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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 SIX MONTHS ENDED 30 JUNE 2015**

The Board is pleased to announce the unaudited consolidated results of the Group for the three and six months ended 30 June 2015. 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>		Year- on-year change
	<b>Six months ended</b>		
	<b>30 June 2015</b>	30 June 2014	
	(RMB in millions, unless specified)		
Revenues	<b>45,828</b>	38,146	20%
Gross profit	<b>27,872</b>	22,772	22%
Operating profit	<b>19,408</b>	15,633	24%
Profit for the period	<b>14,326</b>	12,258	17%
Profit attributable to equity holders of the Company	<b>14,197</b>	12,293	15%
Non-GAAP profit attributable to equity holders of the Company *	<b>15,177</b>	11,265	35%
EPS (RMB per share)			
- basic	<b>1.528</b>	1.332	15%
- diluted	<b>1.512</b>	1.313	15%
Non-GAAP EPS (RMB per share) *			
- basic	<b>1.634</b>	1.220	34%
- diluted	<b>1.616</b>	1.203	34%

	<b>Unaudited</b>				
	<b>Three months ended</b>				
	<b>30 June 2015</b>	30 June 2014	Year- on-year change	31 March 2015	Quarter- on-quarter change
	(RMB in millions, unless specified)				
Revenues	<b>23,429</b>	19,746	19%	22,399	5%
Gross profit	<b>14,438</b>	12,172	19%	13,434	7%
Operating profit	<b>10,036</b>	7,843	28%	9,372	7%
Profit for the period	<b>7,396</b>	5,826	27%	6,930	7%
Profit attributable to equity holders of the Company	<b>7,314</b>	5,836	25%	6,883	6%
Non-GAAP profit attributable to equity holders of the Company *	<b>7,975</b>	6,061	32%	7,202	11%
EPS (RMB per share)					
- basic	<b>0.787</b>	0.632	25%	0.741	6%
- diluted	<b>0.778</b>	0.623	25%	0.733	6%
Non-GAAP EPS (RMB per share) *					
- basic	<b>0.858</b>	0.656	31%	0.776	11%
- diluted	<b>0.849</b>	0.647	31%	0.767	11%

\* Since the second quarter of 2015, we have included relevant non-GAAP adjustments for our material associates in our non-GAAP adjustments. We adopted the new presentation in order to more clearly illustrate our non-GAAP financial measures, and to be more consistent with what we believe to be industry practice. Comparative figures have been adjusted to conform to the new presentation.

## BUSINESS REVIEW AND OUTLOOK

### Overall Financial Performance

In the second quarter of 2015, revenues increased by 19% year-on-year to RMB23,429 million. Excluding the eCommerce business, revenues increased by 27% year-on-year to RMB23,322 million.

- VAS. Revenues from our VAS business increased by 17% year-on-year to RMB18,428 million. Our online game business achieved stable growth in revenues, mainly driven by higher monetisation from core gamers on PC and by smart phone games. Our social networks revenues expanded, reflecting increased contributions from subscription services.
- *Online advertising.* Revenues from our online advertising business increased by 97% year-on-year to RMB4,073 million, primarily driven by performance-based social advertising on mobile inventories, as well as by video advertising.

Profit attributable to equity holders of the Company increased by 25% year-on-year to RMB7,314 million. Non-GAAP profit attributable to equity holders of the Company increased by 32% year-on-year to RMB7,975 million.

