granted by the Board to any Selected Participant: (i) where the Company has information that must be disclosed under Rule 13.09 of the Listing Rules or where the Company reasonably believes there is inside information which must be disclosed under Part XIVA of the SFO, until (and including) the trading date after such inside information has been published on the websites of the Stock Exchange and the Company; (ii) after any inside information in relation to the securities of the Company has occurred or has become the subject of a decision, until such inside information has been published; (iii) within the period commencing 60 days (in the case of yearly results), or 30 days (in the case of results for half-year, quarterly or other interim period) immediately preceding the earlier of (1) the date of a meeting of the Board (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (2) the deadline for the Company to publish its quarterly, interim or annual results announcement for any such period, and ending on the date of such announcement; or (iv) in any other circumstances where dealings by Selected Participant (including directors of the Company) are prohibited under the Listing Rules, the SFO or any other applicable laws or regulations or where the requisite approval from any applicable regulatory authorities has not been granted.





Directors' Report

2023 Share Award Scheme

8. Vesting and clawback/lapse
- The vesting of the Awarded Shares is subject to the Selected Participant remaining at all times after the Grant Date and on the date of vesting, an Eligible Person, subject to the rules of the 2023 Share Award Scheme. The Awarded Shares can be vested up to a period of approximately 84 months, subject to a vesting schedule as determined by the Board on the date of grant.

Where a grantee's service or employment with the Group has been terminated by the Group by reason of, among others, dishonesty or serious misconduct, incompetence or negligence in the performance of his/her duties, the grantee having been convicted of any criminal offence involving his/her integrity or honesty, the grantee will cease to be an Eligible Person and the awards granted will automatically lapse.

Where a grantee is involved in serious misconduct or malfeasance, or has conducted any unlawful acts which prejudiced the interest and reputation of the Group, the awards granted shall be clawed back and shall lapse accordingly.

Subject to the satisfaction of all vesting conditions as prescribed in the 2023 Share Award Scheme, the Selected Participants will be entitled to receive the Awarded Shares.

9. Purchase price
- Not applicable
10. Voting rights
- The Trustee shall not exercise any voting rights in respect of any Shares held pursuant to the Trust Deed or as nominee.
11. Remaining life of the scheme
- It shall expire on 17 May 2033, subject to early termination in accordance with the scheme rules (i.e. the remaining life of the scheme as at the date of this annual report is approximately 8 years and 2 months).

Note:

The total number of share awards available for grant under the scheme mandate of the 2023 Share Award Scheme as at 1 January 2024 and 31 December 2024 were 383,287,393 and 320,660,039, respectively. The total number of share awards involving new shares available for grant under the scheme mandate of the 2023 Share Award Scheme as at 1 January 2024 and 31 December 2024 were 291,360,230 and 236,715,591, respectively. The total number of share awards involving new shares available for grant under the Service Providers sub-limit of the 2023 Share Award Scheme as at 1 January 2024 and 31 December 2024 were both 958,794.





Directors' Report

During the year, a total of 62,829,798 Awarded Shares were granted under the 2023 Share Award Scheme, out of which 105,760 Awarded Shares were granted to the independent non-executive directors of the Company. Details of the movements in the Share Award Schemes during the year are set out in Note 35 to the consolidated financial statements.

During the year, a total of 57,740,633 Shares were issued to option holders who exercised their share options granted under the Post-IPO Option Scheme II and the 2023 Share Option Scheme, and pursuant to the 2023 Share Award Scheme.

The total number of Shares available for issue under the 2023 Share Award Scheme as at the date of this annual report is 285,262,533, representing approximately 3.11% of the issued Shares as at the date of this annual report.

The total number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the year ended 31 December 2024 divided by the weighted average number of Shares in issue for the year was 0.72%.





Directors' Report

As at 31 December 2024, there were a total of 203,290 outstanding Awarded Shares granted to the directors of the Company, details of which are as follows:

Name of director	Date of grant	Number of Awarded Shares				Vesting period
		As at 1 January 2024	Granted during the year	Vested during the year (Note 3)	As at 31 December 2024	
Ian Charles Stone	20 March 2020	4,599	–	4,599	–	20 March 2021 to 20 March 2024
	30 March 2021	7,571	–	3,785	3,786	30 March 2022 to 30 March 2025
	24 March 2022	14,175	–	4,725	9,450	24 March 2023 to 24 March 2026
	23 March 2023	21,996	–	5,499	16,497	15 April 2024 to 15 April 2027
	21 March 2024	–	31,208	–	31,208	15 April 2025 to 15 April 2028 (Notes 1 and 2)
Total:		<u>48,341</u>	<u>31,208</u>	<u>18,608</u>	<u>60,941</u>	
Li Dong Sheng	20 March 2020	2,300	–	2,300	–	20 March 2021 to 20 March 2024
	30 March 2021	3,786	–	1,892	1,894	30 March 2022 to 30 March 2025
	24 March 2022	7,088	–	2,362	4,726	24 March 2023 to 24 March 2026
	23 March 2023	10,998	–	2,749	8,249	15 April 2024 to 15 April 2027
	21 March 2024	–	15,604	–	15,604	15 April 2025 to 15 April 2028 (Notes 1 and 2)
Total:		<u>24,172</u>	<u>15,604</u>	<u>9,303</u>	<u>30,473</u>	





Directors' Report

Name of director	Date of grant	Number of Awarded Shares				Vesting period
		As at 1 January 2024	Granted during the year	Vested during the year (Note 3)	As at 31 December 2024	
Yang Siu Shun	20 March 2020	4,057	–	4,057	–	20 March 2021 to 20 March 2024
	30 March 2021	6,762	–	3,378	3,384	30 March 2022 to 30 March 2025
	24 March 2022	12,600	–	4,200	8,400	24 March 2023 to 24 March 2026
	23 March 2023	19,552	–	4,888	14,664	15 April 2024 to 15 April 2027
	21 March 2024	–	27,740	–	27,740	15 April 2025 to 15 April 2028 (Notes 1 and 2)
Total:		<u>42,971</u>	<u>27,740</u>	<u>16,523</u>	<u>54,188</u>	
Ke Yang	20 March 2020	1,623	–	1,623	–	20 March 2021 to 20 March 2024
	30 March 2021	3,786	–	1,892	1,894	30 March 2022 to 30 March 2025
	24 March 2022	7,088	–	2,362	4,726	24 March 2023 to 24 March 2026
	23 March 2023	10,998	–	2,749	8,249	15 April 2024 to 15 April 2027
	21 March 2024	–	15,604	–	15,604	15 April 2025 to 15 April 2028 (Notes 1 and 2)
Total:		<u>23,495</u>	<u>15,604</u>	<u>8,626</u>	<u>30,473</u>	





Directors' Report

Name of director	Date of grant	Number of Awarded Shares				Vesting period
		As at 1 January 2024	Granted during the year	Vested during the year (Note 3)	As at 31 December 2024	
Zhang Xiulan	18 August 2022	5,040	–	1,678	3,362	18 August 2023 to 18 August 2026
	23 March 2023	10,998	–	2,749	8,249	15 April 2024 to 15 April 2027
	21 March 2024	–	15,604	–	15,604	15 April 2025 to 15 April 2028 (Notes 1 and 2)
Total:		<u>16,038</u>	<u>15,604</u>	<u>4,427</u>	<u>27,215</u>	
Grand Total:		<u>155,017</u>	<u>105,760</u>	<u>57,487</u>	<u>203,290</u>	

Note:

1. The closing price immediately before the date on which the Awarded Shares were granted on 21 March 2024 was HKD288.8 per Share.
2. The fair value of the Awarded Shares granted on 21 March 2024 was HKD291.2 per Share at the date of grant.
3. The weighted average closing price of the Shares immediately before the dates on which the awards were vested in 2024 was HKD300.01 per Share.
4. No Awarded Shares granted to the directors were lapsed or cancelled during the year ended 31 December 2024.
5. All of the grants made during the year ended 31 December 2024 were made without any performance targets.





Directors' Report

Details of movements of Awarded Shares of the Group (excluding directors of the Company) during the year ended 31 December 2024 are as follows:

Year of grant	Number of Awarded Shares					As at 31 December 2024	Vesting period/ Performance targets (Note 9)
	As at 1 January 2024	Granted during the year	Vested during the year	Lapsed/ forfeited during the year			
Employee Participants							(Note 3)
<i>Top five highest paid employees (Note 10)</i>							
2019	16,222,500	–	9,111,250	–	7,111,250	Note 1	
2021	5,190,136	–	3,114,079	–	2,076,057	Note 1	
2024	–	1,399,727	1,399,727	–	–	Notes 1 and 5	
Sub-total:	<u>21,412,636</u>	<u>1,399,727</u>	<u>13,625,056</u>	<u>–</u>	<u>9,187,307</u>		
<i>Other Employee Participants</i>							
2016	7,099	–	6,698	–	401	Note 1	
2018	5,611	–	5,611	–	–	Note 1	
2019	101,685	–	51,298	964	49,423	Note 1	
2020	3,969,773	–	3,847,558	105,419	16,796	Note 1	
2021	20,848,082	–	11,593,641	993,727	8,260,714	Note 1	
2022	32,623,161	–	15,913,987	1,908,330	14,800,844	Note 1	
2023	53,120,647	–	12,111,693	2,261,793	38,747,161	Note 1	
2024	–	60,485,392	6,297,136	1,252,116	52,936,140	Notes 1 and 5	
Sub-total:	<u>110,676,058</u>	<u>60,485,392</u>	<u>49,827,622</u>	<u>6,522,349</u>	<u>114,811,479</u>		
Total:	<u>132,088,694</u>	<u>61,885,119</u>	<u>63,452,678</u>	<u>6,522,349</u>	<u>123,998,786</u>		
Service Providers							(Note 4)
2020	6,333	–	4,925	1,408	–	Note 2	
2021	71,335	–	37,957	5,275	28,103	Note 2	
2022	307,426	–	109,065	12,192	186,169	Note 2	
2023	360,444	–	115,738	6,345	238,361	Note 2	
2024	–	838,919	162,719	1,863	674,337	Notes 2 and 5	
Total:	<u>745,538</u>	<u>838,919</u>	<u>430,404</u>	<u>27,083</u>	<u>1,126,970</u>		
Grand Total:	<u>132,834,232</u>	<u>62,724,038</u>	<u>63,883,082</u>	<u>6,549,432</u>	<u>125,125,756</u>		





Directors' Report

Note:

1. The Awarded Shares can either be vested immediately or over a period of up to 7 years.
2. The Awarded Shares can either be vested immediately or over a period of up to 4 years.
3. For Employee Participants, the weighted average closing price of the Shares immediately before the dates on which the awards were vested in 2024 was HKD341.59 per Share.
4. For Service Providers, the weighted average closing price of the Shares immediately before the dates on which the awards were vested in 2024 was HKD324.65 per Share.
5. The following grants were made during the year ended 31 December 2024:

Date of grant	Vesting period	Number of Shares granted	Closing price of Shares immediately before date of grant HKD	Fair value of awards at the date of grant per Share HKD
Employee Participants				
19 Jan 2024	19 Jan 2024	6,134,946	277.6	271.2
21 Mar 2024	15 Apr 2024 to 15 Apr 2026	11,726	288.8	291.2
21 Mar 2024	15 Apr 2025 to 15 Apr 2028	7,991,524	288.8	291.2
21 Mar 2024	15 Aug 2024 to 15 Aug 2025	2,342	288.8	291.2
21 Mar 2024	15 Aug 2024 to 15 Aug 2026	124,356	288.8	291.2
21 Mar 2024	15 Aug 2024 to 15 Aug 2027	1,313	288.8	291.2
21 Mar 2024	15 Aug 2025 to 15 Aug 2027	13,376	288.8	291.2
21 Mar 2024	15 Dec 2024 to 15 Dec 2025	25,057	288.8	291.2
21 Mar 2024	15 Dec 2024 to 15 Dec 2026	444,681	288.8	291.2
21 Mar 2024	15 Dec 2024 to 15 Dec 2027	2,792	288.8	291.2





Directors' Report

Date of grant	Vesting period	Number of Shares granted	Closing price of Shares immediately before date of grant HKD	Fair value of awards at the date of grant per Share HKD
Employee Participants				
21 Mar 2024	15 Dec 2025 to 15 Dec 2027	30,399	288.8	291.2
21 Mar 2024	15 Feb 2025 to 15 Feb 2026	14,110	288.8	291.2
21 Mar 2024	15 Feb 2025 to 15 Feb 2027	398,870	288.8	291.2
21 Mar 2024	15 Feb 2025 to 15 Feb 2028	122,456	288.8	291.2
21 Mar 2024	15 Feb 2026 to 15 Feb 2028	5,132	288.8	291.2
21 Mar 2024	15 Jan 2025 to 15 Jan 2026	9,699,528	288.8	291.2
21 Mar 2024	15 Jan 2025 to 15 Jan 2027	626,571	288.8	291.2
21 Mar 2024	15 Jan 2025 to 15 Jan 2028	1,399	288.8	291.2
21 Mar 2024	15 Jan 2026	1,495,862	288.8	291.2
21 Mar 2024	15 Jan 2026 to 15 Jan 2028	1,963	288.8	291.2
21 Mar 2024	15 Jul 2024 to 15 Jul 2026	8,664	288.8	291.2
21 Mar 2024	15 Jul 2024 to 15 Jul 2027	2,958	288.8	291.2
21 Mar 2024	15 Jun 2024 to 15 Jun 2025	2,494	288.8	291.2
21 Mar 2024	15 Jun 2024 to 15 Jun 2026	35,593	288.8	291.2
21 Mar 2024	15 Jun 2025 to 15 Jun 2027	1,351	288.8	291.2
21 Mar 2024	15 Mar 2025 to 15 Mar 2026	10,978	288.8	291.2





Directors' Report

Date of grant	Vesting period	Number of Shares granted	Closing price of Shares immediately before date of grant HKD	Fair value of awards at the date of grant per Share HKD
Employee Participants				
21 Mar 2024	15 Mar 2025 to 15 Mar 2027	234,117	288.8	291.2
21 Mar 2024	15 Mar 2025 to 15 Mar 2028	1,181	288.8	291.2
21 Mar 2024	15 May 2024 to 15 May 2026	7,314	288.8	291.2
21 Mar 2024	15 May 2025 to 15 May 2027	14,079	288.8	291.2
21 Mar 2024	15 Nov 2024 to 15 Nov 2025	34,715	288.8	291.2
21 Mar 2024	15 Nov 2024 to 15 Nov 2026	502,684	288.8	291.2
21 Mar 2024	15 Nov 2024 to 15 Nov 2027	60,318	288.8	291.2
21 Mar 2024	15 Nov 2025 to 15 Nov 2027	31,010	288.8	291.2
21 Mar 2024	15 Oct 2024 to 15 Oct 2025	38,760	288.8	291.2
21 Mar 2024	15 Oct 2024 to 15 Oct 2026	427,232	288.8	291.2
21 Mar 2024	15 Oct 2024 to 15 Oct 2027	28,534	288.8	291.2
21 Mar 2024	15 Oct 2025 to 15 Oct 2027	13,726	288.8	291.2
21 Mar 2024	15 Sep 2024 to 15 Sep 2025	23,275	288.8	291.2
21 Mar 2024	15 Sep 2024 to 15 Sep 2026	482,988	288.8	291.2
21 Mar 2024	15 Sep 2024 to 15 Sep 2027	15,737	288.8	291.2
21 Mar 2024	15 Sep 2025 to 15 Sep 2027	45,358	288.8	291.2





Directors' Report

Date of grant	Vesting period	Number of Shares granted	Closing price of Shares immediately before date of grant HKD	Fair value of awards at the date of grant per Share HKD
Employee Participants				
21 Mar 2024	21 Mar 2024 to 15 Oct 2025	321	288.8	291.2
21 Mar 2024	1 Jul 2024 to 1 Jul 2027	4,079	288.8	291.2
21 Mar 2024	1 Oct 2024 to 1 Oct 2027	24,217	288.8	291.2
15 Aug 2024	15 Apr 2025 to 15 Apr 2026	38,707	373.8	368.4
15 Aug 2024	15 Apr 2025 to 15 Apr 2027	469,611	373.8	368.4
15 Aug 2024	15 Apr 2025 to 15 Apr 2028	10,436	373.8	368.4
15 Aug 2024	15 Apr 2026 to 15 Apr 2028	3,337	373.8	368.4
15 Aug 2024	15 Aug 2024 to 15 Aug 2026	1,923	373.8	368.4
15 Aug 2024	15 Aug 2024 to 15 Jul 2026	1,138	373.8	368.4
15 Aug 2024	15 Aug 2024 to 15 Jun 2026	7,937	373.8	368.4
15 Aug 2024	15 Aug 2025 to 15 Aug 2026	39,258	373.8	368.4
15 Aug 2024	15 Aug 2025 to 15 Aug 2027	303,679	373.8	368.4
15 Aug 2024	15 Aug 2026 to 15 Aug 2028	12,307	373.8	368.4
15 Aug 2024	15 Dec 2024 to 15 Dec 2025	1,350	373.8	368.4





Directors' Report

Date of grant	Vesting period	Number of Shares granted	Closing price of Shares immediately before date of grant HKD	Fair value of awards at the date of grant per Share HKD
Employee Participants				
15 Aug 2024	15 Dec 2024 to 15 Dec 2026	15,755	373.8	368.4
15 Aug 2024	15 Feb 2025 to 15 Feb 2026	1,566	373.8	368.4
15 Aug 2024	15 Feb 2025 to 15 Feb 2027	17,257	373.8	368.4
15 Aug 2024	15 Jan 2025	91,048	373.8	368.4
15 Aug 2024	15 Jan 2025 to 15 Jan 2026	8,428	373.8	368.4
15 Aug 2024	15 Jan 2025 to 15 Jan 2027	245,825	373.8	368.4
15 Aug 2024	15 Jan 2025 to 15 Jan 2028	394	373.8	368.4
15 Aug 2024	15 Jan 2026 to 15 Jan 2028	3,826	373.8	368.4
15 Aug 2024	15 Jul 2025 to 15 Jul 2026	1,743,075	373.8	368.4
15 Aug 2024	15 Jul 2025 to 15 Jul 2027	642,530	373.8	368.4
15 Aug 2024	15 Jul 2025 to 15 Jul 2028	26,480,878	373.8	368.4
15 Aug 2024	15 Jul 2026 to 15 Jul 2028	3,396	373.8	368.4
15 Aug 2024	15 Jun 2025 to 15 Jun 2026	14,399	373.8	368.4
15 Aug 2024	15 Jun 2025 to 15 Jun 2027	560,915	373.8	368.4
15 Aug 2024	15 Jun 2026 to 15 Jun 2028	7,475	373.8	368.4
15 Aug 2024	15 Mar 2025 to 15 Mar 2026	8,888	373.8	368.4





Directors' Report

Date of grant	Vesting period	Number of Shares granted	Closing price of Shares immediately before date of grant HKD	Fair value of awards at the date of grant per Share HKD
Employee Participants				
15 Aug 2024	15 Mar 2025 to 15 Mar 2027	196,930	373.8	368.4
15 Aug 2024	15 Mar 2026 to 15 Mar 2028	25,087	373.8	368.4
15 Aug 2024	15 May 2025 to 15 May 2026	31,652	373.8	368.4
15 Aug 2024	15 May 2025 to 15 May 2027	644,841	373.8	368.4
15 Aug 2024	15 May 2025 to 15 May 2028	32,122	373.8	368.4
15 Aug 2024	15 May 2026 to 15 May 2028	1,303	373.8	368.4
15 Aug 2024	15 Nov 2024 to 15 Nov 2026	29,093	373.8	368.4
15 Aug 2024	15 Nov 2025 to 15 Nov 2027	11,312	373.8	368.4
15 Aug 2024	15 Oct 2024 to 15 Oct 2026	16,879	373.8	368.4
15 Aug 2024	15 Sep 2024 to 15 Sep 2026	27,034	373.8	368.4
15 Aug 2024	1 Apr 2025 to 1 Apr 2026	17,472	373.8	368.4
15 Aug 2024	1 Apr 2025 to 1 Apr 2028	98,009	373.8	368.4
15 Aug 2024	1 Jan 2025 to 1 Jan 2028	24,772	373.8	368.4
10 Oct 2024	10 Oct 2024	793,189	434.2	438.8
	Total:	61,885,119		





Directors' Report

Date of grant	Vesting period	Number of Shares granted	Closing price of Shares immediately before date of grant HKD	Fair value of awards at the date of grant per Share HKD
Service Providers				
19 Jan 2024	19 Jan 2024	99,642	277.6	271.2
21 Mar 2024	15 Apr 2025 to 15 Apr 2026	17,706	288.8	291.2
21 Mar 2024	15 Apr 2025 to 15 Apr 2028	2,240	288.8	291.2
21 Mar 2024	15 Aug 2024 to 15 Aug 2027	22,439	288.8	291.2
21 Mar 2024	15 Dec 2024 to 15 Dec 2027	14,476	288.8	291.2
21 Mar 2024	15 Feb 2025 to 15 Feb 2028	42,537	288.8	291.2
21 Mar 2024	15 Jan 2025 to 15 Jan 2026	275	288.8	291.2
21 Mar 2024	15 Jan 2025 to 15 Jan 2028	90,957	288.8	291.2
21 Mar 2024	15 Jan 2026	394	288.8	291.2
21 Mar 2024	15 Jul 2024 to 15 Jul 2027	3,160	288.8	291.2
21 Mar 2024	15 Mar 2025 to 15 Mar 2026	6,535	288.8	291.2
21 Mar 2024	15 Mar 2025 to 15 Mar 2028	98,929	288.8	291.2
21 Mar 2024	15 Nov 2024 to 15 Nov 2027	58,787	288.8	291.2
21 Mar 2024	15 Oct 2024 to 15 Oct 2027	13,740	288.8	291.2
21 Mar 2024	15 Sep 2024 to 15 Sep 2027	61,448	288.8	291.2
15 Aug 2024	15 Apr 2025 to 15 Apr 2027	16,645	373.8	368.4





Directors' Report

Date of grant	Vesting period	Number of Shares granted	Closing price of Shares immediately before date of grant HKD	Fair value of awards at the date of grant per Share HKD
Service Providers				
15 Aug 2024	15 Apr 2025 to 15 Apr 2028	55,981	373.8	368.4
15 Aug 2024	15 Aug 2025 to 15 Aug 2028	137,354	373.8	368.4
15 Aug 2024	15 Jul 2025 to 15 Jul 2026	3,150	373.8	368.4
15 Aug 2024	15 Jul 2025 to 15 Jul 2028	21,328	373.8	368.4
15 Aug 2024	15 Jun 2025 to 15 Jun 2028	23,749	373.8	368.4
15 Aug 2024	15 May 2025 to 15 May 2028	27,864	373.8	368.4
10 Oct 2024	10 Oct 2024	19,583	434.2	438.8
	Total:	838,919		
	Grand Total:	62,724,038		

6. No Awarded Shares granted to the Employee Participants or the Service Providers were cancelled during the year ended 31 December 2024.
7. None of the participants has been granted with options and awards in excess of the 1% individual limit. None of the Service Providers has been granted with options and awards in any 12-month period in excess of 0.1% of the Shares in issue.
8. Details of the valuation of share awards of the Company during the year ended 31 December 2024, including the accounting standard and policy adopted for the Share Award Schemes, are set out in Note 35 and Note 2.20 to the consolidated financial statements.
9. All of the grants made during the year ended 31 December 2024 were made without any performance targets.
10. Disclosures herein with respect to the top five highest paid employees consist of the number of Awarded Shares to be satisfied by existing Shares only. The number of Awarded Shares granted to the top five highest paid employees to be satisfied by Shares to be issued are included under the "Other Employee Participants" category.
11. Please refer to the Definition section for the description of Employee Participants and Service Providers.





Directors' Report

DIRECTORS AND SENIOR MANAGEMENT

The directors and senior management of the Company during the year and up to the date of this annual report were:

Executive Director

Ma Huateng (*Chairman*)

Non-Executive Directors

Jacobus Petrus (Koos) Bekker

Charles St Leger Searle

Independent Non-Executive Directors

Li Dong Sheng

Ian Charles Stone

Yang Siu Shun

Ke Yang

Zhang Xiulan

In accordance with Article 87 of the Articles of Association, Mr Li Dong Sheng and Mr Yang Siu Shun will retire at the 2025 AGM and, being eligible, will offer themselves for re-election.

The Company has received from each independent non-executive director an annual confirmation of his/her independence and the Board considers them independent.





Directors' Report

BIOGRAPHICAL DETAILS AND OTHER INFORMATION OF DIRECTORS

Ma Huateng, age 53, is an executive director, Chairman of the Board and Chief Executive Officer of the Company. Mr Ma has overall responsibilities for strategic planning and positioning and management of the Group. Mr Ma is one of the core founders and has been employed by the Group since 1999. Prior to his current employment, Mr Ma was in charge of research and development for Internet paging system development at China Motion Telecom Development Limited, a supplier of telecommunications services and products in China. Mr Ma was a deputy to the 12th and 13th National People's Congress. Mr Ma has a Bachelor of Science degree specialising in Computer and its Application obtained in 1993 from Shenzhen University and more than 31 years of experience in the telecommunications and Internet industries. He is a director of Advance Data Services Limited, which has an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Mr Ma also serves as a director of certain subsidiaries of the Company.

Jacobus Petrus (Koo) Bekker, age 72, has been a non-executive director since November 2012. Koo led the founding team of the M-Net/MultiChoice pay-television business in 1985. He was also a founder director of MTN in cellular telephony. Koo headed the MIH group in its international and Internet expansions until 1997, when he became chief executive of Naspers, which is listed on the Johannesburg Stock Exchange. He serves on the boards of other companies within the group and associates, as well as other bodies. In April 2015, he became non-executive chair. On 14 August 2019, he was appointed as non-executive chair of Prosus N.V., which is listed on Euronext Amsterdam and on the Johannesburg Stock Exchange. Academic qualifications include BA Hons and honorary doctorate in commerce (Stellenbosch University), LLB (University of the Witwatersrand) and MBA (Columbia University, New York).

Charles St Leger Searle, age 61, has been a non-executive director since June 2001. Mr Searle is currently the Chief Executive Officer of Naspers Internet Listed Assets. He serves on the board of a number of companies associated with the Naspers Group. Prior to joining the Naspers Group, he held positions at Cable & Wireless plc and at Deloitte & Touche in London and Sydney. Mr Searle is a member of the Institute of Chartered Accountants in Australia and New Zealand. Mr Searle has more than 31 years of international experience in the telecommunications and Internet industries. Mr Searle also serves as a director of certain subsidiaries of the Company.

Li Dong Sheng, age 67, has been an independent non-executive director since April 2004. Mr Li is the Chairman and Chief Executive Officer of TCL Technology Group Corporation that is listed on the Shenzhen Stock Exchange, and the strategic development consultant of TCL Electronics Holdings Limited that is listed on the Stock Exchange. He is also a deputy to the 14th National People's Congress and the Chairman of Council of Shenzhen General Chamber of Commerce. Mr Li was a deputy to the 16th CPC National Congress, a deputy to the 10th to 13th National People's Congress, the 12th Vice Chairman of the All-China Federation of Industry and Commerce, and the Vice Chairman of the China Chamber of International Commerce. Mr Li graduated from South China University of Technology in 1982 with a Bachelor degree in radio technology, and completed the professional doctoral program offered by the University of Minnesota in partnership with the Tsinghua University and received his Global Doctor of Business Administration (DBA) Degree in 2022. Mr Li has more than 30 years of experience in the information technology field.





Directors' Report

Ian Charles Stone, age 74, has been an independent non-executive director since April 2004. Mr Stone is currently an independent advisor on Technology, Media and Telecoms after retiring from PCCW in Hong Kong in 2011. His career in the last 35 years has been primarily in leading mobile telecoms businesses, and new wireless and Internet technology, during which time he held senior roles in PCCW, SmarTone, First Pacific, Hong Kong Telecom and CSL, as Chief Executive or at Director level, primarily in Hong Kong, and also in London and Manila. Since 2011, Mr Stone has provided telecoms advisory services to telecom companies and investors in Hong Kong (China), the Mainland of China, South East Asia and the Middle East and has more than 54 years of experience in the telecom and mobile industries. Mr Stone was an independent director of Summit Healthcare Acquisition Corp. that was listed on NASDAQ, up to 16 March 2023. Mr Stone is a fellow member of The Hong Kong Institute of Directors.

Yang Siu Shun, age 69, has been an independent non-executive director since July 2016. Mr Yang is currently serving as a Member of the 14th National Committee of the Chinese People's Political Consultative Conference, a Justice of the Peace in Hong Kong, a Steward of the Hong Kong Jockey Club, and an independent non-executive director of Man Wah Holdings Limited which is publicly listed on the Stock Exchange. Mr Yang was an independent non-executive director of Xinyi Glass Holdings Limited which is publicly listed on the Stock Exchange, up to 31 May 2024 and was also an independent non-executive director of Industrial and Commercial Bank of China Limited which is publicly listed on the Stock Exchange and the Shanghai Stock Exchange, up to 8 August 2024. Mr Yang retired from PricewaterhouseCoopers ("PwC") on 30 June 2015. Before his retirement, he served as the Chairman and Senior Partner of PwC Hong Kong, the Executive Chairman and Senior Partner of PwC China and Hong Kong, one of the five members of the Global Network Leadership Team of PwC and the PwC Asia Pacific Chairman. Mr Yang served as a Board Member and the Audit Committee Chairman of The Hang Seng University of Hong Kong (formerly known as Hang Seng Management College), up to 30 September 2018 and the Deputy Chairman of the Council of Hong Kong Metropolitan University ("HKMU") (formerly known as The Open University of Hong Kong), up to 19 June 2019. Mr Yang also served as a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, up to 31 August 2021. Mr Yang graduated from the London School of Economics and Political Science in 1978 and was awarded the degree of Honorary Doctor of Social Sciences by HKMU in 2019. Mr Yang is a Fellow Member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.





Directors' Report

Ke Yang, age 69, has been an independent non-executive director since August 2019. Professor Ke is currently the Director of Laboratory of Genetics of Peking University Cancer Hospital and an international member of the United States National Academy of Medicine. Professor Ke is also the President of the Peking University Health Science Center Alumni Association and Vice-president of Cancer Foundation of China. Professor Ke's research focus is on the upper gastrointestinal tumors, including the cloning of gastric cancer related genes and the functional study of such genes. Together with her team, she has also established the population cohort in esophageal cancer high incidence regions in China, studied the etiology of esophageal cancer, and evaluated the effects and economic efficacy of early screening of the disease. She has published more than 100 papers and had registered patents and been granted awards at national and provincial levels for technological and educational achievements. Professor Ke was a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference, an executive Vice-president of Peking University and of the Peking University Health Science Center (formerly known as Beijing Medical College), a member of the Committee of Academic Degrees of the State Council, a member of the Healthcare Reform Advisory Committee of the State Council, the Chairperson of the Working Committee for Graduate Medical and Pharmaceutical Education of the Office of Academic Degrees of the State Council, Vice-president of the 24th and 25th Chinese Medical Association, Vice-chairperson of the Steering Committee of Clinical Medicine of the Committee of Academic Degrees of the State Council, Vice-president of the Peking University Alumni Association, President of the Health Professional Education Committee of the China Association of Higher Education and Vice-president of China Medical Women's Association. Professor Ke graduated from the Peking University Health Science Center in 1982. From 1985 to 1988, Professor Ke worked at the National Cancer Institute of the National Institutes of Health of the United States as a postdoctoral fellow. Professor Ke is currently an independent non-executive director of Keymed Biosciences Inc. which is publicly listed on the Stock Exchange.

Zhang Xiulan, age 61, has been an independent non-executive director since August 2022. Professor Zhang is currently a member of ChinaInfo100. She was previously the Dean of the School of Social Development and Public Policy, Beijing Normal University. She was also a member of the 11th and 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference, a member of the Healthcare Reform Advisory Committee of the State Council and the consultant at the University of California, San Francisco. Professor Zhang has led over 40 research projects, including national level priority social science projects, and projects funded by the Ministry of Science and Technology and the Ministry of Education. In expert capacity, Professor Zhang has also provided expert consultation to government on policy making, including the 11th National Five-Year Plan, the "Five Guarantees Regulations", the Adjustment Mechanism for Urban Minimum Living Standard, Urban and Rural Medical Assistance Policy, Social Assistance System and others. In addition, Professor Zhang has also worked on mandates from the State Council Healthcare Restructuring Office, Ministry of Education, Ministry of Health, Ford Foundation, European Union, World Bank, World Health Organization, UNICEF, Save the Children Foundation and other organizations. Professor Zhang received her Bachelor's Degree in Physical Geography, and Master's Degree in Economic Geography from the Beijing Normal University in 1985 and 1988, respectively. After graduation, she joined the "China Society", a newspaper published by the Ministry of Civil Affairs as an Editor. In 1999, she received her Doctor of Philosophy in Social Welfare from the University of California at Berkeley with her research focused on social protection, social policy, social welfare and healthcare. In the same year, Professor Zhang founded the first Institute of Social Development and Public Policy in China at the Beijing Normal University, which subsequently became the School of Social Development and Public Policy.





Directors' Report

BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

Lau Chi Ping Martin, age 51, President, joined the Company in 2005 as the Chief Strategy and Investment Officer and was responsible for corporate strategies, investments, mergers and acquisitions and investor relations. In 2006, Mr Lau was promoted to President of the Company to manage the day-to-day operations of the Company. In 2007, Mr Lau was appointed as an executive director of the Company until his retirement by rotation on 17 May 2023. Prior to joining the Company, Mr Lau was an executive director at Goldman Sachs (Asia) L.L.C.'s investment banking division and the Chief Operating Officer of its Telecom, Media and Technology Group. Prior to that, he worked at McKinsey & Company, Inc. as a management consultant. Mr Lau received a Bachelor of Science degree in Electrical Engineering from University of Michigan, a Master of Science degree in Electrical Engineering from Stanford University and an MBA degree from Kellogg Graduate School of Management, Northwestern University. Mr Lau currently serves as a director or corporate representative of certain subsidiaries of the Company.

Xu Chenye, age 53, Chief Information Officer, oversees the strategic planning and development for the website properties and communities, and customer relations of the Company. Mr Xu is one of the core founders and has been employed by the Group since 1999. Prior to that, Mr Xu had experiences in software system design, network administration as well as marketing and sales management in his previous position at Shenzhen Data Telecommunications Bureau. Mr Xu received a Bachelor of Science degree in Computer Science from Shenzhen University in 1993 and a Master of Science degree in Computer Science from Nanjing University in 1996. Mr Xu currently serves as a director or officer of certain subsidiaries of the Company.

Ren Yuxin, age 49, Chief Operating Officer and President of Platform & Content Group and Interactive Entertainment Group, joined the Company in 2000 and had served as the General Manager for the Value-Added Services Development Division and General Manager for the Interactive Entertainment Business Division. Since September 2005, Mr Ren has been responsible for the research and development, operations, marketing and sales of gaming products for the Interactive Entertainment Business. Since May 2012, Mr Ren has been appointed as Chief Operating Officer and is now in charge of the overall operation of the Platform & Content Group and the Interactive Entertainment Group. Prior to joining the Company, Mr Ren worked at Huawei Technologies Co., Ltd. Mr Ren received a Bachelor of Science degree in Computer Science and Engineering from University of Electronic Science and Technology of China in 1998 and an EMBA degree from China Europe International Business School (CEIBS) in 2008.

Zhang Xiaolong, age 55, Senior Executive Vice President and President of Weixin Group, joined the Company in March 2005 and had served as the General Manager for the Guangzhou R&D Division and led the QQ Mail team to be the top mail service provider in China. Later he was promoted to Corporate Vice President and since September 2012, Mr Zhang has been appointed as Senior Vice President in charge of the product and team management of Weixin/WeChat and QQ Mail. He is also responsible for the management and review of major innovation projects. In May 2014, Mr Zhang was promoted to Senior Executive Vice President in charge of the Weixin Group. Prior to joining the Company, Mr Zhang developed Foxmail independently in 1997 as the first generation of Internet software developer in China. He joined Boda China as Corporate Vice President in 2000, responsible for corporate mail developing. Mr Zhang received a Master's degree in Telecommunications from Huazhong University of Science and Technology in 1994. Mr. Zhang currently serves as a director of a subsidiary of the Company.





Directors' Report

James Gordon Mitchell, age 51, Chief Strategy Officer and Senior Executive Vice President, joined the Company in 2011. He is responsible for various functions, including the Company's strategic planning and implementation, investor relations, mergers and acquisitions and investment activities. Prior to joining the Company, Mr Mitchell had worked in investment banking for 16 years. Most recently, Mr Mitchell was a managing director at Goldman Sachs in New York, leading the bank's Communications, Media and Entertainment research team, which analysed Internet, entertainment and media companies globally. Mr Mitchell received a degree from Oxford University and holds a Chartered Financial Analyst Certification. Mr Mitchell currently serves as a chairman and/or a director of certain subsidiaries of the Company.

Tong Tao Sang, age 51, Senior Executive Vice President and President of Cloud and Smart Industries Group, is leading the Industrial Internet strategy and the enterprise businesses for Tencent. Mr Tong manages the security labs, the multi-media lab, and Youtu AI lab, and he is one of the co-chairs of Tencent's technology council. Mr Tong joined the Company as a technical architect in 2005, and had previously led QQ, Qzone, QQshow, and their advertising and value-added services. Mr Tong received a Bachelor of Science degree in Computer Engineering from University of Michigan, Ann Arbor and a Master of Science degree in Electrical Engineering from Stanford University. Mr Tong currently serves as a director of a subsidiary of the Company.

