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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 Code: 700)**

**ANNOUNCEMENT OF THE RESULTS**  
**FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017**

The Board is pleased to announce the unaudited consolidated results of the Group for the three and nine months ended 30 September 2017. These interim results have 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**

	<b>Unaudited</b>				
	<b>Three months ended</b>				
	<b>30 September</b>	30 September	Year-	30 June	Quarter-
	<b>2017</b>	2016	on-year	2017	on-quarter
	(RMB in millions, unless specified)				
Revenues	<b>65,210</b>	40,388	61%	56,606	15%
Gross profit	<b>31,681</b>	21,828	45%	28,306	12%
Operating profit	<b>22,746</b>	14,460	57%	22,560	1%
Profit for the period	<b>18,047</b>	10,776	67%	18,254	-1%
Profit attributable to equity holders of the Company	<b>18,006</b>	10,646	69%	18,231	-1%
Non-GAAP profit attributable to equity holders of the Company	<b>17,070</b>	11,737	45%	16,391	4%
EPS (RMB per share)					
- basic	<b>1.912</b>	1.134	69%	1.939	-1%
- diluted	<b>1.888</b>	1.121	68%	1.914	-1%
Non-GAAP EPS (RMB per share)					
- basic	<b>1.812</b>	1.251	45%	1.743	4%
- diluted	<b>1.790</b>	1.236	45%	1.721	4%

**Unaudited  
Nine months ended**

	<b>30 September 2017</b>	30 September 2016	Year- on-year change
	(RMB in millions, unless specified)		
Revenues	<b>171,368</b>	108,074	59%
Gross profit	<b>85,430</b>	60,873	40%
Operating profit	<b>64,578</b>	42,187	53%
Profit for the period	<b>50,849</b>	30,924	64%
Profit attributable to equity holders of the Company	<b>50,713</b>	30,566	66%
Non-GAAP profit attributable to equity holders of the Company	<b>47,672</b>	33,088	44%
EPS (RMB per share)			
- basic	<b>5.391</b>	3.263	65%
- diluted	<b>5.323</b>	3.222	65%
Non-GAAP EPS (RMB per share)			
- basic	<b>5.068</b>	3.532	43%
- diluted	<b>5.003</b>	3.488	43%

## BUSINESS REVIEW AND OUTLOOK

### 1. Company Financial Performance

*In the third quarter of 2017*

We achieved 61% year-on-year revenue growth, driven primarily by smart phone games and PC games, payment related services, digital content subscriptions and sales, and online advertising.

Operating profit grew by 57% year-on-year.

Profit attributable to equity holders of the Company increased by 69% year-on-year. Non-GAAP profit attributable to equity holders of the Company increased by 45% year-on-year. Free cash flow grew by 94% year-on-year.

### 2. Company Business Highlights

*Operating Information*

	<b>As at 30 September 2017</b>	As at 30 September 2016	Year- on-year change	As at 30 June 2017	Quarter- on-quarter change
MAU of QQ	<b>843.2</b>	876.7	-3.8%	850.1	-0.8%
Smart device MAU of QQ <sup>1</sup>	<b>652.9</b>	669.7	-2.5%	662.3	-1.4%
PCU of QQ (for the quarter)	<b>272.2</b>	250.0	8.9%	267.6	1.7%
Combined MAU of Weixin and WeChat	<b>980.0</b>	846.1	15.8%	962.8	1.8%
MAU of Qzone	<b>568.4</b>	631.9	-10.0%	605.8	-6.2%
Smart device MAU of Qzone <sup>1</sup>	<b>551.8</b>	600.2	-8.1%	585.7	-5.8%
Fee-based VAS registered subscriptions	<b>125.3</b>	105.0	19.3%	118.1	6.1%

<sup>1</sup> Since the first quarter of 2017, we have adjusted historical smart device QQ and Qzone MAU figures so as to include users who only participate in certain activities inside the QQ and Qzone applications, such as interest groups, listening to online music, or reading online literature. These changes had a relatively immaterial impact on the MAU count and growth rates, but we feel better reflect the broadening range of user activities within QQ.

## *Social and Communication*

- *QQ*: Smart device MAU was down by 2.5% year-on-year to 652.9 million while PCU, including PC and mobile, increased by 8.9% year-on-year to 272.2 million. Smart device MAU for users aged 21 years or below increased year-on-year and their time spent per user remained high as we enhanced features which appealed to younger users. Daily active users and time spent on the KanDian news feeds service continued to grow. We introduced “Topics” for KanDian to help users discover trending content.
- *Qzone*: Smart device MAU was down 8.1% year-on-year to 551.8 million. We expanded the Campus Qzone to cover more high schools and colleges, strengthening engagement among student users.
- *Weixin* and *WeChat*: Combined MAU reached 980.0 million, representing year-on-year growth of 15.8%. Daily messages sent amounted to approximately 38 billion, representing year-on-year growth of 25%. Monthly active Official Accounts amounted to 3.5 million while monthly active followers of Official Accounts amounted to 797 million, representing year-on-year growth of 14% and 19% respectively. We have been enriching features of Weixin and WeChat to bring more convenience to our users’ daily lives. We rolled out Weixin Smart Transport, a solution which enables users to pay instantly for public transport fares by scanning QR codes, even without Internet access at the point of transaction. We will introduce more smart solutions for different verticals to better serve the social and eCommerce needs of our users and merchants.

## *Online Games*

PC client games achieved approximately RMB14.6 billion in revenue, representing 27% year-on-year revenue growth, benefiting from key titles including DnF and LoL. We focused on retaining core users and enhancing engagement through initiatives such as the LoL World Championship 2017 event held in China and a DnF-themed cartoon series. We launched anniversary and seasonal content updates which were well-received by gamers. As a result, ARPUs increased both year-on-year and quarter-on-quarter.

Smart phone games grew by 84% year-on-year to approximately RMB18.2 billion in revenue (including smart phone games revenue attributable to our social networks business). Revenue growth in smart phone games was contributed by existing and newly launched game titles such as Honour of Kings in the MOBA genre, the China version of Contra Return in the Action genre, and Legacy TLBB Mobile, Legend of XuanYuan Mobile and Journey to the Fairyland Mobile in the RPG genre. The launch of our self-developed strategy game, Kings of Chaos, also contributed to revenue growth and expanded our leadership into this mobile game genre. In November 2017, we started the pre-registration process for a licensed survival shooter game, Glorious Mission, and CrossFire Mobile's update called "Deserted Island". Both received overwhelming registration responses. We will continue to enhance our in-house R&D capability and identify attractive licensing opportunities to further diversify our game portfolio.

### *Digital Content*

Digital content revenue continued to record rapid growth, driven by video subscriptions, and by live broadcast revenue. Tencent Video has exceeded 43 million fee-based subscriptions, which we believe represents the largest video streaming services subscriber base in China. We will continue to increase our investment in video content, especially self-commissioned video content, and to reinforce our content recommendation algorithms.

### *Online Advertising*

Our online advertising business achieved 48% year-on-year growth in revenue.

For media advertising, our video platform grew strongly, benefiting from the popular drama series such as "Nothing Gold Can Stay" (那年花開月正圓), and self-commissioned variety shows such as "The Temptation of Dinner (Season 2)" (飯局的誘惑第二季). These and other self-commissioned and licensed video programmes generated significant growth in our video advertising revenue. News advertising revenue decreased year-on-year versus the high base of the Olympics during the same period last year and decreased quarter-on-quarter due to the reduced advertising inventory of TianTian KuaiBao while we revamped its advertising system.

For social and others advertising, Weixin properties, YingYongBao and our advertising network, were the main contributors of revenue growth. Weixin Moments' advertisement fill rate increased, driven by strong advertising demand and further expanded key accounts and long-tail advertisers.

## *Others*

We recorded 143% year-on-year revenue growth for other businesses, which was primarily driven by the growth of payment related and cloud services. Our monthly offline payment volume increased 280% year-on-year. We empowered retailers to integrate online and offline resources including marketing, sales, payment and loyalty programmes.