### Strategic Highlights

At the start of 2015, we outlined several strategic priorities through which we aim to cultivate a vibrant mobile ecosystem, bringing our own and our partners' products and services to consumers in China. During the second quarter of 2015, we sought to execute against these strategic priorities via:

- Driving transaction volumes of our payment services by leveraging a wider base of users who have integrated their bank cards with Mobile QQ Wallet or Weixin Payment, the increasing popularity of person-to-person transactions on mobile devices, and the growing number of partner companies adopting our payment solutions;
- Growing our performance-based advertising business by expanding our inventory, enlarging our advertiser base, and implementing an internal organisational change to optimise our performance-based advertising business process. By sharing our advertising revenues with content developers, such as certain Weixin Official Accounts publishers, we encourage better content and thus enhance user engagement in our ecosystem;



## *Key Platforms*

- For QQ, smart device MAU increased by 20% year-on-year to 627 million at the end of the quarter, while overall PCU increased by 13% year-on-year to 233 million. Mobile QQ usage benefited from enhanced popularity of features such as interest tribes and video communication, as well as from integration with products and services provided by our partners from various verticals, such as eCommerce and O2O services.
- For Qzone, smart device MAU increased by 15% year-on-year to 574 million at the end of the quarter. User activity benefited from enhanced features in areas such as smart album storyline and photo editing.
- For Weixin and WeChat together, MAU reached 600 million at the end of the quarter, representing year-on-year growth of 37%. For Weixin, we enhanced user experience by promoting original content and enabling users to reward content producers on Official Accounts. We also cooperated with local governments to provide users in major cities with access to municipal services. For WeChat, we continued to drive user engagement in selected overseas markets, especially emerging Asian markets.

Our online media platforms extended their leadership in China. Tencent News leveraged premium content and plug-ins to Mobile QQ and Weixin to consolidate its position as the leading mobile news platform in China. Tencent Video solidified its position as the broadest-reach mobile video platform in China, thanks to enriched content and enhanced user experience.

## *VAS*

In the second quarter of 2015, our social networks business achieved 18% year-on-year revenue growth as we improved mobile privileges and enriched digital content subscription services. We will continue to add premium content for our reading, music and video subscription services.

In online games, we extended our leadership in China.

- For PC client games, the quarter registered healthy year-on-year revenue growth thanks to higher monetisation from core gamers and enhanced user engagement, supported by promotional activities such as expansion packs promotions.

- For smart phone games, we achieved 11% year-on-year revenue growth on a gross-to-gross basis, with approximately RMB4.5 billion revenue in the second quarter. We retained leadership in multiple genres, such as playing card, shooting, running and fighter plane games.

Looking forward, we intend to launch highly anticipated PC game titles such as Monster Hunter Online and Moonlight Blade, and to extend our leading PC game IPs, such as DnF and FIFA Online 3, into mobile game titles. We will also optimise and enhance our resource allocation to smart phone games, focusing on key titles that we believe can create or re-define important mobile game genres, such as WeFire contributing to the mobile shooting genre.

In addition, we are advancing our sports game portfolio via cross-promotions tied with global sport events. For example, we will promote NBA2K Online alongside the broadcast of the new NBA season on Tencent Video to attract more gamers and enhance user interaction. We are also seeking to reinforce users' loyalty via various promotional activities, such as eSports, live broadcasts, online forums, and offline events for gamers.

### *Online Advertising*

In the second quarter of 2015, our online advertising business achieved rapid year-on-year revenue growth, mainly reflecting more video views and advertisers on our video inventory, and increased performance-based advertising on mobile social inventory. During the quarter, video advertising revenues more than doubled year-on-year, of which more than 50% was generated on mobile platforms. Looking forward, we will continue to invest in premium content, such as online video streams of NBA games and the Voice of China 4, as well as expanding our mobile advertising inventory and enhancing our performance-based advertising service capabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Second Quarter of 2015 Compared to Second Quarter of 2014

The following table sets forth the comparative figures for the second quarter of 2015 and the second quarter of 2014:

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>30 June 2015</b>	<b>30 June 2014</b>
	(RMB in millions)	
Revenues	<b>23,429</b>	19,746
Cost of revenues	<u>(8,991)</u>	<u>(7,574)</u>
Gross profit	<b>14,438</b>	12,172
Interest income	<b>598</b>	406
Other gains, net	<b>612</b>	691
Selling and marketing expenses	<b>(1,601)</b>	(1,973)
General and administrative expenses	<u>(4,011)</u>	<u>(3,453)</u>
Operating profit	<b>10,036</b>	7,843
Finance costs, net	<b>(341)</b>	(354)
Share of (losses)/profits of associates and joint ventures	<u>(452)</u>	<u>23</u>
Profit before income tax	<b>9,243</b>	7,512
Income tax expense	<u>(1,847)</u>	<u>(1,686)</u>
Profit for the period	<u><b>7,396</b></u>	<u>5,826</u>
Attributable to:		
Equity holders of the Company	<b>7,314</b>	5,836
Non-controlling interests	<u>82</u>	<u>(10)</u>
	<u><b>7,396</b></u>	<u>5,826</u>
Non-GAAP profit attributable to equity holders of the Company *	<u><b>7,975</b></u>	<u>6,061</u>

\* Since the second quarter of 2015, we have included relevant non-GAAP adjustments for our material associates in our non-GAAP adjustments. We adopted the new presentation in order to more clearly illustrate our non-GAAP financial measures, and to be more consistent with what we believe to be industry practice. Comparative figures have been adjusted to conform to the new presentation.

*Revenues.* Revenues increased by 19% to RMB23,429 million for the second quarter of 2015 on a year-on-year basis. Excluding the eCommerce business, revenues increased by 27% to RMB23,322 million. The following table sets forth our revenues by line of business for the second quarter of 2015 and the second quarter of 2014:

	<b>Unaudited</b>			
	<b>Three months ended</b>			
	<b>30 June 2015</b>		<b>30 June 2014</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 <sup>(1)</sup>	<b>18,428</b>	<b>79%</b>	15,713	80%
Online advertising	<b>4,073</b>	<b>17%</b>	2,064	10%
Others <sup>(2)</sup>	<u><b>928</b></u>	<u><b>4%</b></u>	<u>1,969</u>	<u>10%</u>
<b>Total revenues</b>	<u><b>23,429</b></u>	<u><b>100%</b></u>	<u>19,746</u>	<u>100%</u>

Note:

<sup>(1)</sup> We recognise revenues from smart phone games we publish on an exclusive basis on a gross basis, from the fourth quarter of 2014 onward, primarily to reflect changes in our co-operation models that qualify us the principal, rather than agent, for certain licensed titles. Correspondingly, we record revenue sharing with third-party developers and channel costs of these titles in costs of revenues, instead of treating them as contra-revenue items. Net versus gross revenue recognition does not impact the Group's profits.

<sup>(2)</sup> In light of the reduction in size of our eCommerce business, we include the eCommerce in the "Others" business segment in our financial statements from the first quarter of 2015 onwards. Comparative figures have been reclassified to conform to the new presentation.

— Revenues from our VAS business increased by 17% to RMB18,428 million for the second quarter of 2015 on a year-on-year basis. Online games revenues grew by 17% to RMB12,970 million. The increase primarily reflected higher monetisation from core gamers on PC, growth in revenues from smart phone games, and, to a lesser extent, the impact of the aforementioned adoption of gross revenue recognition. Social networks revenues increased by 18% to RMB5,458 million. The increase was mainly driven by growth in subscription revenues as a result of improved mobile privileges and digital content. If gross revenue recognition for smart phone games was adopted for the second quarter of 2014, revenues from our VAS business would have increased by 12%, of which online games revenues would have increased by 11% and social networks revenues would have increased by 14% for the second quarter of 2015.



- Revenues from our online advertising business increased by 97% to RMB4,073 million for the second quarter of 2015 on a year-on-year basis. Brand display advertising revenues increased by 47% to RMB2,016 million, reflecting higher contributions from video advertising driven by more video views. Performance-based advertising increased by 196% to RMB2,057 million, primarily due to performance-based social advertising on mobile devices.