Lu Shan, age 50, Senior Executive Vice President and President of Technology and Engineering Group, joined the Company in 2000 and had served as the General Manager for the IM Product Division, Vice President for the Platform Research and Development System and Senior Vice President for the Operations Platform System. Since March 2008, Mr Lu has been in charge of management of the Operations Platform System of the Company. Since May 2012, Mr Lu has been in charge of management of the Technology and Engineering Group. Prior to joining the Company, he worked for Shenzhen Liming Network Systems Limited. Mr Lu received a Bachelor of Science degree in Computer Science and Technology from University of Science and Technology of China (USTC) in 1998. Mr Lu currently serves as a director or officer of certain subsidiaries of the Company.

Ma Xiaoyi, age 51, Senior Vice President, joined the Company in 2007 and has been responsible for international publishing of Tencent Games, establishing and maintaining long-term business partnerships and cooperation for the Company since November 2008. Prior to joining the Company, Mr Ma served as the General Manager of the games division of OPTIC Communication Co., Ltd. Prior to that, Mr Ma worked as the General Manager in Shanghai EasyService Technology Development Ltd. Mr Ma graduated from Shanghai Jiaotong University in 1997, and received an EMBA degree from Fudan University in 2008. Mr Ma currently serves as a director of certain subsidiaries of the Company.





Directors' Report

Lin Ching-Hua, age 52, Senior Vice President, joined the Company in 2013 and has been responsible for the exploration and development of the Company's Advertising and Smart Retail businesses. He also oversees strategic development of the Company and drives the Group's strategic upgrade and business collaboration. In 2020, Mr Lin was promoted to Senior Vice President. Prior to joining the Company, Mr Lin was a partner at McKinsey & Company and the managing partner of its Taiwan office. Mr Lin received a Bachelor of Sociology degree from National Taiwan University and a Master of Business Administration degree from Harvard University. Mr Lin currently serves as a director or officer of certain subsidiaries of the Company.

John Shek Hon Lo, age 56, Chief Financial Officer and Senior Vice President, joined the Company in 2004 and was appointed as Chief Financial Officer in May 2012. Prior to joining the Company, Mr Lo worked at PricewaterhouseCoopers. He is a Fellow of the CPA Australia, a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Chartered Institute of Management Accountants and a Fellow of the Association of Chartered Certified Accountants. Mr Lo received a Bachelor of Business degree in Accounting from Curtin University and an EMBA degree from Kellogg Graduate School of Management, Northwestern University and The Hong Kong University of Science and Technology. Mr Lo currently serves as a director of a subsidiary of the Company.

Guo Kaitian, age 52, Senior Vice President, joined the Company in 2002 and has been responsible for overseeing the Company's functional divisions of legal affairs, administration, infrastructure, procurement, public strategy, information security and corporate social responsibility. Mr Guo received a Bachelor of Law degree from Zhongnan University of Economics and Law in 1996. Mr Guo currently serves as a director or officer of certain members of the Group.

Xi Dan, age 49, Senior Vice President, joined the Company in 2002 and has been responsible for overseeing the Company's talent development and functional management since May 2008. Prior to joining the Company, Mr Xi was responsible for HR management in ZTE Corporation and has more than 29 years of experience in IT and Internet industries. Mr Xi received a Bachelor of Science degree in Applied Computer Science from Shenzhen University in 1996 and an MBA degree from Tsinghua University in 2005. Mr Xi currently serves as a director or officer of certain subsidiaries of the Company.

Yeung Kwok On, age 63, Senior Management Adviser, joined the Company in 2008. He supports and facilitates organisational innovation and leadership development within the Company and its key strategic partners. Mr Yeung also serves as Dean of TencentX, a corporate learning platform that has approximately 700 entrepreneur alumni. Prior to joining the Company, Mr Yeung, as a professor, had taught at University of Michigan and China Europe International Business School and also served as Chief HR Officer of Acer Group from 1998 to 2002. Mr Yeung received a Bachelor's and a Master's degree from The University of Hong Kong and a Doctoral degree from University of Michigan.





Directors' Report

DIRECTORS' SERVICE CONTRACT

Mr Ma Huateng has entered into a service contract with the Company for a term of three years from 1 January 2025 to 31 December 2027. The term of his service contract can be renewed upon expiry and the Company may terminate his service contract by three months' written notice.

None of the directors who are proposed for re-election at the 2025 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company or an entity connected with a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors of the Company is currently in force and was in force throughout the financial year. The Company has taken out and maintained directors and officers liability insurance which provides appropriate cover for, among others, directors of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, neither the Company nor any of its subsidiaries was a party to any arrangements to enable directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year.





Directors' Report

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2024, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(A) Long position in the shares and underlying shares of the Company

Name of director	Nature of interest	Number of Shares/ underlying Shares held	Approximate % of shareholding (Note 7)
Ma Huateng	Corporate (Note 1)	804,859,700	8.72%
Li Dong Sheng	Personal*	73,604 (Note 2)	0.0008%
Ian Charles Stone	Personal* Family†	81,458 <hr/> 240,000 321,458 (Note 3)	0.003%
Yang Siu Shun	Personal*	57,141 (Note 4)	0.0006%
Ke Yang	Personal*	55,973 (Note 5)	0.0006%
Zhang Xiulan	Personal*	28,893 (Note 6)	0.0003%





Directors' Report

Note:

1. Advance Data Services Limited, a British Virgin Islands company wholly-owned by Mr Ma Huateng, holds 709,859,700 Shares directly and 95,000,000 Shares indirectly through its wholly-owned subsidiary, Ma Huateng Global Foundation.
 2. The interest comprises 43,131 Shares and 30,473 underlying Shares in respect of the outstanding Awarded Shares which remained unvested under the 2023 Share Award Scheme. Details of the Awarded Shares granted to this director are set out above under "Share Award Scheme".
 3. The interest comprises 260,517 Shares and 60,941 underlying Shares in respect of the outstanding Awarded Shares which remained unvested under the 2023 Share Award Scheme. Details of the Awarded Shares granted to this director are set out above under "Share Award Scheme".
 4. The interest comprises 2,953 Shares and 54,188 underlying Shares in respect of the outstanding Awarded Shares which remained unvested under the 2023 Share Award Scheme. Details of the Awarded Shares granted to this director are set out above under "Share Award Scheme".
 5. The interest comprises 25,500 Shares and 30,473 underlying Shares in respect of the outstanding Awarded Shares which remained unvested under the 2023 Share Award Scheme. Details of the Awarded Shares granted to this director are set out above under "Share Award Scheme".
 6. The interest comprises 1,678 Shares and 27,215 underlying Shares in respect of the outstanding Awarded Shares which remained unvested under the 2023 Share Award Scheme. Details of the Awarded Shares granted to this director are set out above under "Share Award Scheme".
 7. As at 31 December 2024, the total number of issued Shares was 9,224,914,953.
- * Interests of beneficial owner
- + Interests of spouse or child under 18 as beneficial owner





Directors' Report

(B) Long position in the shares of associated corporations of the Company

Name of director	Name of associated corporation	Nature of interest	Number of shares and class of shares held	Approximate % of shareholding
Ma Huateng	Tencent Computer	Personal	RMB35,285,705 (registered capital)	54.29%
	Shiji Kaixuan	Personal	RMB5,971,427 (registered capital)	54.29%

Save as disclosed above, none of the directors or chief executive of the Company and their associates, had interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations as at 31 December 2024.

CONNECTED TRANSACTIONS

Reference is made to the waiver granted by the Stock Exchange regarding the compliance with the applicable disclosure, reporting and shareholders' approval requirements under Chapter 14A of the Listing Rules when the Company was listed in June 2004.

The reasons for using Structure Contracts

Current PRC laws and regulations limit foreign investment in businesses providing value-added telecommunications services in China. As foreign-invested enterprises, the WFOEs do not have licences to provide Internet content or information services and other telecommunications value-added services. Accordingly, the value-added telecommunications business of the Group has been conducted through Tencent Computer, Shiji Kaixuan and Shenzhen Tencent Tianyou (the "OPCOs") by themselves or through their subsidiaries under the Structure Contracts (as defined in the section "Our History and Structure – Structure Contracts" of the IPO prospectus of the Company). As a result of the Structure Contracts, the Group is able to recognise and receive the economic benefit of the business and operations of the OPCOs. The Structure Contracts are also designed to provide the Company with effective control over and (to the extent permitted by PRC law) the right to acquire the equity interests in and/or assets of the OPCOs.

For a summary of the major terms of the Structure Contracts, please refer to the sections headed "Our History and Structure" and "Structure Contracts" in the IPO prospectus. During the year ended 31 December 2024, there was no material change in the Structure Contracts and/or the circumstances under which they were adopted, and none of the Structure Contracts has been unwound as none of the restrictions that led to the adoption of Structure Contracts has been removed.





Directors' Report

Requirements related to Structure Contracts (other than relevant foreign ownership restrictions) as at 31 December 2024

Requirements related to Structure Contracts (other than relevant foreign ownership restrictions) include the Notice on Further Strengthening the Administration of Pre-examination and Approval of Online Games and the Examination and Approval of Imported Online Games (關於貫徹落實國務院《“三定”規定》和中央編辦有關解釋·進一步加強網絡遊戲前置審批和進口網絡遊戲審批管理的通知) (the “Circular 13”) jointly issued by PRC General Administration of Press and Publication, the National Copyright Administration and the National Office of Combating Pornography and Illegal Publications in September 2009, which provides that foreign investors are not permitted to invest in online game-operating businesses in the PRC via wholly-owned, equity joint venture or co-operative joint venture investments and further expressly prohibits foreign investors from gaining control over or participating in domestic online game operators through indirect ways such as establishing other joint venture companies or entering into contractual or technical arrangements with the Chinese licence holders.

However, the Circular 13 does not provide any interpretation of the term “foreign investors” or make a distinction between foreign online game companies and companies under a corporate structure similar to the Group. Thus, it is unclear whether National Press and Publication Administration (National Copyright Administration) will deem the Group’s structure and operations to be in violation of these provisions.

In the view of the Company’s PRC legal advisers, the arrangement of the Structure Contracts does not violate applicable existing PRC laws and regulations as the businesses involving value-added telecommunication services, online and mobile games, online advertising and other Internet and wireless portals in the PRC are operated by OPCOs that hold the necessary licences for the existing lines of businesses.

However, the Company’s PRC legal advisers also advised that there are substantial uncertainties regarding the interpretation and application of the currently applicable PRC laws, rules and regulations. Accordingly, the PRC regulatory authorities and PRC courts may in the future take a view that is contrary to the position of the Company’s PRC legal advisers concerning the Structure Contracts.

It is uncertain whether any new PRC laws, rules or regulations relating to Structure Contracts will be adopted or if adopted, what they would provide. On 15 March 2019, the Standing Committee of National People’s Congress promulgated Law of Foreign Investment which became effective on 1 January 2020 (the “2019 Law of Foreign Investment”). While the 2019 Law of Foreign Investment does not define Structure Contracts as a form of foreign investment explicitly, the Company cannot assure that future laws and regulations will not provide for Structure Contracts as a form of foreign investment. Therefore, there can be no assurance that the Company’s control over OPCOs through Structure Contracts will not be deemed as foreign investment in the future. If the Structure Contracts were to be deemed as a method of foreign investment under any future laws, regulations and rules, and if any of the Company’s business operations were to fall under the “negative list” for foreign investment, the Company would need to take further actions in order to comply with these laws, regulations and rules, which may materially and adversely affect its current corporate structure, business, financial condition and results of operations.





Directors' Report

Particulars of the OPCOs

Set out below is the registered owners and business activities of the OPCOs which had entered into transactions with the Group during the year ended 31 December 2024:

Name of the operating companies	Registered owners as at 31 December 2024	Business activities
Tencent Computer	54.29% by Ma Huateng 22.85% by Zhang Zhidong 11.43% by Xu Chenye 11.43% by Chen Yidan	Provision of value-added services and Internet advertisement services in the PRC
Shiji Kaixuan	54.29% by Ma Huateng 22.85% by Zhang Zhidong 11.43% by Xu Chenye 11.43% by Chen Yidan	Provision of Internet advertisement services in the PRC
Shenzhen Tencent Tianyou*	Tencent Enterprise Management	Provision of value-added services in the PRC

* Ultimate registered owners being Mr Ma Huateng and Mr Xu Chenye, both being founders, and a management team member, each ultimately interested in 60%, 35% and 5%, respectively of Tencent Enterprise Management.

The above OPCOs are significant to the Group as they hold relevant licences to provide Internet information services and other value-added telecommunications services. The aggregate gross revenue and net asset value of the above OPCOs that are subject to the Structure Contracts amounted to approximately RMB352 billion for the year ended 31 December 2024 and approximately RMB21 billion as at 31 December 2024, respectively.





Directors' Report

Review of the transactions carried out under the Structure Contracts during the financial year

The Company's independent non-executive directors had reviewed the Structure Contracts and confirmed that the transactions carried out during the financial year had been entered into in accordance with the relevant provisions of the Structure Contracts and, had been operated so as to transfer by the date of this annual report the Surplus Cash (as defined in the section "Our History and Structure – Structure Contracts" of the IPO prospectus of the Company) of each of the OPCOs as at 31 December 2024 to Tencent Technology, Cyber Tianjin (formerly known as Shidai Zhaoyang Technology (Shenzhen) Company Limited in the IPO prospectus of the Company), Tencent Beijing, Shenzhen Tencent Information, Tencent Chengdu, Chongqing Tencent Information, Shanghai Tencent Information, Tencent Shanghai, Tencent Wuhan, Hainan Network, Guangzhou Tencent Technology, Shenzhen Tencent Network, Guian New Area Tencent Cyber, Cyber Shenzhen, Wuhan Tencent Information, Guangzhou Tencent Computer, Hangzhou Tencent Information, Yizheng Cyber and Shenzhen Tencent Cyber.

The Company's independent non-executive directors had also confirmed that no dividends or other distributions had been made by the OPCOs to the holders of their equity interests and the terms of any new Structure Contracts entered into, renewed and/or cloned during the relevant financial period are fair and reasonable so far as the Group was concerned and in the interests of the Company's shareholders as a whole.

The Auditor had carried out procedures on the transactions conducted pursuant to the Structure Contracts and had provided a letter to the Board confirming that such transactions had been approved by the Board and had been entered into, in all material respects, in accordance with the relevant Structure Contracts and had been operated so as to transfer the Surplus Cash of the OPCOs as at 31 December 2024 to the WFOEs and that no dividends or other distributions had been made by the OPCOs to the holders of their equity interests.

Transactions carried out during the year ended 31 December 2024, which have been eliminated in the consolidated financial statements of the Group, are set out as follows:

1. Pursuant to the TCS CFC, the parties shall co-operate in the provision of communications services. Tencent Technology and its affiliates shall allow Tencent Computer to use its and its affiliates' assets and provide services to Tencent Computer. Tencent Computer shall transfer all of its Surplus Cash to Tencent Technology and its affiliates as consideration. The parties also established the TCS Co-operation Committee according to this agreement. During the year, revenue sharing amounting to approximately RMB163,599 million, RMB465 million, RMB26,364 million, RMB1,366 million, RMB16,735 million, RMB1,815 million, RMB3,212 million, RMB13 million, RMB1,344 million, RMB873 million, RMB3 million, RMB457 million, RMB4,861 million, RMB1,195 million, RMB125 million, RMB84 million, RMB121 million and RMB70 million were paid or payable by Tencent Computer to Tencent Technology, Cyber Tianjin, Tencent Beijing, Tencent Chengdu, Tencent Shanghai, Tencent Wuhan, Chongqing Tencent Information, Shenzhen Tencent Information, Hainan Network, Guangzhou Tencent Technology, Shenzhen Tencent Network, Guian New Area Tencent Cyber, Cyber Shenzhen, Wuhan Tencent Information, Guangzhou Tencent Computer, Hangzhou Tencent Information, Yizheng Cyber and Shenzhen Tencent Cyber respectively.





Directors' Report

2. Pursuant to the SKT CFC, the parties shall co-operate in the provision of communications services. Cyber Tianjin and its affiliates shall allow Shiji Kaixuan to use its and its affiliates' assets and provide services to Shiji Kaixuan. Shiji Kaixuan shall transfer all of its Surplus Cash to Cyber Tianjin and its affiliates as consideration. The parties also established the SKT Co-operation Committee according to this agreement. During the year, no services were transacted under such arrangements, save as disclosed elsewhere in this section.
3. Pursuant to the amended and restated IP transfer agreement dated 28 February 2004 entered into between Tencent Technology and Tencent Computer, Tencent Computer shall assign to Tencent Technology its principal present and future IP rights, free from encumbrances (except for licences granted in the ordinary course of Tencent Computer's business) in consideration of Tencent Technology's undertaking to provide certain technology and information services to Tencent Computer. During the year, no IP transfer was transacted under such arrangements, save as disclosed elsewhere in this section.
4. Pursuant to the IP transfer agreement dated 28 February 2004 entered into between Cyber Tianjin and Shiji Kaixuan, Shiji Kaixuan shall assign to Cyber Tianjin its principal present and future IP rights, free from encumbrance (except for licences granted in the ordinary course of Shiji Kaixuan's business) in consideration of Cyber Tianjin's undertaking to provide certain technology and information services to Shiji Kaixuan. During the year, no IP transfer was transacted under such arrangements, save as disclosed elsewhere in this section.
5. Pursuant to the domain name licence agreement dated 28 February 2004 entered into between Tencent Technology, as licensor, and Tencent Computer, as licensee, Tencent Technology shall grant to Tencent Computer a non-exclusive licence to use specified domain names against payment of annual royalties determined by the TCS Co-operation Committee within a range of percentages of Tencent Computer's annual revenues. During the year, no domain name licence was transacted under such arrangements, save as disclosed elsewhere in this section.
6. Pursuant to the domain name licence agreement dated 28 February 2004 entered into between Tencent Technology, as licensor, and Shiji Kaixuan, as licensee, Tencent Technology shall grant to Shiji Kaixuan a non-exclusive licence to use specified domain names against payment of annual royalties determined as a percentage of Shiji Kaixuan's annual revenues (which may be adjusted pursuant to the agreement or the SKT CFC). During the year, no domain name licence was transacted under such arrangements, save as disclosed elsewhere in this section.
7. Pursuant to the trademark licence agreement dated 28 February 2004 entered into between Tencent Technology, as licensor, and Tencent Computer, as licensee, Tencent Technology shall grant to Tencent Computer a non-exclusive licence to use specified trademarks against payment of annual royalties determined as a percentage of Tencent Computer's annual revenues (which may be adjusted pursuant to the agreement or the TCS CFC). During the year, no trademark licence was transacted under such arrangements, save as disclosed elsewhere in this section.





Directors' Report

8. Pursuant to the trademark licence agreement dated 28 February 2004 entered into between Tencent Technology, as licensor, and Shiji Kaixuan, as licensee, Tencent Technology shall grant to Shiji Kaixuan a non-exclusive licence to use specified trademarks against payment of annual royalties determined as a percentage of Shiji Kaixuan's annual revenues (which may be adjusted pursuant to the agreement or the SKT CFC). During the year, no trademark licence was transacted under such arrangements, save as disclosed elsewhere in this section.
9. Pursuant to the information consultancy services agreement dated 28 February 2004 entered into between Tencent Technology, as consultant, and Tencent Computer, Tencent Technology shall provide specified information consultancy services to Tencent Computer against payment of an annual consultancy service fee determined by the TCS Co-operation Committee within a range of percentages of Tencent Computer's annual revenues. During the year, no consultancy service was transacted under such arrangements, save as disclosed elsewhere in this section.
10. Pursuant to the technical consultancy services agreement dated 28 February 2004 entered into between Tencent Technology, as consultant, and Shiji Kaixuan, Tencent Technology shall provide specified technical consultancy services to Shiji Kaixuan against payment of an annual consultancy service fee determined by the SKT Co-operation Committee within a range of percentages of Shiji Kaixuan's annual revenues. During the year, no consultancy service was transacted under such arrangements, save as disclosed elsewhere in this section.
11. Pursuant to the co-operation framework agreement entered into between Shenzhen Tencent Tianyou and the relevant WFOEs, the parties shall cooperate in the provision of communications services. For each agreement, the WFOEs shall allow Shenzhen Tencent Tianyou to use its and its affiliates' assets and provide services to Shenzhen Tencent Tianyou. Shenzhen Tencent Tianyou shall transfer all of its Surplus Cash to the WFOEs and its affiliates as consideration. Co-operation committees have also been established according to these agreements. During the year, revenue sharing amounting to approximately RMB48,615 million, RMB490 million, RMB51,240 million, RMB2,564 million, RMB206 million, RMB94 million, RMB273 million, RMB95 million, RMB5,723 million, RMB303 million, RMB188 million and RMB143 million were paid or payable by Shenzhen Tencent Tianyou to Tencent Technology, Cyber Tianjin, Tencent Chengdu, Tencent Shanghai, Tencent Wuhan, Chongqing Tencent Information, Shenzhen Tencent Information, Hainan Network, Shenzhen Tencent Network, Guian New Area Tencent Cyber, Cyber Shenzhen and Wuhan Tencent Information respectively.





Directors' Report

The risks associated with Structure Contracts and the actions taken by the Company to mitigate the risks

Due to regulatory limitations restricting foreign investment in businesses providing value-added telecommunications services in China, the Company conducts some of its business in the PRC through the OPCOs. These contractual arrangements may not be as effective in providing control as direct ownership. Pursuant to the Structure Contracts, the arbitration tribunal is entitled to decide compensation for the equity interests or property ownership of OPCOs, decide to implement enforceable remedy (including mandatorily requiring OPCOs to transfer the equity interests of OPCOs to the WFOEs, etc.) or order the bankruptcy of OPCOs. Prior to the formation of the arbitration tribunal, the courts of the places where the major assets of OPCOs are situated are entitled to implement interim remedies to ensure the enforcement of the future decisions of the arbitration tribunals.

The WFOEs have been structured and located in order to benefit from preferential tax treatments offered to companies located in designated economic zones and/or operating software-related businesses. Although the relevant governmental authority has granted such preferential tax treatment to certain WFOEs and OPCOs, there can be no assurance that the conditions under which these treatments are provided will always be present. The relevant WFOEs and OPCOs would use their reasonable endeavours to take all necessary actions, including but not limited to maintaining or acquiring their status as "High and New Technology Enterprise" or "National Key Software Enterprise", in order to continue to enjoy the reduced income tax rate and the other tax concessions.

Due to the legal constraints in relation to foreign investment in the telecommunications value-added services industry in the PRC, a number of agreements have been entered into between members of the Group whereby the Company and the WFOEs derive substantially all their revenues from transactions with the OPCOs. The recognition of revenues outlined in these intra-group contracts could be challenged by tax authorities and any adjustment in tax treatment could have a material and adverse impact on the taxable profitability of the Group. As advised by the Company's PRC legal advisers, it is unlikely that the tax treatment of revenues will be challenged by the PRC tax authorities, provided that the transactions under these intra-group contracts represent bona fide transactions conducted on an arm's length basis. The Company will take all necessary actions to ensure and monitor that relevant transactions are to be conducted on an arm's length basis to minimise the risks of adjustment in tax treatment.

For details of the risks associated with the Structure Contracts, please refer to the section headed "Risk factors – Risks relating to our structure" in the IPO prospectus.

Other connected transactions

The Group entered into certain transactions with "related parties" as defined under applicable accounting standards during the financial year ended 31 December 2024 which were disclosed in Note 14(a) (Senior management's emoluments), Note 14(b) (Five highest paid individuals), Note 15 (Benefits and interests of directors), Note 27 (Loans to investees and investees' shareholders), Note 35 (Share-based payments) and Note 45 (Related party transactions) to the consolidated financial statements. Save as the related parties transactions involving payment of remuneration to certain directors of the Group which constitute continuing connected transactions fully exempt from the connected transaction requirements under Rule 14A.76(1) or Rule 14A.95 of the Listing Rules, no related parties transactions disclosed in the consolidated financial statements constitutes a connected transaction as defined under Chapter 14A of the Listing Rules.





Directors' Report

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the following persons, other than the directors or chief executive of the Company, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the Shares:

Long/ short position in the shares of the Company

Name of shareholder	Long/ short position	Nature of interest/ capacity	Number of Shares/ underlying Shares held	Approximate % of shareholding (Note 3)
MIH Internet Holdings B.V.	Long position	Corporate (Note 1)	2,214,863,800	24.01%
Advance Data Services Limited	Long position	Corporate (Note 2)	804,859,700	8.72%

Note:

1. MIH Internet Holdings B.V. is controlled by Naspers Limited and held through its non wholly-owned subsidiary, Prosus N.V. MIH Internet Holdings B.V. is a wholly-owned subsidiary of Prosus N.V. As such, Naspers Limited, Prosus N.V. and MIH Internet Holdings B.V. are deemed to be interested in the same block of 2,214,863,800 Shares under Part XV of the SFO.
2. Advance Data Services Limited holds 709,859,700 Shares directly and 95,000,000 Shares indirectly through its wholly-owned subsidiary, Ma Huateng Global Foundation. As Advance Data Services Limited is wholly-owned by Mr Ma Huateng, Mr Ma has an interest in these Shares as disclosed under the section of "Directors' Interests in Securities".
3. As at 31 December 2024, the total number of issued Shares was 9,224,914,953.

Save as disclosed above, the Company had not been notified of any other persons (other than the directors or chief executive of the Company) who, as at 31 December 2024, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO.



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Directors' Report

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the five largest customers of the Group accounted for approximately 7.4% of the Group's total revenues while the largest customer of the Group accounted for approximately 3.73% of the Group's total revenues. In addition, for the year ended 31 December 2024, the five largest suppliers of the Group accounted for approximately 19.76% of the Group's total purchases while the largest supplier of the Group accounted for approximately 5.5% of the Group's total purchases.

None of the directors, their close associates or any shareholder (which to the knowledge of the directors owns more than 5% of the number of issued Shares) had an interest in any of the major customers or suppliers noted above.

AUDIT COMMITTEE

The Audit Committee, together with the Auditor, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2024. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

ENVIRONMENT AND COMPLIANCE WITH LAWS

The Group is committed to minimising the impact on the environment from our business activities and the details of such efforts are set out in the section headed "Environmental Protection" in the standalone "Environmental, Social and Governance Report 2024". As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.





Directors' Report

ADOPTION OF CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. The directors of the Company have complied with such code of conduct throughout the accounting year covered by this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders of the Company.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 110,558 employees (2023: 105,417). The number of employees employed by the Group varies from time to time depending on needs and employees are remunerated based on industry practice.

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

The total remuneration cost incurred by the Group for the year ended 31 December 2024 was RMB112.8 billion (2023: RMB107.7 billion).

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of its directors, the directors confirm that the Company has maintained during the year the amount of public float as required under the Listing Rules.





Directors' Report

CLOSURE OF REGISTER OF MEMBERS

(A) Entitlement to Attend and Vote at the 2025 AGM

For the purpose of determining the shareholders' entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Friday, 9 May 2025 to Wednesday, 14 May 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the 2025 AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 May 2025.

(B) Entitlement to the Proposed Final Dividend

For the purpose of determining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 20 May 2025 to Wednesday, 21 May 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 May 2025.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the 2025 AGM.

On behalf of the Board

Ma Huateng

Chairman

Hong Kong, 19 March 2025





Corporate Governance Report

Maintaining the highest standards of corporate governance and ethical business practices are core values of the Group. The Board views effective corporate governance practices as a priority of the Group, with the aim of providing our investors with a thorough understanding of the Group's management and how such management oversees and manages different businesses of the Group. Our belief is that investors will realise significant long-term value when the Group's businesses are conducted in an open and responsible manner. Ethical business practices go hand in hand with strong corporate governance, and we believe that running our businesses ethically will lead to public trust and will ultimately create shareholder value for the Group.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the code provisions as set out in the CG Code. The Board believes that throughout the year ended 31 December 2024, the Company complied with the applicable code provisions set out in the CG Code, except for the deviations from code provisions B.2.2 regarding the retirement and re-election of directors and C.2.1 regarding the segregation of the roles of chairman and chief executive. The reasons for these deviations are further explained in the sub-sections headed "Chairman and Chief Executive Officer" and "Appointments, Re-election and Removal" below.

The Board continues to monitor and review the Company's corporate governance practices and makes necessary changes when appropriate.

CORPORATE CULTURE

The Company promotes the values of "Integrity, Proactivity, Collaboration, Creativity" as its guiding principles for long-term sustainable development. The essence of the Company's vision and mission of "Value for Users, Tech for Good" is to use the power of technology to better care for people; and the creation of social value is a journey in which the Company transforms the abstract concept of kindness and care into executable strategies, action plans, products, and operations. The Company promotes the integration of its corporate values into the Company's operations through policies and initiatives, including without limitation advocating a workplace culture of diversity, equity, and inclusion and focusing on long-term creation of sustainable social value by driving innovation in technologies, products and models, and providing solutions to social challenges. For further information of the Company's corporate culture, please refer to the "Environmental, Social and Governance Report 2024" published by the Company.

BOARD OF DIRECTORS

Responsibilities

The Board's fundamental responsibility is to exercise its best judgment and to act in the best interests of the Company and its shareholders. The Board oversees management's efforts to promote the Company's success while operating in an effective and responsible manner. The Board also formulates the Company's overall business strategy and monitors management's execution of such strategy.





Corporate Governance Report

The Board has defined the business and governance issues for which it needs to be responsible, and these matters are reviewed periodically to ensure that the Company maintains effective and up-to-date corporate governance practices. In this regard, the Board:

- determines the Group's mission, provides its strategic direction and is responsible for the approval of strategic plans;
- approves the annual business plan and budget proposed by management;
- retains full and effective control over the Group and monitors management with regard to the implementation of the approved annual business plan and budget;
- appoints the Chief Executive Officer, who reports to the Board, and ensures that succession is planned;
- approves the Company's financial statements and interim and annual reports;
- determines the Group's communication policy;
- determines directors' selection, orientation and evaluation;
- ensures that the Group has appropriate risk management, internal control, internal audit and regulatory compliance procedures in place and that it communicates adequately with shareholders and stakeholders;
- establishes Board committees with clear terms of reference and responsibilities as appropriate;
- defines levels of delegation in respect of specific matters, with required authority to Board committees and management;
- monitors non-financial aspects pertaining to the businesses of the Group;
- considers and, if appropriate, declares the payment of dividends to shareholders; and
- regularly evaluates its own performance and effectiveness.

The Board delegates the responsibility of day-to-day business and operations to the Company's senior management team, which includes its chief officers, the president and executive vice-presidents. The senior management team meets once every two weeks or as frequently as necessary to formulate policies and make recommendations to the Board. The senior management team administers, enforces, interprets and supervises compliance with the internal rules and operational procedures of the Company as well as those of its subsidiaries and conducts regular reviews, recommends and advises on appropriate amendments to such rules and procedures. The senior management team reports to the Board on a regular basis and communicates with the Board whenever required.

To better serve the long-term interests of our stakeholders, the Board delegates certain matters requiring particular time, attention and expertise to its committees. The Board has determined that these matters are better handled by the committees as they require independent oversight and specialist input. As such, the Board has established five committees to assist it: the Audit Committee, Corporate Governance Committee, Investment Committee, Nomination Committee and Remuneration Committee. Each of the committees has its own terms of reference which clearly specify its powers and authorities. All committees report back to the Board and make recommendations to the Board as necessary.



Corporate Governance Report

The Company's governance structure of these committees can be summarised as follows:

Audit Committee

- handles the relationship with the Company's external auditor;
- reviews the Company's financial information;
- exercises oversight of the Company's financial reporting system;
- reviews the work done by the Company's management with respect to risk management and internal control systems;
- oversees the risks undertaken by the Company including determining the level of risk the Company expects and is able to take; and
- oversees the Group's anti-money laundering and sanctions compliance system.

Corporate Governance Committee

- reviews the Company's corporate governance and makes recommendations to the Board;
- reviews and monitors the Company's policies and practices on its compliance with legal and regulatory requirements;
- develops, reviews and monitors the code of conduct and compliance manual (if any) applicable to employees and directors;
- reviews the shareholders communication policy and makes recommendations to the Board where appropriate to enhance effective communications between the Company and its shareholders;
- reviews and monitors the evaluation and management of issues related to the Company's Environmental, Social and Governance ("ESG") matters;
- reviews and monitors the progress made against ESG-related goals and targets;
- reviews the Company's compliance with the CG Code and disclosure in the Corporate Governance Report and the ESG Report;
- reviews the Company's ESG strategy and makes recommendations to the Board; and
- reviews and monitors the training and continuous professional development of the directors and senior management team.

The terms of reference of the Corporate Governance Committee were revised in March 2024 to align with the revised structure of the appendices to the Listing Rules which took effect from 31 December 2023.



Corporate Governance Report

Investment Committee

- identifies, considers and makes recommendations on mergers, acquisitions and disposals; and
- ensures compliance with the Listing Rules and any other relevant laws and regulations on any mergers, acquisitions and disposals.

Nomination Committee

- reviews and monitors the structure, size, composition and diversity of the Board in light of the Company's strategy;
- identifies suitable and qualified individuals and makes recommendations to the Board as to new Board members, by taking into account the individual's professional experience, knowledge, skills, gender, age, cultural and educational background, as well as the Listing Rules requirements;
- reviews and makes recommendations to the Board on individuals nominated to be directors by shareholders;
- assesses the independence of independent non-executive directors and the perspectives, skills and experience that such director can bring to the Board; and
- reviews and monitors the implementation of the board diversity policy and the board nomination policy of the Company.

The terms of reference of the Nomination Committee were revised in March 2024 to align with the revised structure of the appendices to the Listing Rules which took effect from 31 December 2023.

Remuneration Committee

- reviews and approves proposals about the policy and structure of remuneration of directors and senior management team;
- ensures that these remuneration proposals are aligned to corporate goals and objectives;
- ensures that no director or any of his/her associates is involved in deciding his/her own remuneration; and
- reviews and approves matters relating to share schemes under Chapter 17 of the Listing Rules.

The terms of reference of the Remuneration Committee were revised in March 2024 to align with the revised structure of the appendices to the Listing Rules which took effect from 31 December 2023.

The major work of these committees during the year 2024 is set out on pages 90 to 97.





Corporate Governance Report

All directors have full and timely access to all relevant information as well as the advice and services of the Company's general counsel and the company secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. All directors may also obtain independent professional advice at the Company's expense for carrying out their functions.

We believe education and training are important for maintaining an effective Board. New directors undergo an orientation programme designed to provide a thorough understanding of the Group's operations and businesses, and also receive a handbook outlining their responsibilities under the Listing Rules and applicable laws. Existing directors are provided with tailored training programmes covering topics such as best practices in corporate governance, legal and regulatory trends and, given the nature of our business, emerging technologies and products. Directors also regularly meet with the senior management team to understand the Group's businesses, governance policies and regulatory environment. During the year ended 31 December 2024, the Company arranged training on topics relating to corporate governance, legal and regulatory updates and product trends which are relevant to the Group's businesses. The table below summarises the participation of each of the directors in continuous professional development during the year ended 31 December 2024:

Name of director	Participated in continuous professional development ¹
Executive director	
Ma Huateng	√
Non-executive directors	
Jacobus Petrus (Koos) Bekker	√
Charles St Leger Searle	√
Independent non-executive directors	
Li Dong Sheng	√
Ian Charles Stone	√
Yang Siu Shun	√
Ke Yang	√
Zhang Xiulan	√

¹ Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.





Corporate Governance Report

A high level of corporate governance and integrity cannot be maintained only with the Board's efforts. Each of the Group's employees plays a role in contributing to such cause. A code of conduct which emphasises integrity and respect is distributed by the Company to all employees and it forms part of the employment agreement with each of the employees.

In addition, the Board has adopted various practices to bring the Group to a high level of corporate governance and compliance with the CG Code.

To stay abreast of the high level of corporate governance and maintain transparency of our corporate governance practices, we have continued to adopt and foster the following corporate governance practices:

- review of the shareholders communication policy has been and will be conducted on a regular basis;
- training has been and will continue to be provided to the directors on a timely basis, including briefing the directors on any updates to the Listing Rules and relevant laws;
- the company secretary who is an employee of the Company attends training in compliance with the Listing Rules requirements; and
- informal updates from time to time and structured monthly updates on the Company's performance, position and prospects are provided to the directors.

Chairman and Chief Executive Officer

Mr Ma Huateng serves as the Chairman and Chief Executive Officer of the Company. This is at variance with code provision C.2.1 of the CG Code, which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual, and that the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

In view of the ever-changing business environment in which our Group operates, the Chairman and Chief Executive Officer must be technically sophisticated and sensitive to fast and rapid market changes, including changes in users' preferences, in order to effectively promote the different businesses of the Group. The Board thus considers that segregating the roles of the Chairman and Chief Executive Officer may create unnecessary costs for the daily operation of the Group.





Corporate Governance Report

Besides, all major decisions have been made in consultation with members of the Board and appropriate committees, as well as the senior management team. Chief officers and senior executives are invited to attend Board meetings from time to time to make presentations and answer the Board's enquiries. Additionally, directors are encouraged to participate actively in all Board and committee meetings of which they are members, and the Chairman ensures that all issues raised are properly briefed at the Board meetings, and he works with the senior management team to provide adequate, accurate, clear, complete and reliable information to members of the Board in a timely manner. Further, the Chairman ensures that adequate time is available for discussion of all items at the Board meetings. During the year ended 31 December 2024, the Chairman held a meeting with the independent non-executive directors without the presence of other directors as required by the Listing Rules.

The Board is therefore of the view that there is an adequate balance of power and that appropriate safeguards are in place. Nevertheless, the Board will continue to regularly monitor and review the Company's current structure and make necessary changes when appropriate.