Tencent Cloud expanded its global infrastructure coverage and now operates 36 availability zones around the world. We have invested in strengthening our AI cloud technologies, big data analytics and security infrastructure. Leveraging our Weixin enterprise solutions, customer relationship management and targeted marketing capability, Tencent Cloud has made rapid progress in providing end-to-end solutions for financial and eCommerce clients. We will continue to invest in our cloud business to empower the digital and smart transformation of traditional industries, and to build future drivers of revenue growth and profitability. Meanwhile, we will look for collaboration and investment opportunities which can complement our technological capability in order to provide cloud services that fit the needs of our clients. We will also open up cloud computing and AI technological capabilities to third party companies in order to build a vibrant ecosystem.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Third Quarter of 2017 Compared to Third Quarter of 2016

The following table sets forth the comparative figures for the third quarter of 2017 and the third quarter of 2016:

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2017</b>	<b>2016</b>
	<b>(RMB in millions)</b>	
Revenues	<b>65,210</b>	40,388
Cost of revenues	<b><u>(33,529)</u></b>	<u>(18,560)</u>
Gross profit	<b>31,681</b>	21,828
Interest income	<b>1,017</b>	637
Other gains, net	<b>3,918</b>	1,155
Selling and marketing expenses	<b>(4,812)</b>	(3,277)
General and administrative expenses	<b><u>(9,058)</u></b>	<u>(5,883)</u>
Operating profit	<b>22,746</b>	14,460
Finance costs, net	<b>(524)</b>	(604)
Share of profit/(losses) of associates and joint ventures	<b><u>818</u></b>	<u>(619)</u>
Profit before income tax	<b>23,040</b>	13,237
Income tax expense	<b><u>(4,993)</u></b>	<u>(2,461)</u>
Profit for the period	<b><u>18,047</u></b>	<u>10,776</u>
Attributable to:		
Equity holders of the Company	<b>18,006</b>	10,646
Non-controlling interests	<b><u>41</u></b>	<u>130</u>
	<b><u>18,047</u></b>	<u>10,776</u>
Non-GAAP profit attributable to equity holders of the Company	<b><u>17,070</u></b>	<u>11,737</u>

*Revenues.* Revenues increased by 61% to RMB65,210 million for the third quarter of 2017 on a year-on-year basis. The following table sets forth our revenues by line of business for the third quarter of 2017 and the third quarter of 2016:

	<b>Unaudited</b>			
	<b>Three months ended</b>			
	<b>30 September 2017</b>		<b>30 September 2016</b>	
	<b>% of total</b>		<b>% of total</b>	
	<b>Amount</b>	<b>revenues</b>	<b>Amount</b>	<b>revenues</b>
	(RMB in millions, unless specified)			
VAS	<b>42,124</b>	<b>65%</b>	27,975	69%
Online advertising	<b>11,042</b>	<b>17%</b>	7,449	19%
Others	<b>12,044</b>	<b>18%</b>	4,964	12%
<b>Total revenues</b>	<b><u>65,210</u></b>	<b><u>100%</u></b>	<b><u>40,388</u></b>	<b><u>100%</u></b>

- Revenues from our VAS business increased by 51% to RMB42,124 million for the third quarter of 2017 on a year-on-year basis. Online games revenues grew by 48% to RMB26,844 million. The increase mainly reflected contributions from our smart phone games, including existing titles such as Honour of Kings, and new titles such as the China version of Contra Return and Legacy TLBB Mobile. Revenues from PC client games also increased, benefiting from our key titles such as DnF and LoL. Social networks revenues increased by 56% to RMB15,280 million. The increase was primarily driven by revenue growth from digital content services such as live broadcast and subscription video on-demand, as well as from in-game virtual item sales.
- Revenues from our online advertising business increased by 48% to RMB11,042 million for the third quarter of 2017 on a year-on-year basis. Media advertising revenues increased by 29% to RMB4,122 million, primarily due to growth in revenues from our mobile media platforms such as Tencent Video, but adversely affected by the high base effect from the Olympics a year ago. Social and others advertising revenues grew by 63% to RMB6,920 million, mainly reflecting higher advertising revenues derived from Weixin (primarily Weixin Moments and Weixin Official Accounts) and other mobile apps.<sup>2</sup>
- Revenues from our other businesses increased by 143% to RMB12,044 million for the third quarter of 2017 on a year-on-year basis. The increase primarily reflected higher revenues from our payment related and cloud services.

<sup>2</sup> Since the first quarter of 2017, we have reclassified online advertising revenues. Without the reclassification, performance-based advertising revenues increased by 61% to RMB7,017 million and brand display advertising revenues increased by 31% to RMB4,025 million for the third quarter of 2017 on a year-on-year basis.



*Cost of revenues.* Cost of revenues increased by 81% to RMB33,529 million for the third quarter of 2017 on a year-on-year basis. The increase primarily reflected greater sharing and content costs, costs of payment related services, as well as channel costs. As a percentage of revenues, cost of revenues increased to 51% for the third quarter of 2017 from 46% for the third quarter of 2016. The following table sets forth our cost of revenues by line of business for the third quarter of 2017 and the third quarter of 2016:

	<b>Unaudited</b>			
	<b>Three months ended</b>			
	<b>30 September 2017</b>		<b>30 September 2016</b>	
	<b>% of</b>		<b>% of</b>	
	<b>segment</b>		<b>segment</b>	
	<b>Amount</b>	<b>revenues</b>	<b>Amount</b>	<b>revenues</b>
	(RMB in millions, unless specified)			
VAS	<b>16,903</b>	<b>40%</b>	9,748	35%
Online advertising	<b>7,031</b>	<b>64%</b>	4,748	64%
Others	<b><u>9,595</u></b>	<b>80%</b>	<u>4,064</u>	82%
Total cost of revenues	<b><u>33,529</u></b>		<u>18,560</u>	

- Cost of revenues for our VAS business increased by 73% to RMB16,903 million for the third quarter of 2017 on a year-on-year basis. The increase was primarily driven by greater sharing and content costs, as well as higher channel costs for our smart phone games, in turn due to extended cooperation with third-party app stores.
- Cost of revenues for our online advertising business increased by 48% to RMB7,031 million for the third quarter of 2017 on a year-on-year basis. The increase was mainly due to greater investments in video content, traffic acquisition costs, as well as bandwidth and server custody fees.
- Cost of revenues for our other businesses increased by 136% to RMB9,595 million for the third quarter of 2017 on a year-on-year basis, mainly driven by greater costs in payment related and cloud services.

*Other gains, net.* We recorded net other gains totalling RMB3,918 million for the third quarter of 2017, which primarily consisted of deemed disposal gains arising from the capital activities of certain investee companies including the IPO of ZhongAn Insurance, fair value gains due to increases in valuations of certain investments in verticals such as healthcare, as well as subsidies and tax rebates.

*Selling and marketing expenses.* Selling and marketing expenses increased by 47% to RMB4,812 million for the third quarter of 2017 on a year-on-year basis. The increase mainly reflected greater marketing spending on products and platforms such as online games and online media, as well as higher staff costs. As a percentage of revenues, selling and marketing expenses decreased to 7% for the third quarter of 2017 from 8% for the third quarter of 2016.

*General and administrative expenses.* General and administrative expenses increased by 54% to RMB9,058 million for the third quarter of 2017 on a year-on-year basis. The increase mainly reflected greater R&D expenses, as well as staff costs. As a percentage of revenues, general and administrative expenses decreased to 14% for the third quarter of 2017 from 15% for the third quarter of 2016.

*Finance costs, net.* Net finance costs decreased by 13% to RMB524 million for the third quarter of 2017 on a year-on-year basis. The decrease primarily reflected the recognition of foreign exchange gains for the third quarter of 2017, compared to foreign exchange losses for the same period last year, largely offset by an increase in interest expenses.

*Share of profit/(losses) of associates and joint ventures.* We recorded share of profit of associates and joint ventures of RMB818 million for the third quarter of 2017, compared to share of losses of RMB619 million for the third quarter of 2016. Some of our investee companies registered profit (including one-off gains) for the third quarter of 2017, compared to losses for the third quarter of 2016.

*Income tax expense.* Income tax expense increased by 103% to RMB4,993 million for the third quarter of 2017 on a year-on-year basis. The increase was mainly due to greater profit before income tax and withholding tax.

*Profit attributable to equity holders of the Company.* Profit attributable to equity holders of the Company increased by 69% to RMB18,006 million for the third quarter of 2017 on a year-on-year basis. Non-GAAP profit attributable to equity holders of the Company increased by 45% to RMB17,070 million.