*Cost of revenues.* Cost of revenues increased by 19% to RMB8,991 million for the second quarter of 2015 on a year-on-year basis. The increase primarily reflected greater sharing and content costs, channel costs, as well as bandwidth and server custody fees, partly offset by a significant decrease in cost of merchandise sold as a result of lower revenues from principal eCommerce transactions. As a percentage of revenues, cost of revenues was 38% for the second quarter of 2015, broadly stable compared to the second quarter of 2014. The following table sets forth our cost of revenues by line of business for the second quarter of 2015 and the second quarter of 2014:

	<b>Unaudited</b>			
	<b>Three months ended</b>			
	<b>30 June 2015</b>		<b>30 June 2014</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>6,221</b>	<b>34%</b>	4,755	30%
Online advertising	<b>1,961</b>	<b>48%</b>	1,140	55%
Others <sup>(3)</sup>	<b>809</b>	<b>87%</b>	1,679	85%
<b>Total cost of revenues</b>	<b><u>8,991</u></b>		<b><u>7,574</u></b>	

<sup>(3)</sup> Cost of revenues for “Others” business segment include cost of merchandise sold of principal eCommerce transactions and other eCommerce costs of revenue since the first quarter of 2015. Comparative figures have been reclassified to conform to the new presentation.

- Cost of revenues for our VAS business increased by 31% to RMB6,221 million for the second quarter of 2015 on a year-on-year basis. The increase was mainly driven by higher sharing and content costs, channel costs, as well as bandwidth and server custody fees. If gross revenue recognition for smart phone games was adopted for the second quarter of 2014, cost of revenues for our VAS business would have increased by 14%.

— Cost of revenues for our online advertising business increased by 72% to RMB1,961 million for the second quarter of 2015 on a year-on-year basis. The increase was primarily due to higher sharing and content costs.

*Other gains, net.* Other gains, net decreased by 11% to RMB612 million for the second quarter of 2015 on a year-on-year basis. The decrease primarily reflected higher impairment provision charges for certain investee companies, largely offset by an increase in deemed disposal gains and disposal gains arising from certain investee companies, as well as a donation made to Tencent Charity Funds in the second quarter of 2014, whereas no donation was made in the second quarter of 2015.

*Selling and marketing expenses.* Selling and marketing expenses decreased by 19% to RMB1,601 million for the second quarter of 2015 on a year-on-year basis. The decrease mainly reflected reduced subsidies provided to users for taxi-hailing using Weixin Payment, as well as reduced marketing expenses for WeChat. As a percentage of revenues, selling and marketing expenses decreased to 7% for the second quarter of 2015 from 10% for the second quarter of 2014.

*General and administrative expenses.* General and administrative expenses increased by 16% to RMB4,011 million for the second quarter of 2015 on a year-on-year basis. The increase was primarily driven by greater staff costs, as well as research and development expenses. As a percentage of revenues, general and administrative expenses was 17% for the second quarter of 2015, broadly stable compared to the second quarter of 2014.

*Finance costs, net.* Finance costs, net decreased by 4% to RMB341 million for the second quarter of 2015 on a year-on-year basis. The decrease mainly reflected the recognition of foreign exchange gains in the second quarter of 2015, compared to foreign exchange losses in the same period last year, largely offset by an increase in interest expense due to a greater amount of notes payable.

*Income tax expense.* Income tax expense increased by 10% to RMB1,847 million for the second quarter of 2015 on a year-on-year basis. The increase primarily reflected growth in profit before income tax.

*Profit attributable to equity holders of the Company.* Profit attributable to equity holders of the Company increased by 25% to RMB7,314 million for the second quarter of 2015 on a year-on-year basis. Non-GAAP profit attributable to equity holders of the Company increased by 32% to RMB7,975 million for the second quarter of 2015 on a year-on-year basis.