Composition

As at the date of this annual report, the Board comprised eight directors, with the executive director, two non-executive directors and five independent non-executive directors. During the year ended 31 December 2024 and up to the date of this annual report, there have been no changes to the composition of the Board.

A list of directors and their respective biographies which include their positions held at the Company and certain subsidiaries are set out on pages 59 to 62 of this annual report. There is no relationship (including financial, business, family or other material/relevant relationship(s)) among members of the Board.

In order to take advantage of the skills, experiences and diversity of perspectives of the directors and to ensure that the directors give sufficient time and attention to the Group's affairs, we request each director to disclose to the Company, on a quarterly basis, the number and nature of offices held in public companies or organisations and other significant commitments. The Board's composition is in compliance with the requirement under the Listing Rules that the number of independent non-executive directors must represent at least one-third of the Board. The Board believes that the balance between the executive director and the non-executive directors is reasonable and adequately provides sufficient checks and balances that safeguard the interests of the shareholders and the Group.





Corporate Governance Report

The Board values the importance of professional judgment and advice provided by non-executive directors to safeguard the interests of the shareholders. The non-executive directors contribute diversified qualifications and experience to the Group by expressing their views in a professional, constructive and informed manner, and actively participate in Board and committee meetings and bring professional judgment and advice on issues relating to the Group's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interest and management processes, with the shareholders' interests being the utmost important factor. The non-executive directors also take the lead where potential conflicts of interest arise and exercise their professional judgment and utilise their expertise to scrutinise the Company's performance in achieving agreed corporate goals and objectives and monitor performance reporting.

Furthermore, in compliance with the Listing Rules, one of our independent non-executive directors has the appropriate professional qualifications in accounting or related financial management expertise, and provides valuable advice from time to time to the Board. The Company has also received from each independent non-executive director a confirmation annually of their independence and the Nomination Committee has conducted an annual review and considers that all independent non-executive directors are independent, taking into account the independence guidelines set out in the Listing Rules in the context of the length of service of each independent non-executive director.

As part of our corporate governance practice to provide transparency to the investor community and in compliance with the Listing Rules and the CG Code, independent non-executive directors are identified as such in all corporate communications containing the names of the directors. In addition, an updated list of directors identifying the independent non-executive directors and the roles and functions of the directors is maintained on the Company Website and the Stock Exchange's website.

Appointments, Re-election and Removal

The Board is the core of the Group's success, and with the appropriate composition of the Board, we can benefit from the right set of skills, experience and diversity of perspectives to take the Company forward. Therefore, it is essential for the Company to maintain a formal, considered and transparent procedure for the appointment of new directors to the Board. It is our corporate governance practice and in accordance with the Articles of Association that all directors (except for the Chairman) should be subject to re-election at regular intervals and that the resignation and removal of any director should be explained with reasons. At the 2024 annual general meeting ("2024 AGM"), Mr Charles St Leger Searle and Professor Ke Yang retired and were re-elected.

Code provision B.2.2 of the CG Code provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.





Corporate Governance Report

The Chairman, in accordance with the Articles of Association, whilst holding such office is not subject to retirement by rotation nor taken into account in determining the number of directors to retire in each year. Therefore, this is a deviation from code provision B.2.2 of the CG Code. The Chairman is one of the founders of the Group and he plays a key role in the growth and development of the Group and his continuing presence on the Board is vital to the sustainable development of the Group. Given the importance of the Chairman's role in the development of the Group, the Board considers that the deviation from code provision B.2.2 of the CG Code has no material impact on the operation of the Group as a whole.

As the re-election of Mr Yang Siu Shun, who was re-elected in 2021, was not considered at the 2024 AGM, there is a deviation from code provision B.2.2 of the CG Code. Notwithstanding that Mr Yang Siu Shun was not subject to retirement by rotation at the 2024 AGM, his biography and details of his emoluments are set out in the Directors' Report and Note 15 to the consolidated financial statements respectively for shareholders' information. Considering that the re-election of Mr Yang Siu Shun will be considered at the 2025 AGM, the Board believes that such deviation does not have a material impact on the operation of the Company as a whole.

Board Activity

The Board met five times in 2024. The attendance of each director at Board meetings, committee meetings and the annual general meeting, whether in person or by means of electronic communication, is detailed in the table below:

Name of director	Board	Corporate			Remuneration Committee	Annual General Meeting
		Audit Committee	Governance Committee	Nomination Committee		
Executive director						
Ma Huateng	5/5			1/1		1/1
Non-executive directors						
Jacobus Petrus (Koo) Bekker	5/5				4/4	1/1
Charles St Leger Searle	5/5	8/8	2/2	1/1		1/1
Independent non-executive directors						
Li Dong Sheng	3/5			1/1	4/4	1/1
Ian Charles Stone	5/5	8/8	2/2	1/1	4/4	1/1
Yang Siu Shun	5/5	8/8	2/2	1/1		1/1
Ke Yang	5/5		2/2			1/1
Zhang Xiulan	5/5		2/2			1/1





Corporate Governance Report

At the Board meetings, the Board discussed a wide range of matters, including the Group's overall strategies, financial and operational performances, approved the annual, interim and quarterly results of the Group, the appointment of directors, business prospects, regulatory compliance and corporate governance, and other significant matters. The company secretary, in consultation with the Chairman and the senior management team, prepares the agenda for each meeting and all directors are given the opportunity to include matters for discussion in the agenda. The company secretary also ensures that all applicable laws, rules and regulations in relation to the Board meetings are followed. The company secretary sends a notice and draft agenda of the Board meeting to each of the directors for consideration at least 14 days in advance of each regular Board meeting. The company secretary sends the final agenda, board papers and relevant information relating to the Group to each of the directors at least 3 days in advance of each regular Board meeting and committee meeting, and keeps the directors updated on the Group's financial performance and latest developments. If any director raises queries, steps will be taken to respond to such queries as promptly and fully as possible. If there is potential or actual conflict of interest involving a substantial shareholder or a director, such director will declare his/her interest and will abstain from voting on such matters. The directors may approach the Company's senior management team when necessary. The directors may also seek independent professional advice at the Company's expense in appropriate circumstances.

The company secretary ensures that there is a good and timely flow of information to the Board. The company secretary is responsible for taking minutes of all Board and committee meetings and ensuring that sufficient details of the matters considered and decisions reached have been recorded. Draft and final versions of the minutes of meetings are sent to the directors for comments and records respectively within a reasonable time after each meeting, and final minutes are kept by the company secretary and are available for review and inspection by the directors at any time.

THE COMMITTEES

As described above, the Board has established five committees, each of which has been delegated responsibilities and reports back to the Board: the Audit Committee, Corporate Governance Committee, Investment Committee, Nomination Committee and Remuneration Committee. The roles and functions of these committees are set out in their respective terms of reference. The terms of reference for each of these committees will be revised from time to time to ensure that they continue to meet the needs of the Company and ensure compliance with the CG Code. The terms of reference for the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the Company Website under the section headed "Investors – Environment, Social and Governance – Governance – Board Committees" and on the Stock Exchange's website.





Corporate Governance Report

Audit Committee

The Audit Committee comprises only non-executive directors. It is chaired by Mr Yang Siu Shun (independent non-executive director) and its members are Mr Ian Charles Stone (independent non-executive director) and Mr Charles St Leger Searle (non-executive director). Mr Yang Siu Shun and Mr Charles St Leger Searle have appropriate professional qualifications and experiences in financial matters.

The Audit Committee should meet not less than four times a year and the Audit Committee met eight times in 2024. Individual attendance of each Audit Committee member is set out on page 88. In addition to the members of the Audit Committee, meetings were attended by the Chief Financial Officer, the Financial Controller, the Treasurer, the Head of IA and the Head of IC, and the external auditor at the invitation of the Audit Committee.

The Audit Committee's major work during the year 2024 includes the following:

- reviewing the 2023 annual report, including the Corporate Governance Report, the Directors' Report and the financial statements, as well as the related results announcement and the ESG Report;
- reviewing the 2024 interim report and interim results announcement;
- reviewing the 2024 first and third quarters results announcements;
- reviewing the status of compliance with the CG Code, the Listing Rules and relevant laws by the Group;
- reviewing the dividend policy of the Company;
- in relation to the external auditor, reviewing their plans, reports and management letter, fees, involvement in non-audit services, and their terms of engagement;
- reviewing the plans (including those for 2024), resources and work of the Company's internal auditors;
- reviewing the adequacy of resources, qualifications and training of the Group's finance department;
- reviewing the effectiveness of the Company's financial reporting system, the system of internal controls in operation, risk management system and associated procedures within the Group; and
- reviewing the share repurchase exercise throughout the year.





Corporate Governance Report

PricewaterhouseCoopers ("PwC") is the Company's external auditor. The Audit Committee annually reviews the relationship between the Company and PwC. Having assessed the effectiveness of the external audit process as well as the independence and objectivity of PwC, the Audit Committee is satisfied with PwC's resources, independence and objectivity, as well as the effectiveness of the audit process. As such, the Audit Committee has recommended their re-appointment at the 2025 AGM.

Corporate Governance Committee

The Corporate Governance Committee comprises only non-executive directors. It is chaired by Mr Charles St Leger Searle (non-executive director) and its members are Mr Ian Charles Stone, Mr Yang Siu Shun, Professor Ke Yang and Professor Zhang Xiulan (all of them are independent non-executive directors).

The Corporate Governance Committee met twice in 2024. Individual attendance of each Corporate Governance Committee member is set out on page 88.

The Corporate Governance Committee's major work during the year 2024 and up to the date of this annual report includes the following:

- reviewing the Company's policies and practices on corporate governance and ESG;
- reviewing legal and regulatory compliance, including the insider dealing policy, the disclosure of inside information policy and the shareholders communication policy. The insider dealing policy was revised in March 2024 and the shareholders communication policy was revised in March 2025;
- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report;
- reviewing the Company's compliance with the ESG Reporting Code and disclosure in the ESG Report;
- considering the Company's environmental targets; and
- discussing the arrangements made for directors and senior management team to attend training sessions for continuous professional development.





Corporate Governance Report

Investment Committee

The Investment Committee comprises executive director, non-executive director and the President of the Company. It is chaired by Mr Lau Chi Ping Martin, the President of the Company, and its members are Mr Ma Huateng (executive director) and Mr Charles St Leger Searle (non-executive director).

In 2024, the Investment Committee had considered and passed various resolutions on its decisions on the Group's acquisitions and disposals.

Nomination Committee

The Nomination Committee comprises a majority of independent non-executive directors. It is chaired by Mr Ma Huateng (executive director) and its members are Mr Li Dong Sheng, Mr Ian Charles Stone, Mr Yang Siu Shun (all of them are independent non-executive directors) and Mr Charles St Leger Searle (non-executive director).

The Nomination Committee met once in 2024. Individual attendance of each Nomination Committee member is set out on page 88.

During 2024, the Nomination Committee reviewed board composition and director succession, the board diversity policy and the board nomination policy, and also considered and made recommendations to the Board on the re-appointment of the retiring directors at the 2024 AGM. The board diversity policy and the board nomination policy were revised in March 2025. The Nomination Committee has also assessed the independence of the independent non-executive directors and considered all of them to be independent, taking into account the independence guidelines set out in the Listing Rules in the context of the length of service of each independent non-executive director, and the perspectives, skills and experience that such director can bring to the Board. The Company recognises the benefits of having a diverse Board, and views diversity at Board level as a business imperative that will help the Company achieve its strategic objectives and maintain a competitive advantage. As such, the Board has set measurable objectives for the implementation of the board diversity policy to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and maintain the effectiveness of the Board. The Nomination Committee is satisfied that the board diversity policy and the board nomination policy are successfully implemented with reference to the measurable objectives. The Nomination Committee will continue to conduct periodic review and monitor the implementation of the board diversity policy and the board nomination policy to ensure their continued effectiveness.





Corporate Governance Report

A summary of the board nomination policy and related nomination procedures is set out as follows:

Purpose and Objectives The board nomination policy aims to set out the approach to enable the Nomination Committee to nominate a director to the Board.

Director Selection Criteria In the determination of the suitability of a candidate, the Nomination Committee will consider a range of factors, including but not limited to the following selection criteria, before making recommendations to the Board:

- (a) the Company's prevailing board diversity policy and the requirements under the Listing Rules;
- (b) the independence of the independent non-executive directors and the independence criteria set out in the Listing Rules;
- (c) potential or actual conflicts of interest of the candidate or the re-elected director;
- (d) the expected contribution that the candidate would add to the Board and to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business;
- (e) the candidate or the re-elected director's reputation for integrity, accomplishment and experience in the relevant sectors;
- (f) the candidate or the re-elected director's ability to commit and devote sufficient time and attention to the Company's affairs; and
- (g) other relevant factors which will be considered by the Nomination Committee on a case-by-case basis.

The Nomination Committee has the discretion to nominate any person as it considers appropriate.





Corporate Governance Report

Nomination Procedure by Nomination Committee

The Nomination Committee will have a meeting at least once a year, and candidates, if any, will be identified for consideration. Nomination from the human resources department, external agencies, Board referrals, or shareholders, if appropriate, will be considered.

Where a retiring director, being eligible, offers himself/herself for re-election, the Nomination Committee will review the overall contribution to the Company of the retiring director and will also determine whether the retiring director continues to meet the selection criteria set out in the board nomination policy.

The Nomination Committee will assess the eligibility of a candidate to become a director of the Company taking into account factors, including without limitation his/her reputation, character, knowledge and experience, and make recommendations for the Board's consideration and approval.

The Board will consider and approve the appointment, if appropriate, based upon the recommendation of the Nomination Committee.

Monitoring, Reporting and Review

The Nomination Committee will report annually on the Board's composition and make appropriate disclosures regarding the board diversity policy in the Corporate Governance Report of the Company's annual reports.





Corporate Governance Report

A summary of the board diversity policy is set out as follows:

Purpose and Objectives The board diversity policy aims to set out the approach to enable the Nomination Committee to achieve diversity on the Board.

Policy Statement The Company recognises the benefits of having a diverse Board, and views diversity at Board level as a business imperative that will help the Company achieve its strategic objectives and maintain a competitive advantage. A truly diverse Board will be achieved through a number of factors, including but not limited to differences in skills, knowledge, experience and background.

Measurable Objectives Board appointments will be made on the basis of merit and fairness, with due regard to the benefits of diversity on the Board. The Nomination Committee will continue to have primary responsibility for identifying suitably qualified candidates to become members of the Board and, in carrying out this responsibility, will give adequate consideration to the board diversity policy. In forming its perspective on diversity, the Nomination Committee will also take into account factors based on the Company's business model and specific needs from time to time, including without limitation, skills, knowledge, experience, gender and background. The Nomination Committee and the Board would ensure that appropriate balance of gender diversity is achieved with reference to the expectation of shareholders as well as international and local recommended best practices. Since 2023, female representation on the Board has increased to 25%. The Board has achieved gender diversity and targets to reach 30% female representation on the Board by 2030.

As at 31 December 2024, our workforce (inclusive of permanent employees and other employees who are engaged in direct employment relationships with the Company only) consisted of 41,472 male employees and 16,878 female employees, representing approximately 71.1% and 28.9% of the total workforce, respectively. As at 31 December 2024, female members accounted for approximately 8.1% of senior management team, and approximately 24.9% of the managerial positions of the Company were held by female employees. In 2023, the Company released "Our Commitment to Diversity, Equity and Inclusion", declaring its plan to integrate diversity, equity and inclusion ("DEI") into its workplace culture and daily operations, and gradually achieve the DEI goals. The Company regularly reviews the DEI implementation progress and will continue to enhance diversity in different levels of workforce. For further details regarding the gender diversity of our workforce (including the gender ratio), please refer to the sections headed "Implementing Diversity, Equity, and Inclusion" and "ESG Key Performance Tables" in the "Environmental, Social and Governance Report 2024".

The Nomination Committee will ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective.





Corporate Governance Report

Independent Views

In assessing whether a potential candidate is qualified to become an independent non-executive director of the Company, the Nomination Committee and the Board will consider, among others, whether the candidate is able to devote sufficient time on performing his/her duties as an independent non-executive director of the Company, and the background and qualification of the candidate, in order to assess whether such candidate is able to bring independent views to the Board.

In considering whether an independent non-executive director should be proposed for re-election, the Nomination Committee and the Board will assess and evaluate the independent non-executive director's contribution to the Board during the term, in particular, whether the independent non-executive director is able to bring independent views to the Board.

The Company will ensure that there are channels (in addition to independent non-executive directors) where independent views are available, including but not limited to availability of access by directors of the Company to external independent professional advice to assist their performance of duties.

The Board had reviewed the implementation and effectiveness of the above mechanisms during the year 2024 and considered that such mechanisms had been properly implemented and were effective.

Monitoring, Reporting and Review

The Nomination Committee will report annually on the Board's composition and make appropriate disclosures regarding the board diversity policy in the Corporate Governance Report of the Company's annual reports. The Nomination Committee and the Board will also monitor the implementation and effectiveness of the board diversity policy.

Remuneration Committee

The Remuneration Committee comprises only non-executive directors. It is chaired by Mr Ian Charles Stone (independent non-executive director) and its members are Mr Li Dong Sheng (independent non-executive director) and Mr Jacobus Petrus (Koos) Bekker (non-executive director).

The Remuneration Committee met four times in 2024. Individual attendance of each Remuneration Committee member is set out on page 88.

The Remuneration Committee has the delegated responsibility to determine the remuneration packages of each member of the senior management team and make recommendations to the Board on the remuneration package of each director.



Corporate Governance Report

The Remuneration Committee's major work during the year 2024 includes the following:

- reviewing and recommending to the Board in respect of the remuneration policies and structure of the Company by benchmarking peer companies with a similar scale to ensure that the Company's remuneration packages are competitive to recruit the best talents in the industry and to retain key staff;
- reviewing and recommending to the Board on the remuneration packages for the directors;
- assessing performance and, reviewing and approving adjustments to the remuneration packages for the members of the senior management team;
- reviewing and approving compensation awards granted to senior management team, recognising their contributions to the Company and providing incentives for future performances;
- reviewing and approving the grant of options under the 2023 Share Option Scheme and the grants of share awards under the 2023 Share Award Scheme;
- reviewing and recommending to the Board on the adoption of the share incentive schemes of certain subsidiaries of the Company; and
- reviewing and approving the service contract entered into by the executive director with the Group.

All the options or awards involving new Shares granted to Employee Participants during the year ended 31 December 2024 were without performance targets. In view that (i) the grantees are employees of the Group who would contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; (ii) the grant was a recognition for the grantees' past contributions to the Group; and (iii) the options or awards were subject to certain vesting conditions and terms of the 2023 Share Option Scheme and the 2023 Share Award Scheme, which already cover situations where the options or awards would lapse in the event that the grantees cease to be employees of the Group, the Remuneration Committee was of the view that the grant of options or awards to Employee Participants without performance targets is market competitive and aligns with the purposes of the 2023 Share Option Scheme and the 2023 Share Award Scheme.

In conducting its work in relation to the remuneration of directors and senior management team, the Remuneration Committee ensured that no individual or any of his/her associates was involved in determining his/her own remuneration. It also ensured that remuneration awards were determined by reference to the performance of the individual and the Company and were aligned with the market practice and conditions, the Company's goals and strategies. The remuneration awards are designed to attract, retain and motivate high performing individuals, and reflect the specifics of individual roles. For further details of emoluments of the senior management by band, please refer to Note 14 to the consolidated financial statements.

In respect of non-executive directors, the Remuneration Committee has reviewed the fees payable to them taking into account the particular nature of their duties, relevant guidance available and the requirements of the Listing Rules.





Corporate Governance Report

ACCOUNTS, RISK MANAGEMENT AND INTERNAL CONTROL

As part of the Board's responsibilities, the Board ensures that the assessment of the Group's performance and prospects are comprehensively and clearly presented. The directors acknowledge that it is their ultimate responsibility to prepare the accounts that provide a true and fair view of the financial position of the Group on a going-concern basis, along with other announcements and financial disclosures. To assist the Board in discharging its responsibilities, management provides updates to the Board from time to time, including the Group's detailed business and financial position information, facilitating the directors in conducting a comprehensive, understandable and clear assessment of the performance, position and prospects of the Group. Management also provides all necessary and relevant information to the Board, giving the directors sufficient explanations and information they need to discharge their responsibilities and make informed assessments of the financial and other information presented to them for approval. The Auditor's statement in respect of their reporting responsibilities is set out in the "Independent Auditor's Report" of this annual report.

Adequate and effective risk management and internal control systems are key to safeguarding the achievement of the Company's strategic objectives. Risk management and internal control systems shall ensure the Company's effective business operation, the truthfulness and accuracy of financial reporting, as well as compliance with applicable laws, regulations and policies.

Regarding the establishment of a risk management organisational structure, implementation of risk management process and enhancement of risk culture building, the Company has been continuously improving its risk management and internal control systems while enhancing its risk management capabilities to ensure the healthy and sustainable development of the Company.

The Board acknowledges that it is its responsibility to ensure that the Company has established and maintained adequate and effective risk management and internal control systems. The Board delegates this responsibility to the Audit Committee, which reviews management's practices concerning risk management and internal control on a quarterly basis, including the development, implementation and monitoring of risk management and internal control systems. The Audit Committee assesses the effectiveness of the risk management and internal control systems annually. The members of the Audit Committee have extensive experience and knowledge in financial management and risk management. They receive updates on the latest risk management requirements and best practices from internal teams and discuss these matters in the quarterly Audit Committee meetings as necessary. The Board is also responsible for overseeing risks that the Company faces, determining the risk appetite of the Company, and proactively considering, analysing and formulating strategies to manage the Company's significant risks to acceptable levels. The risks mentioned above also include, but are not limited to, significant risks relating to the environmental, social and governance (ESG) aspects of the Company.

Under the supervision and guidance of the Board, the Company has adopted a risk management and internal control structure, referred to as the "Three Lines Model", to ensure the effectiveness of its risk management and internal control systems.





Corporate Governance Report

The First Line – Operation and Management

Our First Line mainly comprises the business and functional departments of each business group within the Company which are responsible for the day-to-day operations and management. They are responsible for designing and implementing controls to address the risks.

The Second Line – Risk Management

Our Second Line is mainly the IC. They are responsible for formulating policies related to the risk management and internal control of the Company and for planning and implementing integrated risk management and internal control systems. To ensure the effective implementation of such systems, they also assist and supervise the First Line in the establishment and improvement of risk management and internal control systems.

The Third Line – Independent Assurance

Our Third Line comprises the IA and the Anti-fraud Investigation Department.

The IA holds a high degree of independence and is responsible for providing independent evaluation and verification on the effectiveness of the Company's risk management and internal control systems, and monitoring the management's improvement and enhancement on risk management and internal controls.

The Company has formulated policies and established management systems to enhance and support the Company's compliance with anti-corruption laws and regulations. The Anti-fraud Investigation Department is responsible for receiving whistleblower reports through various channels and for following up on and investigating alleged fraudulent activities. It also assists management in promoting the value of integrity and the "Tencent Sunshine Code of Conduct" (the "Sunshine Code") to all employees of the Company.

Both the IA and the Anti-fraud Investigation Department have direct reporting lines to the Audit Committee.

The Three Lines Model of the risk management and internal control systems is designed to manage rather than eliminate the risk of failing to implement the business strategy of the Company, and can only provide reasonable but not absolute assurance against material misstatement or loss.





Corporate Governance Report

The Board and management always prioritise the maintenance and establishment of the Company's risk management and internal control systems. In 2024, the Company has consistently improved the risk management and internal control systems, and continuously increased the awareness of risk management among employees. IC continues to delve into the front-line of the business and provide active monitoring support during business operations concerning risk management and internal controls. IC strengthens its digital capabilities to further assist the business groups in identifying and managing risks more comprehensively and promptly, driving healthy business development. IA continues to conduct independent audits across various key businesses and management areas. IA enhances its digital audit capabilities to effectively identify risks and provide effective and timely independent evaluations. The Anti-fraud Investigation Department further advocates the value of integrity among the employees, raises expectation regarding management standards, and applies digital methods to proactively and promptly follow up on and investigate the alleged fraudulent activities. The connection and interaction among the three lines have been further enhanced to provide more effective support to the Company's development.

Risk Culture Building

The Company is committed to establishing and improving the internal control environment, to strengthening employees' risk management awareness, and to continuously enhancing its risk management capabilities.

The Company provides regular risk management and internal control training to all employees through various channels including on-site and online courses, comics, and online interactive columns. The training covers topics such as risk management system, key risk analysis and internal control activities. Risk management training is included in the mandatory courses for new hires to increase overall risk awareness among staff.

In addition, the Company incorporates the evaluation results of the risk management and internal control practices of business groups and functional departments into the performance review process.

Risk Management

The Company is committed to continuously improving its risk management system, including its structure, processes, and culture. By enhancing the Company's risk management capabilities, it ensures the healthy and sustainable development of its business.

The Company has established a risk management system (including the "Three Lines Model" as detailed above) that outlines the roles and responsibilities of each relevant party within the system, along with the applicable risk management policies and processes. Each business group of the Company, on a regular basis, identifies and assesses any risks that may negatively impact the achievement of its objectives, and formulates appropriate response measures. Additionally, the Company provides regular risk management and internal control trainings for staff.





Corporate Governance Report

Risk Management Process

Being an Internet and technology company with a wide variety of rapidly changing businesses, the Company has adopted the following dynamic risk management process in response to the ever-changing risk landscape:

- Business and functional departments of each business group identify, assess and respond to risks in the course of operation in a bottom-up and systematic manner;
- Through collecting, consolidating and analysing the Company's businesses information, the IC builds a list of significant risks at both the corporate and business level, and ensures that appropriate risk response strategies and control measures have been taken for such risks. These significant risks along with their corresponding risk responses and control measures will be reviewed by management and subsequently by the Audit Committee before being reported to the Board;
- The IC analyses and evaluates the responses to significant risks from time to time, and reports to the Audit Committee at least once a year; and
- The Audit Committee, on behalf of the Board, assesses and determines the nature and level of risks that the Company is willing to take to achieve its business objectives and formulates appropriate response strategies which include designating responsible departments for managing each significant risk. The Audit Committee provides guidance to the Company's management to implement an effective risk management system with support from the IC.

Significant Risks of the Company

The complexity of the Company's business continues to increase, and the external environment continues to evolve. Management faces a wide range of risks, including but not limited to ESG risk. Through risk management analysis and evaluation, management considers that the ten significant risks disclosed in the financial year 2023 still exist. Among these, the "Market competition and innovation risk" has increased to a certain extent, while the other risks remain at a similar risk level as last year.

On behalf of the Board, the Audit Committee supervises the overall risk management of the Company and assesses the risk acceptable level, risk ratings and the response strategies for the Company's risks. The Audit Committee considers that management has taken appropriate measures to address and manage the significant risks for which they are responsible at a level acceptable to the Board.





Corporate Governance Report

Below is a summary of the significant risks of the Company along with the applicable response strategies. The Company's risk profile may change, and the list below is not intended to be exhaustive.

1. *Market competition and innovation risk*

The internet and technology industry continues to face the dual challenges of accelerated technological iteration and the dynamic reconstruction of the competitive landscape. On the one hand, the breakthrough development of cutting-edge technologies such as AI has expedited the iteration of the product life cycle, forcing enterprises to continuously invest in R&D to maintain their competitiveness. On the other hand, the transformation of business models driven by technological advancements has attracted the influx of traditional and cross-border competitors. The existing core business may face the risks of erosion in market share and rapid development of industry may lead to the risk of becoming unable to keep up with the market layout of emerging fields. At the same time, the differentiation of demands in domestic and international markets, coupled with intensifying competition have further amplified the uncertainties in the internet and technology industry.

The Company attaches great importance to innovation and stays on top of the developments of the industry and user needs. The Company continues to increase its investment in technology, enhancing the intelligence of its products by leveraging AI core technologies such as the Hunyuan Foundation Model, responds to the dynamic demands of the industry and optimises solutions for both consumer side (C-side) and business side (B-side) partners through implementing advanced industry technologies. To better support the implementation of the business strategy, the Company continues to consolidate innovation capability centered on user value by attracting and cultivating more outstanding talents and deepening the cooperation between industry, academia and research institutions to facilitate the transformation of cutting-edge technologies such as AI and quantum computing. In addition, the Company actively develops new businesses, consolidates the competitive advantage of core businesses, builds and improves the Company's ecological system, and collaborates with business partners to create value for users and society by enhancing service capabilities, driving the growth of product services and achieving continuous innovation.

2. *Regulatory and compliance risk*

The Company continuously expands its businesses domestically and globally. The Company faces the increasing challenge of navigating relevant laws and regulations in different countries and jurisdictions, including but not limited to laws and regulations relating to areas of data and privacy protection, anti-trust, anti-unfair competition, consumer protection, IP, labour protection, and emerging technology, and telecommunications and Internet, online gaming, Internet finance, foreign investment, international trade, etc. In addition, changes in international geopolitical environment and technological iteration and innovation are expected to alter the compliance landscape across various jurisdictions, potentially increasing compliance risks and costs, especially in overseas markets, and will impact the development of the Company business across different regions.





Corporate Governance Report

The Company has continuously taken practical steps to devote substantial resources in various areas to ensure the Company's compliance with regulatory requirements. The Company has taken appropriate actions and measures, such as establishing dedicated departments and specialist teams for both domestic and international operations, integrating external professional consultants and resources from different fields, and maintaining close communication with relevant regulatory authorities in a timely manner, keeping abreast of changes to relevant laws and regulations, establishing a regulatory interpretation knowledge base to assist in deciphering various regulations, and adjusted strategies accordingly, improved internal training and the understanding of the laws and regulations, and enhanced the compliance related management system and policies to ensure that the Company is in compliance with such applicable laws and regulations.

3. *Macro environment risk*

The Company's revenue generated from certain businesses is closely tied to macro environment circumstances and the overall consumption economy. Factors such as the ever-changing international situation, the varying pace of economic development across regions, and the uncertainty of economic environment may impact individual users' purchasing power and willingness to consume, and the operations of our corporate clients, and thereby adversely affect certain revenue streams of the Company. In addition, as the Company accelerates its global business expansion, uncertainties in the international situation and any ongoing geopolitical tensions may lead to changes in trading and investment policies and markets and negatively impact the Company's operations and collaborations with its business partners. Consequently, this may weaken the Company's competitive advantages and growth potential.

In response to changes in the macro environment, the Company adjusts its business development strategy in a scientific, flexible, and reasonable manner to address the risks posed by the macro environment risks and continuously seeks opportunities for business growth. The Company places great emphasis on maintaining a diversified product portfolio and product innovation, upholds the business philosophy focused on user value, continuously improves user experience, and builds long-term and stable relationships with its existing customers to achieve sustainable business growth. Meanwhile, the Company will continue to uphold its mission and vision of "Value for Users, Tech for Good" to provide innovative product solutions and digital services to assist its clients and business partners in further enhancing their competitiveness and productivity to achieve sustainable growth while creating value for customers and business partners and fulfilling its social responsibility.

4. *Information security risk*

The Company is committed to complying with laws and regulations related to cybersecurity and personal data protection, especially as new technologies continue to emerge, making information security risks increasingly complex and diverse. The security of personal user and corporate client data is the top priority of the Company. The Company continues to pay close attention to the laws and regulations relating to user privacy and data security in various jurisdictions and is fully aware that any loss or theft of such information could significantly impact the affected users and clients, which could expose the Company to significant legal liability and significant reputational risk.





Corporate Governance Report

The Company strongly believes that the security of user data and privacy is a key prerequisite for delivering secured and high-quality products and a positive user experience. The Company strictly complies with local relevant laws and regulations, continuously invests resources to strengthen its information security management. The Company classifies user and client data as the Company's highest level of sensitive information. It has also established and will continue to enhance the policies and management measures to ensure the security of such information and data. The Company has taken a series of active and comprehensive management measures, which included but are not limited to the establishment of effective information management systems with the use of data encryption, data anonymisation, and data desensitisation, management of data access right and establishment of rigorous approval process, and the strict control of data transmission and storage. In addition, the Company has established a specialised team to conduct independent regular reviews over the management of the business groups' sensitive information and data, especially for sensitive information in key businesses, and also provide regular information security trainings and education, raising employees' awareness of information security. The Company has obtained multiple recognised certifications related to information security to safeguard the information security of users and customers. The Company upholds the mission and vision of "Value for Users, Tech for Good" and constantly improves the infrastructure of its network and data security.

5. *Crisis management, public relations and reputational risk*

As an Internet and technology company, the Company has a diverse portfolio of businesses and products, providing services to an extensive network of users and business partners, which draws significant attention from the public and media to the Company's brand. As the global regulatory environment changes rapidly, geopolitical and public relations landscapes become more intricate, along with breakthrough advancements in cutting-edge technologies such as AI and quantum computing, the Company needs to fully consider and mitigate potential crisis that may arise in its domestic and international business operations, and actively responds to them to avoid further deepening of issues or escalation of crises. The Company also needs to timely disclose comprehensive and accurate information to the public. Failure to do so may damage the Company's reputation, brand and image, and adversely affect the business and prospects of the Company.

The Company values its brand and reputation. In adherence to the principles of openness and transparency, the Company communicates to the public comprehensive and accurate information in a timely manner. In response to crises, the Company has established a corresponding response mechanism, to follow up on the development of crisis, conduct risk assessments, and make prompt decisions, to minimise their impacts on the Company. The Company has also set up a professional public relations department and teams to establish and continuously enhance its public relations, brand and reputation management mechanism, to provide training and guidance related to public relations management, to continuously improve its response capabilities, and to reduce the possibility of crisis. The public relations team maintains close contact with the Company's management and business teams, pays close attention to and gathers public opinions, analyses relevant information in a timely manner and reports to management to enable management to respond promptly and effectively in accordance with the Company's policies and processes and disclose comprehensive and accurate information to the public in a timely manner to continuously protect the Company's reputation.



Corporate Governance Report

6. *Business continuity risk*

The stability of servers and network infrastructure for products and platforms of the Company is of vital importance for the sustainable operation of the Company's business as well as the provision of high-quality user experience. Therefore, any material functional defects, interruptions, breakdowns, or other issues in IT system functions are likely to adversely impact the Company's business operations. In addition, the Company's operations may be affected by uncontrollable external factors such as operator's operational incidents, natural disasters, energy supply, social events, and epidemic disease. Relevant incidents may damage workplaces and equipment that are vital to the operations of the Company and its business partners, and threaten the health of their employees, which results in disruption of the Company's normal operation.

The Company continues to invest in its network infrastructure, to establish and enhance its business recovery mechanism through the application of technologies such as multi-availability zone disaster recovery deployment, cross-regional data synchronisation, and intelligent network scheduling, and implementing measures to address, mitigate, and adapt to extreme weather conditions, to deepen its collaboration with operators to improve management capabilities, to strengthen the stability of its domestic and international product services and business operations, to safeguard network security and to provide consistent support to business development. Additionally, the Company has established dedicated teams and defined the goals and responsibilities of different parties involved in infrastructure, network architecture, cloud services, and other related areas, formulated business continuity service standards for cross-team collaboration, developed contingency plans in relation to business continuity and performed drills with scenarios of breakdown using innovative techniques such as chaos engineering and full-link stress testing. All business units also actively implement various emergency measures to ensure the smooth operation of business. Furthermore, the Company has established an independent team to perform regular checks on the effectiveness of relevant contingency plans, emergency measures and regular drills, and will actively follow up on the remedial actions and improvement plans.

7. *M&A and investment management risk*

The Company has a diversified investment portfolio. The changes in international situation and domestic and foreign regulatory environment have imposed higher requirements over the formulation of investment strategies, fund management, pre-investment evaluation and post-investment management. Failure to manage investment risks in a timely and effective manner could hinder the realisation of investment strategies and lead to potential financial losses for the Company.

The Company places significant emphasis on investment risk and has established an Investment Committee under the Board, sets up a dedicated professional team to manage investment matters, and puts in place an investment evaluation, approval and post-investment process. Finance, legal and other relevant professional teams are responsible for managing relevant investment risks, reviewing the operating, financial and risk management information of the investee companies on a regular basis, monitoring and analysing the performance of the investee companies, to ensure that the operations of investee companies continue to meet the Company's investment strategies. The Company will continuously monitor the macro environment trends and changes in the laws and regulations of various industries, conduct dynamic analysis and develop strategies for risk management to effectively manage investment risks.





Corporate Governance Report

8 *ToB business management risk*

The Company has actively developed various ToB businesses related to Industrial Internet. With the rapid development of the ToB business, if the Company fails to adjust its business strategy, organisational structure and enhance suitability with professional talents, to improve its internal management system and processes for ToB businesses, to enhance its supply chain management capabilities, or to improve its collaboration mechanisms with various business partners according to changes in industry trends and market needs on a timely basis, it may face more management challenges that could hinder the sustainable development of its ToB businesses and the realisation of the Company's strategic goals.

The Company continues to accumulate and solidify its experience in the ToB business, actively following up on and analysing the development trends and changes in customer needs across various industries in both the domestic and foreign markets. The Company has expanded its footprints in various industries including financial services, retail, healthcare, industry, transportation, education, etc. by leveraging technological innovations such as cloud computing and AI to create the smart industry upgrade solutions, and to build a new, intelligent ecosystem that connects consumers and business enterprises. The Company continues to optimise its resource allocation, business strategy, organisational structure, human resources, management systems, business processes, and drives product upgrades by technology innovation, improves its own product competitiveness, so as to enhance the effectiveness of the collaboration with external stakeholders, and to ensure the sustainable and high-quality development of ToB business. At the same time, through continuous improvement of ToB business management mechanism, the Company creates healthy ecosystem with business partners to enhance its ability to serve corporate clients, to improve service system and enhance service quality, and to promote the integrated development of digital and real economies for greater social value.