### Third Quarter of 2017 Compared to Second Quarter of 2017

The following table sets forth the comparative figures for the third quarter of 2017 and the second quarter of 2017:

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	<b>30 June</b>
	<b>2017</b>	<b>2017</b>
	(RMB in millions)	
Revenues	<b>65,210</b>	56,606
Cost of revenues	<u><b>(33,529)</b></u>	<u>(28,300)</u>
Gross profit	<b>31,681</b>	28,306
Interest income	<b>1,017</b>	959
Other gains, net	<b>3,918</b>	5,125
Selling and marketing expenses	<b>(4,812)</b>	(3,660)
General and administrative expenses	<u><b>(9,058)</b></u>	<u>(8,170)</u>
Operating profit	<b>22,746</b>	22,560
Finance costs, net	<b>(524)</b>	(834)
Share of profit of associates and joint ventures	<u><b>818</b></u>	<u>498</u>
Profit before income tax	<b>23,040</b>	22,224
Income tax expense	<u><b>(4,993)</b></u>	<u>(3,970)</u>
Profit for the period	<u><b>18,047</b></u>	<u>18,254</u>
Attributable to:		
Equity holders of the Company	<b>18,006</b>	18,231
Non-controlling interests	<u><b>41</b></u>	<u>23</u>
	<u><b>18,047</b></u>	<u>18,254</u>
Non-GAAP profit attributable to equity holders of the Company	<u><b>17,070</b></u>	<u>16,391</u>

*Revenues.* Revenues increased by 15% to RMB65,210 million for the third quarter of 2017 on a quarter-on-quarter basis.

- Revenues from our VAS business increased by 14% to RMB42,124 million for the third quarter of 2017. Online games revenues increased by 13% to RMB26,844 million. The increase primarily reflected revenue growth from our existing smart phone games such as Honour of Kings, from recently launched smart phone games such as the China version of Contra Return, Kings of Chaos and Legend of XuanYuan Mobile, as well as positive seasonality and well-received content updates for our PC online games. Social networks revenues grew by 18% to RMB15,280 million. The increase was mainly due to an increase in revenues from in-game virtual item sales, and from our digital content services such as live broadcast, video streaming and music streaming.
- Revenues from our online advertising business increased by 9% to RMB11,042 million for the third quarter of 2017. Media advertising revenues increased slightly by 1% to RMB4,122 million, mainly reflecting revenue growth from Tencent Video, largely offset by the reduced advertising inventory of TianTian KuaiBao due to our revamp of its advertising system. Social and others advertising revenues grew by 14% to RMB6,920 million, primarily driven by growth in advertising revenues derived from Weixin Moments and Weixin Official Accounts.<sup>3</sup>
- Revenues from our other businesses increased by 25% to RMB12,044 million for the third quarter of 2017. The increase was primarily driven by revenue growth from our payment related and cloud services.

*Cost of revenues.* Cost of revenues increased by 18% to RMB33,529 million for the third quarter of 2017 on a quarter-on-quarter basis. The increase mainly reflected greater sharing and content costs, costs of payment related services, and channel costs. As a percentage of revenues, cost of revenues increased to 51% for the third quarter of 2017 from 50% for the second quarter of 2017.

- Cost of revenues for our VAS business increased by 17% to RMB16,903 million for the third quarter of 2017. The increase was primarily driven by greater sharing and content costs, and channel costs.

<sup>3</sup> Since the first quarter of 2017, we have reclassified online advertising revenues. Without the reclassification, performance-based advertising revenues increased by 11% to RMB7,017 million and brand display advertising revenues increased by 5% to RMB4,025 million for the third quarter of 2017 on a quarter-on-quarter basis.



- (b) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues.
- (c) Net cash represents period end balance and is calculated as cash and cash equivalents, term deposits and others, minus borrowings and notes payable.
- (d) Capital expenditures consist of additions (excluding business combinations) to property, plant and equipment, construction in progress, investment properties, land use rights and intangible assets (excluding media contents, game licences and other contents).

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

	Unaudited		Unaudited		
	Three months ended		Nine months ended		
	30 September	30 June	30 September	30 September	
	2017	2017	2016	2017	
	(RMB in millions, unless specified)				
Operating profit	<b>22,746</b>	22,560	14,460	<b>64,578</b>	42,187
Adjustments:					
Interest income	<b>(1,017)</b>	(959)	(637)	<b>(2,784)</b>	(1,966)
Other gains, net	<b>(3,918)</b>	(5,125)	(1,155)	<b>(12,234)</b>	(2,572)
Depreciation of property, plant and equipment and investment properties	<b>1,263</b>	1,158	933	<b>3,504</b>	2,709
Amortisation of intangible assets	<b>4,950</b>	4,793	2,264	<b>13,382</b>	5,417
EBITDA	<b>24,024</b>	22,427	15,865	<b>66,446</b>	45,775
Equity-settled share-based compensation	<b>1,608</b>	1,375	1,098	<b>4,288</b>	2,593
Adjusted EBITDA	<b>25,632</b>	23,802	16,963	<b>70,734</b>	48,368

## Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with IFRS, certain additional non-GAAP financial measures (in terms of, operating profit, operating margin, profit for the period, net margin, profit attributable to equity holders of the Company, basic EPS and diluted EPS), have been presented in this announcement. These unaudited non-GAAP 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-GAAP financial measures may be defined differently from similar terms used by other companies.

The Company's management believes that the non-GAAP 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 M&A transactions. In addition, non-GAAP adjustments include relevant non-GAAP adjustments for the Group's material associates based on available published financials of the relevant material 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-GAAP financial measures for the third quarter of 2017 and 2016, the second quarter of 2017, and the first nine months of 2017 and 2016 to the nearest measures prepared in accordance with IFRS:

	Unaudited three months ended 30 September 2017						Non-GAAP
	Adjustments						
	As reported	Share-based compensation	Net (gains)/losses		Impairment provision		
			from investee companies	Amortisation of intangible assets			
	(a)	(b)	(c)	(d)			
Operating profit	22,746	1,632	(3,169)	110	295	21,614	
Profit for the period	18,047	1,851	(3,475)	395	356	17,174	
Profit attributable to equity holders	18,006	1,816	(3,475)	367	356	17,070	
EPS (RMB per share)							
- basic	1.912					1.812	
- diluted	1.888					1.790	
Operating margin	35%					33%	
Net margin	28%					26%	

Unaudited three months ended 30 June 2017

	Adjustments					Non-GAAP
	As reported	Share-based compensation	Net (gains)/losses from investee companies	Amortisation of intangible assets	Impairment provision	
	(a)	(b)	(c)	(d)		
	(RMB in millions, unless specified)					
Operating profit	22,560	1,408	(5,619)	115	1,572	20,036
Profit for the period	18,254	1,553	(5,691)	472	1,899	16,487
Profit attributable to equity holders	18,231	1,492	(5,670)	439	1,899	16,391
EPS (RMB per share)						
- basic	1.939					1.743
- diluted	1.914					1.721
Operating margin	40%					35%
Net margin	32%					29%

Unaudited three months ended 30 September 2016

	Adjustments					Non-GAAP
	As reported	Share-based compensation	Net (gains)/losses from investee companies	Amortisation of intangible assets	Impairment provision	
	(a)	(b)	(c)	(d)		
	(RMB in millions, unless specified)					
Operating profit	14,460	1,132	(2,404)	139	1,710	15,037
Profit for the period	10,776	1,293	(2,309)	426	1,743	11,929
Profit attributable to equity holders	10,646	1,257	(2,297)	389	1,742	11,737
EPS (RMB per share)						
- basic	1.134					1.251
- diluted	1.121					1.236
Operating margin	36%					37%
Net margin	27%					30%



Unaudited nine months ended 30 September 2017

	Adjustments					Non-GAAP
	As reported	Share-based compensation	Net (gains)/losses from investee companies	Amortisation of intangible assets	Impairment provision	
	(a)	(b)	(c)	(d)		
(RMB in millions, unless specified)						
Operating profit	64,578	4,379	(11,535)	378	2,370	60,170
Profit for the period	50,849	4,934	(11,883)	1,367	2,766	48,033
Profit attributable to equity holders	50,713	4,791	(11,862)	1,264	2,766	47,672
EPS (RMB per share)						
- basic	5.391					5.068
- diluted	5.323					5.003
Operating margin	38%					35%
Net margin	30%					28%