## Second Quarter of 2015 Compared to First Quarter of 2015

The following table sets forth the comparative figures for the second quarter of 2015 and the first quarter of 2015:

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>30 June 2015</b>	<b>31 March 2015</b>
	(RMB in millions)	
Revenues	<b>23,429</b>	22,399
Cost of revenues	<u><b>(8,991)</b></u>	<u>(8,965)</u>
Gross profit	<b>14,438</b>	13,434
Interest income	<b>598</b>	521
Other gains, net	<b>612</b>	411
Selling and marketing expenses	<b>(1,601)</b>	(1,326)
General and administrative expenses	<u><b>(4,011)</b></u>	<u>(3,668)</u>
Operating profit	<b>10,036</b>	9,372
Finance costs, net	<b>(341)</b>	(433)
Share of losses of associates and joint ventures	<u><b>(452)</b></u>	<u>(310)</u>
Profit before income tax	<b>9,243</b>	8,629
Income tax expense	<u><b>(1,847)</b></u>	<u>(1,699)</u>
Profit for the period	<u><b>7,396</b></u>	<u>6,930</u>
Attributable to:		
Equity holders of the Company	<b>7,314</b>	6,883
Non-controlling interests	<u><b>82</b></u>	<u>47</u>
	<u><b>7,396</b></u>	<u>6,930</u>
Non-GAAP profit attributable to equity holders of the Company *	<u><b>7,975</b></u>	<u>7,202</u>

\* Since the second quarter of 2015, we have included relevant non-GAAP adjustments for our material associates in our non-GAAP adjustments. We adopted the new presentation in order to more clearly illustrate our non-GAAP financial measures, and to be more consistent with what we believe to be industry practice. Comparative figures have been adjusted to conform to the new presentation.

*Revenues.* Revenues increased by 5% to RMB23,429 million for the second quarter of 2015 on a quarter-on-quarter basis. Excluding the eCommerce business, revenues increased by 5% to RMB23,322 million.

- Revenues from our VAS business decreased slightly by 1% to RMB18,428 million for the second quarter of 2015 on a quarter-on-quarter basis. Online game revenues decreased by 3% to RMB12,970 million. The decrease primarily reflected the impact of adverse seasonality. Social networks revenues increased by 3% to RMB5,458 million. The increase mainly reflected growth in subscription services revenues as a result of improved mobile privileges and digital content.
- Revenues from our online advertising business increased by 50% to RMB4,073 million for the second quarter of 2015 on a quarter-on-quarter basis. Brand display advertising revenues increased by 45% to RMB2,016 million quarter-on-quarter, primarily due to positive seasonality and video advertising. Performance-based advertising revenues increased by 54% to RMB2,057 million quarter-on-quarter, primarily due to positive seasonality and expanded performance-based social advertising on mobile devices.

*Cost of revenues.* Cost of revenues was RMB8,991 million for the second quarter of 2015, broadly stable compared to the first quarter of 2015. This mainly reflected greater staff costs, as well as bandwidth and server custody fees, largely offset by a decline in cost of merchandise sold, and decreased sharing and content costs. As a percentage of revenues, cost of revenues decreased to 38% for the second quarter of 2015 from 40% for the first quarter of 2015.

- Cost of revenues for our VAS business decreased by 4% to RMB6,221 million for the second quarter of 2015 on a quarter-on-quarter basis. The decrease primarily reflected lower sharing and content costs, partly offset by higher bandwidth and server custody fees.
- Cost of revenues for our online advertising business increased by 18% to RMB1,961 million for the second quarter of 2015 on a quarter-on-quarter basis. The increase mainly reflected higher sharing and content costs.

*Selling and marketing expenses.* Selling and marketing expenses increased by 21% to RMB1,601 million for the second quarter of 2015 on a quarter-on-quarter basis. The increase was mainly due to a seasonal reduction in promotional activities in the first quarter, as well as greater advertising spending on products and platforms, such as online games and Weixin Payment in the second quarter.

*General and administrative expenses.* General and administrative expenses increased by 9% to RMB4,011 million for the second quarter of 2015 on a quarter-on-quarter basis. The increase was primarily driven by greater staff costs, as well as research and development expenses.