9. *Social responsibility and environmental sustainability risk*

There is a consensus among organisations of United Nations, international listing rules-setting organisations and regulators that ESG affairs are classified as regular disclosures for listed companies. As one of the important standards for evaluating the health of a company's development, ESG performance will affect how shareholders and other stakeholders determine the value of the Company.

The Company has established an ESG team to comprehensively assess and manage ESG matters, including existing and emerging ESG risks, to enhance Company's performance, and make annual disclosures in accordance with the annual ESG materiality assessment results, compliance requirements and international standards. The Company has incorporated relevant ESG issues into its annual corporate risk assessment. The Board has authorised the Corporate Governance Committee to comprehensively supervise ESG matters. Please refer to the "Environmental, Social and Governance Report 2024" published by the Company for related details.





Corporate Governance Report

The Company upholds its vision and mission of “Value for Users, Tech for Good”, and constantly reviews its products from the perspective of social responsibility and incorporated “Sustainable Innovations for Social Value” into its core strategy as part of its strategic upgrade in 2021. The Company actively commits to promoting social and environmental sustainability with the use of its core technology, products and services capabilities.

The Company is committed to safeguarding the digital rights of users, continuously improving the privacy protection system, building reasonable and effective data governance policies and processes, enhancing data and network security capabilities to comprehensively safeguard the security of network infrastructure and data assets, conducting AI safety governance, establishing a security and compliance system based on responsible principles, supporting internal business development and external industry applications, to better manage the emerging ESG risks. The Company regulates platform content and behaviors, fostering a healthy content ecosystem and environment, while actively supporting and implementing measures to protect minors.

The Company empowers the advancement of the United Nations Sustainable Development Goals with the use of digital technologies, continuously enhances its core capabilities such as cloud computing, AI, big data, cybersecurity, etc., to apply them in the areas of technology innovation, inclusive financing, sustainable cities, healthcare, rural revitalisation and talent cultivation. The Company has been providing long-term support on technologies and scientific research by establishing the “Xplorer Prize” to encourage talented young scientists to study and conduct scientific research of cutting-edge technologies and fundamental sciences and the “New Cornerstone Science Foundation” to encourage outstanding scientists to focus on fundamental research and achieve original innovation from scratch.

In respect of the digital inclusion, the Company is committed to providing safe and inclusive digital solutions for all groups. For minors, the Company has launched “Minors Mode” in multiple products, which offers a safe and healthy digital environment and provides technology-related courses and training to improve Internet literacy for minors. Meanwhile, the Company has offered “Caring Mode” in multiple products for the elderly and people with disabilities, and continues to invest resources in the field of barrier-free technology to support the creation of an accessible environment.

In relation to the public welfare, as the first Internet and technology enterprise to establish a charity foundation in China, the Company self-develops and operates an online donation platform to assist charitable organisations in reaching users and uses digital technology to improve the transparency, openness, and efficiency of the public welfare and charity sector.

In the field of environmental protection, the Company is committed to applying digital technology in the collaborative response to climate and biodiversity conservation. In this respect, the Company has set a goal to achieve carbon neutrality covering its supply chain and has released a “Biodiversity Statement”, committing to implementing specific actions to reduce carbon emissions and dependence on nature, and to support environmental protection with digital technology.





Corporate Governance Report

10. Fraud risk

With the diversification of internet business and product offerings combined with more scenarios with the integration of digital and real economy, more individuals and partners are involved, and it is highly probable that the probability of fraudulent activity occurrence will increase, and therefore integrity and honesty have been an industry-wide concern. In the course of the Company's daily operations, it is also inevitable to encounter management challenges posed by fraudulent behaviors. For example, fraudulent activities caused by collusion between suppliers/business partners and employees can have a negative impact on the reputation and financial position of the Company.

The Company always adheres to the value of integrity, has zero tolerance for fraud, and is determined to fight against any fraudulent activities and implements measures of sunshine project in the Company. The Company has established effective internal control systems and is continuously improving them. Internal control and monitoring have been strengthened by systematic, transparent control measures and processes with methods of AI and big data analysis technologies, such as real-time monitoring risk dashboards, which promotes intelligent risk management development. To enhance and promote integrity, the Company continuously strengthens various training for its employees, suppliers, and business partners. With regard to employees, the Company has established the Sunshine Code, continuously optimises the relevant requirements, and requires all employees to train on the Sunshine Code and strictly comply with the code during their employment and in the course of dealing with suppliers and business partners. With regard to suppliers and business partners, the Company has signed an Anti-commercial Bribery Declaration with them to cooperate with them to create an ecosystem with integrity and build a healthy and transparent environment for business. Furthermore, the Company has set up an Anti-fraud Investigation Department for years to receive whistleblowing reports from various channels, and to follow up and investigate alleged fraudulent cases in a timely manner. Once an employee is found and proven to be fraudulent, he/she will be dismissed immediately. The Company may also transfer the more serious cases to the judiciaries or initiate legal proceedings according to national laws and regulations. At the same time, the Company further raises the requirements for management in relevant policies. The management is required to actively play its roles in risk management to ensure the healthy and sustainable development of the business. Any supplier/business partner found to be involved in any fraudulent activities will be blacklisted and deprived of the opportunity to work with the Company permanently. The Company will announce to the public the criminal cases and serious abuse-of-power cases that were investigated and handled by the Company via the "Sunshine Tencent" WeChat official platform. This shows the Company's determination to fight against corruption and fraud, as well as its commitment to creating a virtuous and honest atmosphere within the Company and the industry.





Corporate Governance Report

Internal Control

The Company has always valued the importance of internal control systems and has implemented its internal control systems according to the COSO Framework.

The management of the Company is responsible for the design, implementation and maintenance of the effectiveness of the internal control systems. The Board and the Audit Committee are responsible for monitoring and overseeing the performance of management over the internal control systems to ensure its appropriateness and effectiveness.

The Company's internal control systems clearly define the roles and responsibilities of each party as well as the authorisation and approvals required for key actions from each party. Policies and processes are in place for the key business processes. This information is clearly conveyed to employees in practice and emphasises the importance of the internal control systems. All employees must strictly follow the policies which cover, among other things, financial, legal and operational issues that set the control standards for the management of each business process.

In order to further strengthen the accountability of the management team in the internal control systems of the Company and to assist in determining the effectiveness of such internal control systems, the management team of each business group conducts self-assessment and confirms the internal control status of the business group for which it is responsible. The IC assists management in preparing a self-assessment questionnaire according to the COSO Framework and guides the management of each business group to carry out the self-assessment. The IC is also responsible for collecting and summarising the results of self-assessment. The Chief Executive Officer of the Company reviews this summarised self-assessment of each business group, assesses the general effectiveness of the internal control systems of the Company and submits the written confirmation thereof on behalf of management to the Audit Committee and the Board.

In addition, the IC supervises the establishment of the risk management and internal control systems set up by management, ensures that management has implemented appropriate measures to resolve material internal control defects and reports the general situation of risk management and internal control of the Company to the Audit Committee on a quarterly basis. The IA, serving as the independent third line, conducts objective evaluation of the effectiveness of the Company's risk management and internal control systems and reports the results to the Audit Committee.

The Company has also engaged independent professional consulting firms to perform a review of the Group's internal control framework and an assessment of its internal audit quality to ensure their standards are in compliance with international best practices.



Corporate Governance Report

Effectiveness of Risk Management and Internal Control

The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems.

The review process comprises of, among other things, meetings with management of business groups, IA, IC, legal team, and the external auditor, reviewing the relevant work reports and information of key performance indicators, the management's self-assessment on internal control as detailed above and discussing the significant risks with senior management of the Company.

Based on these reviews, the Board is of the view that throughout the year ended 31 December 2024, the risk management and internal control systems of the Group (including the Company's processes for financial reporting and Listing Rules compliance) are effective and adequate.

In addition, the Board believes that the Company's accounting and financial reporting functions as well as the ESG performance and reporting functions have been performed by staff with the appropriate qualifications and experience and that such staff receives appropriate and sufficient training and development. Based on the report of the Audit Committee, the Board has reviewed and is satisfied that sufficient resources have been obtained for the Company's internal audit and financial reporting function and that its staff qualifications and experience, training programmes and budgets etc., are sufficient.

SHAREHOLDERS

To enable shareholders and other stakeholders to exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information, the Company has adopted a shareholders communication policy which aims to ensure that shareholders and other stakeholders at large are provided with ready, equal, regular and timely access to material information about the Group. The policy also sets out a number of ways to ensure effective and efficient communication with shareholders and other stakeholders is achieved, including, but not limited to, our quarterly results announcements, webcasts, responses to shareholders' enquiries, corporate communications (in both English and Chinese, to facilitate shareholders' understanding), posting of relevant information on the Company Website, shareholders' meetings and investment market communications. For shareholders to communicate their views on various matters affecting the Company and the Company to solicit and understand the views of shareholders and other stakeholders, the Company adopts a number of mechanisms, including encouraging shareholders to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings and making appropriate arrangements for annual general meetings to encourage and facilitate shareholders' participation. To facilitate communication between the Company, shareholders and the investor community, investor and analyst briefings, one-on-one meetings, domestic and international roadshows, media interviews and specialist industry forums are organised on a regular basis and are attended by our directors and designated spokespersons. In addition, the Company Website has been adopted as the designated hub for publication of the Company's announcements, press releases and other corporate communications including the shareholders communication policy and the investor calendar which highlights important dates for shareholders' information. During the year 2024, the Corporate Governance Committee reviewed the implementation and effectiveness of the shareholders communication policy, including the multiple communication channels available for shareholders and the steps taken to handle their enquiries, and considered that the shareholders communication policy has been properly implemented and effective.





Corporate Governance Report

The dividend policy of the Company is also set out in the “Corporate Governance Report” on page 112 of this annual report and the historical information of dividend payout is available on the Company Website under the section headed “Investors – Equity & Bond Information – Interactive Share Price Chart & Dividend History”.

The Company also encourages shareholders’ active participation in annual general meetings and other general meetings. Notices to shareholders for annual general meetings are served at least 21 clear days before the meetings and at least 14 clear days for all other general meetings to allow sufficient time for their consideration of the proposed resolutions. The Company’s shareholders communication policy also requires appropriate arrangements to be put in place for the annual general meetings to encourage and facilitate shareholders’ participation, and the process of the meetings is monitored and reviewed on a regular basis to ensure that shareholders’ needs are best served.

The Company’s general meetings provide a transparent and open platform for the Company’s shareholders to communicate with the Board and the senior management team. The Chairman, other members of the Board and relevant members of the senior management team, under normal circumstances, attend to answer questions raised and discuss matters in relation to the Company in an open manner. All directors attended the 2024 AGM held on 14 May 2024, with a view to understanding the views of the Company’s shareholders. The company secretary provided the minutes of the 2024 AGM to all directors to have a thorough understanding of the views of the Company’s shareholders. The Company’s external auditor will also attend the annual general meeting to answer questions relating to the conduct of the audit, the auditor’s report and auditor independence.

Pursuant to the Articles of Association, any one or more shareholder(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the voting rights, on a one vote per share basis, of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. Such requests must be sent to the Board or the company secretary at the Company’s registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, or by email to cosec@tencent.com, and such meeting shall be held within two months after the deposit of such requisition. If a shareholder wishes to propose a person for election as a director at a general meeting, he/she should provide a written requisition to the Board or the company secretary to call an extraordinary meeting following the procedures set forth above, or lodge a written notice to nominate a person at the Company’s Hong Kong principal place of business at 29/F., Three Pacific Place, No. 1 Queen’s Road East, Wanchai, Hong Kong, or the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. Detailed procedures for shareholders to propose a person for election as a director are available on the Company Website under the section headed “Investors – Environment, Social and Governance – Governance – Shareholders”.





Corporate Governance Report

In order to ensure that shareholders' interests and rights are adequately protected, a separate resolution will be proposed for each substantially separate issue at the general meetings, and all resolutions will be voted by poll pursuant to the Articles of Association and the Listing Rules. To ensure that the shareholders are familiar with the detailed procedures for conducting a poll, detailed procedures for conducting a poll are explained at the commencement of the general meetings, and all questions from shareholders on the voting procedures will be answered before the poll voting starts. An external scrutineer will be appointed to monitor and count the votes cast by poll. Poll results will be posted on the Company Website and the Stock Exchange's website after each general meeting.

Apart from participating in the Company's general meetings, shareholders and other stakeholders may at any time contact or send enquiries and concerns to us via the Company Website, or by addressing them to the Investor Relations teams, and sending them by post to the Investor Relations teams, Tencent Holdings Limited, at 29/F., Three Pacific Place, No. 1 Queen's Road East, Wanchai, Hong Kong, or by email to ir@tencent.com. Shareholders may also contact the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, if they have any enquiries about their shareholdings and entitlements to dividends.

DIVIDEND POLICY

The Company endeavours to maintain sufficient working capital to develop and operate the business of the Group and to provide sustainable returns to the shareholders of the Company.

Under the current dividend policy of the Company, dividends may be declared out of the distributable earnings or reserves of the Company. While the dividend payout ratio is not pre-determined, in proposing or declaring any dividend payout, the Board shall take into account the Group's earnings performance, general financial position, debt covenants, future working capital requirements and investment needs, and other factors that the Board considers relevant and appropriate.

The Board has recommended the payment of a final dividend of HKD4.50 per share for the year ended 31 December 2024 in accordance with the dividend policy, subject to the approval of the shareholders at the 2025 AGM. There is no material variation in the dividend rate compared to that for the financial year ended 31 December 2023.

OTHER INFORMATION

The Fourth Amended and Restated Memorandum and Articles of Association

Upon the shareholders' approval by way of special resolution at the 2024 AGM, the Company has adopted the Fourth Amended and Restated Memorandum and Articles of Association for the purpose of, among others, bringing the Memorandum and Articles of Association in line with the relevant amendments made to the Listing Rules effective from 31 December 2023, which mandate the electronic dissemination of corporate communications by listed issuers to their securities holders.



Corporate Governance Report

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code. The Company has also adopted an insider dealing policy to govern and regulate securities transactions by employees who are likely to be in possession of inside information relating to the Company, the terms of which are no less exacting than those of the Model Code. The Company has made specific enquiries with the directors and the directors have confirmed they have complied with the Model Code throughout 2024.

Appointment Terms of Non-Executive Directors

Each non-executive director, whether independent or not, is appointed for a term of one year and is subject to retirement by rotation at least once every three years. A director appointed to fill a casual vacancy or as an addition to the Board will be subject to re-election by shareholders at the first annual general meeting after his/her appointment.

Directors and Officers Liability Insurance

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against the directors and officers.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on pages 114 to 122. During the year ended 31 December 2024, the remuneration paid/payable to the Company's external auditor, PwC, was disclosed in Note 7 to the consolidated financial statements. The audit and audit-related services conducted by the external auditor mainly comprise of statutory audits and reviews for the Group and its certain subsidiaries. The non-audit services conducted by the external auditor mainly include tax advisory services for certain subsidiaries, due diligence services and other services such as ESG assurance service and services relating to risk management and internal control review. Please refer to Note 7 to the consolidated financial statements for a breakdown of the fees paid for the key non-audit services.

Framework for Disclosure of Inside Information

The Company has in place a framework for the handling and disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the shareholders and stakeholders to assess the latest position of the Group.

Under the framework, if an employee is aware of any project, transaction, information or situation which he/she thinks could potentially be inside information, he/she should contact the Head of Compliance and Transactions Department, the general counsel and the company secretary as soon as possible. Legal analysis and consultations with the Company's directors and senior executives will be made so as to identify whether any such information constitutes inside information and is required to be disclosed to the public pursuant to the SFO. The framework and its effectiveness are subject to review on a regular basis according to established procedures.





Independent Auditor's Report

TO THE SHAREHOLDERS OF TENCENT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Tencent Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 123 to 264, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.





Independent Auditor's Report

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition on provision of online games value-added services related to in-game permanent virtual items – the estimates of expected users' relationship periods
- Impairment assessments of goodwill, investments in associates and investments in joint ventures
- Fair value measurement of Level 3 financial instruments, including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income





Independent Auditor's Report

Key Audit Matter

Revenue recognition on provision of online games value-added services related to in-game permanent virtual items – the estimates of expected users' relationship periods

Refer to Notes 2.22(a), 5(a) and 6(b) to the consolidated financial statements.

The Group recognises revenue from sales of in-game virtual items to the users of the Group's online games. Among them, revenues from sales of in-game permanent virtual items are recognised ratably over the respective estimates of the expected users' relationship periods of the respective online games.

We focused on this area due to the fact that significant judgments and assumptions were applied by management in determining the expected users' relationship periods. These judgments and assumptions include (i) historical users' activities patterns, calculation of churn rates, game life-cycles, and other qualitative factors such as reactivity on marketing activities and the Group's marketing strategy; and (ii) the identification of events that may trigger changes in the estimates of the expected users' relationship periods.

How our audit addressed the Key Audit Matter

We assessed and tested the key internal controls in respect of determination of expected users' relationship periods for recognition of revenue from sales of in-game permanent virtual items, including review and approval of (i) determination of the expected users' relationship periods of new online games prior to their launches in the current year; (ii) periodic reassessment on the expected users' relationship periods of existing online games; and (iii) changes in the estimates of the expected users' relationship periods on any indicators triggering such changes.

We assessed, on a sample basis, the expected users' relationship periods adopted by management by (i) testing the data integrity of historical users' data supporting users activities patterns and calculation of the churn rates, including the information system logic for generation of the applicable data and the completeness and accuracy of underlying data; (ii) evaluating the considerations made by management in determining the underlying assumptions for expected users' relationship periods with reference to historical operating and marketing activities and marketing strategy of the relevant games; and (iii) assessing management's historical estimation by comparing the actual churn rates in current year against the estimation made in prior years.

We found that the management's judgments and assumptions applied in determining the expected users' relationship periods were supported by evidence obtained.





Independent Auditor's Report

Key Audit Matter

Impairment assessments of goodwill, investments in associates and investments in joint ventures

Refer to Notes 2.8(a), 2.9, 5(b), 21, 22 and 23 to the consolidated financial statements.

As at 31 December 2024, the Group's goodwill of approximately RMB142,126 million were subject to impairment assessments annually or when there is an impairment indicator, and the Group's investments in associates and investments in joint ventures of approximately RMB290,343 million and RMB7,072 million, respectively, were subject to impairment assessment when there is an impairment indicator.

Impairment provisions of approximately RMB1,262 million, RMB8,250 million and RMB149 million had been recognised against the carrying amounts of goodwill, investments in associates and investments in joint ventures, respectively, during the year ended 31 December 2024.

How our audit addressed the Key Audit Matter

We assessed and tested the key internal controls in respect of (i) the annual impairment assessments of goodwill; and (ii) identification of impairment indicators of and performing impairment assessments, whenever necessary, on goodwill, investments in associates and investments in joint ventures, including the determination of appropriate valuation models and assumptions adopted.

We assessed, on a sample basis, the basis management adopted to ascertain and identify separate groups of cash generating units that contain the goodwill balances; and the valuation models used in management's impairment assessments.

In respect of the impairment assessments using discounted cash flows, we assessed, on a sample basis, the key assumptions adopted by management including revenue growth rates, terminal growth rates, discount rates by examining the approved financial forecast models, challenging the appropriateness of the significant assumptions with reference to the applicable industry data available to the Group from external sources and historical data. We assessed these key assumptions with the involvement of our internal valuation experts. We also assessed the appropriateness of management's historical estimation by comparing the actual results for current year against the previous period's forecasts.





Independent Auditor's Report

Key Audit Matter

Impairment assessments of goodwill, investments in associates and investments in joint ventures (continued)

In carrying out impairment assessments, significant judgments are required to estimate the recoverable amounts, being the higher of the fair value less costs of disposal and value in use.

Management adopted either the discounted cash flows or market approach in determining the respective recoverable amounts based on their assessments. Significant management's assumptions are required in applying these approaches, including revenue growth rates, terminal growth rates, and discount rates when using discounted cash flows; and selection of comparable companies, price multiples of the selected comparable companies, such as Enterprise Value ("EV")/Sales and EV/EBITDA, recent market transactions, and liquidity discounts adopted for lack of marketability when using market approach.

We focused on these areas due to the magnitude of the carrying amounts of these assets and the fact that significant judgments were applied by management.

How our audit addressed the Key Audit Matter

In respect of impairment assessments using the market approach, we assessed, on a sample basis, the key assumptions adopted by management including the selection of comparable companies, by considering the factors such as market segments, geographic areas, and revenue size, etc., and their price multiples, recent market transactions undertaken, and liquidity discounts adopted for lack of marketability. We assessed these key assumptions adopted by management, with the involvement of our internal valuation experts, based on our industry knowledge and independent research performed by us.

We independently tested, on a sample basis, the accuracy of mathematical calculations applied in the valuation models and the calculation of the applicable impairment provision.

We found that the management's judgments and assumptions applied in the impairment assessments of goodwill, investments in associates and investments in joint ventures were supported by evidence obtained.



Independent Auditor's Report

Key Audit Matter

Fair value measurement of Level 3 financial instruments, including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

Refer to Notes 4.3, 5(c), 25 and 26 to the consolidated financial statements.

As at 31 December 2024, financial assets at fair value through profit or loss of approximately RMB193,632 million and financial assets at fair value through other comprehensive income of approximately RMB13,963 million, which do not have open market quoted values, were measured based on significant unobservable inputs and classified as "Level 3 financial instruments".

We focused on this area due to the fact that significant judgments and assumptions were applied by management in determining the fair values of Level 3 financial instruments including selection of appropriate valuation methods and appropriate assumptions and inputs, such as risk-free rates, expected volatility, discount for lack of marketability and recent transaction prices.

How our audit addressed the Key Audit Matter

In respect of the fair value measurement of Level 3 financial instruments, we assessed and tested the key internal controls in relation to the valuation, including the selection of appropriate valuation methods and relevant assumptions and inputs adopted by inspecting the evidence of management's review.

We assessed and tested the valuation of level 3 financial instruments determined by management, on a sample basis, with the involvement of our internal valuation experts, as follows:

- We assessed the appropriateness of valuation methods adopted;
- We evaluated the underlying assumptions and inputs selected including risk-free rates, expected volatility and discount for lack of marketability based on our industry knowledge and independent research performed by us;
- We tested the recent transaction prices adopted (such as recent fund-raising transactions undertaken by the investees) by examining relevant supporting evidence; and
- We also tested the arithmetical accuracy of the valuation computation.

We found that the management's judgments and assumptions applied in the valuation of Level 3 financial instruments were supported by evidence obtained.





Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.





Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.





Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeung Yee Mau.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 March 2025





Consolidated Income Statement

For the year ended 31 December 2024

	Note	Year ended 31 December	
		2024 RMB' Million	2023 RMB' Million
Revenues			
Value-added Services		319,168	298,375
Marketing Services*		121,374	101,482
FinTech and Business Services		211,956	203,763
Others		7,759	5,395
	6	660,257	609,015
Cost of revenues	7	(311,011)	(315,906)
		349,246	293,109
Gross profit			
Selling and marketing expenses	7	(36,388)	(34,211)
General and administrative expenses	7	(112,761)	(103,525)
Other gains/(losses), net	8	8,002	4,701
		208,099	160,074
Operating profit			
Net gains/(losses) from investments and others	9	4,187	(6,090)
Interest income	10	16,004	13,808
Finance costs	11	(11,981)	(12,268)
Share of profit/(loss) of associates and joint ventures, net		25,176	5,800
		241,485	161,324
Income tax expense	12(a)	(45,018)	(43,276)
		196,467	118,048
Profit for the year			
Attributable to:			
Equity holders of the Company		194,073	115,216
Non-controlling interests		2,394	2,832
		196,467	118,048
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)			
– basic	13(a)	20.938	12.186
– diluted	13(b)	20.486	11.887

The notes on pages 134 to 264 are an integral part of these consolidated financial statements.

* The Group has renamed this revenue segment from "Online Advertising" to "Marketing Services" during the year ended 31 December 2024 to better represent the breadth of the marketing solutions and accompanying technology services across the online marketing properties.





Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	RMB'Million	RMB'Million
Profit for the year	196,467	118,048
Other comprehensive income, net of tax:		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	(492)	(176)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	(13)	(9)
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	1	–
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	23	59
Currency translation differences	(2,746)	13,328
Net movement in reserves for hedges	(2,618)	(3,581)
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	(711)	(561)
Loss from changes in fair value of assets held for distribution	–	(29,991)
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	94,249	11,142
Currency translation differences	111	(1,077)
Net movement in reserves for hedges	71	–
	87,875	(10,866)
Total comprehensive income for the year	284,342	107,182
Attributable to:		
Equity holders of the Company	279,009	102,130
Non-controlling interests	5,333	5,052
	284,342	107,182

The notes on pages 134 to 264 are an integral part of these consolidated financial statements.





Consolidated Statement of Financial Position

As at 31 December 2024

	Note	As at 31 December	
		2024	2023
		RMB'Million	RMB'Million
ASSETS			
Non-current assets			
Property, plant and equipment	17	80,185	53,232
Land use rights	18	23,117	17,179
Right-of-use assets	19	17,679	20,464
Construction in progress	20	12,302	13,583
Investment properties		801	570
Intangible assets	21	196,127	177,727
Investments in associates	22	290,343	253,696
Investments in joint ventures	23	7,072	7,969
Financial assets at fair value through profit or loss	25	204,999	211,145
Financial assets at fair value through other comprehensive income	26	302,360	213,951
Prepayments, deposits and other assets	27	42,828	28,439
Other financial assets	28	1,076	2,527
Deferred income tax assets	29	28,325	29,017
Term deposits	30	77,601	29,301
		1,284,815	1,058,800
Current assets			
Inventories		440	456
Accounts receivable	31	48,203	46,606
Prepayments, deposits and other assets	27	101,044	88,411
Other financial assets	28	4,750	5,949
Financial assets at fair value through profit or loss	25	9,568	14,903
Financial assets at fair value through other comprehensive income	26	3,345	–
Term deposits	30	192,977	185,983
Restricted cash	32	3,334	3,818
Cash and cash equivalents	32	132,519	172,320
		496,180	518,446
Total assets		1,780,995	1,577,246





Consolidated Statement of Financial Position

As at 31 December 2024

		As at 31 December	
	Note	2024	2023
		RMB'Million	RMB'Million
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	33	–	–
Share premium	33	43,079	37,989
Treasury shares	33	(3,597)	(4,740)
Shares held for share award schemes	33	(5,093)	(5,350)
Other reserves	34	47,129	(33,219)
Retained earnings		892,030	813,911
		973,548	808,591
Non-controlling interests		80,348	65,090
Total equity		1,053,896	873,681
LIABILITIES			
Non-current liabilities			
Borrowings	36	146,521	155,819
Notes payable	37	130,586	137,101
Long-term payables	38	10,201	12,169
Other financial liabilities	39	4,203	8,781
Deferred income tax liabilities	29	18,546	17,635
Lease liabilities		13,897	16,468
Deferred revenue	6(c)(i)	6,236	3,435
		330,190	351,408





Consolidated Statement of Financial Position

As at 31 December 2024

	Note	As at 31 December	
		2024	2023
		RMB'Million	RMB'Million
Current liabilities			
Accounts payable	40	118,712	100,948
Other payables and accruals	41	84,032	76,595
Borrowings	36	52,885	41,537
Notes payable	37	8,623	14,161
Current income tax liabilities		16,586	17,664
Other tax liabilities		4,038	4,372
Other financial liabilities	39	6,336	4,558
Lease liabilities		5,600	6,154
Deferred revenue	6(c)(i)	100,097	86,168
		<u>396,909</u>	<u>352,157</u>
Total liabilities		<u>727,099</u>	<u>703,565</u>
Total equity and liabilities		<u>1,780,995</u>	<u>1,577,246</u>

The notes on pages 134 to 264 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 123 to 264 were approved by the board of directors of the Company (the "Board") on 19 March 2025 and were signed on its behalf:

Ma Huateng
Director

Yang Siu Shun
Director





Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Atributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Shares held for share award schemes	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Balance at 1 January 2024	-	37,989	(4,740)	(5,350)	(33,219)	813,911	808,591	65,090	873,681
Comprehensive income									
Profit for the year	-	-	-	-	-	194,073	194,073	2,394	196,467
Other comprehensive income, net of tax:									
- share of other comprehensive income of associates and joint ventures	-	-	-	-	(1,181)	-	(1,181)	(22)	(1,203)
- transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	(13)	-	(13)	-	(13)
- net gains from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	90,612	-	90,612	3,660	94,272
- transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	1	-	1	-	1
- currency translation differences	-	-	-	-	(1,953)	-	(1,953)	(682)	(2,635)
- net movement in reserves for hedges	-	-	-	-	(2,530)	-	(2,530)	(17)	(2,547)
Total comprehensive income for the year	-	-	-	-	84,936	194,073	279,009	5,333	284,342
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings, net of tax	-	-	-	-	(5,007)	4,773	(234)	-	(234)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	(15)	15	-	-	-
Share of other changes in net assets of associates and joint ventures	-	-	-	-	4,083	-	4,083	-	4,083
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	-	-	(529)	-	(529)	-	(529)





Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Atributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Shares held for share award schemes	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Transactions with equity holders									
Employee share option schemes:									
– value of employee services	–	1,917	–	–	45	–	1,962	38	2,000
– proceeds from shares issued, net of withholding individual income tax	–	1,827	–	–	–	–	1,827	–	1,827
Employee share award schemes:									
– value of employee services	–	16,829	–	–	1,572	–	18,401	356	18,757
– shares purchased/withheld for share award schemes	–	–	–	(3,420)	–	–	(3,420)	–	(3,420)
– vesting of awarded shares	–	(3,338)	–	3,338	–	–	–	–	–
Tax benefit from share-based payments	–	–	–	–	13	–	13	–	13
Repurchase and cancellation of shares	–	(13,681)	4,740	–	–	(89,725)	(98,666)	–	(98,666)
Repurchase of shares (to be cancelled)	–	–	(3,597)	–	–	–	(3,597)	–	(3,597)
Cash dividends	–	–	–	–	–	(28,924)	(28,924)	(2,158)	(31,082)
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	12,624	12,624
Acquisition of additional equity interests in non wholly-owned subsidiaries	–	–	–	–	(4,637)	–	(4,637)	(2,957)	(7,594)
Dilution of interests in subsidiaries	–	–	–	–	(1,924)	–	(1,924)	1,634	(290)
Disposal of subsidiaries	–	–	–	–	–	–	–	11	11
Others	–	1,536	–	339	1,811	(2,093)	1,593	377	1,970
Total transactions with equity holders in their capacity as equity holders for the year	–	5,090	1,143	257	(3,120)	(120,742)	(117,372)	9,925	(107,447)
Balance at 31 December 2024	–	43,079	(3,597)	(5,093)	47,129	892,030	973,548	80,348	1,053,896





Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Shares held for share award schemes	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Balance at 1 January 2023	-	62,418	(1,868)	(4,226)	(40,914)	705,981	721,391	61,469	782,860
Comprehensive income									
Profit for the year	-	-	-	-	-	115,216	115,216	2,832	118,048
Other comprehensive income, net of tax:									
- share of other comprehensive income of associates and joint ventures	-	-	-	-	(701)	-	(701)	(36)	(737)
- losses from changes in fair value of assets held for distribution	-	-	-	-	(29,991)	-	(29,991)	-	(29,991)
- transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	(9)	-	(9)	-	(9)
- net gains from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	9,650	-	9,650	1,551	11,201
- currency translation differences	-	-	-	-	11,480	-	11,480	771	12,251
- net movement in reserves for hedges	-	-	-	-	(3,515)	-	(3,515)	(66)	(3,581)
Total comprehensive income for the year	-	-	-	-	(13,086)	115,216	102,130	5,052	107,182
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	-	-	-	-	17,846	(17,891)	(45)	-	(45)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	66	(66)	-	-	-
Share of other changes in net assets of associates and joint ventures	-	-	-	-	4,680	-	4,680	-	4,680
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	-	-	(118)	-	(118)	-	(118)





Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Shares held for share award schemes	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Transactions with equity holders									
Capital injections/(reductions)	-	-	-	-	-	-	-	121	121
Employee share option schemes:									
– value of employee services	-	1,687	-	-	73	-	1,760	64	1,824
– proceeds from shares issued, net of withholding individual income tax	-	828	-	-	-	-	828	-	828
Employee share award schemes:									
– value of employee services	-	17,267	-	-	1,583	-	18,850	342	19,192
– shares purchased/withheld for share award schemes	-	-	-	(4,378)	-	-	(4,378)	-	(4,378)
– vesting of awarded shares	-	(2,071)	-	2,071	-	-	-	-	-
Tax benefit from share-based payments	-	-	-	-	21	-	21	-	21
Profit appropriations to statutory reserves	-	-	-	-	912	(912)	-	-	-
Repurchase and cancellation of shares	-	(42,112)	1,868	-	-	-	(40,244)	-	(40,244)
Repurchase of shares (to be cancelled)	-	-	(4,740)	-	-	-	(4,740)	-	(4,740)
Cash dividends	-	-	-	-	-	(20,586)	(20,586)	(598)	(21,184)
Dividends under distribution in specie	-	-	-	-	-	32,169	32,169	-	32,169
Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	3,386	3,386
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	-	1,449	-	1,449	(4,560)	(3,111)
Dilution of interests in subsidiaries	-	-	-	-	(1,349)	-	(1,349)	1,361	12
Disposal of subsidiaries	-	-	-	-	-	-	-	(101)	(101)
Changes in put option liabilities in respect of non-controlling interests	-	-	-	-	117	-	117	16	133
Recognition of put option liabilities arising from business combinations	-	-	-	-	(4,594)	-	(4,594)	-	(4,594)
Transfer of equity interests of subsidiaries to non-controlling interests	-	(28)	-	1,183	95	-	1,250	(1,462)	(212)
Total transactions with equity holders in their capacity as equity holders for the year	-	(24,429)	(2,872)	(1,124)	(1,693)	10,671	(19,447)	(1,431)	(20,878)
Balance at 31 December 2023	-	37,989	(4,740)	(5,350)	(33,219)	813,911	808,591	65,090	873,681

The notes on pages 134 to 264 are an integral part of these consolidated financial statements.





Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	Year ended 31 December	
		2024	2023
		RMB'Million	RMB'Million
Cash flows from operating activities			
Cash generated from operations	43(a)	304,705	256,691
Income tax paid		(46,184)	(34,729)
Net cash flows generated from operating activities		258,521	221,962
Cash flows from investing activities			
Payments for business combinations, net of cash acquired		(7,847)	(7,633)
Net inflow of cash from disposals of investments in subsidiaries		1	14
Purchase of/prepayments for property, plant and equipment, construction in progress and investment properties		(62,927)	(21,008)
Proceeds from disposal of property, plant and equipment		203	257
Purchase of/prepayments for intangible assets		(26,394)	(26,042)
Purchase of/prepayments for land use rights		(6,727)	(357)
Payments for acquisition of investments in associates		(1,967)	(5,625)
Proceeds from disposal of investments in associates		4,627	3,938
Payments for acquisition of investments in joint ventures		(22)	(25)
Proceeds from disposal of investments in joint ventures		267	431
Payments for acquisition of financial assets at fair value through other comprehensive income		(14,022)	(8,511)
Proceeds from disposal of financial assets at fair value through other comprehensive income		25,490	7,727
Payments for acquisition of financial assets at fair value through profit or loss		(66,603)	(45,614)
Proceeds from disposal of financial assets at fair value through profit or loss		69,562	49,324
Payments for acquisition/settlement of other financial instruments		(3,564)	(3,616)
Net inflow/(outflow) from acquisition/settlement of other financial assets		1,724	(730)
Payments for loans to investees and others		(630)	(544)
Loans repayments from investees and others		485	1,199
Receipt from maturity of term deposits with initial terms of over three months		248,446	163,713
Placement of term deposits with initial terms of over three months		(300,723)	(244,419)
Interest received		14,913	10,349
Dividends received		3,521	2,011
Net cash flows used in investing activities		(122,187)	(125,161)





Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	RMB'Million	RMB'Million
Cash flows from financing activities		
Proceeds from short-term borrowings	62,563	29,809
Repayments of short-term borrowings	(40,049)	(9,889)
Proceeds from long-term borrowings	52,021	33,641
Repayments of long-term borrowings	(74,642)	(34,116)
Repayments of notes payable	(14,213)	(10,141)
Principal elements of lease payments	(6,369)	(6,652)
Interest paid	(12,417)	(11,478)
Payments for repurchase of shares	(102,331)	(43,767)
Proceeds from issuance of ordinary shares as a result of exercise of share options	1,932	1,070
Payments for withholding individual income tax for share option schemes	(105)	(242)
Payments for shares purchased/withheld for share award schemes	(3,420)	(4,378)
Proceeds from issuance of additional equity interests of non wholly-owned subsidiaries	161	196
Payments for acquisition of non-controlling interests in non wholly-owned subsidiaries	(8,381)	(4,818)
Capital reductions of non-controlling interests in non wholly-owned subsidiaries	–	(20)
Dividends paid to the Company's shareholders	(28,859)	(20,983)
Dividends paid to non-controlling interests	(2,385)	(805)
Net cash flows used in financing activities	(176,494)	(82,573)
Net (decrease)/increase in cash and cash equivalents	(40,160)	14,228
Cash and cash equivalents at beginning of the year	172,320	156,739
Exchange gains on cash and cash equivalents	359	1,353
Cash and cash equivalents at end of the year	132,519	172,320

The notes on pages 134 to 264 are an integral part of these consolidated financial statements.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1 GENERAL INFORMATION

Tencent Holdings Limited (the “Company”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 16 June 2004.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the provision of Value-added Services (“VAS”), Marketing Services and FinTech and Business Services.

