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Tencent 腾讯

TENCENT HOLDINGS LIMITED

騰訊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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

ANNOUNCEMENT OF THE RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2025

The Board is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2025. The Interim Financial Information of the Group has been reviewed by the Auditor in accordance with International Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board, and by the Audit Committee.

FINANCIAL PERFORMANCE HIGHLIGHTS

	31 March 2025	31 March 2024	Unaudited Three months ended Year- on-year change	31 December 2024	Quarter- on-quarter change
			(RMB in millions, unless specified)		
Revenues	180,022	159,501	13%	172,446	4%
Gross profit	100,493	83,870	20%	90,653	11%
Operating profit	57,566	52,556	10%	51,478	12%
Profit for the period	49,725	42,651	17%	51,467	-3%
Profit attributable to equity holders of the Company	47,821	41,889	14%	51,324	-7%
EPS (RMB per share)					
– basic	5.252	4.479	17%	5.597	-6%
– diluted	5.129	4.386	17%	5.485	-6%
Non-IFRS operating profit	69,320	58,619	18%	59,475	17%
Non-IFRS profit attributable to equity holders of the Company	61,329	50,265	22%	55,312	11%
Non-IFRS EPS (RMB per share)					
– basic	6.735	5.375	25%	6.032	12%
– diluted	6.583	5.263	25%	5.909	11%

OPERATING INFORMATION

	As at 31 March 2025	As at 31 March 2024	Year- on-year change	As at 31 December 2024	Quarter- on-quarter change
(in millions, unless specified)					
Combined MAU of Weixin and WeChat	1,402	1,359	3%	1,385	1%
Mobile device MAU of QQ	534	553	-3%	524	2%
Fee-based VAS paying users	268	260	3%	262	2%

BUSINESS REVIEW AND OUTLOOK

During the first quarter of 2025, our high-quality revenue streams sustained their solid growth trajectory. AI capabilities already contributed tangibly to our businesses, such as performance advertising and evergreen games. We also stepped up our spending on new AI opportunities, such as the Yuanbao application and AI in Weixin. We believe the operating leverage from our existing high-quality revenue streams will help absorb the additional costs associated with these AI-related investments and contribute to healthy financial performance during this investment phase. We expect these strategic AI investments will create value for users and society, and generate substantial incremental returns for us over the longer term.

Below are some highlights from our key products and services for the reporting quarter:

- We provided more onboarding support for Mini Shops merchants, in order to enrich the range of branded product listings, contributing to rapid year-on-year growth in GMV.
- We rolled out AI features within Weixin to provide more interactive user experiences and increase productivity for content creators and developers. For example, we integrated our AI service Yuanbao as a Weixin contact, powered Weixin Search with LLMs, and provided a text-prompt image generating tool for Official Accounts.

- Tencent Video maintained its leading position in China's long-form video market with 117 million¹ video subscribers. Tencent Music sustained its industry leadership in China's music streaming market with 123 million² music subscribers.
- Several of our evergreen games, including Honour of Kings and CrossFire Mobile, achieved record high levels of gross receipts during the seasonally strong first quarter.
- Delta Force's domestic user base reached a post-launch record of 12 million peak DAU in April 2025. Delta Force became the sixth most popular mobile game by average DAU industry-wide³, and the highest-DAU new game released in the last three years industry-wide.
- We upgraded our advertising technology platform with enhanced generative AI capabilities, such as improved image generation and video editing to accelerate advertisement creation, digital human solutions to facilitate live streaming activities, and deeper understanding of merchandise and user interests to deliver better recommendations.
- Tencent Cloud's audio and video solutions ranked first by revenue for the seventh consecutive year in China⁴. We enhanced the audio and video solutions' content generation, media processing and real-time interaction experience by integrating LLM capabilities.

¹ The average daily number of paying users for the first quarter of 2025

² The average number of paying users as of the last day of each month during the first quarter of 2025

³ By DAU among mobile games in domestic market during the first quarter of 2025, according to QuestMobile

⁴ During 2018-2024, according to IDC

MANAGEMENT DISCUSSION AND ANALYSIS

First Quarter of 2025 Compared to First Quarter of 2024

The following table sets forth the comparative figures for the first quarter of 2025 and the first quarter of 2024:

	Unaudited	
	Three months ended	
	31 March	31 March
	2025	2024
	(RMB in millions)	
Revenues	180,022	159,501
Cost of revenues	(79,529)	(75,631)
Gross profit	100,493	83,870
Selling and marketing expenses	(7,866)	(7,536)
General and administrative expenses	(33,664)	(24,809)
Other gains/(losses), net	(1,397)	1,031
Operating profit	57,566	52,556
Net gains/(losses) from investments and others	1,407	656
Interest income	3,748	4,248
Finance costs	(3,860)	(2,826)
Share of profit/(loss) of associates and joint ventures, net	4,581	2,186
Profit before income tax	63,442	56,820
Income tax expense	(13,717)	(14,169)
Profit for the period	49,725	42,651
Attributable to:		
Equity holders of the Company	47,821	41,889
Non-controlling interests	1,904	762
	49,725	42,651
Non-IFRS operating profit	69,320	58,619
Non-IFRS profit attributable to equity holders of the Company	61,329	50,265

Revenues. Revenues increased by 13% year-on-year to RMB180.0 billion for the first quarter of 2025. The following table sets forth revenues of the Group and its segments for the first quarter of 2025 and the first quarter of 2024.

	Unaudited				
	Three months ended				
	31 March	31 March	Year-	31 March	31 March
	2025	2024	on-year	2025	2024
	Revenues			% of total revenues	
	(RMB in millions, unless specified)				
VAS	92,133	78,629	17%	51%	49%
Marketing Services	31,853	26,506	20%	18%	17%
FinTech and Business Services	54,907	52,302	5%	30%	33%
Others	1,129	2,064	-45%	1%	1%
The Group	180,022	159,501	13%	100%	100%

- Revenues from VAS increased by 17% year-on-year to RMB92.1 billion for the first quarter of 2025. Domestic Games revenues were RMB42.9 billion, representing a 24% year-on-year increase from a low base in the same period last year, driven by growth in revenues from Honour of Kings and Peacekeeper Elite, as well as contributions from recently released DnF Mobile and Delta Force. International Games revenues were RMB16.6 billion, reflecting a 23% year-on-year increase (22% increase on a constant currency basis), driven by growth in revenues from Brawl Stars, Clash Royale and PUBG MOBILE. Social Networks revenues rose by 7% year-on-year to RMB32.6 billion, driven by growth in app-based game virtual item sales, music subscription revenues and Mini Games platform service fees.
- Revenues from Marketing Services were RMB31.9 billion for the first quarter of 2025, reflecting a 20% year-on-year increase. This growth was primarily due to robust advertiser demand for Video Accounts, Mini Programs and Weixin Search inventories, supported by higher user engagement, ongoing AI upgrades to our advertising platform, and improvements to the transaction ecosystem within Weixin. Marketing Services revenues increased across most major industry categories during the quarter.