Unaudited nine months ended 30 September 2016

	Adjustments					Non-GAAP
	As reported	Share-based compensation	Net (gains)/losses from investee companies	Amortisation of intangible assets	Impairment provision	
	(a)	(b)	(c)	(d)		
(RMB in millions, unless specified)						
Operating profit	42,187	2,701	(6,122)	235	4,207	43,208
Profit for the period	30,924	3,247	(6,346)	1,110	4,624	33,559
Profit attributable to equity holders	30,566	3,183	(6,330)	1,054	4,615	33,088
EPS (RMB per share)						
- basic	3.263					3.532
- diluted	3.222					3.488
Operating margin	39%					40%
Net margin	29%					31%

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 and businesses, and fair value changes arising from investments
- (c) Amortisation of intangible assets resulting from acquisitions, net of related deferred tax
- (d) Impairment provision for associates, available-for-sale financial assets, and intangible assets arising from acquisitions

## Liquidity and Financial Resources

Our net cash positions as at 30 September 2017 and 30 June 2017 are as follows:

	<b>Unaudited 30 September 2017</b>	Unaudited 30 June 2017
	(RMB in millions)	
Cash and cash equivalents	<b>87,343</b>	70,301
Term deposits and others	<u><b>63,454</b></u>	<u>67,558</u>
	<b>150,797</b>	137,859
Borrowings	<b>(97,290)</b>	(81,239)
Notes payable	<u><b>(34,645)</b></u>	<u>(35,353)</u>
Net cash	<u><b>18,862</b></u>	<u>21,267</u>

As at 30 September 2017, the Group had net cash of RMB18,862 million. The sequential decline was mainly due to payments for M&A initiatives and investments in other companies such as Snap Inc., as well as licensed content, partly offset by free cash flow generation. Fair value of our stakes in listed investee companies (both associates and available-for-sale financial assets) totalled RMB171.1 billion as at 30 September 2017, compared to RMB145.8 billion as at 30 June 2017.

As at 30 September 2017, RMB53,944 million of our financial resources (cash and cash equivalents, as well as term deposits and others, such as treasury investments with high liquidity) were denominated in non-RMB currencies.

For the third quarter of 2017, the Group had free cash flow of RMB27,462 million. This was a result of net cash flow generated from operating activities of RMB30,464 million, offset by payments for capital expenditure of RMB3,002 million.

## FINANCIAL INFORMATION

### CONSOLIDATED INCOME STATEMENT FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017

		Unaudited		Unaudited	
		Three months ended		Nine months ended	
		30 September		30 September	
		2017	2016	2017	2016
Note		RMB'Million	RMB'Million	RMB'Million	RMB'Million
<b>Revenues</b>					
		<b>42,124</b>	27,975	<b>114,036</b>	78,619
		<b>11,042</b>	7,449	<b>28,078</b>	18,682
		<b>12,044</b>	4,964	<b>29,254</b>	10,773
		<b>65,210</b>	40,388	<b>171,368</b>	108,074
Cost of revenues	4	<b>(33,529)</b>	(18,560)	<b>(85,938)</b>	(47,201)
<b>Gross profit</b>		<b>31,681</b>	21,828	<b>85,430</b>	60,873
Interest income		<b>1,017</b>	637	<b>2,784</b>	1,966
Other gains, net	3	<b>3,918</b>	1,155	<b>12,234</b>	2,572
Selling and marketing expenses	4	<b>(4,812)</b>	(3,277)	<b>(11,630)</b>	(7,674)
General and administrative expenses	4	<b>(9,058)</b>	(5,883)	<b>(24,240)</b>	(15,550)
<b>Operating profit</b>		<b>22,746</b>	14,460	<b>64,578</b>	42,187
Finance costs, net		<b>(524)</b>	(604)	<b>(2,049)</b>	(1,472)
Share of profit/(losses) of associates and joint ventures		<b>818</b>	(619)	<b>941</b>	(2,000)
<b>Profit before income tax</b>		<b>23,040</b>	13,237	<b>63,470</b>	38,715
Income tax expense	5	<b>(4,993)</b>	(2,461)	<b>(12,621)</b>	(7,791)
<b>Profit for the period</b>		<b>18,047</b>	10,776	<b>50,849</b>	30,924

		Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2017	2016	2017	2016
Note		RMB'Million	RMB'Million	RMB'Million	RMB'Million
<b>Attributable to:</b>					
	Equity holders of the Company	<b>18,006</b>	10,646	<b>50,713</b>	30,566
	Non-controlling interests	<u>41</u>	<u>130</u>	<u>136</u>	<u>358</u>
		<u><b>18,047</b></u>	<u>10,776</u>	<u><b>50,849</b></u>	<u>30,924</u>
<b>Earnings per share for profit attributable to equity holders of the Company (in RMB per share)</b>					
	- basic	6	<u>1.912</u>	<u>1.134</u>	<u>5.391</u>
	- diluted	6	<u>1.888</u>	<u>1.121</u>	<u>5.323</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017**

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2017	2016	2017	2016
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
<b>Profit for the period</b>	<b>18,047</b>	10,776	<b>50,849</b>	30,924
<b>Other comprehensive income, net of tax:</b>				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Share of other comprehensive income of associates	336	214	513	499
Net gains from changes in fair value of available-for-sale financial assets	1,895	1,042	19,311	4,368
Transfer to profit or loss upon disposal of available-for-sale financial assets	(176)	–	(2,008)	79
Currency translation differences	(2,338)	688	(6,555)	1,782
Other fair value gains/(losses)	270	149	167	(172)
<i>Items that may not be subsequently reclassified to profit or loss</i>				
Other fair value gains/(losses)	241	225	(149)	(103)
	<b>228</b>	2,318	<b>11,279</b>	6,453
<b>Total comprehensive income for the period</b>	<b>18,275</b>	13,094	<b>62,128</b>	37,377
<b>Attributable to:</b>				
Equity holders of the Company	18,248	12,953	62,028	36,989
Non-controlling interests	27	141	100	388
	<b>18,275</b>	13,094	<b>62,128</b>	37,377

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017**

		<b>Unaudited 30 September 2017</b>	Audited 31 December 2016
	Note	RMB'Million	RMB'Million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>17,159</b>	13,900
Construction in progress		<b>6,175</b>	4,674
Investment properties		<b>815</b>	854
Land use rights		<b>5,138</b>	5,174
Intangible assets		<b>39,194</b>	36,467
Investments in associates	8	<b>81,415</b>	70,042
Investments in redeemable instruments of associates	9	<b>23,489</b>	9,627
Investments in joint ventures		<b>948</b>	630
Available-for-sale financial assets	10	<b>123,965</b>	83,806
Prepayments, deposits and other assets		<b>12,809</b>	7,363
Other financial assets		<b>5,666</b>	1,760
Deferred income tax assets		<b>9,871</b>	7,033
Term deposits		<b>5,364</b>	5,415
		<b><u>332,008</u></b>	<u>246,745</u>
<b>Current assets</b>			
Inventories		<b>312</b>	263
Accounts receivable	11	<b>15,567</b>	10,152
Prepayments, deposits and other assets		<b>17,857</b>	14,118
Other financial assets		<b>1,753</b>	1,649
Term deposits		<b>57,371</b>	50,320
Restricted cash		<b>1,407</b>	750
Cash and cash equivalents		<b>87,343</b>	71,902
		<b><u>181,610</u></b>	<u>149,154</u>
<b>Total assets</b>		<b><u><u>513,618</u></u></b>	<u><u>395,899</u></u>

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 December
		<b>2017</b>	2016
	Note	<b>RMB' Million</b>	RMB' Million
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		—	—
Share premium		<b>20,661</b>	17,324
Shares held for share award schemes		<b>(3,903)</b>	(3,136)
Other reserves		<b>33,875</b>	23,693
Retained earnings		<b>182,401</b>	136,743
		<b>233,034</b>	174,624
<b>Non-controlling interests</b>		<b>11,871</b>	11,623
<b>Total equity</b>		<b>244,905</b>	186,247
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	<b>81,383</b>	57,549
Notes payable	15	<b>29,819</b>	36,204
Long-term payables		<b>4,417</b>	4,935
Other financial liabilities		<b>2,442</b>	2,576
Deferred income tax liabilities		<b>5,647</b>	5,153
Deferred revenue		<b>2,195</b>	2,038
		<b>125,903</b>	108,455
<b>Current liabilities</b>			
Accounts payable	13	<b>41,850</b>	27,413
Other payables and accruals		<b>26,155</b>	20,873
Borrowings	14	<b>15,907</b>	12,278
Notes payable	15	<b>4,826</b>	3,466
Current income tax liabilities		<b>8,938</b>	5,219
Other tax liabilities		<b>1,247</b>	745
Deferred revenue		<b>43,887</b>	31,203
		<b>142,810</b>	101,197
<b>Total liabilities</b>		<b>268,713</b>	209,652
<b>Total equity and liabilities</b>		<b>513,618</b>	395,899