The operations of the Group were initially conducted through Shenzhen Tencent Computer Systems Company Limited (“Tencent Computer”), a limited liability company established in the PRC by certain shareholders of the Company on 11 November 1998. Tencent Computer is legally owned by the core founders of the Company who are PRC citizens (the “Registered Shareholders”).

The PRC regulations restrict foreign ownership of companies that provide value-added telecommunications services, which include activities and services operated by Tencent Computer. In order to enable the Company to own and control the business of the Group, the Company established a subsidiary, Tencent Technology (Shenzhen) Company Limited (“Tencent Technology”), which is a wholly foreign owned enterprise incorporated in the PRC, on 24 February 2000, to control Tencent Computer through a series of contractual arrangements (collectively, “Structure Contracts”) as described below.

Under the Structure Contracts entered into among the Company, Tencent Technology, Tencent Computer and the Registered Shareholders, the Company is able to effectively control, recognise and receive substantially all the economic benefit of the business and operations of Tencent Computer. In summary, the Structure Contracts provide the Company through Tencent Technology with, among other things:

- the right to receive the cash received by Tencent Computer from its operations which is surplus to its requirements, having regard to its forecast working capital needs, capital expenditure, and other short-term anticipated expenditure through various commercial arrangements;
- the right to ensure that Tencent Technology owns the valuable assets of the business through the assignment to Tencent Technology of the principal present and future intellectual property rights of Tencent Computer; and
- the right to control the management, financial and operating policies of Tencent Computer.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1 GENERAL INFORMATION (continued)

As a result, Tencent Computer is accounted for as a controlled structured entity (see also Note 2.3(a) and Note 48) and consolidated by the Company accordingly. Similar Structure Contracts were also executed for other PRC operating companies established by the Group similar to Tencent Computer subsequent to 2000. All these PRC operating companies are treated as controlled structured entities of the Company and their financial statements have also been consolidated by the Company. See details in Note 48.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI"), certain other financial assets and liabilities, which are carried at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies

(a) Amendments to standards adopted by the Group

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

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

The adoption of these amendments to standards does not have significant impact on the consolidated financial statements of the Group.

(b) New standard and amendments to standards issued but not yet effective

The following issued new standard and amendments to standards have not come into effect for the financial year beginning on 1 January 2024 and have not been early adopted by the Group in preparing the consolidated financial statements. The adoption of IFRS 18 will not affect the recognition or measurement of items in the consolidated financial statements. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirements on management-defined performance measures within the consolidated financial statements. Except for IFRS 18, none of these is expected to have significant impact on the consolidated financial statements of the Group.

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including controlled structured entities as stated in Note 1 above) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement, which is recognised under "Other financial assets" or "Other financial liabilities" in the consolidated financial statements. Identifiable assets acquired and liabilities and contingent consideration assumed in a business combination are generally measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs other than those incurred to issue equity interests are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying amount of the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Subsidiaries (continued)

(a) Consolidation (continued)

(i) Business combinations (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the total of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the net acquisition-date amount of the identifiable assets acquired and the liabilities assumed is recorded as goodwill in "Intangible assets" in the consolidated financial statements. Goodwill is not amortised, but must instead subject to an impairment test at least annually (Notes 2.8 and 2.9). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the net acquisition-date amount of the identifiable assets acquired and the liabilities assumed in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

(ii) Changes in ownership interests in subsidiaries without loss of control

Transactions with non-controlling interests that result in changes in ownership interests in subsidiaries but do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost and is included in the calculation of the gain or loss on disposal of that subsidiary. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means that amounts previously recognised in other comprehensive income are either reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Subsidiaries (continued)

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends from subsidiaries. In addition, the contribution to the Company's Share Scheme Trust (as defined in Note 48(f)) will be transferred to the "Shares held for share award schemes" under equity when the contribution is used for the acquisition of the Company's shares.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividends exceed the total comprehensive income of the subsidiaries in the period the dividends are declared or if the carrying amount of the investments in the separate financial statements exceeds the carrying amount of the subsidiaries' net assets including goodwill in the consolidated financial statements.

2.4 Investments under equity method of accounting

(a) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally but not necessarily accompanying a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. The Group's investments in associates include underlying goodwill identified on acquisition, net of any accumulated impairment loss.

(b) Joint ventures

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and are accounted for using the equity method of accounting.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Investments under equity method of accounting (continued)

(c) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and subsequently the Group's share of post-acquisition profit or loss of the investees is recognised in the consolidated income statement, the Group's share of post-acquisition movements in other comprehensive income of the investees is recognised in other comprehensive income. When the investees have a change in net assets (other than from a transaction with other investors) that does not affect profit or loss or other comprehensive income, the Group's share of other changes in net assets is recognised in consolidated statement of changes in equity. Dividends from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Where the Group's share of losses in an associate or a joint venture equals or exceeds its interests in the entity, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the entity.

The Group determines at each reporting date whether there is any objective evidence that investments accounted for using the equity method, including investments in associates and joint ventures, are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying amount and recognises the amount in "Net gains/(losses) from investments and others" in the consolidated income statement.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When necessary, adjustments are made to financial information of associates or joint ventures used in applying the equity method, to make the associates' or joint ventures' accounting policies conform to those of the Group.

An associate or a joint venture of the Group might issue shares to other investors which dilute the Group's interest. This is deemed as a partial disposal of the Group's interest in this entity, if the interest continues to be classified as either an associate or a joint venture. A dilution gain or loss arising on the deemed partial disposal is recognised in the consolidated income statement. If the ownership interest in an associate or a joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated income statement where appropriate.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Investments under equity method of accounting (continued)

(d) Investments in associates/joint ventures achieved in stages

The cost of associates/joint ventures acquired in stages, except for the change from an associate to a joint venture, is measured as the sum of the fair value of the interests previously held plus the fair value of any additional consideration transferred as of the date when they become associates/joint ventures.

(e) Disposal of associates and joint ventures

When the Group ceases to continue using equity method of accounting for an associate or joint venture because of a loss of significant influence or joint control, it re-measures any retained investment at fair value. A gain or loss is recognised at the difference between the fair value of any retained interest plus any proceeds from disposing of part of the interests in the associate or joint venture and the carrying amount of the investment at the date the equity method of accounting is discontinued. The amounts previously recognised in other comprehensive income and other changes recognised in equity in respect of the associate or joint venture are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards when the Group ceases to continue using equity method of accounting for the associate or joint venture.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and certain of its overseas subsidiaries is United States Dollars ("USD"). As the major operations of the Group are within the Mainland of China, the Group presents its consolidated financial statements in Renminbi ("RMB"), unless otherwise stated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised, except as disclosed in Note (c) below, in the consolidated income statement.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Translation differences on non-monetary assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary financial assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary financial assets, such as equity instruments classified as FVOCI, are included in other comprehensive income.

(c) Translation of foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of RMB are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Currency translation differences arising thereon are recognised in other comprehensive income.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment and construction in progress

All items of property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment losses. Historical costs include expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their cost net of their residual values over their estimated useful lives, as follows:

Buildings	20 ~ 50 years*
Computer and other operating equipment	2 ~ 10 years
Furniture and office equipment	2 ~ 5 years
Motor vehicles	5 years
Leasehold improvements	Shorter of their useful lives and the remaining lease term

* As non-removable parts of the buildings, fixtures and internal decoration are depreciated over the shorter of the specific asset's useful life and the remaining useful life of the entire building.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress represents office buildings and data centers under construction, which is stated at actual construction costs less any impairment loss. Construction in progress is transferred to property, plant and equipment when completed and ready for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in "Other gains/(losses), net" in the consolidated income statement.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Land use rights

Land use rights are up-front payments to acquire long-term lease interest in land. These payments are stated at cost and charged to the consolidated income statement or included in the cost of construction in progress as appropriate, on a straight-line basis over the remaining period of the lease.

2.8 Intangible assets

(a) Goodwill

Goodwill on acquisition of subsidiaries is recognised as described in Note 2.3(a) and included in "Intangible assets" in the consolidated financial statements.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of the CGU or group of CGUs including the allocated goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately under "Net gains/(losses) from investments and others" and is not subsequently reversed.

(b) Media content

Media content mainly includes game licences, long-form video and music content, and literature copyrights. They are initially recognised and measured at cost or estimated fair value as acquired through business combinations. Media content is amortised using a straight-line method or an accelerated method which reflects the estimated consumption patterns.

(c) Other intangible assets

Other intangible assets mainly include trademarks, other copyrights, computer software and technology, non-compete agreements and customer relationships. They are initially recognised and measured at cost or estimated fair value as acquired through business combinations.

Other intangible assets are amortised over their estimated useful lives (generally one to ten years) using the straight-line method which reflects the pattern in which the intangible assets' future economic benefits are expected to be consumed.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered impairment are subsequently reviewed for possible reversal of the impairment at each reporting date.

2.10 Shares held for share award schemes

The consideration paid by the Share Scheme Trust (see Note 48(f)) for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Shares held for share award schemes" and the amount is deducted from total equity.

When the Share Scheme Trust transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for share award schemes", with a corresponding adjustment made to "Share premium".

2.11 Investments and other financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured subsequently at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Except for accounts receivable, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(a) Classification and measurement (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three categories into which the Group classifies its debt instruments:

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as and measured at amortised cost. A gain or loss on a debt instrument measured at amortised cost which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest method.
- **FVOCI:** Financial assets that are held both for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are classified as and measured at FVOCI. Gains and losses on these financial assets are taken through other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "Net gains/(losses) from investments and others" in the consolidated income statement. Interest income from these financial assets is recognised using the effective interest method. Foreign exchange gains and losses are presented in "Finance costs" and impairment gains or losses are presented in "Other gains/(losses), net".
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are classified as and measured at fair value through profit or loss. A gain or loss on a debt instrument measured at fair value through profit or loss which is not part of a hedging relationship is recognised in profit or loss and presented in "Net gains/(losses) from investments and others" for the period in which it arises.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(a) Classification and measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group's management can irrevocably elect to present fair value gains or losses on equity investments in other comprehensive income when they are in the scope of IFRS 9 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Where the Group has made the irrevocable election to present fair value gains or losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains or losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as "Net gains/(losses) from investments and others" when the Group's right to receive payments is established. Unlike debt instruments classified as FVOCI, these equity instruments are not subject to impairment assessment.

All other investments in equity instruments are classified as and measured at FVPL. Changes in the fair value of FVPL are recognised in "Net gains/(losses) from investments and others" in the consolidated income statement.

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For accounts receivable and contract assets, the Group applies the simplified approach prescribed by IFRS 9, which requires lifetime ECL to be recognised since initial recognition.

Impairment on deposits and other receivables is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a deposit or other receivable has occurred since initial recognition, the impairment is measured as lifetime ECL.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 Derivative and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative, which are recognised under “Other financial assets” and “Other financial liabilities” in the consolidated financial statements, respectively. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of fair value of a recognised asset or liability (fair value hedges); or
- hedges of a particular risk associated with the cash flows of a recognised asset or liability (cash flow hedges).

At the inception of the hedging relationship, the Group documents the economic relationship between hedging instruments and hedged items including how the changes in fair value or cash flows of hedging instrument is expected to offset changes in fair value or cash flows of hedged items. The Group documents its risk, risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement (or other comprehensive income, in the case of a hedge of equity instruments where the Group has elected to present fair value gains or losses in other comprehensive income), together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risks.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 Derivative and hedging activities (continued)

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised through other comprehensive income within equity, while any ineffective portion is recognised immediately in profit or loss.

The accumulated deferred gain or loss relating to the effective portion of the derivatives is recycled to profit or loss at the same time when the hedged cash flows affect profit or loss. They are recorded in the same consolidated income statement line items in which the income or expense associated with the related hedged item is reported.

In designating a forward contract or other financial instrument as a hedging instrument, the Group excludes any forward element or foreign currency basis spread and accounts for the excluded item as costs of hedging. Changes in fair value of the excluded item are recognised within equity as deferred costs of hedging, while the inception-date value of the excluded item is reclassified to the consolidated income statement systematically over the period of the hedging relationship.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any accumulated deferred gain or loss and deferred costs of hedging in equity at that time remain in equity and is recognised in the periods when the hedged item affects profit or loss.

2.13 Accounts receivable

Accounts receivable are amounts due from customers or agents for services performed or merchandise sold in the ordinary course of business. Accounts receivable are presented as current assets unless collection is not expected within 12 months after the end of the reporting period.

Accounts receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment that is subject to ECL model (Note 4.1(b)).





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Cash and cash equivalents

Cash and cash equivalents mainly include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with initial maturities of three months or less.

The Group does not recognise cash amounts deposited with banks in the Mainland of China under users' entrustment (which are received under its payment business) in the consolidated statement of financial position as the Group holds these cash amounts as a custodian according to the relevant users' agreements.

2.15 Repurchase of shares

Save as disclosed in Note 2.10, where any group company purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to equity holders of the Company as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) is included in equity attributable to equity holders of the Company.

2.16 Accounts payable

Accounts payable are obligations to pay for services or goods that have been acquired in the ordinary course of business from suppliers. Accounts payable are presented as current liabilities unless payment is not due within 12 months after the end of the reporting period.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.17 Put option arrangements on non-controlling interest

Put options on non-controlling interest of the Group are financial instruments granted by the Group which permit the holders to put back to the Group their shares in certain non wholly-owned subsidiaries of the Group for cash or other financial instruments when certain conditions are met. If the Group does not have the unconditional right to avoid delivering cash or other financial instruments under the put option, a financial liability is initially recognised under "Other financial liabilities" in the consolidated financial statements at the present value of the estimated future cash outflows on exercise under the put option. Subsequently, if the Group revises its estimates of payments, the Group will adjust the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. The Group will recalculate the carrying amount based on the present value of revised estimated future cash outflows at the financial instrument's original effective interest rate and the adjustment will be recognised in the consolidated statement of changes in equity. In the event that the put option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

The put option liabilities are non-current liabilities unless the put option first becomes exercisable within 12 months after the end of the reporting period.

2.18 Borrowings, notes payable and borrowing costs

Borrowings and notes payable issued by the Group are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over their terms using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan facilities to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the term of the facility to which it relates.

The liability is classified as non-current if the Group has the right to defer settlement of the liability for at least 12 months after the reporting period, regardless of whether the Group intends to settle the liability within the next 12 months, and even if the liability is settled before the financial statements are authorised for issue.

General and specific finance costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale. During the year ended 31 December 2024, finance cost capitalised was insignificant to the Group.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Current and deferred income tax

The income tax expense for the year comprises current and deferred income tax, which is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the income tax is also recognised in other comprehensive income or in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. When it is not probable, the Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available to utilise those temporary differences and tax losses.

Deferred income tax liabilities are provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the associates' and joint ventures' undistributed profit is not recognised.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Current and deferred income tax (continued)

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the foreseeable future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset where: (i) there is a legally enforceable right to offset current tax assets against current tax liabilities; and (ii) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.20 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated entitlements for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leaves are not recognised until the time of leave.

(b) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund, and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(c) Long-term employee benefit obligations

In addition to participating in the defined contribution plans as described above, the Group also provides commercial health insurance benefits to certain eligible employees till their resignation or retirement. These obligations are classified as non-current liabilities unless it is expected to be settled wholly within 12 months after the end of the reporting period.

These long-term employee benefit obligations are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. For currencies for which there is no deep market in such high-quality corporate bonds, the market yields on government bonds denominated in that currency were applied. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(d) Long-term service awards

The Group recognises a liability and an expense for its long-term service awards scheme where cash is to be paid to retired employees qualified for certain criteria as one-off retirement bonus and it is considered as a defined benefit plan. The method of accounting is similar to those used for long-term employee benefits as described above, except that re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they occur.

(e) Share-based compensation benefits

The Group operates a number of share-based compensation plans (including share option schemes and share award schemes), under which the Group receives services from employees and other qualifying participants as consideration for equity instruments (including share options and awarded shares) of the Group. The fair value of the employee services and other qualifying participants' services received in exchange for the grant of equity instruments of the Group is recognised as an expense over the vesting period, i.e., the period over which all of the specified vesting conditions are to be satisfied and credited to equity.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

- (e) Share-based compensation benefits (continued)

For grant of share options, the total amount to be expensed is determined by reference to the grant-date fair value of the options granted by using option-pricing model, "Enhanced FAS 123" binomial model (the "Binomial Model"), which includes the impact of market performance conditions (such as the Company's share price) but excludes the impact of service condition and non-market performance conditions. For grant of awarded shares, the total amount to be expensed is determined by reference to the market price of the Company's shares at the grant date. The Group also adopts valuation and actuarial techniques to assess the grant-date fair value of other equity instruments of the Group granted under the share-based compensation plans as appropriate.

Non-market performance and service conditions are included in assumptions about the number of options and awarded shares that are expected to become vested.

From the perspective of the Company, the grants of its equity instruments to employees of its subsidiaries are made in exchange for their services related to the subsidiaries. Accordingly, the share-based compensation expenses are treated as part of the "Investments in subsidiaries", or "Amounts due from subsidiaries" if rechargeable, in the Company's statement of financial position.

At each reporting period end, the Group revises the estimates of the number of options and awarded shares that are expected to ultimately vest. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement of the Group, with a corresponding adjustment to equity.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. When the vested equity instruments are later forfeited prior to expiry date, the amount previously recognised in share premium may be transferred to retained earnings.

If the Group repurchases vested equity instruments, the payments made to the employees and other qualifying participants are accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date. Any such excess is recognised as an expense.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(e) Share-based compensation benefits (continued)

If the terms of an equity-settled share-based award are modified, an additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees and other qualifying participants, as measured at the date of modification. Modifications of an equity-settled share-based award in a manner that is not beneficial to employees are not taken into account when determining the expenses to be recognised.

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

Cash-settled share-based payment transactions are those arrangements where the terms provide the Group to settle the transaction in cash. For cash-settled share-based payments, a liability is recognised at the current fair value determined at the end of the reporting period to the extent of the portion of the services received until the date of settlement, with any changes in fair value recognised in profit or loss.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition

The Group generates revenues primarily from provision of VAS, Marketing Services, FinTech and Business Services, and other online related services in the PRC. Revenue is recognised when the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

(a) VAS

Revenues from VAS primarily include revenues from the provision of online games and social networks services. Online games revenues are mainly derived from sales of in-game virtual items, and social networks revenues are mainly derived from subscriptions, sales of virtual items, and online games revenues attributable to social networks business.

Revenues from VAS are recognised when the Group satisfies its performance obligations by rendering relevant promised services.

Revenues from sales of in-game permanent virtual items are recognised ratably over the respective estimates of expected users' relationship periods of the applicable games determined by the management as there is an explicit or implicit obligation of the Group to maintain the virtual items operated on the Group's platforms and allow users to gain access to them, whereas revenues from sales of in-game limited life virtual items and social networks virtual items, are recognised based on the consumption or over the stipulated period of validity of the relevant virtual items ratably. Revenues from subscriptions are recognised ratably over the subscription period.

Where a contract includes multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to be recovered from customers.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition (continued)

(a) VAS (continued)

In respect of the Group's VAS directly delivered to the Group's customers and paid through various third-party platforms, these third-party platforms collect the relevant service fees (the "Online Service Fees") on behalf of the Group and they are entitled to platform provider fees at a pre-determined percentage (as part of "Channel and distribution costs"). Such Channel and distribution costs are withheld and deducted from the gross Online Service Fees collected by these platforms from the users, with the net amounts remitted to the Group. The Group recognises the Online Service Fees as revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in these transactions based on the assessment according to the criteria stated in (e) below.

The Group also opens its online platforms to third-party game/application developers under certain co-operation agreements, under which the Group pays to the third-party game/application developers a pre-determined percentage of the fees paid by and collected from the users of the Group's online platforms for the virtual items sold. The Group recognises the related revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in the transaction based on the assessment according to the criteria stated in (e) below.

The Group adopts different revenue recognition methods based on its specific responsibilities/obligations in different VAS offerings.

(b) Marketing Services

Marketing Services revenues mainly include revenues derived from sales of advertising inventories from various platforms of the Group.

Advertising mainly includes display-based advertising that is display of advertisements for an agreed period of time, and performance-based advertising, that is based on actual performance measurement, such as number of impression, view or click.

Revenue is recognised either ratably over the agreed period of display, or when the performance is fulfilled, such as impression, view or click. Where a contract includes multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to be recovered from customers.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition (continued)

(c) FinTech and Business Services

FinTech and Business Services revenues mainly include revenues derived from the provision of FinTech services and cloud services.

FinTech service revenues mainly include commissions from payment transactions, wealth management services and other FinTech services, where the commissions received by the Group are generally determined as a percentage of the value of each single transaction or periodic retention amount. Revenue from these commissions is recognised at a point in time when the Group satisfies its performance obligations by rendering the relevant services.

Cloud services revenues mainly include revenues derived from the provision of cloud services to customers based on the subscription for a period of time or consumption of cloud resources. For cloud service contracts based on subscription for a specified service period, revenue is recognised over the subscribed period when the services are delivered to customers ratably. For cloud service provided on a consumption basis, revenue is recognised based on the customer utilisation of the cloud resources. When a cloud-based service contract includes multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, which is determined based on the prices charged to or expected to be recovered from customers.

(d) Other revenues

The Group's other revenues are primarily derived from investments in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities. The Group recognises other revenues when the respective services are rendered, or when the control of the products is transferred to customers.

(e) Principal and agent consideration

The Group reports revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in a transaction. The Group is a principal if it controls the specified product or service before that product or service is transferred to a customer or it has a right to direct others to provide the product or service to the customer on the Group's behalf. Indicators that the Group is a principal include but are not limited to: the Group (i) is the primary obligor in the arrangement; (ii) has latitude in establishing the selling price; (iii) has discretion in supplier selection; (iv) changes the product or performs part of the service; and (v) has involvement in the determination of product or service specifications.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Revenue recognition (continued)

- (f) Deferred revenue, contract liabilities and contract costs

The Group's deferred revenue includes contract liabilities and refundable advance payments in certain businesses. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities mainly comprise unamortised virtual items, prepaid subscription fees, prepaid tokens or cards, Internet traffic and other support to be offered to certain investee companies in the future periods measured at their fair value on the inception dates, and customer loyalty incentives (Note 6(c)), which are presented as "Deferred revenue" in the consolidated statement of financial position.

Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract with the customers. The contract costs are amortised using a method which is consistent with the pattern of recognition of the respective revenues. The Group has applied the practical expedient to recognise the contract cost relating to obtaining a contract as an expense when incurred, if otherwise the amortisation period is one year or less.

2.23 Government grants/subsidies

Grants/subsidies from the government are recognised at their fair values where there is a reasonable assurance that the grants/subsidies will be received and the Group will comply with all attached conditions.

Under these circumstances, the grants/subsidies are recognised as income or deducted in reporting the associated costs and expenses which the grants/subsidies are intended to compensate.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.24 Leases

The Group leases land (Note 2.7), various buildings, computer and other operating equipment and others. Rental contracts other than land are typically made for fixed periods of not longer than 10 years. Lease agreements are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. A right-of-use asset arising from land lease is presented as "Land use rights".

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.24 Leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free rate adjusted for credit risk for leases held by the lessee, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entity uses that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

A right-of-use asset is generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.25 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividend is approved by the Company's shareholders or Board where appropriate and no longer at the discretion of the Group.

In respect of a dividend by way of distribution of non-cash assets, the liability to distribute the non-cash assets as a dividend is measured at the fair value of the assets to be distributed on the declaration date. At the end of the reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend liability, and any subsequent change in the fair value of the dividend liability is recognised in equity as an adjustment to the amount of the dividend distribution. Upon settlement, the difference between the carrying amount of the dividend liability which is also the fair value of the assets distributed, and the carrying amount of the assets distributed, if any, is recognised in profit or loss.

The non-cash assets to be distributed are presented as "Assets held for distribution" in the consolidated statement of financial position.

2.26 Research and development expenses

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalised when capitalisation criteria are fulfilled and tests for impairment on the capitalised development costs are performed annually. Other development expenditures that do not meet those criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent periods.

3 SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 Inventories

Inventories, mainly consisting of merchandise for sale, are primarily accounted for using the weighted average cost method and are stated at the lower of cost and net realisable value.

3.2 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment properties are carried at historical costs less accumulated depreciation and accumulated impairment losses. Historical costs include expenditures that are directly attributable to the acquisition of the items.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

3.2 Investment properties (continued)

Depreciation on investment properties is calculated using the straight-line method to allocate their costs net of their residual values over their estimated useful lives of 20-50 years. Investment properties' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment properties' carrying amounts are written down immediately to their recoverable amounts if their carrying amounts are greater than their estimated recoverable amounts (Note 2.9).

3.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised in equity as a deduction from the proceeds.

3.4 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in certain circumstances, such as default, insolvency, bankruptcy or the termination of a contract.

3.5 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as "Interest income" where it is mainly earned from financial assets that are held for cash management purposes.

3.6 Dividend income

Dividends received from FVPL and FVOCI are recognised in "Net gains/(losses) from investments and others" in the consolidated income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects on the financial performance of the Group. Risk management is carried out by the management of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong Dollars ("HKD"), USD and euro ("EUR"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The functional currency of the Company and the majority of its overseas subsidiaries is USD whereas the functional currency of the subsidiaries which operate in the Mainland of China is RMB.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

As at 31 December 2024, the Group's major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	USD denominated RMB'Million	Non-USD denominated RMB'Million
As at 31 December 2024		
Monetary assets, current	27,792	19,993
Monetary assets, non-current	18,530	1,517
Monetary liabilities, current	(14,777)	(4,064)
Monetary liabilities, non-current	(2,256)	(364)
	<u>29,289</u>	<u>17,082</u>





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	USD denominated RMB'Million	Non-USD denominated RMB'Million
As at 31 December 2023		
Monetary assets, current	13,637	9,184
Monetary assets, non-current	4	1,593
Monetary liabilities, current	(9,160)	(3,985)
Monetary liabilities, non-current	(3,629)	(534)
	<u>852</u>	<u>6,258</u>

During the year ended 31 December 2024, the Group reported net exchange gains of approximately RMB466 million (2023: net exchange losses of RMB383 million) within "Finance costs" in the consolidated income statement.

As at 31 December 2024, management considered that any reasonable changes in foreign exchange rates of the above currencies against the two major functional currencies would not result in a significant change in the Group's results, as the net carrying amounts of financial assets and liabilities denominated in a currency other than the respective subsidiaries' functional currencies are considered to be not significant. Accordingly, no sensitivity analysis is presented for foreign exchange risk.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity price risk mainly arising from investments held by the Group that are classified as at either FVPL (Note 25) or FVOCI (Note 26). To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. Each investment is managed by management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of FVPL and FVOCI at the end of each reporting period. If prices of the respective instruments held by the Group had been 5% (31 December 2023: 5%) higher/lower as at 31 December 2024, profit for the year would have been approximately RMB10,329 million (2023: RMB10,888 million) higher/lower as a result of gains/losses on financial instruments classified as at FVPL, other comprehensive income would have been approximately RMB15,021 million (2023: RMB10,424 million) higher/lower as a result of gains/losses on financial instruments classified as at FVOCI.

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for loans to investees and investees' shareholders, term deposits with initial terms of over three months, restricted cash and cash and cash equivalents, details of which have been disclosed in Notes 27, 30 and 32.

If the interest rate of term deposits with initial terms of over three months had been 50 basis points higher/lower, the profit before income tax for the year ended 31 December 2024 would have been RMB1,353 million (2023: RMB1,076 million) higher/lower. If the interest rate of cash and cash equivalents had been 50 basis points higher/lower, the profit before income tax for the year ended 31 December 2024 would have been RMB663 million (2023: RMB862 million) higher/lower.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The Group's exposure to changes in interest rates is also attributable to its borrowings and notes payable, details of which have been disclosed in Notes 36 and 37, representing a substantial portion of the Group's debts. Borrowings and notes payable carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

The Group regularly monitors its interest rate risk to identify if there are any undue exposures to significant interest rate movements and manages its cash flow interest rate risk by using interest rate swaps, whenever considered necessary.

The Group entered into certain interest rate swap contracts to hedge its exposure arising from borrowings and senior notes carried at floating rates. Under these interest rate swap contracts, the Group agreed with the counterparties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. These interest rate swap contracts had the economic effect of converting borrowings and senior notes from floating rates to fixed rates and were qualified for hedge accounting. Details of the Group's outstanding interest rate swap contracts as at 31 December 2024 are mainly disclosed in Note 28.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2024	2023
	RMB' Million	RMB' Million
Interest rate swaps		
Carrying amount (current assets)	336	2,520
Carrying amount (non-current assets)	120	969
Notional amount	15,455	97,019
Maturity date	2025/9/26 ~	2024/3/28 ~
	2026/2/24	2026/2/24
Hedge ratio	1:1	1:1
Changes in fair value of outstanding hedging instruments since 1 January	(2,732)	(3,581)
Change in value of hedged item used to determine hedge effectiveness since 1 January	(2,732)	(3,581)
Weighted average hedged rate for the year	0.64%	0.59%

Swaps currently in place covered certain floating-rate borrowings principal outstanding as at 31 December 2024.

As at 31 December 2024 and 2023, management considered that any reasonable changes in the interest rates would not result in a significant change in the Group's results as the Group's exposure to cash flow interest-rate risk arising from its borrowings and notes payable carried at floating rates, after considering the effect of hedging, is considered to be insignificant.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk

The Group is exposed to credit risk in relation to its cash, deposits and restricted cash placed with banks and other financial institutions, accounts receivable, other receivables, derivative financial instruments, as well as debt investments measured at amortised cost, at FVOCI and at FVPL. The carrying amount of each class of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

The majority of the balances of accounts receivable are due from marketing services customers and agents, FinTech and cloud customers, content production related customers and third party platform providers. To manage the credit risk arising from accounts receivable, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit periods granted to these customers are disclosed in Note 31 and the credit quality of these customers is regularly assessed, which takes into account their financial position, past experience and other factors. The Group has a large number of customers and there is no significant concentration of credit risk.

Other receivables mainly comprise loan receivables related to financial services, interest receivables, loans to investees and investees' shareholders, lease deposits and other receivables. Management manages the loans by category, makes periodic assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experience.

For financial assets whose impairment losses are measured using ECL model, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

- Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial instrument is included in stage 1.
- Stage 2: If the credit risk has increased significantly since its initial recognition but not yet deemed to be credit-impaired, the financial instrument is included in stage 2.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in stage 3.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, lifetime or 12-month ECL are provided respectively.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the years. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at year end with the risk of default as at the date of initial recognition. In particular, the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant changes in the expected performance and behavior of the counterparty, including changes in the payment status of the counterparty.

(i) Credit risk of cash and deposits

To manage this risk, the Group only makes transactions with state-owned banks and other financial institutions in the PRC and reputable international banks and other financial institutions outside of the PRC, which are of high credit quality. The ECL is expected to be close to zero.

(ii) Credit risk of accounts receivable

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which requires the recognition of the lifetime expected loss provision for all accounts receivable. In view of the sound financial position and collection history of receivables due from these counterparties and insignificant risk of default, to measure the ECL, accounts receivable have been grouped based on shared credit risk characteristics and the days past due.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Credit risk of accounts receivable (continued)

The expected loss rates are based on the payment profiles of revenue over 12 months before 31 December 2024 and the corresponding historical credit losses experienced within this period or probability of a receivable progressing through successive stages of delinquency to write-off. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product to be the most relevant factor. Various economic scenarios are considered in generating the forward-looking adjustment.

A default on accounts receivable occurs when the counterparty fails to make contractual payments within 90 days after they fall due. To measure the ECL, accounts receivable are grouped on the basis of shared credit risk characteristics, such as industry, with the objective of facilitating recognition of loss allowance on a timely basis. Accounts receivable are written off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and the failure to make contractual payments for a period of greater than 3 years past due.

Impairment losses on accounts receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same item.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Credit risk of loan receivables related to financial services

To manage credit risk arising from loan receivables related to financial services, standardised credit management procedures are performed. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). This is consistent with the general approach used for the purpose of measuring ECL under IFRS 9. ECL is the product of PD, EAD, and LGD.

The ECL is measured on either a 12-month or a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition. No significant changes to estimation techniques or assumptions were made during the reporting period.

Details of the Group's loan receivables related to financial services are included in Note 27. As at 31 December 2024, the majority of the gross carrying amount of loan receivables was classified in stage 1, and the amount of loan receivables transferred from stage 1 to stage 2 or stage 3 was immaterial (31 December 2023: immaterial). During the year ended 31 December 2024, the impairment loss resulting from loan receivables related to financial services was immaterial (2023: immaterial).





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents, and readily marketable securities which are classified as FVPL. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such.

The table below analyses the Group's financial liabilities by relevant maturity groupings based on the remaining period since the end of the reporting period to the contractual maturity date (or the earliest date a financial liability may become payable in the absence of a fixed maturity date). The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial assets to be delivered.

	Less than 1 year RMB'Million	Between 1 and 2 years RMB'Million	Between 2 and 5 years RMB'Million	Over 5 years RMB'Million	Total RMB'Million
At 31 December 2024					
Non-derivatives:					
Notes payable	13,229	15,103	50,713	122,293	201,338
Long-term payables	–	5,048	719	63	5,830
Borrowings	58,454	53,892	103,755	6,804	222,905
Lease liabilities	5,930	4,390	7,336	3,066	20,722
Other financial liabilities	5,708	492	1,666	6,267	14,133
Accounts payable, other payables and accruals	166,518	–	–	–	166,518
Derivatives:					
Other financial liabilities	1	–	–	–	1
	<u>249,840</u>	<u>78,925</u>	<u>164,189</u>	<u>138,493</u>	<u>631,447</u>





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'Million	Between 1 and 2 years RMB'Million	Between 2 and 5 years RMB'Million	Over 5 years RMB'Million	Total RMB'Million
At 31 December 2023					
Non-derivatives:					
Notes payable	19,138	13,034	40,529	144,814	217,515
Long-term payables	–	6,330	3,027	89	9,446
Borrowings	49,390	46,547	128,371	2	224,310
Lease liabilities	6,547	5,379	8,516	4,402	24,844
Other financial liabilities	4,523	2,375	5,548	8,360	20,806
Accounts payable, other payables and accruals	144,283	–	–	–	144,283
Derivatives:					
Other financial liabilities	8	–	–	–	8
	<u>223,889</u>	<u>73,665</u>	<u>185,991</u>	<u>157,667</u>	<u>641,212</u>





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Capital risk management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

Capital refers to equity and external debts (including borrowings and notes payable). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase the Company's shares or raise/repay debts.

The Group assesses its creditworthiness based on its business and financial risk profile and monitors its capital by regularly reviewing its total debts to adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") (Note) ratio, being the measure of the Group's ability to pay off all of its debts which in turn reflects the Group's financial health and liquidity position. The total debts/Adjusted EBITDA ratio calculated by dividing the total debts by Adjusted EBITDA is as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Borrowings (Note 36)	199,406	197,356
Notes payable (Note 37)	139,209	151,262
Total debts	<u>338,615</u>	<u>348,618</u>
Adjusted EBITDA (Note)	<u>277,012</u>	<u>235,454</u>
Total debts/Adjusted EBITDA ratio	<u>1.22</u>	<u>1.48</u>

Note:

Adjusted EBITDA represents operating profit less other gains/(losses), net, and adding back depreciation of property, plant and equipment, investment properties as well as right-of-use assets, amortisation of intangible assets and land use rights, and equity-settled share-based compensation expenses.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 RMB'Million	Level 2 RMB'Million	Level 3 RMB'Million	Total RMB'Million
As at 31 December 2024				
FVPL	9,290	11,645	193,632	214,567
FVOCI	286,866	4,876	13,963	305,705
Other financial assets	95	4,149	62	4,306
Other financial liabilities	–	(631)	(1,183)	(1,814)
As at 31 December 2023				
FVPL	12,280	14,233	199,535	226,048
FVOCI	190,011	1,269	22,671	213,951
Other financial assets	–	6,715	26	6,741
Other financial liabilities	–	(8)	(2,977)	(2,985)





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

The fair value of financial instruments traded in active markets is determined with reference to quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of such a financial instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments mainly include:

- Dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

The Group did not change any valuation techniques in determining the Level 2 and Level 3 fair values.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

During the year ended 31 December 2024, there was no transfer between Level 1 and 2 for recurring fair value measurements. Transfers in and out of Level 3 measurements are set out in the following table, which presents the changes of financial instruments in Level 3 for the years ended 31 December 2024 and 2023:

	Financial assets		Financial liabilities	
	2024	2023	2024	2023
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Opening balance	222,232	216,054	(2,977)	(3,298)
Additions and others	19,860	18,770	–	40
Business combinations	–	5,238	(29)	2
Disposals/settlements	(7,193)	(2,911)	1,718	906
Transfers (Note)	(33,011)	(17,202)	–	–
Changes in fair value recognised in other comprehensive income	(1,540)	34	–	–
Changes in fair value recognised in profit or loss*	4,967	(1,508)	92	(579)
Currency translation differences	2,342	3,757	13	(48)
Closing balance	207,657	222,232	(1,183)	(2,977)
*Includes unrealised gains/(losses) recognised in profit or loss attributable to balances held at the end of the reporting period	945	(3,678)	112	(496)

Note:

During the years ended 31 December 2024 and 2023, transfers from Level 3 to Level 1 were mainly due to the successful Initial Public Offerings ("IPO(s)") of certain existing investees.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

Valuation processes inputs and relationships to fair value (Level 3)

The Group has a team of personnel who performs valuation on these Level 3 instruments for financial reporting purposes. The team performs valuation, or necessary updates, at least once every quarter, which coincides with the Group's quarterly reporting dates. On an annual basis, the team adopts various valuation techniques to determine the fair value of the Group's Level 3 instruments. External valuation experts may also be involved and consulted when it is necessary.