*Profit attributable to equity holders of the Company.* Profit attributable to equity holders of the Company increased by 6% to RMB7,314 million for the second quarter of 2015 on a quarter-on-quarter basis. Non-GAAP profit attributable to equity holders of the Company increased by 11% to RMB7,975 million for the second quarter of 2015 on a quarter-on-quarter basis.

### Other Financial Information

	Unaudited		Unaudited		
	Six months ended		Three months ended		
	30 June	30 June	30 June	31 March	30 June
	2015	2014	2015	2015	2014
	(RMB in millions, unless specified)				
EBITDA (a)	<b>20,203</b>	14,805	<b>10,258</b>	9,945	8,018
Adjusted EBITDA (a)	<b>21,405</b>	15,566	<b>10,899</b>	10,506	8,445
Adjusted EBITDA margin (b)	<b>47%</b>	41%	<b>47%</b>	47%	43%
Interest expense	<b>728</b>	336	<b>399</b>	329	224
Net cash (c)	<b>21,663</b>	22,485	<b>21,663</b>	25,319	22,485
Capital expenditures (d)	<b>4,173</b>	2,055	<b>2,841</b>	1,332	917

Note:

- (a) EBITDA consists of operating profit less interest income and other gains/losses, net, and plus depreciation of fixed assets and investment properties and amortisation of intangible assets. Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses.
- (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, minus borrowings and notes payable.
- (d) Capital expenditures consist of additions (excluding business combinations) to fixed assets, construction in progress, land use rights and intangible assets (excluding game and other content licences).

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

	Unaudited		Unaudited		
	Six months ended		Three months ended		
	30 June	30 June	30 June	31 March	30 June
	2015	2014	2015	2015	2014
	(RMB in millions, unless specified)				
Operating profit	<b>19,408</b>	15,633	<b>10,036</b>	9,372	7,843
Adjustments:					
Interest income	<b>(1,119)</b>	(781)	<b>(598)</b>	(521)	(406)
Other (gains)/losses, net	<b>(1,023)</b>	(2,298)	<b>(612)</b>	(411)	(691)
Depreciation of fixed assets and investment properties	<b>1,552</b>	1,467	<b>770</b>	782	763
Amortisation of intangible assets	<b>1,385</b>	784	<b>662</b>	723	509
EBITDA	<b>20,203</b>	14,805	<b>10,258</b>	9,945	8,018
Equity-settled share-based compensation	<b>1,202</b>	761	<b>641</b>	561	427
Adjusted EBITDA	<b><u>21,405</u></b>	<u>15,566</u>	<b><u>10,899</u></b>	<u>10,506</u>	<u>8,445</u>

### Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with IFRS, certain non-GAAP financial measures, including non-GAAP operating profit, non-GAAP operating margin, non-GAAP profit for the period, non-GAAP net margin, non-GAAP profit attributable to equity holders of the Company, non-GAAP basic EPS and non-GAAP 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 Company'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 Company's non-GAAP financial measures for the first half of 2015 and 2014, the second quarter of 2015 and 2014, and the first quarter of 2015 to the nearest measures prepared in accordance with IFRS:

Unaudited six months ended 30 June 2015							
	Adjustments						
	As reported	Equity-settled share-based compensation	Cash-settled share-based compensation	(Gains)/losses on deemed disposals/ disposals	Amortisation of intangible assets	Impairment provision	Non-GAAP*
		(a)	(b)	(c)	(d)		
(RMB in millions, unless specified)							
Operating profit	19,408	1,202	50	(2,326)	106	1,275	19,715
Profit for the period	14,326	1,364	50	(2,238)	598	1,285	15,385
Profit attributable to equity holders	14,197	1,323	48	(2,238)	578	1,269	15,177
EPS (RMB per share)							
- basic	1.528						1.634
- diluted	1.512						1.616
Operating margin	42%						43%
Net margin	31%						34%

  