- Revenues from FinTech and Business Services increased by 5% year-on-year to RMB54.9 billion for the first quarter of 2025. FinTech Services revenue growth was due to higher revenues from consumer loan services and wealth management services. Business Services revenue growth was driven by an increase in cloud services revenues and eCommerce technology service fees.

Cost of revenues. Cost of revenues for the first quarter of 2025 rose by 5% year-on-year to RMB79.5 billion, primarily due to higher content costs and channel and distribution costs.

Gross profit. Gross profit for the first quarter of 2025 rose by 20% year-on-year to RMB100.5 billion, driven by increased contributions from high-margin revenue streams including Domestic Games, Mini Games, Video Accounts and Weixin Search, as well as improved cost efficiency in our payment services and cloud services. Gross margin improved to 56% from 53% in the same period last year. The following table sets forth gross profit and gross margin of the Group and its segments for the first quarter of 2025 and the first quarter of 2024.

	Unaudited				
	Three months ended				
	31 March	31 March	Year-	31 March	31 March
	2025	2024	on-year	2025	2024
	Gross profit			Gross margin	
	(RMB in millions, unless specified)				
VAS	54,911	45,022	22%	60%	57%
Marketing Services	17,694	14,520	22%	56%	55%
FinTech and Business Services	27,597	23,851	16%	50%	46%
Others	291	477	-39%	26%	23%
The Group	100,493	83,870	20%	56%	53%

- Gross profit for VAS grew by 22% year-on-year to RMB54.9 billion, driven by increased contributions from high-margin revenues from Domestic Games and Mini Games platform service fees. Gross margin rose to 60%, up from 57% in the same period last year.
- Gross profit for Marketing Services was RMB17.7 billion, reflecting a 22% year-on-year increase, driven by increased contributions from high-margin revenues from Video Accounts and Weixin Search. Gross margin was 56%, compared to 55% in the same period last year.

- Gross profit for FinTech and Business Services rose by 16% year-on-year to RMB27.6 billion, due to increased contributions from consumer loan services and wealth management services, as well as improved cost efficiency in our payment services and cloud services. Gross margin improved to 50%, compared to 46% in the same period last year.

Selling and marketing expenses. Selling and marketing expenses rose by 4% year-on-year to RMB7.9 billion in the first quarter of 2025, reflecting higher promotional and advertising efforts to support the growth of our AI-native applications, partly offset by reduced advertising spending on new game launches versus the year ago period. As a percentage of revenues, selling and marketing expenses decreased to 4%, compared to 5% in the same period last year.

General and administrative expenses. General and administrative expenses were RMB33.6 billion for the first quarter of 2025, up 36% year-on-year. This increase was primarily due to a one-off share-based compensation expense amounting to RMB4.0 billion arising from restructuring of an existing commercial arrangement at an overseas subsidiary, along with higher R&D expenses to support our AI-related efforts.

Interest income. Interest income was RMB3.7 billion for the first quarter of 2025, down 12% year-on-year due to lower interest yields.

Finance costs. Finance costs increased by 37% year-on-year to RMB3.9 billion for the first quarter of 2025, primarily due to recognition of foreign exchange losses this quarter, compared to gains 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 RMB4.6 billion for the first quarter of 2025, compared to share of profits of RMB2.2 billion in the same period last year. Non-IFRS share of profits of associates and joint ventures was RMB7.6 billion, up from share of profits of RMB5.5 billion in the same period last year.

Income tax expense. Income tax expense decreased by 3% year-on-year to RMB13.7 billion for the first quarter of 2025, primarily due to the high base effect from withholding tax provision in the same quarter last year. Domestic corporate income tax expense in the first quarter of 2025 increased year-on-year.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company increased by 14% year-on-year to RMB47.8 billion for the first quarter of 2025. Non-IFRS profit attributable to equity holders of the Company increased by 22% year-on-year to RMB61.3 billion for the first quarter of 2025.

First Quarter of 2025 Compared to Fourth Quarter of 2024

The following table sets forth the comparative figures for the first quarter of 2025 and the fourth quarter of 2024:

	Unaudited	
	Three months ended	
	31 March	31 December
	2025	2024
	(RMB in millions)	
Revenues	180,022	172,446
Cost of revenues	(79,529)	(81,793)
Gross profit	100,493	90,653
Selling and marketing expenses	(7,866)	(10,285)
General and administrative expenses	(33,664)	(31,403)
Other gains/(losses), net	(1,397)	2,513
Operating profit	57,566	51,478
Net gains/(losses) from investments and others	1,407	1,119
Interest income	3,748	3,910
Finance costs	(3,860)	(2,512)
Share of profit/(loss) of associates and joint ventures, net	4,581	9,253
Profit before income tax	63,442	63,248
Income tax expense	(13,717)	(11,781)
Profit for the period	49,725	51,467
Attributable to:		
Equity holders of the Company	47,821	51,324
Non-controlling interests	1,904	143
	49,725	51,467
Non-IFRS operating profit	69,320	59,475
Non-IFRS profit attributable to equity holders of the Company	61,329	55,312

Revenues. Revenues for the first quarter of 2025 increased by 4% quarter-on-quarter to RMB180.0 billion.

- Revenues from VAS increased by 17% quarter-on-quarter to RMB92.1 billion. Domestic Games revenues were RMB42.9 billion, representing a 29% increase quarter-on-quarter, primarily due to seasonally higher revenues in the first quarter. International Games revenues were RMB16.6 billion, up 4% quarter-on-quarter. Social Networks revenues rose by 10% quarter-on-quarter to RMB32.6 billion, reflecting increased app-based game virtual item sales.
- Revenues from Marketing Services decreased by 9% quarter-on-quarter to RMB31.9 billion due to a seasonal decrease in advertising activity around the Spring Festival period.
- Revenues from FinTech and Business Services decreased by 2% quarter-on-quarter to RMB54.9 billion, mainly due to seasonally fewer cloud project deployments compared to the year-end period.

Cost of revenues. Cost of revenues was RMB79.5 billion for the first quarter of 2025, down 3% quarter-on-quarter.

Gross profit. Gross profit was RMB100.5 billion for the first quarter of 2025, up 11% quarter-on-quarter, primarily driven by a higher contribution from high-margin Domestic Games revenues. Gross margin was 56%, up from 53% in the previous quarter.

- Gross profit for VAS was RMB54.9 billion, up 24% quarter-on-quarter driven by higher revenues from Domestic Games. Gross margin was 60%, up from 56% in the previous quarter.
- Gross profit for Marketing Services decreased by 12% quarter-on-quarter to RMB17.7 billion, due to a seasonal decrease in advertising activity. Gross margin was 56%, compared to 58% in the previous quarter.
- Gross profit for FinTech and Business Services increased by 4% quarter-on-quarter to RMB27.6 billion, primarily due to improved cost efficiency in our payment services. Gross margin was 50%, up from 47% in the previous quarter.