The components of the Level 3 instruments mainly include investments in unlisted companies classified as FVPL or FVOCI, other financial assets, and other financial liabilities. Other financial liabilities included in Level 3 instruments mainly include contingent consideration payables related to certain business combinations. As these investments and instruments are not traded in an active market, the majority of their fair values have been determined using applicable valuation techniques including comparable companies approach, comparable transactions approach, option pricing approach and others. These valuation approaches require significant judgments, assumptions and inputs, including risk-free rates, expected volatility, and market information of recent transactions (such as recent fund-raising transactions undertaken by the investees) and other exposure, etc.

The quantitative information about the significant unobservable inputs used in Level 3 fair value measurements of investments in unlisted companies comprises:

Description	Fair value as		Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	at 31 December			at 31 December		
	2024	2023		2024	2023	
	RMB'Million	RMB'Million				
Investments in unlisted companies in FVPL and FVOCI	192,787	213,369	Expected volatility	32% ~ 82%	33% ~ 82%	Depends on rights and restrictions of shares held by the Group
			Risk-free rate	0.04% ~ 6.64%	0.04% ~ 7.05%	



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

For the fair value of the Group's investments in unlisted companies, the sensitivity analysis on equity price risk is performed by management, see Note 4.1(a)(ii) for details.

For the fair value of contingent consideration payables related to business combinations, management considered that any reasonable changes in the growth rate of net profit or expected volatility would not result in a significant change in the Group's results for the years ended 31 December 2024 and 2023.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) The estimates of the expected users' relationship periods related to in-game permanent virtual items provided on the Group's online platforms

As mentioned in Note 2.22(a), the end users purchase certain in-game permanent virtual items provided on the Group's online platforms and the relevant revenue is recognised ratably over the respective estimates of the expected users' relationship periods.

Significant judgments are required in determining the expected users' relationship periods, including but not limited to historical users' consumption patterns, churn rates, game life-cycles, and qualitative factors such as reactivity on marketing activities and the Group's marketing strategy. The Group has adopted a policy of reassessing the expected users' relationship periods on a regular basis and whenever there is any indicator of change in the estimates of the expected users' relationship periods.

The Group will continue to monitor the estimates of the expected users' relationship periods. The results may differ from prior periods, and any change in the estimates may result in the revenue being recognised on a different basis from that in prior periods.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(b) Recoverability of non-financial assets

The Group tests at least annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, construction in progress, other intangible assets, investment properties, land use rights, right-of-use assets as well as investments in associates and joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be fully recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgments and estimates.

Judgment is required to identify any impairment indicators existing for any of the Group's goodwill and other non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated income statement.

(c) Fair value measurement of FVPL and FVOCI

The fair value assessment of FVPL and FVOCI that are measured at Level 3 fair value hierarchy requires significant estimates, which include risk-free rates, expected volatility, market information of recent transactions (such as recent fund-raising transactions undertaken by the investees) and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

(d) Share-based compensation arrangements

As mentioned in Note 2.20(e), the Group has granted share options to its employees and other qualifying participants. The directors have adopted the Binomial Model to determine the total grant-date fair value of share options granted, which is to be expensed over the respective vesting periods. Significant estimates and judgment on key parameters, such as risk-free rate, dividend yield and expected volatility, are required to be made by the directors based on historical experience and other relevant factors in applying the Binomial Model (Note 35). These estimates and judgments could materially affect the fair value of these options granted.

The fair value of share options granted to employees and other qualifying participants determined using the Binomial Model was approximately HKD1,218 million (equivalent to approximately RMB1,106 million) in 2024 (2023: approximately HKD2,183 million (equivalent to approximately RMB1,987 million)).



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(d) Share-based compensation arrangements (continued)

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the share options and awarded shares (the “Expected Retention Rate”) in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. Where the final retention rate is different from the initial estimate, such differences will impact the share-based compensation expenses in subsequent periods. As at 31 December 2024, the Expected Retention Rate of the Group’s wholly-owned subsidiaries was assessed to be not lower than approximately 88% (31 December 2023: not lower than approximately 89%).

(e) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such outcome is decided.

(f) Scope of consolidation

Consolidation is required only if control exists. The Group controls an investee when it has all the following: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group’s returns. Power results from rights that can be straightforward through voting rights or complicated from contractual arrangements. Variable returns normally encompass financial benefits and risks, but in certain cases, they also include operational values specific to the Group. These three factors cannot be considered in isolation by the Group in its assessment of control over an investee. Where the factors of control are not apparent, significant judgment is applied in the assessment, which is based on an overall analysis of all of the relevant facts and circumstances.

The Group is required to reassess whether it controls the investee if facts and circumstances indicate a change to one or more of the three factors of control.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6 SEGMENT INFORMATION AND REVENUES

(a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers.

The chief operating decision-makers mainly include chief executive officer and president of the Company. They review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

The Group has the following reportable segments for the years ended 31 December 2024 and 2023:

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

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

The chief operating decision-makers assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. Revenues and cost of revenues are directly attributable to our operating segments, whereas other income and expenses, such as selling and marketing expenses, general and administrative expenses, interest income and finance costs (net), are managed centrally at group level due to the coherent nature of our businesses; therefore, they are not included in the measure of the operating segments' performance. Other gains/losses (net), net gains/(losses) from investments and others, share of profit/loss of associates and joint ventures (net) and income tax expense are not allocated to individual operating segment either.

There were no material inter-segment sales during the years ended 31 December 2024 and 2023. The revenues from external customers reported to the chief operating decision-makers are measured in a manner consistent with that applied in the consolidated income statement.

Other information, together with the segment information, provided to the chief operating decision-makers, is measured in a manner consistent with that applied in these consolidated financial statements. There was no segment assets or segment liabilities information provided to the chief operating decision-makers.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

The segment information provided to the chief operating decision-makers for the reportable segments for the years ended 31 December 2024 and 2023 is as follows:

	Year ended 31 December 2024				
	VAS	FinTech and		Others	Total
		Marketing	Business		
	RMB'Million	Services	Services	RMB'Million	RMB'Million
Segment revenues	319,168	121,374	211,956	7,759	660,257
Gross profit	181,657	67,232	99,701	656	349,246
Cost of revenues					
Depreciation	5,242	6,792	7,773	55	19,862
Amortisation	16,270	7,327	152	2,243	25,992
	Year ended 31 December 2023				
	VAS	FinTech and		Others	Total
		Marketing	Business		
	RMB'Million	Services	Services	RMB'Million	RMB'Million
Segment revenues	298,375	101,482	203,763	5,395	609,015
Gross profit/(loss)	161,919	51,344	80,636	(790)	293,109
Cost of revenues					
Depreciation	5,239	6,025	8,713	59	20,036
Amortisation	19,468	8,661	158	1,930	30,217

The reconciliation of gross profit to profit before income tax is shown in the consolidated income statement.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the Mainland of China. For the years ended 31 December 2024 and 2023, breakdown of the total revenues by geographical location is as follows:

	2024	2023
	RMB'Million	RMB'Million
Revenues		
– The Mainland of China	595,458	550,779
– Others	64,799	58,236
	<u>660,257</u>	<u>609,015</u>

The Group also conducts operations in the Europe, North America and other regions, and holds investments (including investments in associates, investments in joint ventures, FVPL and FVOCI) in various territories. The geographical information on the total assets is as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Operating and other assets		
– The Mainland of China	559,333	550,635
– Others	403,975	324,947
Investments		
– The Mainland of China and Hong Kong	429,551	393,836
– North America	111,077	110,106
– Asia excluding the Mainland of China and Hong Kong	157,858	110,224
– Europe	98,791	64,123
– Others	20,410	23,375
	<u>1,780,995</u>	<u>1,577,246</u>

As at 31 December 2024, the total non-current assets other than financial instruments and deferred income tax assets located in the Mainland of China and other regions amounted to RMB432,348 million (31 December 2023: RMB361,619 million) and RMB230,108 million (31 December 2023: RMB201,821 million), respectively.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6 SEGMENT INFORMATION AND REVENUES (continued)

(a) Description of segments and principal activities (continued)

All the revenues derived from any single external customer were less than 10% of the Group's total revenues during the years ended 31 December 2024 and 2023.

(b) Disaggregation of revenues

In the following table, revenues of the Group are disaggregated by revenue sources. The table also includes a reconciliation to the segment information (Note 6(a)).

	2024	2023
	RMB' Million	RMB' Million
Revenues		
– VAS	319,168	298,375
<i>Games</i>	197,712	179,860
<i>Social networks</i>	121,456	118,515
– Marketing Services	121,374	101,482
– FinTech and Business Services	211,956	203,763
– Others	7,759	5,395
	660,257	609,015





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6 SEGMENT INFORMATION AND REVENUES (continued)

(c) Assets and liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers under “Deferred revenue”:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Contract liabilities:		
VAS	78,784	62,890
Marketing Services	833	1,335
FinTech and Business Services	7,722	6,733
Others	213	172
	<u>87,552</u>	<u>71,130</u>

Note:

(i) Contract liabilities

Contract liabilities mainly comprised unamortised virtual items, prepaid subscription fees, prepaid tokens or cards, Internet traffic and other support to be offered to certain investee companies in the future periods measured at their fair value on the inception dates, and customer loyalty incentives.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6 SEGMENT INFORMATION AND REVENUES (continued)

(c) Assets and liabilities related to contracts with customers (continued)

Note: (continued)

(ii) Revenue recognised in relation to contract liabilities

The following table shows the extent of the revenue recognised in the current reporting period which relates to carried-forward contract liabilities:

	2024	2023
	RMB*Million	RMB*Million
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:		
VAS	60,185	59,697
Marketing Services	1,107	1,802
FinTech and Business Services	6,055	5,334
Others	147	155
	<u>67,494</u>	<u>66,988</u>

As at 31 December 2024 and 2023, contract assets and total capitalised contract costs to obtain or fulfil contracts with customers were immaterial.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

7 EXPENSES BY NATURE

	2024	2023
	RMB'Million	RMB'Million
Transaction costs (Note (a))	134,954	134,864
Employee benefits expenses (Note (b) and Note 14)	112,826	107,675
Content costs (excluding amortisation of intangible assets)	68,581	62,696
Amortisation of intangible assets (Note (c) and Note 21)	28,765	32,623
Depreciation of property, plant and equipment, investment properties and right-of-use assets	27,332	26,305
Bandwidth and server custody fees (excluding depreciation of right-of-use assets)	26,419	24,248
Promotion and advertising expenses	25,062	22,836
Auditor's remuneration		
– Audit and audit-related services	161	155
– Non-audit services	53	57
– <i>Tax advisory</i>	32	23
– <i>Due diligence service</i>	2	2
– <i>Other services</i>	19	32

Note:

(a) Transaction costs primarily consist of bank handling fees, channel and distribution costs.

(b) During the year ended 31 December 2024, the Group had incurred expenses for the purpose of research and development of approximately RMB70,686 million (2023: RMB64,078 million), which mainly comprised employee benefits expenses of approximately RMB56,061 million (2023: RMB52,416 million).

No significant development expenses had been capitalised for the years ended 31 December 2024 and 2023.

During the year ended 31 December 2024, employee benefits expenses included the share-based compensation expenses of approximately RMB23,424 million (2023: RMB22,782 million), which contained those incurred for employees related to SSV & CPP initiatives of approximately RMB60 million (2023: RMB63 million).





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

7 EXPENSES BY NATURE (continued)

Note: (continued)

(c) Amortisation charges of intangible assets are mainly in respect of media content including long-form video and music content, game licences, and other content. During the year ended 31 December 2024, amortisation of media content was approximately RMB26,166 million (2023: RMB30,088 million).

During the year ended 31 December 2024, amortisation of intangible assets included the amortisation of intangible assets arising from acquisitions of approximately RMB5,294 million (2023: RMB5,019 million).

(d) During the year ended 31 December 2024, expenses incurred related to SSV & CPP initiatives (excluding share-based compensation expenses) were approximately RMB991 million (2023: RMB998 million).

(e) During the year ended 31 December 2024, non-recurring compliance-related costs and expenses incurred for certain litigation settlements in total were approximately RMB3 million, which were included in "General and administrative expenses" (2023: except for Tenpay-related fine as disclosed in Note 8, non-recurring compliance-related costs and expenses incurred for certain litigation settlements in total were approximately RMB18 million, of which approximately RMB17 million were included in "General and administrative expenses", and approximately RMB1 million were included in "Other gains/(losses), net").

8 OTHER GAINS/(LOSSES), NET

	2024	2023
	RMB'Million	RMB'Million
Subsidies and tax rebates	8,689	10,285
Tenpay-related fine	–	(2,995)
Others	(687)	(2,589)
	<u>8,002</u>	<u>4,701</u>





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9 NET GAINS/(LOSSES) FROM INVESTMENTS AND OTHERS

	2024	2023
	RMB'Million	RMB'Million
Net gains on disposals and deemed disposals of investee companies (Note (a))	12,810	4,283
Net fair value gains/(losses) on FVPL (Note (b) and Note 25)	3,533	(1,954)
Impairment provisions for investments in associates (Note 22(c))	(8,250)	(6,847)
Impairment (provisions)/reversals for investments in joint ventures and others	(170)	752
Impairment provisions for goodwill and other intangible assets arising from acquisitions (Note 21)	(1,369)	(95)
Other net fair value losses (Note (c))	(892)	(165)
Donations (Note (d))	(2,003)	(2,952)
Dividend income	715	546
Others (Note (e))	(187)	342
	<u>4,187</u>	<u>(6,090)</u>

Note:

- (a) The net disposal and deemed disposal gains of approximately RMB12,810 million recognised during the year ended 31 December 2024 comprised the following:
- aggregate net gains of approximately RMB2,370 million (2023: RMB1,574 million) on disposals and partial disposals of investee companies of the Group;
 - aggregate net gains of approximately RMB6,781 million (2023: RMB4,004 million) on deemed disposals of investee companies of the Group; and
 - aggregate net gains of approximately RMB3,659 million (2023: net losses of approximately RMB1,295 million) (Note 22) on dilution of the Group's equity interests in certain associates due to new equity interests being issued by these associates.
- (b) During the year ended 31 December 2024, the net fair value gains/(losses) on FVPL mainly comprised net gains of approximately RMB2,988 million as a result of changes in valuations of certain investee companies (2023: net losses of approximately RMB2,886 million).





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9 NET GAINS/(LOSSES) FROM INVESTMENTS AND OTHERS (continued)

Note: (continued)

- (c) During the year ended 31 December 2024, the other net fair value losses mainly included net losses of approximately RMB912 million on other investment-related financial assets and liabilities (2023: RMB152 million).
- (d) During the year ended 31 December 2024, donations mainly included approximately RMB1,579 million for SSV & CPP initiatives of the Group (2023: RMB2,792 million).
- (e) During the year ended 31 December 2024, others included transaction costs with an aggregate amount of approximately RMB529 million related to certain equity transactions of investee companies.

10 INTEREST INCOME

Interest income mainly represents interest income from bank deposits, including bank balance and term deposits.

11 FINANCE COSTS

	2024	2023
	RMB' Million	RMB' Million
Interest and related expenses	12,447	11,885
Exchange (gains)/losses, net	<u>(466)</u>	<u>383</u>
	<u>11,981</u>	<u>12,268</u>

Interest and related expenses mainly arose from the borrowings, notes payable and lease liabilities as disclosed in Notes 36, 37 and 19, respectively.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12 TAXATION

(a) Income tax expense

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

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

The Group was not subject to any taxation in the Cayman Islands and the British Virgin Islands for the years ended 31 December 2024 and 2023.

(ii) Hong Kong profits tax

Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2024 and 2023.

(iii) PRC CIT

PRC CIT had been provided for at applicable tax rates under the relevant regulations of the PRC after considering the available preferential tax benefits from refunds and allowances, and on the estimated assessable profit of entities within the Group established in the Mainland of China for the years ended 31 December 2024 and 2023. The general PRC CIT rate was 25% in 2024 and 2023.

Certain subsidiaries of the Company in the Mainland of China were approved as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the years ended 31 December 2024 and 2023. Moreover, according to announcement and circular issued by relevant government authorities, a subsidiary which was qualified as National Key Software Enterprise was subject to a preferential corporate income tax rate of 10%.

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



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12 TAXATION (continued)

(a) Income tax expense (continued)

(iv) Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including the North America, Europe, Asia and South America, had been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, which were not higher than 39%.

(v) Withholding tax

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

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

The income tax expense of the Group is analysed as follows:

	2024	2023
	RMB'Million	RMB'Million
Current income tax	34,903	32,720
Deferred income tax (Note 29)	10,115	10,556
	<u>45,018</u>	<u>43,276</u>





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12 TAXATION (continued)

(a) Income tax expense (continued)

For the year ended 31 December 2024, the taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% (2023: 25%), being the general tax rate of the major subsidiaries of the Group before enjoying preferential tax treatments, as follows:

	2024	2023
	RMB'Million	RMB'Million
Profit before income tax	241,485	161,324
Share of (profit)/loss of associates and joint ventures, net	(25,176)	(5,800)
	<u>216,309</u>	<u>155,524</u>
Tax calculated at a tax rate of 25%	54,077	38,881
Effects of different tax rates applicable to different subsidiaries of the Group	(22,341)	(13,971)
Effects of tax holiday and preferential tax benefits on assessable profits of subsidiaries incorporated in the Mainland of China	(5,806)	(4,400)
Income not subject to tax	(146)	(433)
Expenses not deductible for tax purposes	2,626	2,918
Withholding tax on earnings expected to be remitted by subsidiaries (Note 29)	10,226	10,300
Unrecognised deferred income tax assets	6,434	9,983
Others	(52)	(2)
Income tax expense	<u>45,018</u>	<u>43,276</u>



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12 TAXATION (continued)

(b) Value-added tax and other taxes

The operations of the Group are also mainly subject to the following taxes in the PRC:

Category	Tax rate	Basis of levy
Value-added tax ("VAT")	6 ~ 13%	Sales value of goods sold and services fee income, offset by VAT on purchases
Cultural construction fee	3% (Note (i))	Taxable advertising income
City construction tax	7%	Net VAT payable amount
Educational surcharges	5%	Net VAT payable amount

Note:

- (i) The rate of cultural construction fee has been reduced by 50% in certain regions during 1 July 2019 to 31 December 2024, and this fee was fully exempted during the period from 1 January 2020 to 31 December 2021.

(c) OECD Pillar Two model rules

The Organisation for Economic Co-operation and Development ("OECD") published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws ("Pillar Two legislation") to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group fell into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%.

The Group has reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and engaged external tax specialists in assisting the Group to continuously assess its tax exposure. The ongoing assessment of the Group takes into account the latest country-by-country reports or financial information for the Group's consolidated financial statements for the year ended 31 December 2024.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12 TAXATION (continued)

(c) OECD Pillar Two model rules (continued)

As at 31 December 2024, the Group mainly operates in the Mainland of China and Hong Kong. Pillar Two legislation is not yet enacted or substantively enacted in the Mainland of China as at 31 December 2024.

Pillar Two legislation is effective in Luxembourg, the Netherlands, Ireland, and certain other jurisdictions where the Group operates with immaterial current tax exposure for the year ended 31 December 2024. While, Pillar Two legislation in Hong Kong, as well as certain other jurisdictions where the Group operates, will come into effect on or after 1 January 2025. It is estimated that the Group's income tax would not be materially different, should such legislation had been in effect for the years ended 31 December 2024 and 2023.

The Group will continue assessing the Pillar Two tax exposure and the impacts on its consolidated financial statements accordingly.

13 EARNINGS PER SHARE

(a) Basic

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

	2024	2023
Profit attributable to equity holders of the Company (RMB' Million)	<u>194,073</u>	<u>115,216</u>
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	<u>9,269</u>	<u>9,455</u>
Basic EPS (RMB per share)	<u>20.938</u>	<u>12.186</u>



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13 EARNINGS PER SHARE (continued)

(b) Diluted

The share options and awarded shares granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and awarded shares granted by the Company (collectively forming the denominator for computing the diluted EPS), which is determined under the treasury stock method.

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

	2024	2023
Profit attributable to equity holders of the Company (RMB'Million)	194,073	115,216
Dilution effect arising from share-based awards granted by non wholly-owned subsidiaries and associates (RMB'Million)	(1,343)	(986)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB'Million)	<u>192,730</u>	<u>114,230</u>
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	9,269	9,455
Adjustments for share options and awarded shares (million shares)	139	155
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	<u>9,408</u>	<u>9,610</u>
Diluted EPS (RMB per share)	<u>20.486</u>	<u>11.887</u>





Notes to the Consolidated Financial Statements

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14 EMPLOYEE BENEFITS EXPENSES

	2024	2023
	RMB'Million	RMB'Million
Wages, salaries and bonuses	74,419	71,225
Share-based compensation expenses	23,424	22,782
Contributions to pension plans (Note)	7,783	7,299
Welfare, medical and other expenses (Note)	7,083	6,241
Training expenses	117	128
	<u>112,826</u>	<u>107,675</u>

Note:

The majority of the Group's contributions to pension plans are related to the local employees in the PRC. All local employees of the subsidiaries in the PRC participate in employee social security plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the governmental authorities. Except for the contributions made to these social security plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the portion of premium and welfare benefit contributions that should be borne by the companies within the Group as required by the above social security plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are paid to the respective labour and social welfare authorities and are expensed as incurred. The applicable percentages used to provide for major social security plans for the years ended 31 December 2024 and 2023 are listed below:

	Percentage
Pension insurance	12.0 ~ 20.0%
Medical insurance	5.0 ~ 10.0%
Unemployment insurance	0.25 ~ 1.5%
Housing fund	10.0 ~ 12.0%

Effective from 1 January 2022, additional employee benefits had been provided by the Group to certain employees, including (i) commercial health insurance benefits to certain eligible employees who have completed a required period of service; and (ii) one-off retirement cash bonus upon the retirement of qualifying employees. The financial impacts relating to these additional benefits for the years ended 31 December 2024 and 2023 were not material.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

14 EMPLOYEE BENEFITS EXPENSES (continued)

(a) Senior management's emoluments

Senior management includes directors, chief executive officer ("CEO"), president and other senior executives. The aggregate compensation paid/payable to senior management for employee services (excluding the compensation paid/payable to (i) the then executive director of the Company during the period from 1 January 2023 to 17 May 2023, and (ii) an executive director and the CEO of the Company, details of which have been reflected in Note 15(a)), is as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	674,477	567,622
Contributions to pension plans	872	720
Share-based compensation expenses	<u>4,027,539</u>	<u>4,042,105</u>
	<u>4,702,888</u>	<u>4,610,447</u>

The emoluments of the above senior management fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
HKD8,000,000 ~ HKD50,000,000	1	1
HKD50,000,001 ~ HKD200,000,000	4	4
HKD200,000,001 ~ HKD400,000,000	4	4
HKD400,000,001 ~ HKD800,000,000	1	2
HKD800,000,001 ~ HKD1,200,000,000	1	1
HKD1,200,000,001 ~ HKD2,000,000,000	1	1





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

14 EMPLOYEE BENEFITS EXPENSES (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group did not include any director for the year ended 31 December 2024 (2023: did not include any director). All of these individuals have not received any emolument from the Group as an inducement to join the Group during the years ended 31 December 2024 and 2023. The emoluments paid/payable to the five (2023: five) individuals during the years are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries	54,332	36,100
Bonuses	1,574,252	1,091,373
Contributions to pension plans	30,743	23,091
Share-based compensation expenses	2,886,602	2,391,324
Allowances and benefits in kind	339	193
	<u>4,546,268</u>	<u>3,542,081</u>

The emoluments of the above five individuals (2023: five) fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
HKD431,500,001 ~ HKD432,000,000	–	1
HKD502,500,001 ~ HKD503,000,000	–	2
HKD684,000,001 ~ HKD684,500,000	1	–
HKD705,000,001 ~ HKD705,500,000	1	–
HKD1,049,500,001 ~ HKD1,050,000,000	–	1
HKD1,137,500,001 ~ HKD1,138,000,000	1	–
HKD1,169,000,001 ~ HKD1,169,500,000	1	–
HKD1,212,500,001 ~ HKD1,213,000,000	1	–
HKD1,421,000,001 ~ HKD1,421,500,000	–	1





Notes to the Consolidated Financial Statements

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15 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and the chief executive's emoluments

The remuneration of every director and the CEO is set out below:

During the year ended 31 December 2024:

Name of director	Fees RMB'000	Salaries RMB'000	Bonuses RMB'000	Contributions	Share-based	Allowances	Total RMB'000
				to pension plans RMB'000	compensation expenses RMB'000	and benefits in kind RMB'000 (Note (i))	
Ma Huateng (CEO)	1,294	7,176	36,459	76	–	68	45,073
Li Dong Sheng	833	–	–	–	3,555	–	4,388
Ian Charles Stone	1,111	–	–	–	7,109	–	8,220
Yang Siu Shun	1,111	–	–	–	6,321	–	7,432
Ke Yang	833	–	–	–	3,522	–	4,355
Zhang Xiu Lan	833	–	–	–	2,992	–	3,825
Jacobus Petrus (Kooos) Bekker	–	–	–	–	–	–	–
Charles St Leger Searle	–	–	–	–	–	–	–
	<u>6,015</u>	<u>7,176</u>	<u>36,459</u>	<u>76</u>	<u>23,499</u>	<u>68</u>	<u>73,293</u>





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15 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and the chief executive's emoluments (continued)

During the year ended 31 December 2023:

Name of director	Fees RMB'000	Salaries RMB'000	Bonuses RMB'000	Contributions	Share-based	Allowances	Total RMB'000
				to pension plans RMB'000	compensation expenses RMB'000	and benefits in kind RMB'000 (Note (i))	
Ma Huateng (CEO)	1,275	6,791	34,723	76	–	58	42,923
Lau Chi Ping Martin (Note (ii))	472	2,690	9,000	–	40,316	–	52,478
Li Dong Sheng	816	–	–	–	3,119	–	3,935
Ian Charles Stone	1,087	–	–	–	6,239	–	7,326
Yang Siu Shun	1,087	–	–	–	5,545	–	6,632
Ke Yang	816	–	–	–	3,042	–	3,858
Zhang Xiu Lan	816	–	–	–	1,929	–	2,745
Jacobus Petrus (Kooos) Bekker	–	–	–	–	–	–	–
Charles St Leger Searle	–	–	–	–	–	–	–
	<u>6,369</u>	<u>9,481</u>	<u>43,723</u>	<u>76</u>	<u>60,190</u>	<u>58</u>	<u>119,897</u>

Note:

- (i) Allowances and benefits in kind include leave pay, insurance premium and club membership.
- (ii) The emoluments were received by Mr Lau Chi Ping Martin in his capacity as a director of the Company during the period from 1 January 2023 to 17 May 2023.
- (iii) During the years ended 31 December 2024 and 2023, no share options were granted to any director of the Company, while 105,760 awarded shares were granted to five independent non-executive directors of the Company (2023: 74,542 awarded shares were granted to five independent non-executive directors of the Company).
- (iv) 843,658 share options previously granted were voluntarily waived by a former executive director in January 2024, which did not take place during his term of directorship.
- (v) No director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office. Except as stated in Note (iv) above, no director waived or has agreed to waive any emoluments during the years ended 31 December 2024 and 2023.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(b) Directors' termination benefits

No director's termination benefit subsisted at the end of the year or at any time during the year.

(c) Consideration provided to third parties for making available directors' services

No consideration provided to or receivable by third parties for making available directors' services subsisted at the end of the year or at any time during the year.

(d) Information about loans, quasi-loans and other dealings in favour of directors, their controlled bodies and connected entities

No loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities subsisted at the end of the year or at any time during the year.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16 DIVIDENDS

The final dividends amounting to HKD31,743 million (2023: HKD22,762 million) were paid during the year ended 31 December 2024.

A final dividend in respect of the year ended 31 December 2024 of HKD4.50 per share (2023: HKD3.40 per share) was proposed pursuant to a resolution passed by the Board on 19 March 2025 and subject to the approval of the shareholders at the 2025 annual general meeting of the Company to be held on 14 May 2025 or any adjournment thereof. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Computer and other operating equipment	Furniture and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
At 1 January 2024						
Cost	22,077	110,811	3,012	175	4,319	140,394
Accumulated depreciation and impairment	(6,582)	(76,172)	(2,052)	(110)	(2,491)	(87,407)
Currency translation differences	62	109	10	(1)	65	245
Net book amount	<u>15,557</u>	<u>34,748</u>	<u>970</u>	<u>64</u>	<u>1,893</u>	<u>53,232</u>
Year ended 31 December 2024						
Opening net book amount	15,557	34,748	970	64	1,893	53,232
Business combinations	–	17	1	5	1	24
Additions	5,206	41,612	241	21	1,265	48,345
Disposals	(1)	(106)	(32)	(3)	(55)	(197)
Depreciation	(849)	(19,007)	(365)	(29)	(876)	(21,126)
Impairment provisions	–	(8)	–	–	(19)	(27)
Currency translation differences	(8)	(53)	(3)	–	(2)	(66)
Closing net book amount	<u>19,905</u>	<u>57,203</u>	<u>812</u>	<u>58</u>	<u>2,207</u>	<u>80,185</u>
At 31 December 2024						
Cost	27,233	148,784	3,042	167	5,363	184,589
Accumulated depreciation and impairment	(7,382)	(91,637)	(2,237)	(108)	(3,219)	(104,583)
Currency translation differences	54	56	7	(1)	63	179
Net book amount	<u>19,905</u>	<u>57,203</u>	<u>812</u>	<u>58</u>	<u>2,207</u>	<u>80,185</u>



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings	Computer and other operating equipment	Furniture and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB' Million	RMB' Million	RMB' Million	RMB' Million	RMB' Million	RMB' Million
At 1 January 2023						
Cost	20,158	103,343	2,966	155	4,981	131,603
Accumulated depreciation and impairment	(5,651)	(67,413)	(1,822)	(85)	(2,782)	(77,753)
Currency translation differences	26	37	8	(1)	58	128
Net book amount	<u>14,533</u>	<u>35,967</u>	<u>1,152</u>	<u>69</u>	<u>2,257</u>	<u>53,978</u>
Year ended 31 December 2023						
Opening net book amount	14,533	35,967	1,152	69	2,257	53,978
Business combinations	–	13	8	1	9	31
Additions	1,922	16,515	193	37	503	19,170
Disposals	(4)	(100)	(9)	(3)	(17)	(133)
Depreciation	(930)	(17,715)	(376)	(40)	(834)	(19,895)
Impairment provisions	–	(4)	–	–	(32)	(36)
Currency translation differences	36	72	2	–	7	117
Closing net book amount	<u>15,557</u>	<u>34,748</u>	<u>970</u>	<u>64</u>	<u>1,893</u>	<u>53,232</u>
At 31 December 2023						
Cost	22,077	110,811	3,012	175	4,319	140,394
Accumulated depreciation and impairment	(6,582)	(76,172)	(2,052)	(110)	(2,491)	(87,407)
Currency translation differences	62	109	10	(1)	65	245
Net book amount	<u>15,557</u>	<u>34,748</u>	<u>970</u>	<u>64</u>	<u>1,893</u>	<u>53,232</u>

During the year ended 31 December 2024, depreciation of RMB16,464 million (2023: RMB16,630 million), RMB460 million (2023: RMB405 million) and RMB4,202 million (2023: RMB2,860 million) were charged to “Cost of revenues”, “Selling and marketing expenses” and “General and administrative expenses”, respectively.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

18 LAND USE RIGHTS

	2024	2023
	RMB'Million	RMB'Million
Opening net book amount	17,179	18,046
Additions	6,617	36
Reduction (Note)	–	(201)
Disposals	–	(162)
Amortisation	(655)	(532)
Impairment provisions	(28)	(10)
Currency translation differences	4	2
Closing net book amount	23,117	17,179

Note:

It represented the return from the government due to actual occupancy area adjustments.

The land use rights mainly represented prepaid operating lease payments in respect of land in the Mainland of China with remaining lease periods ranging from 24 to 49 years.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

19 LEASES (EXCLUDING LAND USE RIGHTS)

(a) Amounts recognised in consolidated statement of financial position

Movement of right-of-use assets (excluding land use rights, disclosed in Note 18) is analysed as follows:

	2024	2023
	RMB' Million	RMB' Million
Opening net book amount	20,464	22,524
Business combinations	49	47
Additions	4,482	6,535
Depreciation	(6,198)	(6,398)
Impairment provisions	(87)	–
Reduction (Note)	(1,161)	(2,512)
Currency translation differences	130	268
Closing net book amount	17,679	20,464

Note:

The reduction of right-of-use assets during the years ended 31 December 2024 and 2023 mainly arose from early termination and modification of lease contracts.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

19 LEASES (EXCLUDING LAND USE RIGHTS) (continued)

(b) Amounts recognised in consolidated income statement and consolidated statement of cash flows

The consolidated income statement included the following amounts relating to leases (excluding the amortisation of land use rights, disclosed in Note 18):

	2024	2023
	RMB'Million	RMB'Million
Depreciation charge of right-of-use assets		
Buildings	2,722	2,927
Computer and other operating equipment	3,442	3,436
Others	27	34
	<u>6,191</u>	<u>6,397</u>
Interest expense (included in finance costs)	879	1,011
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues and expenses)	1,308	1,595
Expense relating to variable lease payments not included in lease liabilities (included in cost of revenues and expenses)	4,116	4,687

Some leases of computer and other operating equipment contain variable lease payments. Variable payments are used for a variety of reasons, including managing cash outflows and minimising the fixed costs. Variable lease payments that depend on usage of bandwidth are recognised in profit or loss in the period in which the conditions that trigger those payments occur. Variable lease payments relating to computer and other operating equipment leases during the year ended 31 December 2024 were considered to be insignificant.

The total cash outflow in financing activities for leases during the year ended 31 December 2024 was approximately RMB7,207 million (2023: RMB7,589 million), including principal elements of lease payments of approximately RMB6,369 million (2023: RMB6,652 million) and related interest paid of approximately RMB838 million (2023: RMB937 million), respectively.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

20 CONSTRUCTION IN PROGRESS

	2024	2023
	RMB'Million	RMB'Million
Opening net book amount	13,583	9,229
Additions	7,087	7,129
Transfer to property, plant and equipment	(8,314)	(2,623)
Business combinations	–	5
Disposal	(58)	(175)
Currency translation differences	4	18
	<u>12,302</u>	<u>13,583</u>
Closing net book amount	12,302	13,583

As at 31 December 2024, construction in progress mainly comprised office buildings and data centres under construction located in the PRC.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21 INTANGIBLE ASSETS

	Goodwill	Computer software and technology	Media content	Trademarks	Others	Total
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
At 1 January 2024						
Cost	146,966	14,935	167,888	14,591	10,253	354,633
Accumulated amortisation and impairment	(23,106)	(11,031)	(130,672)	(6,960)	(8,049)	(179,818)
Currency translation differences	2,360	(11)	541	33	(11)	2,912
Net book amount	<u>126,220</u>	<u>3,893</u>	<u>37,757</u>	<u>7,664</u>	<u>2,193</u>	<u>177,727</u>
Year ended 31 December 2024						
Opening net book amount	126,220	3,893	37,757	7,664	2,193	177,727
Business combinations	20,803	10	6,057	663	1	27,534
Additions	–	2,897	24,317	–	11	27,225
Disposals and others	–	(131)	(1,627)	(1)	(78)	(1,837)
Amortisation	–	(1,069)	(26,166)	(1,027)	(503)	(28,765)
Impairment provisions	(1,262)	(45)	(104)	–	(10)	(1,421)
Currency translation differences	(3,635)	16	(493)	(218)	(6)	(4,336)
Closing net book amount	<u>142,126</u>	<u>5,571</u>	<u>39,741</u>	<u>7,081</u>	<u>1,608</u>	<u>196,127</u>
At 31 December 2024						
Cost	167,769	17,548	186,754	15,171	10,182	397,424
Accumulated amortisation and impairment	(24,368)	(11,982)	(147,061)	(7,905)	(8,557)	(199,873)
Currency translation differences	(1,275)	5	48	(185)	(17)	(1,424)
Net book amount	<u>142,126</u>	<u>5,571</u>	<u>39,741</u>	<u>7,081</u>	<u>1,608</u>	<u>196,127</u>





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21 INTANGIBLE ASSETS (continued)

	Goodwill	Computer software and technology	Media content	Trademarks	Others	Total
	RMB' Million	RMB' Million	RMB' Million	RMB' Million	RMB' Million	RMB' Million
At 1 January 2023						
Cost	142,499	14,179	139,124	13,865	9,948	319,615
Accumulated amortisation and impairment	(23,101)	(10,035)	(108,045)	(5,971)	(7,515)	(154,667)
Currency translation differences	(2,667)	(34)	(69)	(304)	(72)	(3,146)
Net book amount	<u>116,731</u>	<u>4,110</u>	<u>31,010</u>	<u>7,590</u>	<u>2,361</u>	<u>161,802</u>
Year ended 31 December 2023						
Opening net book amount	116,731	4,110	31,010	7,590	2,361	161,802
Business combinations	6,850	185	6,277	727	194	14,233
Additions	–	707	31,298	–	122	32,127
Disposals and others	(2,383)	(41)	(1,347)	(1)	–	(3,772)
Amortisation	–	(1,001)	(30,088)	(989)	(545)	(32,623)
Impairment provisions	(5)	(90)	(3)	–	–	(98)
Currency translation differences	5,027	23	610	337	61	6,058
Closing net book amount	<u>126,220</u>	<u>3,893</u>	<u>37,757</u>	<u>7,664</u>	<u>2,193</u>	<u>177,727</u>
At 31 December 2023						
Cost	146,966	14,935	167,888	14,591	10,253	354,633
Accumulated amortisation and impairment	(23,106)	(11,031)	(130,672)	(6,960)	(8,049)	(179,818)
Currency translation differences	2,360	(11)	541	33	(11)	2,912
Net book amount	<u>126,220</u>	<u>3,893</u>	<u>37,757</u>	<u>7,664</u>	<u>2,193</u>	<u>177,727</u>





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21 INTANGIBLE ASSETS (continued)

During the year ended 31 December 2024, amortisation of RMB25,992 million (2023: RMB30,217 million) and RMB2,773 million (2023: RMB2,406 million) were charged to “Cost of revenues” and “General and administrative expenses”, respectively.