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

	Unaudited							
	Attributable to equity holders of the Company							
	Share capital	Share premium	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
<b>Balance at 1 January 2017</b>	—	17,324	(3,136)	23,693	136,743	174,624	11,623	186,247
<b>Comprehensive income</b>								
Profit for the period	—	—	—	—	50,713	50,713	136	50,849
Other comprehensive income, net of tax:								
- share of other comprehensive income of associates	—	—	—	513	—	513	—	513
- net gains from changes in fair value of available-for-sale financial assets	—	—	—	19,311	—	19,311	—	19,311
- transfer to profit or loss upon disposal of available-for-sale financial assets	—	—	—	(2,008)	—	(2,008)	—	(2,008)
- currency translation differences	—	—	—	(6,519)	—	(6,519)	(36)	(6,555)
- other fair value gains, net	—	—	—	18	—	18	—	18
<b>Total comprehensive income for the period</b>	—	—	—	11,315	50,713	62,028	100	62,128
<b>Transactions with equity holders</b>								
Capital injection	—	—	—	—	—	—	328	328
Employee share option schemes:								
- value of employee services	—	728	—	117	—	845	71	916
- proceeds from shares issued	—	156	—	—	—	156	—	156
Employee share award schemes:								
- value of employee services	—	2,996	—	310	—	3,306	72	3,378
- shares withheld for share award schemes	—	—	(1,886)	—	—	(1,886)	—	(1,886)
- vesting of awarded shares	—	(1,119)	1,119	—	—	—	—	—
Tax benefit from share-based payments of a subsidiary	—	—	—	202	—	202	—	202
Profit appropriations to statutory reserves	—	—	—	3	(3)	—	—	—
Dividends (Note 7)	—	—	—	—	(5,052)	(5,052)	(940)	(5,992)
Acquisition of additional equity interests in non-wholly owned subsidiaries	—	576	—	(800)	—	(224)	(262)	(486)
Disposal of subsidiaries	—	—	—	—	—	—	(162)	(162)
Partial disposal of equity interests in subsidiaries	—	—	—	(244)	—	(244)	244	—
Transfer of equity interests of subsidiaries to non-controlling interests	—	—	—	(771)	—	(771)	771	—
Lapse of put option granted to non-controlling interests	—	—	—	50	—	50	26	76
<b>Total transactions with equity holders at their capacity as equity holders for the period</b>	—	3,337	(767)	(1,133)	(5,055)	(3,618)	148	(3,470)
<b>Balance at 30 September 2017</b>	—	20,661	(3,903)	33,875	182,401	233,034	11,871	244,905



## Unaudited

	Attributable to equity holders of the Company							
	Share capital RMB'Million	Share premium 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
<b>Balance at 1 January 2016</b>	—	12,167	(1,817)	9,673	100,012	120,035	2,065	122,100
<b>Comprehensive income</b>								
Profit for the period	—	—	—	—	30,566	30,566	358	30,924
Other comprehensive income, net of tax:								
- share of other comprehensive income of associates	—	—	—	499	—	499	—	499
- net gains from changes in fair value of available-for-sale financial assets	—	—	—	4,368	—	4,368	—	4,368
- transfer to profit or loss upon disposal of available-for-sale financial assets	—	—	—	79	—	79	—	79
- currency translation differences	—	—	—	1,752	—	1,752	30	1,782
- other fair value losses, net	—	—	—	(275)	—	(275)	—	(275)
<b>Total comprehensive income for the period</b>	—	—	—	6,423	30,566	36,989	388	37,377
<b>Transactions with equity holders</b>								
Capital injection	—	—	—	—	—	—	233	233
Employee share option schemes:								
- value of employee services	—	211	—	30	—	241	18	259
- proceeds from shares issued	—	155	—	—	—	155	—	155
Employee share award schemes:								
- value of employee services	—	2,009	—	282	—	2,291	45	2,336
- shares withheld for share award schemes	—	—	(1,608)	—	—	(1,608)	—	(1,608)
- vesting of awarded shares	—	(507)	507	—	—	—	—	—
Tax benefit from share-based payments of a subsidiary	—	—	—	811	—	811	—	811
Profit appropriations to statutory reserves	—	—	—	24	(24)	—	—	—
Dividends	—	—	—	—	(3,699)	(3,699)	(907)	(4,606)
Non-controlling interests arising from business combinations	—	—	—	—	—	—	7,392	7,392
Acquisition of additional equity interests in non-wholly owned subsidiaries	—	1,519	—	(1,741)	—	(222)	180	(42)
Disposal of a subsidiary	—	—	—	—	—	—	(2)	(2)
Partial disposal of equity interests in subsidiaries and businesses	—	—	—	9,244	—	9,244	300	9,544
Transfer of equity interests of subsidiaries to non-controlling interests	—	—	—	(439)	—	(439)	439	—
<b>Total transactions with equity holders at their capacity as equity holders for the period</b>	—	3,387	(1,101)	8,211	(3,723)	6,774	7,698	14,472
<b>Balance at 30 September 2016</b>	—	15,554	(2,918)	24,307	126,855	163,798	10,151	173,949

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

	<b>Unaudited</b>	
	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>
<b>Net cash flows generated from operating activities</b>	<b>77,546</b>	45,518
<b>Net cash flows used in investing activities</b>	<b>(79,089)</b>	(56,169)
<b>Net cash flows generated from financing activities</b>	<b>19,023</b>	18,552
<b>Net increase in cash and cash equivalents</b>	<b>17,480</b>	7,901
Cash and cash equivalents at beginning of the period	<b>71,902</b>	43,438
Exchange (losses)/gains on cash and cash equivalents	<b>(2,039)</b>	1,078
<b>Cash and cash equivalents at end of the period</b>	<b><u>87,343</u></b>	<u>52,417</u>
<b>Analysis of balances of cash and cash equivalents:</b>		
Bank balances and cash	<b>35,678</b>	26,847
Term deposits and highly liquid investments with initial terms within three months	<b>51,665</b>	25,570
	<b><u>87,343</u></b>	<u>52,417</u>

**Note:**

**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 and online advertising services to users in the PRC.

The condensed consolidated interim financial information comprises the consolidated statement of financial position as at 30 September 2017, the related consolidated income statement and the consolidated statement of comprehensive income for the three-month and nine-month periods then ended, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in RMB, unless otherwise stated.

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 2016, which have been prepared in accordance with IFRS, as set out in the 2016 annual report of the Company dated 22 March 2017 (the “2016 Financial Statements”).

The accounting policies and method of computation used in the preparation of the Interim Financial Information are consistent with those used in the 2016 Financial Statements, which have been prepared in accordance with IFRS under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair values.

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

Amendments to IFRS effective for the financial year ending 31 December 2017 do not have a material impact on the Group’s Interim Financial Information.

**2 Segment information**

The Group has following reportable segments for the three and nine months ended 30 September 2017 and 2016:

- VAS;
- Online advertising; and
- Others.

“Others” primarily comprises payment related services, cloud services and other services.

There were no material inter-segment sales during the three and nine months ended 30 September 2017 and 2016. 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.