Selling and marketing expenses. Selling and marketing expenses declined by 24% quarter-on-quarter to RMB7.9 billion for the first quarter of 2025, reflecting seasonally lower promotional and advertising efforts related to games and eSports events.

General and administrative expenses. General and administrative expenses increased by 7% quarter-on-quarter to RMB33.6 billion for the first quarter of 2025, primarily due to a one-off share-based compensation expense of RMB4.0 billion arising from restructuring of an existing commercial arrangement at an overseas subsidiary.

Share of profit/(loss) of associates and joint ventures, net. We recorded share of profits of associates and joint ventures of RMB4.6 billion for the first quarter of 2025, compared to share of profits of RMB9.3 billion for the previous quarter. Non-IFRS share of profits of associates and joint ventures was RMB7.6 billion for the first quarter of 2025, compared to share of profits of RMB7.7 billion for the previous quarter.

Profit attributable to equity holders of the Company. Profit attributable to equity holders of the Company decreased by 7% quarter-on-quarter to RMB47.8 billion for the first quarter of 2025. Non-IFRS profit attributable to equity holders of the Company increased by 11% quarter-on-quarter to RMB61.3 billion for the first quarter of 2025.

Other Financial Information

	Unaudited		
	Three months ended		
	31 March	31 December	31 March
	2025	2024	2024
	(RMB in millions, unless specified)		
EBITDA (a)	73,817	63,917	65,094
Adjusted EBITDA (a)	81,559	69,579	69,259
Adjusted EBITDA margin (b)	45%	40%	43%
Interest and related expenses	3,386	3,340	3,044
Net cash/(debt) (c)	90,229	76,798	92,534
Capital expenditures (d)	27,476	36,578	14,359

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 IT infrastructure (including computer equipment, components, and software), data centres, land use rights, office premises and intellectual properties (excluding media content).

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

	Unaudited		
	Three months ended		
	31 March	31 December	31 March
	2025	2024	2024
	(RMB in millions, unless specified)		
Operating profit	57,566	51,478	52,556
Adjustments:			
Other (gains)/losses, net	1,397	(2,513)	(1,031)
Depreciation of property, plant and equipment and investment properties	5,295	5,811	5,091
Depreciation of right-of-use assets	1,495	1,595	1,550
Amortisation of intangible assets and land use rights	8,064	7,546	6,928
EBITDA	73,817	63,917	65,094
Equity-settled share-based compensation	7,742	5,662	4,165
Adjusted EBITDA	81,559	69,579	69,259

Non-IFRS Financial Measures

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

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

The following tables set forth the reconciliations of the Group's non-IFRS financial measures for the first quarter of 2025 and 2024, the fourth quarter of 2024 to the nearest measures prepared in accordance with IFRS:

Unaudited three months ended 31 March 2025								
	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 (f)	Non-IFRS
	(RMB in millions, unless specified)							
Operating profit	57,566	10,100	–	1,515	–	139	–	69,320
Share of profit/(loss) of associates and joint ventures, net	4,581	968	111	1,713	267	–	–	7,640
Profit for the period	49,725	11,068	(31)	3,228	(689)	160	(769)	62,692
Profit attributable to equity holders	47,821	10,833	1,081	2,854	(719)	160	(701)	61,329
EPS (RMB per share)								
– basic	5.252							6.735
– diluted	5.129							6.583
Operating margin	32%							39%
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 (f)	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%

	Adjustments							
	As reported	Share-based compensation	Net (gains)/ losses from investee companies	Amortisation of intangible assets	Impairment provisions/ (reversals)	SSV & CPP	Income tax effects	Non-IFRS
		(a)	(b)	(c)	(d)	(e)	(f)	
	(RMB in millions, unless specified)							
Operating profit	52,556	4,694	–	1,249	–	120	–	58,619
Share of profit/(loss) of associates and joint ventures, net	2,186	1,509	(459)	1,556	699	–	–	5,491
Profit for the period	42,651	6,203	(1,476)	2,805	1,562	132	(535)	51,342
Profit attributable to equity holders	41,889	6,035	(1,449)	2,589	1,541	132	(472)	50,265
EPS (RMB per share)								
– basic	4.479							5.375
– diluted	4.386							5.263
Operating margin	33%							37%

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) Income tax effects of non-IFRS adjustments

Liquidity and Financial Resources

Our cash and debt positions as at 31 March 2025 and 31 December 2024 were as follows:

	Unaudited 31 March 2025	Audited 31 December 2024
	(RMB in millions)	
Cash and cash equivalents	205,253	132,519
Term deposits and others	270,772	282,894
Borrowings	(253,230)	(199,406)
Notes payable	(132,566)	(139,209)
Net cash	90,229	76,798

As at 31 March 2025, the Group had net cash of RMB90.2 billion, compared to net cash of RMB76.8 billion as at 31 December 2024. The sequential increase in net cash was primarily due to seasonally higher games gross receipts, partially offset by cash outflows related to capital expenditures, investment activities, as well as our share repurchases.

For the first quarter of 2025, the Group generated free cash flow of RMB47.1 billion. This was a result of net cash flow generated from operating activities of RMB76.9 billion, partially offset by payments for capital expenditures of RMB23.0 billion mainly to support the development of our AI-related efforts, along with payments for media content of RMB5.3 billion and payments for lease liabilities of RMB1.5 billion.

As at 31 March 2025, the fair value of our shareholdings⁵ in listed investee companies (excluding subsidiaries) was RMB653.4 billion, and the carrying book value of our shareholdings in unlisted investee companies (excluding subsidiaries) was RMB337.9 billion.

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

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2025

		Unaudited	
		Three months ended 31 March	
		2025	2024
	Note	RMB'Million	RMB'Million
Revenues			
Value-added Services		92,133	78,629
Marketing Services		31,853	26,506
FinTech and Business Services		54,907	52,302
Others		1,129	2,064
	2	180,022	159,501
Cost of revenues	3	(79,529)	(75,631)
Gross profit		100,493	83,870
Selling and marketing expenses	3	(7,866)	(7,536)
General and administrative expenses	3	(33,664)	(24,809)
Other gains/(losses), net		(1,397)	1,031
Operating profit		57,566	52,556
Net gains/(losses) from investments and others	4	1,407	656
Interest income		3,748	4,248
Finance costs		(3,860)	(2,826)
Share of profit/(loss) of associates and joint ventures, net		4,581	2,186
Profit before income tax		63,442	56,820
Income tax expense	5	(13,717)	(14,169)
Profit for the period		49,725	42,651
Attributable to:			
Equity holders of the Company		47,821	41,889
Non-controlling interests		1,904	762
		49,725	42,651
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)			
– basic	6(a)	5.252	4.479
– diluted	6(b)	5.129	4.386