During the year ended 31 December 2024, impairment losses of RMB1,369 million (2023: RMB95 million) on goodwill and other intangible assets arising from acquisitions were charged to the consolidated income statement under “Net gains/(losses) from investments and others”, and impairment losses of RMB52 million (2023: RMB3 million) on other intangible assets were charged to “Cost of revenues”.

Impairment tests for goodwill

Goodwill was allocated to VAS segment with RMB138,500 million (31 December 2023: RMB121,437 million), Marketing Services segment with RMB464 million (31 December 2023: RMB434 million), FinTech and Business Services segment with RMB1,349 million (31 December 2023: RMB1,432 million) and Others segment with RMB1,813 million (31 December 2023: RMB2,917 million).

The Group carries out its impairment testing on goodwill by comparing the recoverable amounts of CGUs or groups of CGUs to their carrying amounts. For the purpose of goodwill impairment review, the recoverable amount of a CGU (or group of CGUs) is the higher of its fair value less costs of disposal and its value in use.

The key assumptions used for the calculation of the recoverable amounts of the CGUs (or groups of CGUs) under impairment testing are as follows:

For goodwill attributable to the Group’s online game business within VAS segment, the recoverable amount was determined using fair value less costs of disposal where the fair value was determined as Level 3 according to the principle set out in Note 4.3. Fair value less costs of disposal was primarily determined based on ratios of EV (enterprise value) divided by EBITDA of several comparable public companies (range: 10-17x) (2023: range: 11-19x) multiplied by the EBITDA of the related CGU (or group of CGUs) and liquidity discount for lack of marketability at a range of 10% to 20% (2023: 10% to 20%). The comparable public companies were chosen based on factors such as industry similarity, company size, profitability and financial risks etc. Based on the above assessment, no impairment provisions were required (unless specified otherwise) for the year ended 31 December 2024.

Management had not identified any reasonably possible change in key assumptions that could cause carrying amounts of the above CGU (or groups of CGUs) to materially exceed their recoverable amounts.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21 INTANGIBLE ASSETS (continued)

Impairment tests for goodwill (continued)

For goodwill attributable to the Group's online music business and online literature business within VAS segment, FinTech and Business Services segment and television programme and film production businesses within Others segment, value in use was calculated using discounted cash flows. The valuations were based on five-year financial projections plus a terminal value related to cash flows beyond the projection period extrapolated at an estimated terminal growth rate of generally not more than 5% (2023: not more than 5%). Pre-tax discount rates of not more than 22% (2023: not more than 22%) were applied, which reflected assessment of time value and specific risks relating to the industries that the Group operates in. Management leveraged their experiences in the industries and provided forecast based on past performance and their anticipation of future business and market developments. Key parameters applied in the financial projections for impairment review purpose also included revenue growth rates, on a compound annual basis, of not more than 25% (2023: not more than 25%). Based on the above assessment, impairment provisions amounted to approximately RMB1.3 billion were made against goodwill, which was substantially related to a television programme and film production business for the year ended 31 December 2024.

22 INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Investments in associates		
– Listed entities	149,557	132,776
– Unlisted entities	140,786	120,920
	290,343	253,696





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

22 INVESTMENTS IN ASSOCIATES (continued)

Movement of investments in associates is analysed as follows:

	2024	2023
	RMB' Million	RMB' Million
At beginning of the year	253,696	246,043
Additions (Note (a))	3,986	7,696
Transfers (Note (b))	15,271	4,408
Dilution gains/(losses) on deemed disposal (Note 9(a))	3,659	(1,295)
Share of profit/(loss) of associates, net	24,686	5,400
Share of other comprehensive income of associates	(1,206)	(743)
Share of other changes in net assets of associates	4,074	4,674
Dividends	(2,675)	(5,235)
Disposals	(2,721)	(2,544)
Impairment provisions, net (Note (c) and Note 9)	(8,250)	(6,847)
Currency translation differences	(177)	2,139
	<u>290,343</u>	<u>253,696</u>
At end of the year	290,343	253,696

Note:

- (a) During the year ended 31 December 2024, the Group's additions mainly comprised new investments and additional investments in certain investee companies, which are principally engaged in eCommerce, games, music and entertainment, and other Internet-related businesses.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

22 INVESTMENTS IN ASSOCIATES (continued)

Note: (continued)

- (b) During the year ended 31 December 2024, investment in an investee company of the Group with a carrying amount of approximately RMB17,341 million, which is engaged in operating a social network platform, was transferred from FVPL to investment in an associate, due to changes of certain shareholder's rights of the Group.
- (c) Both external and internal sources of information of associates are considered in assessing whether there is any indicator that the investments may be impaired, including but not limited to information about financial position and business performance of the associates, and a significant or prolonged decline in the fair value of an investment below its carrying amount is also objective evidence of impairment. The Group carries out impairment assessments on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less costs of disposal and value in use.

In respect of the recoverable amount using value in use, the discounted cash flows calculations are based on cash flow projections estimated by management and the key assumptions adopted in these cash flow projections include revenue growth rates, terminal growth rates and discount rates. In respect of the recoverable amount based on fair value less costs of disposal, the amount is calculated with reference to their respective market prices for listed investments, or using certain key valuation assumptions including the selection of comparable companies, recent market transactions, liquidity discounts adopted for lack of marketability for unlisted investments.

During the year ended 31 December 2024, an aggregate impairment loss of approximately RMB8,250 million (2023: RMB6,847 million) had been recognised for investments in associates with impairment indicators, and the majority of these investments' recoverable amounts were determined using fair value less costs of disposal where the respective fair values had been determined according to the principle set out in Note 4.3.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

22 INVESTMENTS IN ASSOCIATES (continued)

Investments in associates have been accounted for by using equity method based on the financial information of the associates prepared under the accounting policies generally consistent with those of the Group.

The Group's share of the results, the revenues, the aggregated assets (including goodwill) and liabilities of its associates, as well as the fair value of its stakes in the associates which are listed entities, are shown in aggregate as follows:

	Assets	Liabilities	Revenues	Profit/(loss)	Other	Total	Fair value
	RMB'Million	RMB'Million	RMB'Million	from	comprehensive	comprehensive	of stakes
				continuing	income	income	in listed
				operation			associates
				RMB'Million	RMB'Million	RMB'Million	as at
							31 December
							RMB'Million
2024							
Listed entities (Note)	344,833	195,276	178,310	21,940	(1,102)	20,838	280,088
Unlisted entities	374,482	233,696	72,863	2,746	(104)	2,642	
	<u>719,315</u>	<u>428,972</u>	<u>251,173</u>	<u>24,686</u>	<u>(1,206)</u>	<u>23,480</u>	
2023							
Listed entities (Note)	250,491	117,715	103,724	6,184	(373)	5,811	351,594
Unlisted entities	329,534	208,614	66,375	(784)	(370)	(1,154)	
	<u>580,025</u>	<u>326,329</u>	<u>170,099</u>	<u>5,400</u>	<u>(743)</u>	<u>4,657</u>	

Note:

As at 31 December 2024 and 2023, stakes in the associates which are listed entities consisted of directly and indirectly held listed equity interests.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

22 INVESTMENTS IN ASSOCIATES (continued)

Management had assessed the level of influence that the Group was able to exercise on certain associates with the respective shareholding below 20% and certain associates with shareholding over 50% (voting power below 50%), with total carrying amounts of RMB190,114 million and RMB18,782 million as at 31 December 2024, respectively (31 December 2023: RMB148,749 million and RMB18,960 million, respectively). Management had determined that it had significant influence thereon through the board of directors representation or other arrangements made, but it had no control or joint control over such investees since the Group had no power to direct or jointly direct relevant activities due to other arrangements made. Consequently, these investments had been classified as associates.

There were no material contingent liabilities relating to the Group's interests in the associates.

23 INVESTMENTS IN JOINT VENTURES

As at 31 December 2024, the Group's investments in joint ventures of RMB7,072 million (31 December 2023: RMB7,969 million) mainly comprised an investee company that is a special purpose vehicle of which the Group has a majority stake for the investment in one of the telecommunication carriers in the PRC and other joint venture initiatives in entertainment-related businesses.

Net share of profit amounting to RMB490 million was recognised during the year ended 31 December 2024 (2023: RMB400 million).

During the year ended 31 December 2024, an aggregate impairment provision of approximately RMB149 million (2023: impairment reversal of RMB752 million) had been recognised against the carrying amounts of the investments in joint ventures, based on the respective assessed recoverable amounts.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

24 FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2024, the financial instruments of the Group are analysed as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Financial assets		
Financial assets at amortised cost:		
Deposits and other receivables	52,601	46,985
Term deposits (Note 30)	270,578	215,284
Accounts receivable (Note 31)	48,203	46,606
Cash and cash equivalents (Note 32(a))	132,519	172,320
Restricted cash (Note 32(b))	3,334	3,818
Other financial assets (Note 28)	1,520	1,735
Financial assets at fair value:		
FVPL (Note 25)	214,567	226,048
FVOCI (Note 26)	305,705	213,951
Other financial assets (Note 28)	4,306	6,741
	1,033,333	933,488
Financial liabilities		
Financial liabilities at amortised cost:		
Borrowings (Note 36)	199,406	197,356
Notes payable (Note 37)	139,209	151,262
Long-term payables	5,754	9,034
Other financial liabilities (Note 39)	8,725	10,354
Accounts payable (Note 40)	118,712	100,948
Lease liabilities	19,497	22,622
Other payables and accruals	47,806	43,335
Financial liabilities at fair value:		
Other financial liabilities (Note 39)	1,814	2,985
	540,923	537,896





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

24 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Group's exposure to various risks associated with the financial instruments is discussed in Note 4. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

FVPL include the following:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Included in non-current assets:		
Investments in listed entities	8,655	11,495
Investments in unlisted entities	178,824	190,698
Treasury investments and others	17,520	8,952
	<u>204,999</u>	<u>211,145</u>
Included in current assets:		
Investments in listed entities	–	1
Treasury investments and others	9,568	14,902
	<u>9,568</u>	<u>14,903</u>
	<u>214,567</u>	<u>226,048</u>





Notes to the Consolidated Financial Statements

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25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Movement of FVPL is analysed as follows:

	2024	2023
	RMB'Million	RMB'Million
At beginning of the year	226,048	234,048
Additions and transfers (Note (a))	53,717	40,915
Changes in fair value (Note 9)	3,533	(1,954)
Disposals and others	(71,488)	(50,303)
Currency translation differences	2,757	3,342
At end of the year	214,567	226,048

Note:

- (a) During the year ended 31 December 2024, except as described in Note 22(b), the Group's additions and transfers mainly comprised the following:
- (i) new investments and additional investments with an aggregate amount of approximately RMB71,804 million in treasury investments, as well as investee companies which are principally engaged in games development, investment funds, eCommerce and others; and
 - (ii) transfers with an aggregate amount of approximately RMB3,381 million designated as FVOCI due to the conversion of preference shares of certain investee companies into ordinary shares upon their IPOs.

Management had assessed the level of influence that the Group was able to exercise on certain FVPL with shareholding exceeding 20%. Since these investments were either held in the form of redeemable instruments or interests in limited partnerships without significant influence, these investments had been classified as FVPL.





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26 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

FVOCI include the following:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Included in non-current assets:		
Equity investments in listed entities	285,134	189,286
Equity investments in unlisted entities	13,963	22,671
Treasury investments	3,263	1,994
	<u>302,360</u>	<u>213,951</u>
Included in current assets:		
Treasury investments	3,345	–
	<u>305,705</u>	<u>213,951</u>

Movement of FVOCI is analysed as follows:

	2024	2023
	RMB'Million	RMB'Million
At beginning of the year	213,951	185,247
Additions and transfers (Note (a))	19,020	19,048
Changes in fair value	94,554	12,419
Disposals	(25,848)	(8,074)
Currency translation differences	4,028	5,311
At end of the year	<u>305,705</u>	<u>213,951</u>

Note:

- (a) During the year ended 31 December 2024, except as described in Note 25(a)(ii), the Group's additions and transfers mainly comprised certain new investments and additional investments with an aggregate amount of approximately RMB7,666 million in investee companies which are principally engaged in games development, FinTech, biotechnology and pharmaceuticals, social media platform, sports equipment and apparel business, eCommerce and other Internet-related businesses.





Notes to the Consolidated Financial Statements

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27 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Included in non-current assets:		
Prepayments for purchase of property, plant and equipment, land use rights and other capital assets	20,183	152
Prepayments for media content	12,429	13,872
Loans to investees and investees' shareholders (Note (a))	3,374	3,667
Running royalty fees for online games (Note (b))	1,294	517
Prepayments for capital transactions	9	3,201
Others	5,539	7,030
	42,828	28,439
Included in current assets:		
Prepayments and prepaid expenses	31,265	27,824
Receivables related to financial services (Note (c))	19,838	18,824
Running royalty fees for online games (Note (b))	17,335	16,172
Interest receivables	10,021	9,101
Loans to investees and investees' shareholders (Note (a))	3,175	3,113
Refundable VAT	2,228	1,596
Lease and other deposits	1,731	1,715
Dividend and other investment-related receivables	1,005	1,033
Others	14,446	9,033
	101,044	88,411
	143,872	116,850

Note:

- (a) As at 31 December 2024, the balances of loans to investees and investees' shareholders were mainly repayable within a period of one to six years (included in non-current assets), or within one year (included in current assets), and were interest-bearing at rates of not higher than 10.0% per annum (31 December 2023: not higher than 18.0% per annum). The loan arrangements are in line with the Group's overall business strategy.
- (b) Running royalty fees for online games comprised prepaid royalty fees, unamortised running royalty fees and deferred Online Service Fees.



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For the year ended 31 December 2024

27 PREPAYMENTS, DEPOSITS AND OTHER ASSETS (continued)

Note: (continued)

- (c) Loan receivables related to the Group's financial services were initially measured at fair value. Given the business models in which the loan receivables are held, they were subsequently measured at amortised cost. During the year ended 31 December 2024 and 2023, the impairment loss on loan receivables related to financial services was immaterial.

As at 31 December 2024, loss allowance subject to the ECL model made against the gross amounts of deposits and other receivables amounted to RMB2,943 million (31 December 2023: RMB2,761 million).

As at 31 December 2024 and 2023, the carrying amounts of prepayments, deposits and other assets (excluding prepayments and refundable VAT) approximated their fair values.

28 OTHER FINANCIAL ASSETS

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Measured at amortised cost:		
Treasury investments	<u>1,520</u>	<u>1,735</u>
Measured at fair value:		
Derivative instruments and others (Note)	<u>4,306</u>	6,741
	<u>5,826</u>	<u>8,476</u>
Included in:		
Non-current assets	1,076	2,527
Current assets	<u>4,750</u>	<u>5,949</u>
	<u>5,826</u>	<u>8,476</u>

Note:

The Group's derivative instruments and others included outstanding interest rate swap contracts, which were measured at fair value and used to hedge the exposure arising from certain borrowings carried at floating rates as at 31 December 2024. As at 31 December 2024, the aggregate notional principal amounts of outstanding interest rate swap contracts were USD2,150 million (equivalent to approximately RMB15,455 million) (31 December 2023: USD13,698 million (equivalent to approximately RMB97,019 million)).





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For the year ended 31 December 2024

29 DEFERRED INCOME TAXES

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

Deferred income tax assets/liabilities are analysed as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Gross deferred income tax assets:		
– expected to be recovered after more than 12 months	23,160	23,102
– expected to be recovered within 12 months	11,797	12,541
	<u>34,957</u>	<u>35,643</u>
Set-off of deferred income tax assets pursuant to set-off provisions	<u>(6,632)</u>	<u>(6,626)</u>
Net deferred income tax assets	<u>28,325</u>	<u>29,017</u>
Gross deferred income tax liabilities:		
– expected to be settled after more than 12 months	(23,945)	(22,919)
– expected to be settled within 12 months	(1,233)	(1,342)
	<u>(25,178)</u>	<u>(24,261)</u>
Set-off of deferred income tax liabilities pursuant to set-off provisions	<u>6,632</u>	<u>6,626</u>
Net deferred income tax liabilities	<u>(18,546)</u>	<u>(17,635)</u>



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

29 DEFERRED INCOME TAXES (continued)

The movements of the deferred income tax assets/liabilities before offsetting are as follows:

	Deferred income tax assets RMB'Million	Deferred income tax liabilities RMB'Million	Deferred income tax, net RMB'Million
At 1 January 2024	35,643	(24,261)	11,382
Business combinations	–	(1,439)	(1,439)
Charged to consolidated income statement (Note 12(a))	(725)	(9,390)	(10,115)
Withholding taxes utilised	–	10,065	10,065
Credited/(charged) to consolidated statement of changes in equity	93	(396)	(303)
Transfer upon disposal and deemed disposal of financial instruments	–	31	31
Currency translation differences	(54)	212	158
At 31 December 2024	34,957	(25,178)	9,779
At 1 January 2023	38,246	(20,526)	17,720
Business combinations	47	(1,431)	(1,384)
Charged to consolidated income statement (Note 12(a))	(2,282)	(8,274)	(10,556)
Withholding taxes utilised	–	6,550	6,550
Charged to consolidated statement of changes in equity	(368)	(850)	(1,218)
Transfer upon disposal and deemed disposal of financial instruments	(45)	512	467
Currency translation differences	45	(242)	(197)
At 31 December 2023	35,643	(24,261)	11,382





Notes to the Consolidated Financial Statements

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29 DEFERRED INCOME TAXES (continued)

The movements of deferred income tax assets before offsetting are as follows:

	Deferred income tax assets on temporary differences arising from					Total RMB'Million
	Accelerated amortisation of intangible assets RMB'Million	Tax losses RMB'Million (Note)	Accrued expenses RMB'Million	Lease liabilities RMB'Million	Share-based payments and others RMB'Million	
At 1 January 2024	11,124	3,498	9,946	3,358	7,717	35,643
Credited/(charged) to consolidated income statement	567	21	(786)	(628)	101	(725)
Credited to consolidated statement of changes in equity	–	–	–	–	93	93
Currency translation differences	(42)	(6)	1	(5)	(2)	(54)
At 31 December 2024	11,649	3,513	9,161	2,725	7,909	34,957
At 1 January 2023	9,718	3,655	10,493	3,802	10,578	38,246
Business combinations	–	7	34	6	–	47
Credited/(charged) to consolidated income statement	1,389	(168)	(595)	(473)	(2,435)	(2,282)
Charged to consolidated statement of changes in equity	–	–	–	–	(368)	(368)
Transfer upon disposal and deemed disposal of financial instruments	–	–	–	–	(45)	(45)
Currency translation differences	17	4	14	23	(13)	45
At 31 December 2023	11,124	3,498	9,946	3,358	7,717	35,643



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29 DEFERRED INCOME TAXES (continued)

Note:

The Group only recognises deferred income tax assets for unused cumulative tax losses if it is probable that future taxable profits will be available to utilise those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at 31 December 2024, the Group did not recognise deferred income tax assets of RMB14,747 million (31 December 2023: RMB12,903 million) in respect of unused cumulative tax losses amounting to RMB78,209 million (31 December 2023: RMB68,715 million). The majority of these unused tax losses were originated from subsidiaries located in the Mainland of China and will expire from 2025 to 2034.

The movements of deferred income tax liabilities before offsetting are as follows:

	Deferred income tax liabilities on temporary differences arising from							
	Intangible assets acquired in business combinations RMB'Million	Withholding tax on the earnings anticipated to be remitted by subsidiaries RMB'Million	Changes in fair value of FVPL and FVOCI RMB'Million	Deemed disposals of investees RMB'Million	Accelerated tax depreciation RMB'Million	Right-of- use assets RMB'Million	Others RMB'Million	Total RMB'Million
At 1 January 2024	(5,168)	(8,795)	(4,146)	(1,376)	(1,616)	(2,939)	(221)	(24,261)
Business combinations	(1,439)	-	-	-	-	-	-	(1,439)
Credited/(charged) to consolidated income statement	1,108	(10,226)	(46)	(151)	(183)	465	(357)	(9,390)
Withholding tax utilised	-	10,065	-	-	-	-	-	10,065
Charged to consolidated statement of changes in equity	-	-	(396)	-	-	-	-	(396)
Transfer upon disposal and deemed disposal of financial instruments	-	-	31	-	-	-	-	31
Currency translation differences	196	(17)	(35)	-	-	6	62	212
At 31 December 2024	(5,303)	(8,973)	(4,592)	(1,527)	(1,799)	(2,468)	(516)	(25,178)





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29 DEFERRED INCOME TAXES (continued)

Deferred income tax liabilities on temporary differences arising from

	Intangible assets acquired in business combinations	Withholding tax on the earnings anticipated to be remitted by subsidiaries	Changes in fair value of FVPL and FVOCI	Deemed disposals of investees	Accelerated tax depreciation	Right-of- use assets	Others	Total
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
	(Note)							
At 1 January 2023	(4,684)	(5,041)	(3,425)	(1,256)	(2,405)	(3,440)	(275)	(20,526)
Business combinations	(1,411)	–	(2)	–	(12)	(5)	(1)	(1,431)
Credited/(charged) to consolidated income statement	1,162	(10,300)	(301)	(120)	794	535	(44)	(8,274)
Withholding tax utilised	–	6,550	–	–	–	–	–	6,550
Charged to consolidated statement of changes in equity	–	–	(850)	–	–	–	–	(850)
Transfer upon disposal and deemed disposal of financial instruments	–	–	512	–	–	–	–	512
Currency translation differences	(235)	(4)	(80)	–	7	(29)	99	(242)
At 31 December 2023	<u>(5,168)</u>	<u>(8,795)</u>	<u>(4,146)</u>	<u>(1,376)</u>	<u>(1,616)</u>	<u>(2,939)</u>	<u>(221)</u>	<u>(24,261)</u>

Note:

As at 31 December 2024, the Group recognised the relevant deferred income tax liabilities of RMB8,973 million (31 December 2023: RMB8,795 million) on retained earnings anticipated to be remitted to the Company by certain subsidiaries in the foreseeable future. No withholding tax had been provided for the remaining retained earnings of the Group's subsidiaries located in the Mainland of China of approximately RMB131,379 million (31 December 2023: RMB43,162 million), which are anticipated to be retained in the Mainland of China in the foreseeable future based on several factors, including forecast capital expenditures and working capital needs as well as management's estimation of overseas funding requirements. In addition, the Group did not recognise any deferred income tax liabilities on the retained earnings of the controlled structured entities consolidated through contractual arrangements as these amounts primarily represented the essential working capital retained for operation.





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For the year ended 31 December 2024

30 TERM DEPOSITS

An analysis of the Group's term deposits by currency is as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Included in non-current assets:		
RMB term deposits	58,161	28,848
Other currencies term deposits	19,440	453
	<u>77,601</u>	<u>29,301</u>
Included in current assets:		
USD term deposits	122,181	65,798
RMB term deposits	70,509	119,990
Other currencies term deposits	287	195
	<u>192,977</u>	<u>185,983</u>
	<u>270,578</u>	<u>215,284</u>

Term deposits with initial terms of over three months were neither past due nor impaired. As at 31 December 2024 and 2023, the carrying amounts of the term deposits with initial terms of over three months approximated their fair values.





Notes to the Consolidated Financial Statements

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31 ACCOUNTS RECEIVABLE

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Accounts receivable from contracts with agents/customers	54,887	54,355
Loss allowance	(6,684)	(7,749)
	48,203	46,606

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

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
0 ~ 30 days	26,156	24,259
31 ~ 60 days	12,273	11,708
61 ~ 90 days	6,056	6,163
Over 90 days	3,718	4,476
	48,203	46,606

As at 31 December 2024 and 2023, the majority of the Group's accounts receivable were denominated in RMB.



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For the year ended 31 December 2024

31 ACCOUNTS RECEIVABLE (continued)

The carrying amounts of accounts receivable of the Group's major agents/customers are as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
FinTech and cloud customers	16,766	16,703
Marketing services customers and agents	14,485	14,045
Third party platform providers	8,415	7,849
Content production related customers	2,561	2,609
Others	5,976	5,400
	48,203	46,606

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

The Group applies the simplified approach prescribed by IFRS 9 to ECL of accounts receivable, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at year end. For the years ended 31 December 2024 and 2023, information about the impairment of accounts receivable and the Group's exposure to credit risk and foreign exchange risk can be found in Note 4.1.

As at 31 December 2024 and 2023, the carrying amounts of the accounts receivable approximated their fair values.





Notes to the Consolidated Financial Statements

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32 BANK BALANCES AND CASH

(a) Cash and cash equivalents

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Bank balances and cash	89,183	127,241
Term deposits and highly liquid investments with initial terms within three months	43,336	45,079
	<u>132,519</u>	<u>172,320</u>

As at 31 December 2024, approximately RMB57,723 million (31 December 2023: RMB85,673 million) within the total balance of the Group's cash and cash equivalents was denominated in RMB.

(b) Restricted cash

As at 31 December 2024, restricted deposits held at banks of RMB3,334 million (31 December 2023: RMB3,818 million) were mainly denominated in RMB, the majority of which were reserves provided for certain licensed businesses under regulatory requirements.



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33 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARE AWARD SCHEMES

As at 31 December 2024 and 2023, the authorised share capital of the Company comprised 50,000,000,000 ordinary shares with par value of HKD0.00002 per share.

	Number of issued and fully paid ordinary shares*	Share	Share	Treasury	Shares held	Total
		capital	premium	shares	for share award schemes	
		RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
At 1 January 2024	9,482,992,820	-	37,989	(4,740)	(5,350)	27,899
Employee share option schemes:						
- value of employee services	-	-	1,917	-	-	1,917
- proceeds from shares issued, net of withholding individual income tax (Note (a))	13,355,702	-	1,827	-	-	1,827
Employee share award schemes:						
- value of employee services	-	-	16,829	-	-	16,829
- shares purchased/withheld for share award schemes (Note (b))	-	-	-	-	(3,420)	(3,420)
- shares allotted for share award schemes (Note (c))	44,384,931	-	-	-	-	-
- shares vested from share award schemes and transferred to the grantees (Note (d))	-	-	(3,338)	-	3,338	-
Repurchase and cancellation of shares (Note (e))	(315,818,500)	-	(13,681)	4,740	-	(8,941)
Repurchase of shares (to be cancelled) (Note (e))	-	-	-	(3,597)	-	(3,597)
Others	-	-	1,536	-	339	1,875
At 31 December 2024	9,224,914,953	-	43,079	(3,597)	(5,093)	34,389





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33 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARE AWARD SCHEMES (continued)

	Number of issued and fully paid ordinary shares*	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Shares held for share award schemes RMB'Million	Total RMB'Million
At 1 January 2023	9,568,738,935	-	62,418	(1,868)	(4,226)	56,324
Employee share option schemes:						
- value of employee services	-	-	1,687	-	-	1,687
- proceeds from shares issued, net of withholding individual income tax (Note (a))	8,820,561	-	828	-	-	828
Employee share award schemes:						
- value of employee services	-	-	17,267	-	-	17,267
- shares purchased/withheld for share award schemes (Note (b))	-	-	-	-	(4,378)	(4,378)
- shares allotted for share award schemes (Note (c))	46,249,024	-	-	-	-	-
- shares vested from share award schemes and transferred to the grantees (Note (d))	-	-	(2,071)	-	2,071	-
Repurchase and cancellation of shares (Note (e))	(140,815,700)	-	(42,112)	1,868	-	(40,244)
Repurchase of shares (to be cancelled) (Note (e))	-	-	-	(4,740)	-	(4,740)
Transfer of equity interests of subsidiaries to non-controlling interests	-	-	(28)	-	1,183	1,155
At 31 December 2023	<u>9,482,992,820</u>	<u>-</u>	<u>37,989</u>	<u>(4,740)</u>	<u>(5,350)</u>	<u>27,899</u>

* As at 31 December 2024, the total number of issued ordinary shares of the Company included 82,739,793 shares (31 December 2023: 91,783,469 shares) held for the share award schemes.





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33 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARE AWARD SCHEMES (continued)

Note:

- (a) During the year ended 31 December 2024, 22,893,680 options (2023: 13,148,354 options) with exercise prices ranging from HKD185.65 to HKD470.14 (2023: HKD126.57 to HKD343.96) per share were exercised, while the right to receive 9,537,978 shares (2023: 4,327,793 shares) was surrendered by certain grantees to set off against the exercise consideration and individual income tax payable by the grantees when they exercised their options.
- (b) During the year ended 31 December 2024, the Share Scheme Trust purchased and withheld 10,511,962 ordinary shares (2023: 13,976,126 ordinary shares) of the Company for an amount of approximately HKD3,750 million (equivalent to approximately RMB3,420 million) (2023: HKD4,839 million (equivalent to approximately RMB4,378 million)), which had been deducted from equity.
- (c) During the year ended 31 December 2024, the Company allotted 44,384,931 ordinary shares (2023: 46,249,024 ordinary shares) to the Share Scheme Trust for the purpose of granting awarded shares to the participants under the share award schemes.
- (d) During the year ended 31 December 2024, the Share Scheme Trust transferred 63,940,569 ordinary shares of the Company (2023: 47,931,238 ordinary shares) to the share awardees upon vesting of the awarded shares (Note 35(b)).
- (e) During the year ended 31 December 2024, the Company repurchased an aggregate number of 307,238,500 of its own shares from the market, out of which, 9,250,000 had not been cancelled as at 31 December 2024 and had been subsequently cancelled in January 2025 (2023: the Company repurchased 152,205,700 of its own shares from the market, out of which, 17,830,000 had not been cancelled as at 31 December 2023 and had been subsequently cancelled in January 2024). The shares were repurchased at prices ranging from HKD271.20 to HKD482.20 per share, with an average price of HKD364.55 per share.





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34 OTHER RESERVES

	Capital reserves	FVOCI	Investments in associates and joint ventures	Currency translation differences	PRC statutory reserves	Share-based compensation reserves	Others	Total
	RMB'Million (Note (a))	RMB'Million (Note (b))	RMB'Million	RMB'Million	RMB'Million (Note (c))	RMB'Million (Note (d))	RMB'Million	RMB'Million
Balance at 1 January 2024	(36,172)	(45,025)	22,344	5,071	6,923	11,221	2,419	(33,219)
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings, net of tax	-	(5,007)	-	-	-	-	-	(5,007)
Share of other changes in net assets of associates and joint ventures	-	-	4,083	-	-	-	-	4,083
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	(529)	-	-	-	-	(529)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	-	-	(15)	-	-	-	-	(15)
Transfer to profit or loss upon disposal of FVOCI	-	1	-	-	-	-	-	1
Value of employee services:								
- Employee share option schemes	-	-	-	-	-	45	-	45
- Employee share award schemes	-	-	-	-	-	1,572	-	1,572
Tax benefit from share-based payments	-	-	-	-	-	13	-	13
Acquisition of additional equity interests in non wholly-owned subsidiaries	(4,637)	-	-	-	-	-	-	(4,637)
Dilution of interests in subsidiaries	(1,924)	-	-	-	-	-	-	(1,924)
Net gains from changes in fair value of FVOCI	-	90,612	-	-	-	-	-	90,612
Share of other comprehensive income of associates and joint ventures	-	-	(1,181)	-	-	-	-	(1,181)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	(13)	-	-	-	-	(13)
Currency translation differences	-	-	-	(1,953)	-	-	-	(1,953)
Net movement in reserves for hedges	-	-	-	-	-	-	(2,530)	(2,530)
Others	58	-	-	-	1,443	-	310	1,811
Balance at 31 December 2024	(42,675)	40,581	24,689	3,118	8,366	12,851	199	47,129





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For the year ended 31 December 2024

34 OTHER RESERVES (continued)

	Capital reserves RMB' Million (Note (a))	FVOCI RMB' Million (Note (b))	Investments in associates and joint ventures RMB' Million	Currency translation differences RMB' Million	PRC statutory reserves RMB' Million (Note (c))	Share-based compensation reserves RMB' Million (Note (d))	Others RMB' Million	Total RMB' Million
Balance at 1 January 2023	(31,890)	(42,530)	18,426	(6,409)	6,011	9,544	5,934	(40,914)
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	-	17,846	-	-	-	-	-	17,846
Share of other changes in net assets of associates and joint ventures	-	-	4,680	-	-	-	-	4,680
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	(118)	-	-	-	-	(118)
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	-	-	66	-	-	-	-	66
Value of employee services:								
- Employee share option schemes	-	-	-	-	-	73	-	73
- Employee share award schemes	-	-	-	-	-	1,583	-	1,583
Tax benefit from share-based payments	-	-	-	-	-	21	-	21
Acquisition of additional equity interests in non wholly-owned subsidiaries	1,449	-	-	-	-	-	-	1,449
Transfer of equity interests of subsidiaries to non-controlling interests	95	-	-	-	-	-	-	95
Recognition of put option liabilities arising from business combinations	(4,594)	-	-	-	-	-	-	(4,594)
Changes in put option liabilities in respect of non-controlling interests	117	-	-	-	-	-	-	117
Dilution of interests in subsidiaries	(1,349)	-	-	-	-	-	-	(1,349)
Profit appropriations to statutory reserves	-	-	-	-	912	-	-	912
Net gains from changes in fair value of FVOCI	-	9,650	-	-	-	-	-	9,650
Share of other comprehensive income of associates and joint ventures	-	-	(701)	-	-	-	-	(701)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	(9)	-	-	-	-	(9)
Currency translation differences	-	-	-	11,480	-	-	-	11,480
Net movement in reserves for hedges	-	-	-	-	-	-	(3,515)	(3,515)
Losses from changes in fair value of assets held for distribution	-	(29,991)	-	-	-	-	-	(29,991)
Balance at 31 December 2023	(36,172)	(45,025)	22,344	5,071	6,923	11,221	2,419	(33,219)





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

34 OTHER RESERVES (continued)

Note:

- (a) The capital reserves mainly arise from transactions undertaken with non-controlling interests.
- (b) Gains and losses on certain investments, including changes in fair value, are recognised in other comprehensive income. These changes are accumulated within FVOCI reserve in equity. When the relevant investments are derecognised, amounts from this reserve are transferred to retained earnings for equity instruments or to profit or loss for debt instruments.
- (c) In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profit (after offsetting accumulated losses from prior years) should be made by these companies to their respective Statutory Surplus Reserve Funds and Discretionary Reserve Funds before distributions are made to the owners. The percentage of appropriation to Statutory Surplus Reserve Fund is 10%. The amount to be transferred to the Discretionary Reserve Fund is determined by the equity owners of these companies. When the balance of the Statutory Surplus Reserve Fund reaches 50% of the registered capital, further transfer needs not be made. Both the Statutory Surplus Reserve Fund and Discretionary Reserves Fund can be capitalised as capital of an enterprise, provided that the remaining Statutory Surplus Reserve Fund shall not be less than 25% of the registered capital.

In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly-owned foreign subsidiaries in the PRC, appropriation from net profit (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their respective Reserve Fund. The percentage of net profit to be appropriated to the Reserve Fund is not less than 10% of the net profit. When the balance of the Reserve Fund reaches 50% of the registered capital, further transfer needs not be made.

With approvals obtained from respective boards of directors of these companies, the Reserve Fund can be used to offset accumulated deficit or to increase capital.

- (d) Share-based compensation reserves arise from share option schemes and share award schemes adopted by certain subsidiaries of the Group (Note 35(d)).



Notes to the Consolidated Financial Statements

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35 SHARE-BASED PAYMENTS

(a) Share option schemes

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

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

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

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

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





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

35 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(i) Movements in the share options

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

	Post-IPO Option Scheme II		2023 Share Option Scheme		Total Number of options
	Average exercise price	Number of options	Average exercise price	Number of options	
At 1 January 2024	HKD185.65	17,318,327	HKD353.11	105,292,749	122,611,076
Granted	–	–	HKD297.91	11,632,870	11,632,870
Exercised	HKD185.65	(17,208,952)	HKD279.36	(5,684,728)	(22,893,680)
Lapsed/forfeited/waived	HKD185.65	(109,375)	HKD455.64	(2,019,766)	(2,129,141)
At 31 December 2024	–	–	HKD349.18	109,221,125	109,221,125
Exercisable as at 31 December 2024	–	–	HKD355.24	76,942,490	76,942,490

	Post-IPO Option Scheme II		Post-IPO Option Scheme IV		2023 Share Option Scheme		Total Number of options
	Average exercise price	Number of options	Average exercise price	Number of options	Average exercise price	Number of options	
At 1 January 2023	HKD177.28	29,261,866	HKD354.26	90,161,910	–	–	119,423,776
Granted	–	–	HKD375.60	3,659,925	HKD334.04	13,561,932	17,221,857
Exercised	HKD165.15	(11,941,689)	HKD262.55	(752,225)	HKD250.65	(454,440)	(13,148,354)
Lapsed/forfeited	HKD143.33	(1,850)	HKD453.51	(276,898)	HKD376.26	(607,455)	(886,203)
Transferred	–	–	HKD355.55	(92,792,712)	HKD355.55	92,792,712	–
At 31 December 2023	HKD185.65	17,318,327	–	–	HKD353.11	105,292,749	122,611,076
Exercisable as at 31 December 2023	HKD185.65	17,208,952	–	–	HKD356.48	52,857,824	70,066,776



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

35 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(i) Movements in the share options (continued)

During the years ended 31 December 2024 and 2023, no options were granted to any director of the Company.