The segment information provided to the chief operating decision-makers for the reportable segments for the three and nine months ended 30 September 2017 and 2016 is as follows:

	<b>Unaudited</b>			
	<b>Three months ended 30 September 2017</b>			
	<b>Online</b>			
	VAS RMB'Million	advertising RMB'Million	Others RMB'Million	Total RMB'Million
<b>Segment revenues</b>	<u>42,124</u>	<u>11,042</u>	<u>12,044</u>	<u>65,210</u>
<b>Gross profit</b>	<u>25,221</u>	<u>4,011</u>	<u>2,449</u>	<u>31,681</u>
<b>Depreciation</b>	453	184	394	1,031
<b>Amortisation</b>	<u>2,196</u>	<u>2,570</u>	<u>—</u>	<u>4,766</u>

	<b>Unaudited</b>			
	<b>Three months ended 30 September 2016</b>			
	<b>Online</b>			
	VAS RMB'Million	advertising RMB'Million	Others RMB'Million	Total RMB'Million
<b>Segment revenues</b>	<u>27,975</u>	<u>7,449</u>	<u>4,964</u>	<u>40,388</u>
<b>Gross profit</b>	<u>18,227</u>	<u>2,701</u>	<u>900</u>	<u>21,828</u>
<b>Depreciation</b>	473	50	128	651
<b>Amortisation</b>	<u>928</u>	<u>1,181</u>	<u>—</u>	<u>2,109</u>

	<b>Unaudited</b>			
	<b>Nine months ended 30 September 2017</b>			
	<b>Online</b>			
	VAS RMB'Million	advertising RMB'Million	Others RMB'Million	Total RMB'Million
<b>Segment revenues</b>	<u>114,036</u>	<u>28,078</u>	<u>29,254</u>	<u>171,368</u>
<b>Gross profit</b>	<u>68,915</u>	<u>10,251</u>	<u>6,264</u>	<u>85,430</u>
<b>Depreciation</b>	1,466	352	937	2,755
<b>Amortisation</b>	<u>6,039</u>	<u>6,728</u>	<u>—</u>	<u>12,767</u>

	Unaudited			
	Nine months ended 30 September 2016			
	Online			Total
	VAS	advertising	Others	
RMB'Million	RMB'Million	RMB'Million	RMB'Million	
Segment revenues	<u>78,619</u>	<u>18,682</u>	<u>10,773</u>	<u>108,074</u>
Gross profit	<u>51,731</u>	<u>7,710</u>	<u>1,432</u>	<u>60,873</u>
Depreciation	1,370	146	357	1,873
Amortisation	<u>1,804</u>	<u>3,237</u>	<u>—</u>	<u>5,041</u>

### 3 Other gains, net

	Unaudited		Unaudited	
	Three months ended	Three months ended	Nine months ended	Nine months ended
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Gains on disposals and deemed disposals of investee companies (Note)	<b>1,731</b>	2,404	<b>7,591</b>	5,464
Fair value gains on other financial instruments	<b>1,438</b>	—	<b>3,944</b>	658
Impairment provision for investee companies and intangible assets from acquisitions	<b>(295)</b>	(1,710)	<b>(2,370)</b>	(4,207)
Subsidies and tax rebates	<b>1,171</b>	27	<b>2,989</b>	313
Dividend income	<b>61</b>	341	<b>834</b>	392
Donations to Tencent Charity Fund	—	—	<b>(550)</b>	(350)
Others	<u><b>(188)</b></u>	<u>93</u>	<u><b>(204)</b></u>	<u>302</u>
	<u><b>3,918</b></u>	<u>1,155</u>	<u><b>12,234</b></u>	<u>2,572</u>

Note:

The disposal and deemed disposal gains during the nine months ended 30 September 2017 mainly comprised the following:

- gains of approximately RMB3,055 million on dilution of the Group's equity interests in certain associates which are principally engaged in mobile game business and online insurance business, as a result of new shares issued by these associates upon their IPOs;
- aggregate net gains of approximately RMB4,075 million on disposals, acquisitions achieved in stages or partial disposals of various investments of the Group.

#### 4 Expenses by nature

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Employee benefits expenses (a)	9,617	6,012	25,634	16,217
Content costs and agency fees (excluding amortisation of intangible assets)	9,733	6,580	25,346	16,800
Channel costs	4,757	2,071	11,459	5,619
Bandwidth and server custody fees	2,966	2,044	8,057	5,616
Promotion and advertising expenses	3,768	2,486	8,816	5,603
Operating lease rentals in respect of office buildings	330	295	955	813
Travelling and entertainment expenses	273	220	713	561
Amortisation of intangible assets (b)	4,950	2,264	13,382	5,417
Depreciation of property, plant and equipment	1,254	926	3,481	2,697

Note:

- (a) During the three and nine months ended 30 September 2017, the Group incurred expenses for the purpose of R&D of approximately RMB4,828 million and RMB12,666 million, respectively (three and nine months ended 30 September 2016: RMB3,165 million and RMB8,244 million, respectively), which comprised employee benefits expenses of RMB4,107 million and RMB10,774 million, respectively (three and nine months ended 30 September 2016: RMB2,434 million and RMB6,410 million, respectively).

No significant development expenses had been capitalised for the three and nine months ended 30 September 2017 and 2016.

- (b) Mainly included amortisation charge of intangible assets in respect of media contents and game licences.

#### 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 and nine months ended 30 September 2017 and 2016.

**(b) Hong Kong profits tax**

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the three and nine months ended 30 September 2017 and 2016.

**(c) PRC corporate income tax**

PRC CIT has been provided for at applicable tax rates under the relevant regulations of the PRC after considering the available preferential tax benefits and the estimated assessable profits of entities within the Group established in the PRC for the three and nine months ended 30 September 2017 and 2016. The general PRC CIT rate is 25% for the three and nine months ended 30 September 2017 and 2016.

Certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprise, and accordingly, they were subject to a reduced preferential CIT rate of 15% for the three and nine months ended 30 September 2017 and 2016. Meanwhile certain subsidiaries of the Company were in the process of renewing such entitlements by applying to the relevant government authorities as at 30 September 2017. The directors of the Company expect that they will continue to be approved as High and New Technology Enterprises. As such, CIT rate of 15% was adopted by these subsidiaries in accruing their CIT liabilities for the three and nine months ended 30 September 2017.

In addition, according to announcement and circular issued by relevant government authorities, for the year of 2015 and beyond, software enterprise that is entitled to the preferential tax rate of 10% as a national key software enterprise shall file its status with tax authorities for record in accordance with the relevant requirements at the time of final tax settlement each year. The filing records will be subject to verification by relevant government authorities. Accordingly, PRC CIT for the relevant subsidiaries of the Company applying for this preferential tax treatment has been provided for at their respective prevailing tax rates during the period. Upon completion of the verification process, the relevant subsidiaries of the Company will be entitled to CIT rate of 10% and corresponding tax adjustments will be accounted for.

Moreover, according to relevant tax circulars issued by the PRC tax authorities, certain subsidiaries of the Company are entitled to other tax concessions and they are exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years, commencing either from the first year of commercial operation or from the first year of profitable operation, after offsetting tax losses generated in prior years.

**(d) Corporate income tax in other countries**

Income tax on profits arising from other jurisdictions, including the United States, Europe, East Asia and South America, has been calculated on the estimated assessable profits for the three and nine months ended 30 September 2017 and 2016 at the respective rates prevailing in the relevant jurisdictions, mainly ranging from 12.5% to 36%.

(e) **Withholding tax**

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company established in the PRC to a foreign investor with respect to profits 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 China and Hong Kong, the relevant withholding tax rate applicable to the Group will be reduced from 10% to 5% subject to the fulfilment of certain conditions.

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

The income tax expense of the Group for the three and nine months ended 30 September 2017 and 2016 are analysed as follows:

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>	<b>RMB'Million</b>	<b>RMB'Million</b>
Current income tax	<b>5,324</b>	3,241	<b>12,840</b>	8,503
Deferred income tax	<b>(331)</b>	(780)	<b>(219)</b>	(712)
	<b><u>4,993</u></b>	<u>2,461</u>	<b><u>12,621</u></b>	<u>7,791</u>

**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 during the period.

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Profit attributable to equity holders of the Company (RMB'Million)	<b><u>18,006</u></b>	<u>10,646</u>	<b><u>50,713</u></b>	<u>30,566</u>
Weighted average number of ordinary shares in issue (million shares)	<b><u>9,418</u></b>	<u>9,384</u>	<b><u>9,406</u></b>	<u>9,368</u>
Basic EPS (RMB per share)	<b><u>1.912</u></b>	<u>1.134</u>	<b><u>5.391</u></b>	<u>3.263</u>



**(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). No adjustment is made to earnings (numerator).

In addition, the share options and restricted shares granted by the Company's non-wholly owned subsidiaries and associates, and the convertible bonds of the subsidiaries should also have potential dilutive effect on the EPS. During the three and nine months ended 30 September 2017 and 2016, these share options, restricted shares and convertible bonds had either anti-dilutive effect or insignificant dilutive effect to the Group.