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2025**

	Unaudited	
	Three months ended 31 March	
	2025	2024
	RMB'Million	RMB'Million
Profit for the period	49,725	42,651
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	652	(337)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	(30)
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	1	1
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	106	10
Currency translation differences	2,294	(3,929)
Net movement in reserves for hedges	(213)	(782)
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	522	(120)
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	26,361	15,918
Currency translation differences	370	(463)
Net movement in reserves for hedges	6	–
	30,099	10,268
Total comprehensive income for the period	79,824	52,919
Attributable to:		
Equity holders of the Company	75,858	51,673
Non-controlling interests	3,966	1,246
	79,824	52,919

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

		Unaudited	Audited
		31 March	31 December
		2025	2024
	Note	RMB'Million	RMB'Million
ASSETS			
Non-current assets			
Property, plant and equipment		91,727	80,185
Land use rights		22,928	23,117
Right-of-use assets		17,085	17,679
Construction in progress		13,250	12,302
Investment properties		900	801
Intangible assets		207,641	196,127
Investments in associates	8	305,487	290,343
Investments in joint ventures		7,138	7,072
Financial assets at fair value through profit or loss	9	202,869	204,999
Financial assets at fair value through other comprehensive income	10	337,527	302,360
Prepayments, deposits and other assets		49,959	42,828
Other financial assets		978	1,076
Deferred income tax assets		29,490	28,325
Term deposits		98,066	77,601
		1,385,045	1,284,815
Current assets			
Inventories		427	440
Accounts receivable	11	49,311	48,203
Prepayments, deposits and other assets		102,015	101,044
Other financial assets		4,480	4,750
Financial assets at fair value through profit or loss	9	30,212	9,568
Financial assets at fair value through other comprehensive income	10	5,444	3,345
Term deposits		132,549	192,977
Restricted cash		3,544	3,334
Cash and cash equivalents		205,253	132,519
		533,235	496,180
Total assets		1,918,280	1,780,995

		Unaudited 31 March 2025 RMB' Million	Audited 31 December 2024 RMB' Million
	Note		
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		—	—
Share premium		47,020	43,079
Treasury shares		(2,777)	(3,597)
Shares held for share award schemes		(5,377)	(5,093)
Other reserves		80,291	47,129
Retained earnings		921,297	892,030
		1,040,454	973,548
Non-controlling interests		82,484	80,348
Total equity		1,122,938	1,053,896
LIABILITIES			
Non-current liabilities			
Borrowings	14	209,079	146,521
Notes payable	15	123,240	130,586
Long-term payables		11,495	10,201
Other financial liabilities		4,831	4,203
Deferred income tax liabilities		20,070	18,546
Lease liabilities		13,405	13,897
Deferred revenue		4,480	6,236
		386,600	330,190
Current liabilities			
Accounts payable	13	125,488	118,712
Other payables and accruals		71,532	84,032
Borrowings	14	44,151	52,885
Notes payable	15	9,326	8,623
Current income tax liabilities		18,956	16,586
Other tax liabilities		5,119	4,038
Other financial liabilities		5,846	6,336
Lease liabilities		5,442	5,600
Deferred revenue		122,882	100,097
		408,742	396,909
Total liabilities		795,342	727,099
Total equity and liabilities		1,918,280	1,780,995

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2025

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Shares held for share award schemes RMB'Million	Other reserves RMB'Million	Retained earnings RMB'Million	Total RMB'Million	Non- controlling interests RMB'Million	Total equity RMB'Million
Balance at 1 January 2025	-	43,079	(3,597)	(5,093)	47,129	892,030	973,548	80,348	1,053,896
Comprehensive income									
Profit for the period	-	-	-	-	-	47,821	47,821	1,904	49,725
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	-	-	-	-	1,203	-	1,203	(29)	1,174
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	-	-	(51)	-	(51)	51	-
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	24,932	-	24,932	1,535	26,467
– transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	1	-	1	-	1
– currency translation differences	-	-	-	-	2,159	-	2,159	505	2,664
– net movement in reserves for hedges	-	-	-	-	(207)	-	(207)	-	(207)
Total comprehensive income for the period	-	-	-	-	28,037	47,821	75,858	3,966	79,824
Transfer of losses on disposal and deemed disposal of financial instruments to retained earnings, net of tax	-	-	-	-	1,505	(1,505)	-	-	-
Share of other changes in net assets of associates and joint ventures	-	-	-	-	888	-	888	-	888
Transactions with equity holders									
Capital injections	-	-	-	-	-	-	-	140	140
Employee share option schemes:									
– value of employee services	-	328	-	-	10	-	338	9	347
– proceeds from shares issued, net of withholding individual income tax	-	(117)	-	-	-	-	(117)	-	(117)
Employee share award schemes:									
– value of employee services	-	4,304	-	-	2,943	-	7,247	112	7,359
– shares purchased/withheld for share award schemes	-	-	-	(858)	-	-	(858)	-	(858)
– vesting of awarded shares	-	(574)	-	574	-	-	-	-	-
Tax benefit from share-based payments	-	-	-	-	162	-	162	-	162
Repurchase and cancellation of shares	-	-	3,597	-	-	(16,628)	(13,031)	-	(13,031)
Repurchase of shares (to be cancelled)	-	-	(2,777)	-	-	-	(2,777)	-	(2,777)
Cash dividends	-	-	-	-	-	-	-	(1,755)	(1,755)
Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	1	1
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	-	(362)	-	(362)	(513)	(875)
Dilution of interests in subsidiaries	-	-	-	-	(367)	-	(367)	129	(238)
Disposal of subsidiaries	-	-	-	-	-	-	-	(7)	(7)
Others	-	-	-	-	346	(421)	(75)	54	(21)
Total transactions with equity holders in their capacity as equity holders for the period	-	3,941	820	(284)	2,732	(17,049)	(9,840)	(1,830)	(11,670)
Balance at 31 March 2025	-	47,020	(2,777)	(5,377)	80,291	921,297	1,040,454	82,484	1,122,938