During the year ended 31 December 2024, 22,893,680 options (2023: 13,148,354 options) were exercised and the right to receive 9,537,978 shares (2023: 4,327,793 shares) was surrendered by certain grantees to set off against the exercise consideration and individual income tax payable by the grantees when they exercised their options. The weighted average price of the shares at the time these options were exercised was HKD314.98 per share (equivalent to approximately RMB286.23 per share) (2023: HKD338.98 per share (equivalent to approximately RMB301.28 per share)).

(ii) Outstanding share options

Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2024 and 2023 are as follows:

Expiry Date	Range of exercise price	Number of share options	
		31 December 2024	31 December 2023
7 years commencing from the date of grant of options	HKD185.65 ~ HKD256.06	–	20,358,477
	HKD276.01 ~ HKD348.04	70,388,222	61,529,918
	HKD355.51 ~ HKD387.16	25,335,652	25,754,058
	HKD433.25 ~ HKD511.83	8,514,761	9,092,271
	HKD526.97 ~ HKD533.39	4,982,490	5,876,352
		109,221,125	122,611,076

The outstanding share options as of 31 December 2024 were divided into one to four tranches at their grant dates. The first tranche can be exercised after a specified period ranging from around one month to five years from the grant date, and then the remaining tranches will become exercisable in each subsequent year.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

35 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

(iii) Fair value of options

The directors of the Company had used the Binomial Model to determine the fair value of the options as at the respective grant dates, which was to be expensed over the relevant vesting period. The weighted average fair value of options granted during the year ended 31 December 2024 was HKD104.71 per share (equivalent to approximately RMB95.07 per share) (2023: HKD126.73 per share (equivalent to approximately RMB115.38 per share)).

Other than the exercise price mentioned above, significant judgments on parameters, such as risk-free rate, dividend yield and expected volatility, were required to be made by the directors in applying the Binomial Model, which are summarised as below:

	2024	2023
Weighted average share price at the grant date	HKD297.53	HKD341.90
Risk-free rate	2.55% ~ 3.52%	2.82% ~ 3.98%
Dividend yield	0.39%	0.31%
Expected volatility (Note)	38% ~ 39%	36% ~ 37%

Note:

The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the average daily trading price volatility of the shares of the Company.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

35 SHARE-BASED PAYMENTS (continued)

(b) Share award schemes

As at 31 December 2024, the Company had only one effective share award scheme, being the 2023 Share Award Scheme (effective since 17 May 2023), which was administered by an independent trustee appointed by the Group. The vesting period of the awarded shares is determined by the Board.

Movements in the number of awarded shares under the Share Award Schemes for the years ended 31 December 2024 and 2023 are as follows:

	Number of awarded shares	
	2024	2023
At beginning of the year	132,989,249	123,861,178
Granted	62,829,798	64,604,655
Lapsed/forfeited	(6,549,432)	(7,545,346)
Vested and transferred	(63,940,569)	(47,931,238)
At end of the year	125,329,046	132,989,249
Vested but not transferred as at the end of the year	4,174	38,955

During the year ended 31 December 2024, 105,760 awarded shares were granted to five independent non-executive directors of the Company (2023: 74,542 awarded shares were granted to five independent non-executive directors of the Company).

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date, which was to be expensed over the relevant vesting period. The expected dividends during the vesting period had been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the year ended 31 December 2024 was HKD330.66 per share (equivalent to approximately RMB301.77 per share) (2023: HKD342.27 per share (equivalent to approximately RMB310.79 per share)).

The outstanding awarded shares as of 31 December 2024 were divided into one to seven tranches as at their grant dates. The first tranche can be exercised immediately or after a specified period ranging from around one month to seven years from the grant date, and the remaining tranches will become exercisable in each subsequent year.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

35 SHARE-BASED PAYMENTS (continued)

(c) Employee investment schemes

For aligning the interests of key employees with the Group, the Group established several employees' investment plans in the form of limited liability partnerships (the "EISs") among which the three EISs approved/established in 2015, 2017 and 2021 were in effect as at 31 December 2024. According to the terms of the EISs, the Board may, at its absolute discretion, invite any qualifying participants of the Group, excluding any director of the Company, to participate in the EISs by subscribing for the partnership interest at cash consideration. The participating employees are entitled to the economic benefits generated by the EISs, if any, after a specified vesting period under the respective EISs, ranging from four to seven years. Wholly-owned subsidiaries of the Company acting as general partner of these EISs administer and in essence, control the EISs. These EISs are therefore consolidated by the Company as structured entities.

The related share-based compensation expenses incurred for the years ended 31 December 2024 and 2023 were insignificant to the Group.

(d) Share options and share award schemes adopted by subsidiaries

Certain subsidiaries of the Company operate their own share-based compensation plans (share options and/or share award schemes). Their exercise prices of the share options, as well as the vesting periods of the share options and awarded shares are determined by the respective board of directors of these subsidiaries at their sole discretion and in accordance with the relevant rules. The share options or awarded shares of the subsidiaries granted are normally vested by several tranches. Participants of some subsidiaries have the right to request the Group to repurchase their vested equity interests of the respective subsidiaries (the "Repurchase Transaction"). The Group has discretion to settle the Repurchase Transaction either by using equity instruments of the Company or by cash. For the Repurchase Transaction where the Group has settlement options, the directors of the Company are currently of the view that some of them would be settled by equity instruments of the Company. As a result, they are accounted for using equity-settled share-based payment method. For the rest of them to be settled in cash, they are accounted for using cash-settled share-based payment method.

(e) Expected Retention Rate of grantees

The Group has to estimate the Expected Retention Rate in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. As at 31 December 2024, the Expected Retention Rate of the Group's wholly-owned subsidiaries was assessed to be not lower than approximately 88% (31 December 2023: not lower than approximately 89%).





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

36 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD bank borrowings, unsecured (Note (a))	92,012	109,782
Non-current portion of long-term RMB bank borrowings, unsecured (Note (a))	48,655	46,000
Non-current portion of long-term HKD bank borrowings, unsecured (Note (a))	5,837	–
Non-current portion of long-term JPY bank borrowings, unsecured (Note (a))	14	26
Non-current portion of long-term JPY bank borrowings, secured (Note (a))	–	2
Non-current portion of long-term EUR bank borrowings, secured (Note (a))	3	6
Non-current portion of long-term EUR bank borrowings, unsecured (Note (a))	–	3
	146,521	155,819
Included in current liabilities:		
USD bank borrowings, unsecured (Note (b))	20,487	18,415
RMB bank borrowings, unsecured (Note (b))	28,039	7,046
RMB bank borrowings, secured (Note (b))	–	100
Current portion of long-term USD bank borrowings, unsecured (Note (a))	4,313	15,936
Current portion of long-term JPY bank borrowings, unsecured (Note (a))	12	16
Current portion of long-term JPY bank borrowings, secured (Note (a))	–	1
Current portion of long-term EUR bank borrowings, unsecured (Note (a))	3	4
Current portion of long-term EUR bank borrowings, secured (Note (a))	3	4
Current portion of long-term RMB bank borrowings, unsecured (Note (a))	28	15
	52,885	41,537
	199,406	197,356





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

36 BORROWINGS (continued)

Note:

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

	31 December 2024		31 December 2023	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB48,683	2.55% ~ 3.90%	RMB46,015	2.45% ~ 4.60%
USD bank borrowings	USD13,400	SOFR + CAS + 0.80%	USD1,750	SOFR + CAS + 0.80% ~ 0.95%
JPY bank borrowings	JPY334	0.11% ~ 1.73%	JPY894	0.00% ~ 1.86%
JPY bank borrowings	JPY246	TIBOR + 1.70%	JPY21	TIBOR + 1.70%
EUR bank borrowings	EUR1	1.00% ~ 2.10%	EUR2	1.00% ~ 2.54%
HKD bank borrowings	HKD6,202	HIBOR + 0.25%	–	–

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

The long-term bank borrowings are repayable as follows:

	As at 31 December	
	2024 RMB'Million	2023 RMB'Million
Within 1 year	4,359	15,976
Between 1 and 2 years	45,784	41,643
Between 2 and 5 years	95,759	114,174
Over 5 years	4,978	2
	150,880	171,795



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

36 BORROWINGS (continued)

Note: (continued)

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

	31 December 2024		31 December 2023	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB28,088	0.61% ~ 2.82%	RMB7,160	1.60% ~ 3.48%
USD bank borrowings	USD2,850	SOFR + 0.30% ~ 0.50%	USD2,600	SOFR + 0.50% ~ 0.55%

The Group had entered into interest rate swap contracts to hedge its exposure arising from certain long-term bank borrowings carried at floating rates. The Group's outstanding interest rate swap contracts as at 31 December 2024 and 2023 are detailed in Note 28.

As at 31 December 2024 and 2023, the carrying amounts of borrowings approximated their fair values.

The Group had complied with all of the financial covenants of its borrowing facilities for the years ended 31 December 2024 and 2023.

37 NOTES PAYABLE

	As at 31 December	
	2024 RMB'Million	2023 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD notes payable	130,586	137,101
Included in current liabilities:		
Current portion of long-term USD notes payable	8,623	14,161
	139,209	151,262





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

37 NOTES PAYABLE (continued)

Note:

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

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

The Group had entered into interest rate swap contracts to hedge its exposure arising from its senior notes carried at floating rates. The Group's outstanding interest rate swap contracts as at 31 December 2024 and 2023 are detailed in Note 28.

The notes payable are repayable as follows:

	As at 31 December	
	2024 RMB'Million	2023 RMB'Million
Within 1 year	8,623	14,161
Between 1 and 2 years	10,774	8,486
Between 2 and 5 years	39,455	28,275
More than 5 years	80,357	100,340
	139,209	151,262

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

During the year ended 31 December 2024, two tranches of notes payable issued in April 2019 with aggregate principal amounts of USD750 million and USD1,250 million, respectively, reached their maturities and were repaid in full by the Group.

As at 31 December 2024, the fair value of the notes payable amounted to approximately RMB119,824 million (31 December 2023: RMB131,247 million). The respective fair value was assessed based on the active market prices of these notes at the reporting date or by making reference to similar instruments traded in the observable market.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

38 LONG-TERM PAYABLES

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Payables relating to media content and running royalty fee for online games	2,560	5,398
Cash-settled share-based compensation payables (Note 35(d))	1,992	1,227
Payables relating to capital transaction	73	85
Others	5,576	5,459
	<u>10,201</u>	<u>12,169</u>

39 OTHER FINANCIAL LIABILITIES

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Measured at amortised cost:		
Redemption liabilities (Note)	8,725	10,354
Measured at fair value:		
Contingent consideration	1,176	2,966
Others	638	19
	<u>1,814</u>	<u>2,985</u>
	<u>10,539</u>	<u>13,339</u>
Included in:		
Non-current liabilities	4,203	8,781
Current liabilities	6,336	4,558
	<u>10,539</u>	<u>13,339</u>

Note:

It comprised redemption liabilities arising from put option arrangements made with non-controlling shareholders of acquired subsidiaries of approximately RMB8,725 million (31 December 2023: RMB10,354 million).





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

40 ACCOUNTS PAYABLE

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

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
0 ~ 30 days	107,893	94,537
31 ~ 60 days	8,264	3,099
61 ~ 90 days	842	528
Over 90 days	1,713	2,784
	<u>118,712</u>	<u>100,948</u>

41 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Staff costs and welfare accruals	33,340	30,747
Selling and marketing expenses accruals	5,291	7,096
General and administrative expenses accruals	4,235	4,574
Purchase of land use rights, buildings and construction related costs	3,900	3,451
Purchase consideration payables for investee companies	2,984	1,022
Interests payable	1,409	1,718
Prepayments received from customers and others	1,042	669
Others (Note)	31,831	27,318
	<u>84,032</u>	<u>76,595</u>

Note:

Others primarily consist of deposits from third parties, reserve for platform services, sundry payables and other accruals.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

42 BUSINESS COMBINATIONS

During the year ended 31 December 2024, the Group acquired additional equity interests in certain existing associates engaged in the games development business for an aggregate purchase price of approximately RMB9.5 billion. Upon completion of the acquisitions, the Group considered that it had sufficient power to control these investee companies and thus accounted for them as subsidiaries of the Group ("Step-up Acquisitions"), resulting in step-up gains of approximately RMB2.2 billion recognised in "Net gains/(losses) from investments and others" in the consolidated income statement.

Goodwill of approximately RMB19.1 billion was recognised as a result of the Step-up Acquisitions, primarily attributable to the operating synergies and economies of scale expected to be derived from integration of the operations with the Group's online game business. None of the goodwill was expected to be deductible for income tax purpose.

The fair value of total identifiable net assets (including identifiable intangible assets) and non-controlling interests recognised were approximately RMB6.4 billion and RMB12.4 billion, respectively.

The Group's revenue and results for the year would not be materially different should the Step-up Acquisitions had occurred on 1 January 2024. The related transaction costs were not material.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of net profit to cash generated from operations:

	2024	2023
	RMB'Million	RMB'Million
Profit for the year	196,467	118,048
Adjustments for:		
Income tax expense	45,018	43,276
Net gains on disposals and deemed disposals of investee companies	(12,810)	(4,283)
Dividend income	(715)	(546)
Depreciation of property, plant and equipment, investment properties and right-of-use assets	27,332	26,305
Amortisation of intangible assets and land use rights	28,881	32,703
Net gains on disposals of intangible assets, land use rights, property, plant and equipment, construction in progress and right-of-use assets	(194)	(126)
Interest income	(16,004)	(13,808)
Interest and related expenses	12,447	11,885
Equity-settled share-based compensation expenses	20,702	21,073
Share of (profit)/loss of associates and joint ventures, net	(25,176)	(5,800)
Impairment provisions for investments in associates, investments in joint ventures and others	8,420	6,095
Net fair value (gains)/losses on FVPL and other financial instruments	(2,641)	2,119
Net impairment of intangible assets, land use rights, right-of-use assets, investment properties and property, plant and equipment	1,563	134
Exchange (gains)/losses, net	(466)	383
Changes in working capital:		
Accounts receivable	(1,048)	(1,010)
Inventories	20	1,882
Prepayments, deposits and other assets	2,632	5,469
Accounts payable	10,872	8,044
Other payables and accruals	(6,765)	1,349
Other tax liabilities	(363)	(322)
Deferred revenue	16,533	3,821
Cash generated from operations	<u>304,705</u>	<u>256,691</u>





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Net cash/(debt) reconciliation

This section sets out an analysis of net cash/(debt) and the movements in net cash/(debt) for each of the years presented.

Net cash/(debt)	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Cash and cash equivalents	132,519	172,320
Term deposits and others	282,894	231,038
Borrowings – repayable within one year	(52,885)	(41,537)
Borrowings – repayable after one year	(146,521)	(155,819)
Notes payable – repayable within one year	(8,623)	(14,161)
Notes payable – repayable after one year	(130,586)	(137,101)
Net cash	<u>76,798</u>	<u>54,740</u>

	Cash and cash equivalents	Term deposits and others	Borrowings		Notes payable		Total
			- repayable within one year	Borrowings - repayable after one year	- repayable within one year	Notes payable - repayable after one year	
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Net cash as at 1 January 2024	172,320	231,038	(41,537)	(155,819)	(14,161)	(137,101)	54,740
Cash flows	(40,160)	48,106	16,031	(15,924)	14,213	–	22,266
Exchange impacts	359	2,068	(403)	(1,538)	(178)	(1,917)	(1,609)
Other non-cash movements (Note)	–	1,682	(26,976)	26,760	(8,497)	8,432	1,401
Net cash as at 31 December 2024	<u>132,519</u>	<u>282,894</u>	<u>(52,885)</u>	<u>(146,521)</u>	<u>(8,623)</u>	<u>(130,586)</u>	<u>76,798</u>
Net debt as at 1 January 2023	156,739	162,792	(11,580)	(163,668)	(10,446)	(148,669)	(14,832)
Cash flows	14,228	65,897	(14,234)	(5,211)	10,141	–	70,821
Exchange impacts	1,353	1,506	(94)	(2,537)	(12)	(2,205)	(1,989)
Other non-cash movements (Note)	–	843	(15,629)	15,597	(13,844)	13,773	740
Net cash as at 31 December 2023	<u>172,320</u>	<u>231,038</u>	<u>(41,537)</u>	<u>(155,819)</u>	<u>(14,161)</u>	<u>(137,101)</u>	<u>54,740</u>

Note:

It mainly resulted from the reclassification from non-current to current and assets/liabilities arising from business combinations.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

44 COMMITMENTS

(a) Capital commitments

Capital commitments as at 31 December 2024 and 2023 are analysed as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Contracted:		
Construction/purchase of buildings and purchase of land use rights	2,937	4,480
Capital investments in investees	9,298	9,685
Purchase of other capital assets	2,470	3,444
	<u>14,705</u>	<u>17,609</u>

(b) Other commitments

The Group's commitments under agreements mainly for bandwidth, online game licensing, media content and other technical services, which were contracted but not provided in the consolidated financial statements, are as follows:

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
Contracted:		
Not later than one year	11,799	11,404
Later than one year and not later than five years	13,612	12,801
Later than five years	5,659	5,103
	<u>31,070</u>	<u>29,308</u>

45 RELATED PARTY TRANSACTIONS

Except as disclosed in Note 14(a) (Senior management's emoluments), Note 14(b) (Five highest paid individuals), Note 15 (Benefits and interests of directors), Note 27 (Loans to investees and investees' shareholders) and Note 35 (Share-based payments) to the consolidated financial statements, other significant transactions carried out between the Group and its related parties during the years are presented as follows. These related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties.



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Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

45 RELATED PARTY TRANSACTIONS (continued)

(a) Significant transactions with related parties

The Group has commercial arrangements with certain associates and joint ventures to provide Marketing Services, FinTech and Business Services, and other services, the revenue from which, for the year ended 31 December 2024, amounted to RMB5,238 million, RMB45,430 million and RMB2,907 million, respectively (2023: RMB7,286 million, RMB42,141 million and RMB2,740 million, respectively).

The Group has commercial arrangements with certain associates and joint ventures to purchase online game licences and related services, media content and related services, FinTech and Business Services and others, the costs and expenses of which, for the year ended 31 December 2024, amounted to RMB4,532 million, RMB3,409 million, RMB2,138 million and RMB1,728 million, respectively (2023: RMB3,082 million, RMB4,752 million, RMB2,222 million and RMB1,532 million, respectively).

(b) Year end balances with related parties

As at 31 December 2024, accounts receivable and other receivables from related parties were RMB10,255 million and RMB309 million, respectively (31 December 2023: RMB9,891 million and RMB493 million, respectively).

As at 31 December 2024, accounts payable and other payables to related parties were RMB3,215 million and RMB296 million, respectively (31 December 2023: RMB2,681 million and RMB144 million, respectively).

The Group has certain business co-operation arrangements with certain associates, which are engaged in various Internet businesses including eCommerce, Online-To-Offline platforms, and FinTech services, in respect of the provision of various services such as FinTech services, business services and marketing services to these associates. As at 31 December 2024, contract liabilities arising from these business co-operation arrangements were RMB848 million (31 December 2023: RMB1,373 million).

The Group has entered into certain contracts for purchasing services or content with certain associates or joint ventures. As at 31 December 2024, commitments in respect of these agreements amounted to RMB4,542 million. (31 December 2023: RMB4,433 million).

Other than the transactions and balances disclosed above or elsewhere in the consolidated financial statements, the Group had no other material transactions with related parties during the years ended 31 December 2024 and 2023, and no other material balances with related parties as at 31 December 2024 and 2023.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

46 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	As at 31 December	
	2024	2023
	RMB'Million	RMB'Million
ASSETS		
Non-current assets		
Intangible assets	45	43
Investments in subsidiaries	214,500	207,615
Investments in associates	405	399
Financial assets at fair value through other comprehensive income	1,577	951
	<u>216,527</u>	<u>209,008</u>
Current assets		
Amounts due from subsidiaries	97,628	74,986
Prepayments, deposits and other assets	187	178
Cash and cash equivalents	1,463	1,654
	<u>99,278</u>	<u>76,818</u>
Total assets	<u>315,805</u>	<u>285,826</u>





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

46 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) Financial position of the Company (continued)

	As at December 31	
	2024	2023
	RMB'Million	RMB'Million
EQUITY		
Share capital	–	–
Share premium	43,079	37,989
Treasury shares	(3,597)	(4,740)
Shares held for share award schemes	(5,093)	(5,350)
Other reserves (b)	(3,915)	(5,279)
Retained earnings (b)	94,836	64,252
Total equity	125,310	86,872
LIABILITIES		
Non-current liabilities		
Notes payable	127,013	131,465
Other financial liabilities	176	67
	127,189	131,532
Current liabilities		
Amounts due to subsidiaries	53,498	50,111
Other payables and accruals	3,339	3,150
Notes payable	6,469	14,161
	63,306	67,422
Total liabilities	190,495	198,954
Total equity and liabilities	315,805	285,826





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

46 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Reserve movement of the Company

	Retained earnings RMB' Million	Other reserves RMB' Million
At 1 January 2024	64,252	(5,279)
Profit for the year	149,233	–
Cash dividends	(28,924)	–
Repurchase and cancellation of shares	(89,725)	–
Net gains from changes in the fair value of financial assets at fair value through other comprehensive income	–	571
Currency translation differences	–	793
At 31 December 2024	94,836	(3,915)
At 1 January 2023	17,621	8,617
Profit for the year	54,011	–
Cash dividends	(20,586)	–
Dividends under distribution in specie	32,169	–
Transfer of losses on settlement of assets held for distribution to retained earnings	(18,963)	18,963
Losses from changes in fair value of assets held for distribution	–	(29,991)
Net losses from changes in the fair value of financial assets at fair value through other comprehensive income	–	(1,020)
Currency translation differences	–	(1,848)
At 31 December 2023	64,252	(5,279)

47 SUBSEQUENT EVENTS

There were no material subsequent events during the period from 1 January 2025 to the approval date of these financial statements by the Board on 19 March 2025.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES

The following is a list of material subsidiaries of the Company as at 31 December 2024:

Name	Place of establishment and nature of legal entity	Particulars of issued/paid-in capital	Proportion of equity interest held by the Group (%)	Principal activities and place of operation
Tencent Computer	Established in the PRC, limited liability company	RMB65,000,000	100% (Note (a))	Provision of value-added services and Internet advertisement services in the PRC
Tencent Technology	Established in the PRC, wholly foreign owned enterprise	USD2,000,000	100%	Development of softwares and provision of information technology services in the PRC
Shenzhen Shiji Kaixuan Technology Company Limited	Established in the PRC, limited liability company	RMB11,000,000	100% (Note (a))	Provision of Internet advertisement services in the PRC
Tencent Cyber (Tianjin) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD90,000,000	100%	Development of softwares and provision of information technology services in the PRC
Tencent Asset Management Limited	Established in the British Virgin Islands, limited liability company	USD100	100%	Asset management in Hong Kong
Tencent Technology (Beijing) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD1,000,000	100%	Development and sale of softwares and provision of information technology services in the PRC
Nanjing Wang Dian Technology Company Limited	Established in the PRC, limited liability company	RMB10,290,000	100% (Note (a))	Provision of value-added services in the PRC
Beijing BIZCOM Technology Company Limited	Established in the PRC, limited liability company	RMB1,216,500,000	100% (Note (a))	Provision of value-added services in the PRC
Beijing Starsinhand Technology Company Limited	Established in the PRC, limited liability company	RMB10,000,000	100% (Note (a))	Provision of value-added services in the PRC
Tencent Cyber (Shenzhen) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD30,000,000	100%	Development of softwares in the PRC





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES (continued)

Name	Place of establishment and nature of legal entity	Particulars of issued/paid-in capital	Proportion of equity interest held by the Group (%)	Principal activities and place of operation
Tencent Technology (Shanghai) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD5,000,000	100%	Development of softwares and provision of information technology services in the PRC
Tencent Technology (Chengdu) Company Limited	Established in the PRC, wholly foreign owned enterprise	USD220,000,000	100%	Development of softwares and provision of information technology services in the PRC
Tencent Cloud Computing (Beijing) Company Limited	Established in the PRC, limited liability company	RMB1,042,500,000	100% (Note (a))	Provision of information system integration services in the PRC
Beijing Tencent Culture Media Company Limited	Established in the PRC, limited liability company	RMB10,204,082	100%	Design and production of advertisement in the PRC
Riot Games, Inc.	Established in the United States, limited liability company	USD1,328	99.33%	Development and operation of online games in the United States
China Literature Limited	Established in the Cayman Islands, limited liability company	USD101,568	57.30%*	Provision of online literature services in the PRC
TME (Note (b))	Established in the Cayman Islands, limited liability company	USD255,792	53.53%*	Provision of online music entertainment services in the PRC
Supercell Oy	Established in Finland, limited liability company	EUR2,500	90.67%	Development and operation of mobile games in Finland
Shenzhen Tencent Culture Media Company Limited	Established in the PRC, limited liability company	RMB5,000,000	100%	Design and production of advertisement in the PRC
Shenzhen Tencent Tianyou Technology Company Limited	Established in the PRC, limited liability company	RMB50,000,000	100% (Note (a))	Provision of value-added services in the PRC
Guangzhou Tencent Technology Company Limited	Established in the PRC, wholly foreign owned enterprise	RMB70,000,000	100%	Development of softwares and provision of information technology services in the PRC

* on an outstanding basis



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Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES (continued)

Note:

- (a) As described in Note 1, the Company does not have legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain contractual agreements entered into with the registered owners of these structured entities, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these companies to the Company and/or its other legally owned subsidiaries. As a result, they are accounted for as controlled structured entities of the Company.
- (b) In September 2020, TME issued two tranches of senior notes with an aggregate principal amount of USD800 million due in 5 years to 10 years, with interest rates ranging from 1.375% to 2.000%. As at 31 December 2024, the principal amount and net book balance of its notes payable were USD800 million and USD797 million, respectively.
- (c) The directors of the Company considered that none of the non wholly-owned subsidiaries has non-controlling interests that are material to the Group, therefore, no summarised financial information of these non wholly-owned subsidiaries is presented separately.
- (d) All subsidiaries' undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary's undertakings held directly by the parent company does not differ from its proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of a subsidiary's undertakings included in the Group.
- (e) Significant restrictions

As at 31 December 2024, cash and cash equivalents, term deposits and restricted cash of the Group, amounting to RMB195,191 million were held in the Mainland of China and they are subject to local exchange control and other financial and treasury regulations. The local exchange control, and other financial and treasury regulations provide for restrictions, on payment of dividends, share repurchases and offshore investments, other than through normal activities.





Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITIES (continued)

Note: (continued)

(f) Consolidation of structured entities

As mentioned in Note (a) above and Note 35(c), the Company has consolidated certain operating entities within the Group without any legal interests and the EISs where wholly-owned subsidiaries of the Company act as general partners. In addition, due to the implementation of the share award schemes of the Group mentioned in Note 35(b), the Company has also set up a structured entity ("Share Scheme Trust"), and its particulars are as follows:

Structured entity	Principal activities
Share Scheme Trust	Administering and holding the Company's shares acquired for share award schemes which are set up for the benefits of eligible persons of the schemes

As the Company has the power to govern the financial and operating policies of the Share Scheme Trust and can derive benefits from the contributions of the eligible persons who are awarded with the shares by the schemes, the directors of the Company consider that it is appropriate to consolidate the Share Scheme Trust.

During the year ended 31 December 2024, the Company contributed approximately RMB3,420 million (2023: RMB4,378 million) to the Share Scheme Trust for financing its acquisition of the Company's shares.





Definition

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

Term	Definition
“2013 Share Award Scheme”	the share award scheme adopted by the Company on 13 November 2013, as amended
“2019 Share Award Scheme”	the share award scheme adopted by the Company on 25 November 2019, as amended
“2023 Share Award Scheme”	the share award scheme adopted by the Company on Adoption Date, as amended from time to time
“2023 Share Option Scheme”	the share option scheme adopted by the Company on 17 May 2023, as amended from time to time
“2025 AGM”	the annual general meeting of the Company to be held on 14 May 2025 or any adjournment thereof
“Adoption Date”	17 May 2023, being the date on which the Company adopted the 2023 Share Award Scheme
“AI”	artificial intelligence
“Articles of Association”	the fourth amended and restated articles of association of the Company adopted by special resolution passed on 14 May 2024
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the auditor of the Company
“Awarded Share(s)”	the share(s) of the Company awarded under the Share Award Schemes
“Board”	the board of directors of the Company
“CAS”	credit adjustment spread, which is a fixed spread adjustment incorporated to bridge the gap between LIBOR and SOFR in order to minimise the economic impact of the transfer from a LIBOR-based debt to a SOFR-based debt





Definition

Term	Definition
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chongqing Tencent Information”	Chongqing Tencent Information Technology Company 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
“Company Website”	the website of the Company at www.tencent.com
“Corporate Governance Committee”	the corporate governance committee of the Company
“COSO Framework”	the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations
“Cyber Shenzhen”	Tencent Cyber (Shenzhen) Company Limited
“Cyber Tianjin”	Tencent Cyber (Tianjin) Company Limited
“DAU”	daily active user accounts
“DnF Mobile”	Dungeon and Fighter Mobile
“Domestic Games”	for the purpose of preparing financial and operating information, Domestic Games refers to our games business in the PRC, excluding Hong Kong, the Macao Special Administrative Region and Taiwan, China
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Eligible Person(s)”	any person(s) eligible to participate in the respective Share Award Schemes
“Employee Participant(s)”	director(s) or employee(s) (including senior management) of any member of the Group (including person(s) who is/are granted options under the Post-IPO Option Scheme II and the 2023 Share Option Scheme or awards under the Share Award Schemes as an inducement to enter into employment contracts with these companies (as the case may be))
“EPS”	earnings per share
“ESG Reporting Code”	the Environmental, Social and Governance Reporting Code as set out in Appendix C2 to the Listing Rules





Definition

Term	Definition
“FinTech”	financial technology
“FPO”	Follow-on Public Offering
“Grant Date”	in relation to any Awarded Share, the date on which the Awarded Share is, was or is to be granted
“Group”	the Company and its subsidiaries
“Guangzhou Tencent Computer”	Guangzhou Tencent Computer System Company Limited
“Guangzhou Tencent Technology”	Guangzhou Tencent Technology Company Limited
“Guian New Area Tencent Cyber”	Guian New Area Tencent Cyber Company Limited
“Hainan Network”	Hainan Tencent Network Information Technology Company Limited
“Hangzhou Tencent Information”	Hangzhou Tencent Information Technology Company Limited
“HIBOR”	Hong Kong InterBank Offered Rate
“HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region, the PRC
“HUYA”	HUYA Inc., a non wholly-owned subsidiary of the Company which is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the New York Stock Exchange
“IA”	internal audit department of the Company
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“IC”	risk management and internal control department of the Company





Definition

Term	Definition
“IFRS” or “IFRS Accounting Standards”	International Financial Reporting Standards as issued by the IASB
“IM”	Instant Messaging
“International Games”	for the purpose of preparing financial and operating information, International Games refers to our games business other than our Domestic Games business
“Investment Committee”	the investment committee of the Company
“IP”	intellectual property
“IPO”	initial public offering
“IT”	information technology
“JPY”	the lawful currency of Japan
“LIBOR”	London InterBank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LLM”	large language model
“M&A”	mergers and acquisitions
“MAU”	monthly active user accounts
“Minor(s)”	players who are aged under 18
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“NASDAQ”	NASDAQ Global Select Market
“Nomination Committee”	the nomination committee of the Company





Definition

Term	Definition
“PC”	personal computer
“Post-IPO Option Scheme I”	the Post-IPO Share Option Scheme adopted by the Company on 24 March 2004
“Post-IPO Option Scheme II”	the Post-IPO Share Option Scheme adopted by the Company on 16 May 2007
“Post-IPO Option Scheme III”	the Post-IPO Share Option Scheme adopted by the Company on 13 May 2009
“Post-IPO Option Scheme IV”	the Post-IPO Share Option Scheme adopted by the Company on 17 May 2017
“PRC” or “China”	the People’s Republic of China
“PRC CIT”	PRC corporate income tax as defined in the “Corporate Income Tax Law of the People’s Republic of China”
“Pre-IPO Option Scheme”	the Pre-IPO Share Option Scheme adopted by the Company on 27 July 2001
“PUBG”	PlayerUnknown’s Battlegrounds
“R&D”	research and development
“Related Entity”	a holding company (as defined in the Listing Rules), a fellow subsidiary (“subsidiary” as defined in the Listing Rules) or an associated company of the Company
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	the lawful currency of the PRC
“Selected Participant(s)”	any Eligible Person(s) selected by the Board to participate in the respective Share Award Schemes





Definition

Term	Definition
“Service Provider(s)”	any person who, or entity which, provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group or which will contribute significantly to the growth of the Group’s financial or business performance, including independent contractors, consultants, agents, advisers and suppliers engaged to provide services in relation to research and development, engineering or technical contribution, the design or development or distribution of products/ services provided by the Group, product commercialisation, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Group, as determined by the Board in its sole and absolute discretion, provided that any (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions; and (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity should not be Service Providers
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai Tencent Information”	Shanghai Tencent Information Technology Company Limited
“Share(s)”	ordinary share(s) of HKD0.00002 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Share Award Schemes”	the 2013 Share Award Scheme, the 2019 Share Award Scheme and the 2023 Share Award Scheme
“Share Subdivision”	with effect from 15 May 2014, each existing issued and unissued share of HKD0.0001 each in the share capital of the Company was subdivided into five subdivided shares of HKD0.00002 each, after passing of an ordinary resolution at the annual general meeting of the Company held on 14 May 2014 and granting by the Stock Exchange of the listing of, and permission to deal in, the subdivided shares
“Shenzhen Tencent Cyber”	Shenzhen Tencent Cyber Technology Company Limited





Definition

Term	Definition
“Shenzhen Tencent Information”	Shenzhen Tencent Information Technology Company Limited
“Shenzhen Tencent Network”	Shenzhen Tencent Network Information Technology Company Limited
“Shenzhen Tencent Tianyou”	Shenzhen Tencent Tianyou Technology Company Limited
“Shiji Kaixuan”	Shenzhen Shiji Kaixuan Technology Company Limited
“SKT CFC”	the co-operation framework contract dated 28 February 2004 entered into between Cyber Tianjin and Shiji Kaixuan
“SKT Co-operation Committee”	the co-operation committee established under the SKT CFC
“SOFR”	Secured Overnight Financing Rate
“SSV & CPP”	Sustainable Social Value and Common Prosperity Programmes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supercell”	Supercell Oy, a non wholly-owned subsidiary of the Company which is a private company incorporated in Finland
“TCS CFC”	the co-operation framework contract dated 28 February 2004 entered into between Tencent Technology and Tencent Computer
“TCS Co-operation Committee”	the co-operation committee established under the TCS CFC
“Tencent Beijing”	Tencent Technology (Beijing) Company Limited
“Tencent Chengdu”	Tencent Technology (Chengdu) Company Limited
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited
“Tencent Enterprise Management”	Shenzhen Tencent Enterprise Management Limited
“Tencent Music”	Tencent Music Entertainment Group, a non wholly-owned subsidiary of the Company which is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the New York Stock Exchange and the Stock Exchange





Definition

Term	Definition
“Tencent Shanghai”	Tencent Technology (Shanghai) Company Limited
“Tencent Technology”	Tencent Technology (Shenzhen) Company Limited
“Tencent Wuhan”	Tencent Technology (Wuhan) Company Limited
“Tenpay”	Tenpay Payment Technology Co., Ltd., a member of the Group operating in the Mainland of China and engaging in the provision of payment services
“Term SOFR”	the term SOFR reference rate administered by CME Group Benchmark Administration Limited for the relevant period published by CME Group Benchmark Administration Limited
“TIBOR”	Tokyo InterBank Offered Rate
“ToB”	Product/Service provided to business customers
“Trust Deed”	a trust deed entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Trustee for the administration of the 2023 Share Award Scheme
“Trustee”	an independent trustee appointed by the Company for managing the Share Award Schemes
“United States”	the United States of America
“USD”	the lawful currency of the United States
“VAS”	value-added services
“WFOEs”	Tencent Technology, Cyber Tianjin, Tencent Beijing, Shenzhen Tencent Information, Tencent Chengdu, Chongqing Tencent Information, Shanghai Tencent Information, Tencent Shanghai, Tencent Wuhan, Hainan Network, Guangzhou Tencent Technology, Shenzhen Tencent Network, Guian New Area Tencent Cyber, Cyber Shenzhen, Wuhan Tencent Information, Guangzhou Tencent Computer, Hangzhou Tencent Information, Yizheng Cyber and Shenzhen Tencent Cyber
“Wuhan Tencent Information”	Wuhan Tencent Information Technology Company Limited
“Yizheng Cyber”	Yizheng Tencent Cyber Company Limited





Tencent 腾讯

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Vår dato
04.05.2021

Din/Deres dato
18.03.2021

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Att. Markus Huseby Enge

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Funcom SE, org.nr. 925 209 171

Vi viser til deres henvendelse sendt inn 18. mars 2021 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Funcom SE.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Funcom SE dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Funcom SE er registrert som et europeisk selskap (Societas Europaea), hvor endelig eier er et utenlandsk selskap som er en del av et internasjonalt konsern. Konsernets arbeidsspråk er engelsk. Funcomgruppen utvikler og selger dataspill, og selskapets kunder, leverandører og de fleste andre brukere er i all hovedsak utenfor Norges grenser. Styrelederen og styremedlemmene i selskapet er utenlandske.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i



samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapets endelige eier er et utenlandsk selskap som er en del av et internasjonalt konsern. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.