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Profit attributable to equity holders of the Company (RMB' Million)	<u><b>18,006</b></u>	<u>10,646</u>	<u><b>50,713</b></u>	<u>30,566</u>
Weighted average number of ordinary shares in issue (million shares)	<b>9,418</b>	9,384	<b>9,406</b>	9,368
Adjustments for share options and awarded shares (million shares)	<u><b>121</b></u>	<u>110</u>	<u><b>122</b></u>	<u>118</u>
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	<u><b>9,539</b></u>	<u>9,494</u>	<u><b>9,528</b></u>	<u>9,486</u>
Diluted EPS (RMB per share)	<u><b>1.888</b></u>	<u>1.121</u>	<u><b>5.323</b></u>	<u>3.222</u>

**7 Dividends**

A final dividend in respect of the year ended 31 December 2016 of HKD0.61 per share (2015: HKD0.47 per share) was proposed pursuant to a resolution passed by the Board on 22 March 2017 and approved by the shareholders of the Company at the 2017 AGM. Such dividend amounting to RMB5,052 million was paid before 30 September 2017.

The Board did not declare any interim dividend for the nine months ended 30 September 2017 and 2016.

## 8 Investments in associates

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 December
	<b>2017</b>	2016
	<b>RMB'Million</b>	RMB'Million
Investments in associates		
- Listed entities (Note)	<b>44,578</b>	38,516
- Unlisted entities	<u><b>36,837</b></u>	<u>31,526</u>
	<u><b>81,415</b></u>	<u>70,042</u>

Note:

As at 30 September 2017, the fair value of the investments in associates which are listed entities was RMB118,832 million (31 December 2016: RMB68,565 million).

Movement of investments in associates is analysed as follows:

	<b>Unaudited</b>	
	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>RMB'Million</b>	RMB'Million
At beginning of period	<b>70,042</b>	60,171
Additions (a)	<b>11,168</b>	8,097
Deemed disposal gains	<b>3,516</b>	2,068
Share of profit/(losses)	<b>895</b>	(2,015)
Share of other comprehensive income	<b>513</b>	499
Dividends	<b>(284)</b>	(149)
Disposals and transfers	<b>456</b>	(1,684)
Impairment provision (b)	<b>(963)</b>	(1,841)
Currency translation differences	<u><b>(3,928)</b></u>	<u>1,467</u>
At end of period	<u><b>81,415</b></u>	<u>66,613</u>

Note:

- (a) In September 2017, the Group entered into a share purchase agreement with an associate which operates an online ride hailing platform principally operating in Asia, to subscribe for approximately 10% of its equity interests, on an outstanding basis, at a cash

consideration equivalent to approximately RMB2,646 million. The Group acquired certain other associates and made additional investments in existing associates with an aggregate amount of RMB8,522 million during the nine months ended 30 September 2017.

- (b) During the nine months ended 30 September 2017, the Group made an aggregate impairment provision of RMB963 million (nine months ended 30 September 2016: RMB1,841 million) against the carrying amounts of certain investments in associates. The impairment loss mainly resulted from revisions of long-term financial outlook and the changes in business models of the affected associates.

## 9 Investments in redeemable instruments of associates

During the nine months ended 30 September 2017, the Group made aggregate investments in redeemable instruments of associates of RMB15,484 million (nine months ended 30 September 2016: RMB3,284 million), including certain additional investments in existing investees of the Group.

During the nine months ended 30 September 2017, the Group also made an aggregate impairment provision of approximately RMB607 million (nine months ended 30 September 2016: RMB1,094 million) against the carrying amounts of certain investments in redeemable instruments of associates based on the impairment assessment performed with reference to the business performances and recoverable amounts of these investee companies.

## 10 Available-for-sale financial assets

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 December
	<b>2017</b>	2016
	<b>RMB'Million</b>	RMB'Million
Equity investments in listed entities	<b>52,314</b>	20,477
Equity investments in unlisted entities	<b>69,791</b>	62,580
Others	<b><u>1,860</u></b>	<u>749</u>
	<b><u><u>123,965</u></u></b>	<u><u>83,806</u></u>

Movement of available-for-sale financial assets is analysed as follows:

	<b>Unaudited</b>	
	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>RMB'Million</b>	RMB'Million
At beginning of period	<b>83,806</b>	44,339
Additions (a)	<b>30,621</b>	8,182
Disposals and transfers	<b>(4,796)</b>	(627)
Changes in fair value	<b>19,341</b>	4,070
Impairment provision (b)	<b>(671)</b>	(981)
Currency translation differences	<u><b>(4,336)</b></u>	<u>1,228</u>
At end of period	<u><b>123,965</b></u>	<u>56,211</u>

Note:

- (a) During the nine months ended 30 September 2017, the Group made additional investments in certain existing available-for-sale financial assets, including Tesla, Inc., a company principally engaging in development and sales of electric vehicles, sustainable energy generation and storage equipment, and Snap Inc., which is principally engaged in social networking business. Besides, the Group made other investments in listed and unlisted entities mainly operating in the United States, the PRC and Korea. These companies are engaged in a wide spectrum of businesses, including entertainment, technology, O2O and other Internet-related services.
- (b) The Group made an aggregate impairment provision of RMB671 million (nine months ended 30 September 2016: RMB981 million) against the carrying amounts of certain available-for-sale financial assets during the nine months ended 30 September 2017, with reference to their assessed fair values as at 30 September 2017.

## 11 Accounts receivable

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

	<b>Unaudited</b> <b>30 September</b> <b>2017</b> <b>RMB'Million</b>	Audited 31 December 2016 RMB'Million
0 - 30 days	<b>5,482</b>	3,260
31 - 60 days	<b>5,821</b>	4,019
61 - 90 days	<b>1,498</b>	1,294
Over 90 days	<u><b>2,766</b></u>	<u>1,579</u>
	<u><b>15,567</b></u>	<u>10,152</u>

Receivable balances as at 30 September 2017 and 31 December 2016 mainly represented amounts due from online advertising customers and agencies, third party platform providers, and telecommunication operators.

Some online advertising customers and agencies are granted with a credit period of 90 days after full execution of the contracted advertisement orders. Third party platform providers and telecommunication operators usually settle the amounts due by them within 60 days and a period of 30 to 120 days, respectively.

## 12 Share option and share award schemes

### (a) Share option schemes

The Company has adopted five 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 and the Post-IPO Option Scheme IV.

The Pre-IPO Option Scheme, the Post-IPO Option Scheme I and the Post-IPO Option Scheme II expired on 31 December 2011, 23 March 2014 and 16 May 2017 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.

In respect of the Post-IPO Option Scheme III and the Post-IPO Option Scheme IV, the Board may, at its discretion, grant options to any qualifying participants to subscribe for shares in the Company, subject to the terms and conditions stipulated therein. The exercise price must be in compliance with the requirement 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 for the Post-IPO Option Scheme III and a 7-year period for the Post-IPO Option Scheme IV after the date of grant of option.

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

	Post-IPO Option Scheme II		Post-IPO Option Scheme III		Post-IPO Option Scheme IV		Total
	Average exercise price	No. of options	Average exercise price	No. of options	Average exercise price	No. of options	No. of options
At 1 January 2017	HKD120.95	31,247,436	HKD31.70	2,500,000	—	—	33,747,436
Granted	HKD225.44	28,526,215	—	—	HKD272.36	9,129,470	37,655,685
Exercised	HKD46.39	(3,926,611)	—	—	—	—	(3,926,611)
Lapsed	HKD151.38	<u>(125,405)</u>	—	—	HKD272.36	<u>(30,835)</u>	<u>(156,240)</u>
At 30 September 2017	HKD179.63	<u>55,721,635</u>	HKD31.70	<u>2,500,000</u>	HKD272.36	<u>9,098,635</u>	<u>67,320,270</u>
Exercisable as at 30 September 2017	HKD118.56	<u>13,308,044</u>	HKD31.70	<u>1,250,000</u>	—	—	<u>14,558,044</u>
At 1 January 2016	HKD80.59	25,697,305	HKD31.70	5,000,000	—	—	30,697,305
Granted	HKD160.11	11,843,070	—	—	—	—	11,843,070
Exercised	HKD26.38	(3,966,160)	HKD31.70	(2,500,000)	—	—	(6,466,160)
Lapsed	HKD36.35	<u>(68,775)</u>	—	—	—	—	<u>(68,775)</u>
At 30 September 2016	HKD115.21	<u>33,505,440</u>	HKD31.70	<u>2,500,000</u>	—	—	<u>36,005,440</u>
Exercisable as at 30 September 2016	HKD77.94	<u>11,600,244</u>	—	—	—	—	<u>11,600,244</u>

During the nine months ended 30 September 2017, 5,250,000 options were granted to one director of the Company (nine months ended 30 September 2016: 3,750,000 options were granted to one director of the Company).