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital RMB' Million	Share premium RMB' Million	Treasury shares RMB' Million	Shares held for share award schemes RMB' Million	Other reserves RMB' Million	Retained earnings RMB' Million	Total RMB' Million	Non- controlling interests RMB' Million	Total equity RMB' Million
Balance at 1 January 2024	–	37,989	(4,740)	(5,350)	(33,219)	813,911	808,591	65,090	873,681
Comprehensive income									
Profit for the period	–	–	–	–	–	41,889	41,889	762	42,651
Other comprehensive income, net of tax:									
– share of other comprehensive income of associates and joint ventures	–	–	–	–	(449)	–	(449)	(8)	(457)
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	–	–	–	–	(30)	–	(30)	–	(30)
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	14,862	–	14,862	1,066	15,928
– transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	–	–	–	–	1	–	1	–	1
– currency translation differences	–	–	–	–	(3,833)	–	(3,833)	(559)	(4,392)
– net movement in reserves for hedges	–	–	–	–	(767)	–	(767)	(15)	(782)
Total comprehensive income for the period	–	–	–	–	9,784	41,889	51,673	1,246	52,919
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings, net of tax	–	–	–	–	(1,268)	1,268	–	–	–
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	–	–	–	–	1,282	–	1,282	–	1,282
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	–	–	–	–	(505)	–	(505)	–	(505)
Transactions with equity holders									
Employee share option schemes:									
– value of employee services	–	550	–	–	12	–	562	10	572
– proceeds from shares issued, net of withholding individual income tax	–	422	–	–	–	–	422	–	422
Employee share award schemes:									
– value of employee services	–	3,220	–	–	301	–	3,521	69	3,590
– shares purchased/withheld for share award schemes	–	–	–	(496)	–	–	(496)	–	(496)
– vesting of awarded shares	–	(741)	–	741	–	–	–	–	–
Tax benefit from share-based payments	–	–	–	–	10	–	10	–	10
Profit appropriations to statutory reserves	–	–	–	–	17	(17)	–	–	–
Appropriations of risk reserve for material money market funds	–	–	–	–	51	(51)	–	–	–
Repurchase and cancellation of shares	–	(13,681)	4,740	–	–	–	(8,941)	–	(8,941)
Repurchase of shares (to be cancelled)	–	–	(4,549)	–	–	–	(4,549)	–	(4,549)
Cash dividends	–	–	–	–	–	–	–	(509)	(509)
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	117	117
Acquisition of additional equity interests in non wholly-owned subsidiaries	–	–	–	–	132	–	132	(789)	(657)
Dilution of interests in subsidiaries	–	–	–	–	(405)	–	(405)	377	(28)
Disposal of subsidiaries	–	–	–	–	–	–	–	11	11
Changes in put option liabilities in respect of non-controlling interests	–	–	–	–	12	–	12	1	13
Transfer of equity interests of subsidiaries to non-controlling interests	–	1,230	–	307	(4,259)	–	(2,722)	2,559	(163)
Total transactions with equity holders in their capacity as equity holders for the period	–	(9,000)	191	552	(4,129)	(68)	(12,454)	1,846	(10,608)
Balance at 31 March 2024	–	28,989	(4,549)	(4,798)	(28,070)	857,015	848,587	68,182	916,769

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2025**

	Unaudited	
	Three months ended 31 March	
	2025	2024
	RMB'Million	RMB'Million
Net cash flows generated from operating activities	76,889	72,350
Net cash flows used in investing activities	(29,499)	(67,924)
Net cash flows generated from/(used in) financing activities	24,818	(15,511)
Net increase/(decrease) in cash and cash equivalents	72,208	(11,085)
Cash and cash equivalents at beginning of the period	132,519	172,320
Exchange gains/(losses) on cash and cash equivalents	526	(212)
Cash and cash equivalents at end of the period	205,253	161,023

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General information, basis of preparation and presentation

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

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

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

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

The Interim Financial Information has been prepared in accordance with IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with IFRS Accounting Standards, as set out in the 2024 annual report of the Company (the “2024 Financial Statements”).

Except as described below, the accounting policies and methods of computation used in the preparation of the Interim Financial Information are generally consistent with those used in the 2024 Financial Statements in all material aspects, which have been prepared in accordance with IFRS Accounting Standards under the historical cost convention, as modified by the revaluation of FVPL, FVOCI, certain other financial assets and liabilities, which are carried at fair values.

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

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2025:

Amendments to IAS 21	Lack of Exchangeability
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The adoption of these amendments to standards does not have significant impact on the Interim Financial Information of the Group.

2 Segment information and revenues

The Group has the following reportable segments for the three months ended 31 March 2025 and 2024:

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

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

There were no material inter-segment sales during the three months ended 31 March 2025 and 2024. The revenues from external customers reported to the chief operating decision-makers are measured in a manner consistent with that applied in the condensed consolidated income statement.

The segment information provided to the chief operating decision-makers for the reportable segments for the three months ended 31 March 2025 and 2024 is as follows:

Unaudited Three months ended 31 March 2025					
	VAS	Marketing	FinTech and	Others	Total
	RMB'Million	Services	Business	RMB'Million	RMB'Million
		RMB'Million	Services		
			RMB'Million		
Segment revenues	92,133	31,853	54,907	1,129	180,022
Gross profit	54,911	17,694	27,597	291	100,493
Cost of revenues					
Depreciation	1,317	1,700	1,815	11	4,843
Amortisation	4,723	2,249	35	308	7,315

Unaudited Three months ended 31 March 2024					
	VAS	Marketing	FinTech and	Others	Total
	RMB'Million	Services	Business	RMB'Million	RMB'Million
		RMB'Million	Services		
			RMB'Million		
Segment revenues	78,629	26,506	52,302	2,064	159,501
Gross profit	45,022	14,520	23,851	477	83,870
Cost of revenues					
Depreciation	1,320	1,637	1,996	11	4,964
Amortisation	4,133	1,441	38	622	6,234

3 Expenses by nature

	Unaudited	
	Three months ended 31 March	
	2025	2024
	RMB'Million	RMB'Million
Transaction costs (a)	34,023	34,603
Employee benefits expenses (b)	34,080	26,032
Content costs (excluding amortisation of intangible assets)	16,136	15,610
Amortisation of intangible assets (c)	8,028	6,897
Depreciation of property, plant and equipment, investment properties and right-of-use assets	6,790	6,641
Bandwidth and server custody fees (excluding depreciation of right-of-use assets)	6,722	6,298
Promotion and advertising expenses	5,090	4,988

Note:

- (a) Transaction costs primarily consist of bank handling fees, channel and distribution costs.
- (b) During the three months ended 31 March 2025, the Group had incurred expenses for the purpose of R&D of approximately RMB18,910 million (three months ended 31 March 2024: RMB15,678 million), which mainly comprised employee benefits expenses of approximately RMB15,012 million (three months ended 31 March 2024: RMB13,117 million).

No significant development expenditures had been capitalised for the three months ended 31 March 2025 and 2024.

During the three months ended 31 March 2025, employee benefits expenses included the share-based compensation expenses of approximately RMB10,100 million (three months ended 31 March 2024: RMB4,694 million), which contained those incurred for employees related to SSV & CPP initiatives of approximately RMB12 million (three months ended 31 March 2024: RMB15 million).

- (c) Amortisation charges of intangible assets are mainly in respect of media content including long-form video and music content, game licences, and other content. During the three months ended 31 March 2025, amortisation of media content was approximately RMB7,372 million (three months ended 31 March 2024: RMB6,280 million).

During the three months ended 31 March 2025, amortisation of intangible assets included the amortisation of intangible assets arising from acquisitions of approximately RMB1,515 million (three months ended 31 March 2024: RMB1,249 million).

- (d) During the three months ended 31 March 2025, expenses incurred related to SSV & CPP initiatives (excluding share-based compensation expenses) were approximately RMB139 million (three months ended 31 March 2024: RMB120 million).

