Tencent Holdings Limited
Group Tax Strategy

Introduction

Tencent’s vision and mission is Value for Users, Tech for Good. Adequate and effective tax strategy, internal risk management and internal control systems are some of the keys to safeguarding the achievement of the Company’s strategic objectives.

In Tencent, we strive to meet all legal and tax requirements, disclose all relevant and applicable information and takes full responsibilities of the tax laws and regulations.

The complexity and technical discipline nature of taxation require substantial knowledge. We hire qualified professional, together with the above principles, to ensure that we balance the need for compliance with the laws and regulations with our responsibilities to our clients, business partners, community and our shareholders.

As a conscientious and responsible Internet company, we embrace the principle of sustainability, uphold integrity and promote shared growth and development within the industry, and put environmental protection, staff development and community welfare at the forefront. In Tencent, a number of our finance and tax professionals are members/council members of various CPA institutes, the China Certified Tax Agents (CTA) Association and Taxation Institute of Hong Kong (TIHK) etc.. Our qualified staff leverage their professional knowledge and experiences to serve the community by providing voluntary services to several non-profit-making organizations and participate in various complimentary tax consultation workshops with the public.

Tax Strategy

Tax policies are frequently subject to change and hence, it is our goal to not only monitor these changes and fully comply with them, but also simultaneously cooperate with policy makers to adapt to these tax changes together. We have utmost respect for the tax system in each country, and will hold ourselves accountable to the following tax strategy:
- Comply with all applicable legal and tax obligations in the countries that we operate in.
- Perform tax reporting in accordance with reporting requirements in full transparency and pay accurate amount of tax on time.
- Establish, maintain and comply with the Group’s internal tax policies, tax risk management and internal control guidelines.
- Comply with Country-by-Country reporting requirements and local transfer pricing policies.
- Foster an honest, cooperative and respectable relationship with tax authorities in all countries that we operate in.

**Tax Risk Management and Governance**

We are committed to continuously improving our tax risk management system, including structure, process and culture, and its risk management ability, to ensure contributing to the long-term growth and sustainable development of the Company’s business. We manage and oversight tax risks in the following ways:

- We continue to monitor tax law updates and make sure the impact of any relevant changes in tax law are reflected in our tax guidelines and procedures.
- We have implemented the Group’s tax risk management guidelines which set out the processes of identifying, assessing, managing, monitoring and reporting the risks to which the Company is exposed to ensure that risks are managed properly.
- The tax risk assessment and management performed by us are strengthened by our strong governance structures. We have senior management team to supervise and oversight the tax compliance. Our tax management team reports the tax matters to the Group Audit Committee on an annual basis.

We have qualified tax team members and also engage external tax advisor on certain tax issues where appropriate. We assess our resource needs according to the scale and complexity of the Company as it evolves on an ongoing basis.