**(b) Share award schemes**

The Company has adopted the Share Award Schemes as of 30 September 2017, which are 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 nine months ended 30 September 2017 and 2016 are as follows:

	<b>No. of awarded shares</b>	
	<b>Nine months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
<b>At beginning of period</b>	<b>86,365,812</b>	91,786,907
Granted	<b>18,142,435</b>	43,198,880
Lapsed	<b>(2,632,167)</b>	(2,996,432)
Vested and transferred	<b>(33,594,844)</b>	(47,581,468)
<b>At end of period</b>	<b><u>68,281,236</u></b>	<u>84,407,887</u>
<b>Vested but not transferred as at the end of period</b>	<b><u>192,542</u></b>	<u>7,706</u>

During the nine months ended 30 September 2017, 60,000 awarded shares were granted to four independent non-executive directors of the Company (nine months ended 30 September 2016: 61,474 awarded shares were granted to four independent non-executive directors of the Company).

### 13 Accounts payable

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

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 December
	<b>2017</b>	2016
	<b>RMB'Million</b>	RMB'Million
0 - 30 days	<b>30,741</b>	20,815
31 - 60 days	<b>3,645</b>	2,740
61 - 90 days	<b>1,757</b>	1,495
Over 90 days	<b><u>5,707</u></b>	<u>2,363</u>
	<b><u>41,850</u></b>	<u>27,413</u>

## 14 Borrowings

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 December
	<b>2017</b>	2016
	<b>RMB'Million</b>	RMB'Million
<b>Included in non-current liabilities:</b>		
Non-current portion of long-term USD bank borrowings, unsecured (a)	<b>75,601</b>	57,549
Non-current portion of long-term RMB bank borrowings, unsecured (a)	<b>4,459</b>	—
Non-current portion of long-term HKD bank borrowings, unsecured (a)	<b>848</b>	—
Non-current portion of long-term RMB bank borrowings, secured (a)	<u><b>475</b></u>	<u>—</u>
	<u><b>81,383</b></u>	<u>57,549</u>
<b>Included in current liabilities:</b>		
USD bank borrowings, unsecured (b)	<b>1,327</b>	12,139
HKD bank borrowings, unsecured (b)	<b>14,535</b>	—
RMB bank borrowings, unsecured (b)	<b>15</b>	—
Current portion of long-term RMB bank borrowings, unsecured (a)	<b>30</b>	—
Current portion of long-term USD bank borrowings, unsecured (a)	<u>—</u>	<u>139</u>
	<u><b>15,907</b></u>	<u>12,278</u>
	<u><b>97,290</b></u>	<u>69,827</u>

Note:

- (a) The aggregate principal amounts of long-term USD bank borrowings, long-term RMB bank borrowings and long-term HKD bank borrowings were USD11,391 million (31 December 2016: USD8,316 million), RMB4,964 million (31 December 2016: Nil) and HKD1,000 million (31 December 2016: Nil), respectively. Applicable interest rates are at LIBOR/HIBOR plus 0.70% to 1.51% or a fixed interest rate of 1.875% for non-RMB bank borrowings and fixed interest rates of 4.18% to 4.275% for RMB bank borrowings (31 December 2016: LIBOR plus 0.85% to 1.35% or a fixed interest rate of 1.875% for non-RMB bank borrowings) per annum.



- (b) The aggregate principal amounts of short-term USD bank borrowings, short-term HKD bank borrowings and short-term RMB bank borrowings were USD200 million (31 December 2016: USD1,750 million), HKD17,133 million (31 December 2016: Nil) and RMB15 million (31 December 2016: Nil), respectively. Applicable interest rates are at LIBOR/HIBOR plus 0.50% to 0.55% for non-RMB bank borrowings and a fixed interest rate of 5.655% for RMB bank borrowings (31 December 2016: LIBOR plus 0.70% to 0.75% for non-RMB bank borrowings) per annum.

## 15 Notes payable

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 December
	<b>2017</b>	2016
	<b>RMB'Million</b>	RMB'Million
<b>Included in non-current liabilities:</b>		
Non-current portion of long-term USD notes payable	<b>27,108</b>	32,461
Non-current portion of long-term HKD notes payable	<u><b>2,711</b></u>	<u>3,743</u>
	<u><b>29,819</b></u>	<u>36,204</u>
<b>Included in current liabilities:</b>		
Current portion of long-term USD notes payable	<b>3,979</b>	3,466
Current portion of long-term HKD notes payable	<u><b>847</b></u>	<u>—</u>
	<u><b>4,826</b></u>	<u>3,466</u>
	<u><u><b>34,645</b></u></u>	<u><u>39,670</u></u>

Note:

The aggregate principal amounts of USD notes payable and HKD notes payable were USD4,700 million (31 December 2016: USD5,200 million) and HKD4,200 million (31 December 2016: HKD4,200 million), respectively. The interest rate range of the notes payable is from 2.30% to 4.70% (31 December 2016: 2.00% to 4.70%) per annum.

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

## **OTHER INFORMATION**

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the three months ended 30 September 2017.

### **Employee and Remuneration Policies**

As at 30 September 2017, the Group had 43,472 employees (30 September 2016: 38,072). 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 programs, 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 30 September 2017 was RMB9,617 million (for the three months ended 30 September 2016: RMB6,012 million).

### **Audit Committee**

The Audit Committee, together with the Auditor, has reviewed the Group's unaudited Interim Financial Information for the three and nine months ended 30 September 2017. 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 2017 interim report and the corporate governance report in the 2016 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 July 2017 to 30 September 2017.

As to the deviation from code provisions A.2.1 and A.4.2 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 take this opportunity to express our gratitude to all our staff and the management team for their unwavering teamwork, dedication and contribution. I would also like to thank all our shareholders and stakeholders for their continued trust and support. Looking ahead, we will continue to leverage our innovation capabilities to develop diversified products and services on our platforms for enriching our users' lives.

By Order of the Board  
**Ma Huateng**  
*Chairman*

Hong Kong, 15 November 2017

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

*Executive Directors:*

Ma Huateng and Lau Chi Ping Martin;

*Non-Executive Directors:*

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

*Independent Non-Executive Directors:*

Li Dong Sheng, Iain Ferguson Bruce, Ian Charles Stone and Yang Siu Shun.

*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 future. Underlying these forward-looking statements are a large number 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:

<b>Term</b>	<b>Definition</b>
“2017 AGM”	the annual general meeting of the Company held on 17 May 2017
“AI”	artificial intelligence
“ARPU”	average revenue per user
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the auditor of the Company
“Board”	the board of directors of the Company
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“CIT”	corporate income tax
“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
“DnF”	Dungeon and Fighter
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EPS”	earnings per share
“GAAP”	Generally Accepted Accounting Principles
“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

“IFRS”	International Financial Reporting Standards
“IPO”	initial public offering
“Korea”	the Republic of Korea
“LIBOR”	London InterBank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LoL”	League of Legends
“M&A”	mergers and acquisitions
“MAU”	monthly active user accounts
“MOBA”	Multiplayer Online Battle Arena
“O2O”	online-to-offline, or offline-to-online
“PC”	personal computer
“PCU”	peak concurrent user accounts
“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
“Pre-IPO Option Scheme”	the Pre-IPO Share Option Scheme adopted by the Company on 27 July 2001
“QR codes”	Quick Response codes
“R&D”	research and development
“RMB”	the lawful currency of the PRC
“RPG”	role playing game

“Share Award Schemes”	the share award scheme adopted by the Company on 13 December 2007, as amended, and the share award scheme adopted by the Company on 13 November 2013, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tencent Charity Fund”	a charity fund established by the Group
“United States”	the United States of America
“USD”	the lawful currency of the United States
“VAS”	value-added services
“ZhongAn Insurance”	ZhongAn Online P & C Insurance Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability whose H shares are listed on the Stock Exchange