4 Net gains/(losses) from investments and others

	Unaudited	
	Three months ended 31 March	
	2025	2024
	RMB'Million	RMB'Million
Net gains on disposals and deemed disposals of investee companies (a)	157	5,059
Net fair value losses on FVPL ((b) and Note 9)	(623)	(2,854)
Other net fair value gains/(losses) (c)	646	(1,034)
Impairment reversals/(provisions) for investments in associates (Note 8(b))	956	(787)
Impairment provisions for investments in joint ventures and others	–	(41)
Impairment provisions for goodwill and other intangible assets arising from acquisitions	–	(35)
Donations (d)	(58)	(27)
Dividend income	246	290
Others	83	85
	<u>1,407</u>	<u>656</u>

Note:

- (a) The net disposal and deemed disposal gains of approximately RMB157 million recognised during the three months ended 31 March 2025 comprised the following:
- aggregate net losses of approximately RMB5 million (three months ended 31 March 2024: net gains of approximately RMB761 million) on disposals and partial disposals of investee companies of the Group;
 - aggregate net gains of approximately RMB135 million (three months ended 31 March 2024: RMB3,982 million) on deemed disposals of investee companies of the Group; and
 - aggregate net gains of approximately RMB27 million (three months ended 31 March 2024: RMB316 million) (Note 8) on dilution of the Group's equity interests in certain associates due to new equity interests being issued by these associates.

- (b) During the three months ended 31 March 2025, the net fair value losses on FVPL mainly comprised net losses of approximately RMB743 million as a result of changes in valuations of certain investee companies (three months ended 31 March 2024: RMB3,001 million).
- (c) During the three months ended 31 March 2025, the other net fair value gains/(losses) mainly included net gains of approximately RMB728 million on other investment-related financial assets and liabilities (three months ended 31 March 2024: net losses of approximately RMB1,041 million).
- (d) During the three months ended 31 March 2025, donations included approximately RMB21 million for SSV & CPP initiatives of the Group (three months ended 31 March 2024: RMB12 million).

5 Income tax expense

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

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

The Group was not subject to any taxation in the Cayman Islands and the British Virgin Islands for the three months ended 31 March 2025 and 2024.

(b) Hong Kong profits tax

Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the three months ended 31 March 2025 and 2024.

(c) PRC CIT

PRC CIT had been provided for at applicable tax rates under the relevant regulations of the PRC after considering the available preferential tax benefits from refunds and allowances, and on the estimated assessable profits of entities within the Group established in the Mainland of China for the three months ended 31 March 2025 and 2024. The general PRC CIT rate was 25% for the three months ended 31 March 2025 and 2024.

Certain subsidiaries of the Company in the Mainland of China were approved as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the three months ended 31 March 2025 and 2024.

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

(d) Corporate income tax in other jurisdictions

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

(e) Withholding tax

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

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

The income tax expense of the Group for the three months ended 31 March 2025 and 2024 is analysed as follows:

	Unaudited	
	Three months ended 31 March	
	2025	2024
	RMB'Million	RMB'Million
Current income tax	12,396	11,987
Deferred income tax	1,321	2,182
	13,717	14,169

6 Earnings per share

(a) Basic

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

	Unaudited	
	Three months ended 31 March	
	2025	2024
Profit attributable to equity holders of the Company (RMB' Million)	47,821	41,889
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	9,106	9,352
Basic EPS (RMB per share)	5.252	4.479

(b) Diluted

The share options and awarded shares granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and awarded shares granted by the Company (collectively forming the denominator for computing the diluted EPS), which is determined under the treasury stock method.

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

	Unaudited	
	Three months ended 31 March	
	2025	2024
Profit attributable to equity holders of the Company (RMB'Million)	47,821	41,889
Dilution effect arising from share-based awards granted by non wholly-owned subsidiaries and associates (RMB'Million)	(323)	(291)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB'Million)	47,498	41,598
Weighted average number of ordinary shares in issue excluding shares held for share award schemes and treasury shares (million shares)	9,106	9,352
Adjustments for share options and awarded shares (million shares)	155	132
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	9,261	9,484
Diluted EPS (RMB per share)	5.129	4.386

7 Dividends

A final dividend in respect of the year ended 31 December 2024 of HKD4.50 per share (2023: HKD3.40 per share) was proposed pursuant to a resolution passed by the Board on 19 March 2025 and subject to the approval of the shareholders at the 2025 AGM. This proposed dividend is not reflected as dividend payable in the Interim Financial Information.

The Board did not declare any interim dividend for the three months ended 31 March 2025 and 2024.

8 Investments in associates

	Unaudited 31 March 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Investments in associates		
– Listed entities (Note)	164,466	149,557
– Unlisted entities	141,021	140,786
	<u>305,487</u>	<u>290,343</u>

Note:

As at 31 March 2025, the fair value of the investments in associates consisting of directly and indirectly held listed equity interests was approximately RMB341,134 million (31 December 2024: RMB280,088 million).

Movement of investments in associates is analysed as follows:

	Unaudited Three months ended 31 March 2025 RMB'Million	2024 RMB'Million
At beginning of period	290,343	253,696
Additions (a)	9,704	144
Transfers	46	(3,991)
Dilution gains on deemed disposals (Note 4(a))	27	316
Share of profit/(loss) of associates, net	4,483	2,093
Share of other comprehensive income of associates	1,176	(455)
Share of other changes in net assets of associates	885	1,277
Dividends	(1,779)	(275)
Disposals	(11)	(645)
Impairment reversals/(provisions), net ((b) and Note 4)	956	(787)
Currency translation differences	(343)	(419)
At end of period	<u>305,487</u>	<u>250,954</u>

Note:

- (a) During the three months ended 31 March 2025, the Group's additions mainly comprised new investments and additional investments in certain investee companies which are principally engaged in music and entertainment, outdoor equipment, games development, and other Internet-related businesses.

- (b) During the three months ended 31 March 2025, an aggregate impairment reversal of approximately RMB956 million (three months ended 31 March 2024: an aggregate impairment provision of approximately RMB787 million) had been recognised for investments in associates, and the majority of these investments' recoverable amounts were determined using fair value less costs of disposal.

9 Financial assets at fair value through profit or loss

FVPL include the following:

	Unaudited 31 March 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Included in non-current assets:		
Investments in listed entities	5,124	8,655
Investments in unlisted entities	179,718	178,824
Treasury investments and others	18,027	17,520
	<u>202,869</u>	<u>204,999</u>
Included in current assets:		
Treasury investments and others	30,212	9,568
	<u>233,081</u>	<u>214,567</u>

Movement of FVPL is analysed as follows:

	Unaudited Three months ended 31 March 2025 RMB'Million	2024 RMB'Million
At beginning of period	214,567	226,048
Additions and transfers (a)	50,349	11,690
Changes in fair value (Note 4)	(623)	(2,854)
Disposals and others	(31,241)	(8,515)
Currency translation differences	29	(141)
At end of period	<u>233,081</u>	<u>226,228</u>

Note:

- (a) During the three months ended 31 March 2025, the Group's additions and transfers mainly comprised certain new investments and additional investments with an aggregate amount of approximately RMB50,282 million in treasury investments, as well as investee companies which are principally engaged in investment funds, games development, social network platform, and others.

10 Financial assets at fair value through other comprehensive income

FVOCI include the following:

	Unaudited 31 March 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Included in non-current assets:		
Equity investments in listed entities	313,245	285,134
Equity investments in unlisted entities	15,140	13,963
Treasury investments	9,142	3,263
	<u>337,527</u>	<u>302,360</u>
Included in current assets:		
Treasury investments	5,444	3,345
	<u>342,971</u>	<u>305,705</u>

Movement of FVOCI is analysed as follows:

	Unaudited Three months ended 31 March 2025 RMB'Million	2024 RMB'Million
At beginning of period	305,705	213,951
Additions and transfers (a)	23,284	3,799
Changes in fair value	26,595	15,586
Disposals	(12,957)	(3,710)
Currency translation differences	344	121
At end of period	<u>342,971</u>	<u>229,747</u>

Note:

- (a) During the three months ended 31 March 2025, the Group's additions and transfers mainly comprised certain new investments and additional investments with an aggregate amount of approximately RMB23,284 million in treasury investments, as well as investee companies which are principally engaged in local life service platform, games development, FinTech and other Internet-related businesses.

11 Accounts receivable

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

	Unaudited	Audited
	31 March	31 December
	2025	2024
	RMB'Million	RMB'Million
0 ~ 30 days	24,837	26,156
31 ~ 60 days	12,538	12,273
61 ~ 90 days	5,672	6,056
Over 90 days	6,264	3,718
	49,311	48,203

Accounts receivable balances as at 31 March 2025 and 31 December 2024 mainly represented amounts due from marketing services customers and agents, FinTech and cloud customers, content production related customers, and third party platform providers.

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

12 Share-based payments

(a) Share option schemes

The Company had one share option scheme which remained valid and effective during the three months ended 31 March 2025, namely, the 2023 Share Option Scheme. The Board may, at its discretion, grant options to any qualifying participant to subscribe for shares of the Company, subject to the terms and conditions stipulated therein. The exercise price must be in compliance with the requirements under the Listing Rules. In addition, the option vesting period is determined by the Board provided that it is not later than the last day of a 10-year period after the date of grant of options.

The Post-IPO Option Scheme II expired on 16 May 2017 and no further options can be granted under this scheme but the options granted prior to such expiry continued to be valid and exercisable in accordance with the provisions of the scheme.

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

As at 31 March 2025, the Company did not have any outstanding share options exercisable under any share option scheme other than the 2023 Share Option Scheme.

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

	Unaudited	
	2023 Share Option Scheme	
	Average	Number
	exercise price	of options
At 1 January 2025	HKD349.18	109,221,125
Granted	HKD526.90	6,663,390
Exercised	HKD357.33	(20,378,928)
Lapsed/forfeited	HKD362.46	(231,716)
At 31 March 2025	HKD359.83	95,273,871
Exercisable as at 31 March 2025	HKD357.05	59,389,134

	Post-IPO Option		Unaudited		
	Scheme II		2023 Share Option Scheme		Total
	Average	Number	Average	Number	Number
	exercise price	of options	exercise price	of options	of options
At 1 January 2024	HKD185.65	17,318,327	HKD353.11	105,292,749	122,611,076
Granted	–	–	HKD291.20	10,679,485	10,679,485
Exercised	HKD185.65	(17,208,952)	HKD232.33	(202,231)	(17,411,183)
Lapsed/forfeited/waived	HKD185.65	(109,375)	HKD501.76	(1,072,154)	(1,181,529)
At 31 March 2024	–	–	HKD346.17	114,697,849	114,697,849
Exercisable as at 31 March 2024	–	–	HKD357.90	57,731,594	57,731,594

During the three months ended 31 March 2025 and 2024, no options were granted to any director of the Company.

(b) Share award schemes

As at 31 March 2025, the Company had only one effective share award scheme, being the 2023 Share Award Scheme (effective since 17 May 2023), which was administered by an independent trustee appointed by the Group. The vesting period of the awarded shares is determined by the Board.

Movements in the number of awarded shares for the three months ended 31 March 2025 and 2024 are as follows:

	Unaudited	
	Number of awarded shares	
	Three months ended 31 March	
	2025	2024
At beginning of period	125,329,046	132,989,249
Granted	17,261,799	29,839,111
Vested and transferred	(9,510,876)	(15,506,422)
Lapsed/forfeited	(1,413,742)	(1,843,076)
At end of period	131,666,227	145,478,862
Vested but not transferred as at end of period	3,242,818	2,315,562

During the three months ended 31 March 2025, 59,280 awarded shares were granted to five independent non-executive directors of the Company (three months ended 31 March 2024: 105,760 awarded shares were granted to five independent non-executive directors of the Company).

13 Accounts payable

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

	Unaudited	Audited
	31 March	31 December
	2025	2024
	RMB'Million	RMB'Million
0 ~ 30 days	116,711	107,893
31 ~ 60 days	5,932	8,264
61 ~ 90 days	265	842
Over 90 days	2,580	1,713
	125,488	118,712

14 Borrowings

	Unaudited 31 March 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term RMB bank borrowings, unsecured (a)	101,654	48,655
Non-current portion of long-term USD bank borrowings, unsecured (a)	91,880	92,012
Non-current portion of long-term EUR bank borrowings, unsecured (a)	9,745	—
Non-current portion of long-term HKD bank borrowings, unsecured (a)	5,786	5,837
Non-current portion of long-term JPY bank borrowings, unsecured (a)	11	14
Non-current portion of long-term EUR bank borrowings, secured (a)	3	3
	<u>209,079</u>	<u>146,521</u>
Included in current liabilities:		
RMB bank borrowings, unsecured (b)	18,726	28,039
USD bank borrowings, unsecured (b)	17,946	20,487
HKD bank borrowings, unsecured (b)	1,753	—
EUR bank borrowings, unsecured (b)	1,325	—
RMB bank borrowings, secured (b)	50	—
Current portion of long-term USD bank borrowings, unsecured (a)	4,307	4,313
Current portion of long-term RMB bank borrowings, unsecured (a)	29	28
Current portion of long-term JPY bank borrowings, unsecured (a)	12	12
Current portion of long-term EUR bank borrowings, secured (a)	3	3
Current portion of long-term EUR bank borrowings, unsecured (a)	—	3
	<u>44,151</u>	<u>52,885</u>
	<u><u>253,230</u></u>	<u><u>199,406</u></u>

Note:

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

	Unaudited 31 March 2025		Audited 31 December 2024	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB101,683	2.52% ~ 3.90%	RMB48,683	2.55% ~ 3.90%
USD bank borrowings	USD13,400	SOFR + CAS + 0.80%	USD13,400	SOFR + CAS + 0.80%
JPY bank borrowings	JPY254	0.11% ~ 1.73%	JPY334	0.11% ~ 1.73%
JPY bank borrowings	JPY218	TIBOR + 1.70%	JPY246	TIBOR + 1.70%
EUR bank borrowings	EUR1	1.00%	EUR1	1.00% ~ 2.10%
EUR bank borrowings	EUR1,250	EURIBOR + 0.70% ~ 0.75%	–	–
HKD bank borrowings	HKD6,202	HIBOR+0.25%	HKD6,202	HIBOR + 0.25%

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

	Unaudited 31 March 2025		Audited 31 December 2024	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB18,791	0.61% ~ 2.82%	RMB28,088	0.61% ~ 2.82%
USD bank borrowings	USD2,500	SOFR + 0.30% ~ 0.40%	USD2,850	SOFR + 0.30% ~ 0.50%
HKD bank borrowings	HKD1,900	HIBOR + 0.15%	–	–
EUR bank borrowings	EUR170	EURIBOR +0.40%	–	–

15 Notes payable

	Unaudited 31 March 2025 RMB'Million	Audited 31 December 2024 RMB'Million
Included in non-current liabilities:		
Non-current portion of long-term USD notes payable	<u>123,240</u>	<u>130,586</u>
Included in current liabilities:		
Current portion of long-term USD notes payable	<u>9,326</u>	<u>8,623</u>
	<u>132,566</u>	<u>139,209</u>

Note:

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

	Unaudited 31 March 2025		Audited 31 December 2024	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
USD notes payable	USD18,550	1.375% ~ 4.700%	USD19,450	1.375% ~ 4.700%

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

During the three months ended 31 March 2025, a tranche of notes payable issued in February 2015 with an aggregate principal amount of USD900 million reached its maturity and was repaid in full by the Group.

16 Business combinations

During the three months ended 31 March 2025, the Group completed the acquisition of a game company by acquiring 100% of its equity interest at a cash consideration of approximately USD1.2 billion (equivalent to approximately RMB8.8 billion), which was accounted for as a subsidiary of the Group upon the completion of the transaction.

The fair value of total identifiable net assets (including identifiable intangible assets) was approximately RMB3.6 billion.

Goodwill of approximately RMB5.2 billion was recognised as a result of the transaction. It was mainly attributable to the operating synergies and economies of scale expected to be derived from combining the operations. None of the goodwill was expected to be deductible for income tax purpose.

The Group's revenue and results for the three months ended 31 March 2025 would not be materially different should the acquisition had occurred on 1 January 2025.

The related transaction costs of the transaction recognised in the Group's consolidated income statement were not material.

17 Subsequent events

There were no material subsequent events during the period from 1 April 2025 to the approval date of the Interim Financial Information by the Board on 14 May 2025.

OTHER INFORMATION

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

During the three months ended 31 March 2025, the Company repurchased a total of 42,984,000 shares on the Stock Exchange for an aggregate consideration of approximately HKD17.1 billion before expenses. The repurchased shares were subsequently cancelled. The repurchase was effected for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

Month of purchase in the three months ended 31 March 2025	No. of shares purchased	Purchase consideration per share		Aggregate consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
January	37,060,000	424.60	364.80	14,117,031,503.00
March	5,924,000	517.50	495.00	3,003,627,164.10
Total	<u>42,984,000</u>			<u>17,120,658,667.10</u>

Save as disclosed above and in the “Financial Information” section, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2025.

Employee and Remuneration Policies

As at 31 March 2025, the Group had 109,414 employees (31 March 2024: 104,787). The number of employees employed by the Group varies from time to time depending on needs and employees are remunerated based on industry practice.

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

The total remuneration cost incurred by the Group for the three months ended 31 March 2025 was RMB34.1 billion (for the three months ended 31 March 2024: RMB26.0 billion).

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Group's unaudited Interim Financial Information for the three months ended 31 March 2025. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

Compliance with the Corporate Governance Code

Save as disclosed in the corporate governance report in the 2024 annual report of the Company, none of the directors of the Company is aware of any information which would reasonably indicate that the Company has not complied with the code provisions as set out in the CG Code during the period from 1 January 2025 to 31 March 2025.

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

APPRECIATION

On behalf of the Board, I would like to express our 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.

By Order of the Board
Ma Huateng
Chairman

Hong Kong, 14 May 2025

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

Executive Director:
Ma Huateng;

Non-Executive Directors:
Jacobus Petrus (Koos) Bekker and Charles St Leger Searle; and

Independent Non-Executive Directors:
Li Dong Sheng, Ian Charles Stone, Yang Siu Shun, Ke Yang and Zhang Xiulan.

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

DEFINITION

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

Term	Definition
“2023 Share Award Scheme”	the share award scheme adopted by the Company on 17 May 2023, as amended from time to time
“2023 Share Option Scheme”	the share option scheme adopted by the Company on 17 May 2023, as amended from time to time
“2025 AGM”	the annual general meeting of the Company to be held on 14 May 2025 or any adjournment thereof
“AI”	artificial intelligence
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the auditor of the Company
“Board”	the board of directors of the Company
“CAS”	credit adjustment spread, which is a fixed spread adjustment incorporated to bridge the gap between LIBOR and SOFR in order to minimise the economic impact of the transfer from a LIBOR-based debt to a SOFR-based debt
“CG Code”	the corporate governance code as set out in Appendix C1 to the Listing Rules
“Company”	Tencent Holdings Limited, a limited liability company organised and existing under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange
“DAU”	daily active user accounts
“DnF Mobile”	Dungeon and Fighter Mobile

Term	Definition
“Domestic Games”	for the purpose of preparing financial and operating information, Domestic Games refers to our games business in the PRC, excluding Hong Kong, the Macao Special Administrative Region and Taiwan, China
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EPS”	earnings per share
“EUR”	the lawful currency of European Union
“EURIBOR”	Euro Interbank Offered Rate
“FinTech”	financial technology
“FVOCI”	financial assets at fair value through other comprehensive income
“FVPL”	financial assets at fair value through profit or loss
“GMV”	gross merchandise value
“Group”	the Company and its subsidiaries
“HIBOR”	Hong Kong InterBank Offered Rate
“HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region, the PRC
“IAS”	International Accounting Standards
“IDC”	International Data Corporation
“IFRS” or “IFRS Accounting Standards”	International Financial Reporting Standards as issued by the International Accounting Standards Board
“Interim Financial Information”	the condensed consolidated interim financial statements for the three months ended 31 March 2025

Term	Definition
“International Games”	for the purpose of preparing financial and operating information, International Games refers to our games business other than our Domestic Games business
“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
“MAU”	monthly active user accounts
“Post-IPO Option Scheme II”	the Post-IPO Share Option Scheme adopted by the Company on 16 May 2007
“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”
“PUBG”	PlayerUnknown’s Battlegrounds
“R&D”	research and development
“RMB”	the lawful currency of the PRC
“SOFR”	Secured Overnight Financing Rate
“SSV & CPP”	Sustainable Social Value and Common Prosperity Programmes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Term	Definition
“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
“TIBOR”	Tokyo InterBank Offered Rate
“United States”	the United States of America
“USD”	the lawful currency of the United States
“VAS”	value-added services