Unaudited six months ended 30 June 2014							
	Adjustments						
	As reported	Equity-settled share-based compensation	Cash-settled share-based compensation	(Gains)/losses on deemed disposals/ disposals	Amortisation of intangible assets	Impairment provision	Non-GAAP*
		(a)	(b)	(c)	(d)		
(RMB in millions, unless specified)							
Operating profit	15,633	761	394	(3,799)	31	1,145	14,165
Profit for the period	12,258	902	394	(3,736)	330	1,145	11,293
Profit attributable to equity holders	12,293	887	364	(3,749)	325	1,145	11,265
EPS (RMB per share)							
- basic	1.332						1.220
- diluted	1.313						1.203
Operating margin	41%						37%
Net margin	32%						30%

Unaudited three months ended 30 June 2015

	Adjustments							
	As reported	(Gains)/losses					Impairment provision	Non-GAAP
		Equity-settled	Cash-settled	on deemed	Amortisation			
		share-based compensation	share-based compensation	disposals/ disposals	of intangible assets			
(a)	(b)	(c)	(d)					
	(RMB in millions, unless specified)							
Operating profit	10,036	641	18	(1,487)	56	1,052	10,316	
Profit for the period	7,396	720	18	(1,399)	300	1,057	8,092	
Profit attributable to equity holders	7,314	699	17	(1,399)	287	1,057	7,975	
EPS (RMB per share)								
- basic	0.787						0.858	
- diluted	0.778						0.849	
Operating margin	43%						44%	
Net margin	32%						35%	

Unaudited three months ended 31 March 2015

	Adjustments							
	As reported	(Gains)/losses					Impairment provision	Non-GAAP*
		Equity-settled	Cash-settled	on deemed	Amortisation			
		share-based compensation	share-based compensation	disposals/ disposals	of intangible assets			
(a)	(b)	(c)	(d)					
	(RMB in millions, unless specified)							
Operating profit	9,372	561	32	(839)	50	223	9,399	
Profit for the period	6,930	644	32	(839)	298	228	7,293	
Profit attributable to equity holders	6,883	624	31	(839)	291	212	7,202	
EPS (RMB per share)								
- basic	0.741						0.776	
- diluted	0.733						0.767	
Operating margin	42%						42%	
Net margin	31%						33%	



Unaudited three months ended 30 June 2014

	Adjustments						Non-GAAP*
	As reported	Equity-settled share-based compensation	Cash-settled share-based compensation	(Gains)/losses		Impairment provision	
				on deemed disposals/ disposals	Amortisation of intangible assets		
		(a)	(b)	(c)	(d)		
	(RMB in millions, unless specified)						
Operating profit	7,843	427	160	(1,082)	15	325	7,688
Profit for the period	5,826	547	160	(1,052)	271	325	6,077
Profit attributable to equity holders	5,836	538	145	(1,052)	269	325	6,061
EPS (RMB per share)							
- basic	0.632						0.656
- diluted	0.623						0.647
Operating margin	40%						39%
Net margin	30%						31%

\* Since the second quarter of 2015, we have included relevant non-GAAP adjustments for our material associates in our non-GAAP adjustments. We adopted the new presentation in order to more clearly illustrate our non-GAAP financial measures, and to be more consistent with what we believe to be industry practice. Comparative figures have been adjusted to conform to the new presentation.

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) (Gains)/losses, net on deemed disposals of investee companies and disposals of investee companies and businesses
- (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 June 2015 and 31 March 2015 are as follows:

	<b>Unaudited 30 June 2015</b>	Unaudited 31 March 2015
	(RMB in millions)	
Cash and cash equivalents	<b>48,271</b>	55,583
Term deposits	<b><u>20,948</u></b>	<u>18,268</u>
	<b>69,219</b>	73,851
Borrowings	<b>(8,560)</b>	(9,369)
Notes payable	<b><u>(38,996)</u></b>	<u>(39,163)</u>
Net cash	<b><u>21,663</u></b>	<u>25,319</u>

As at 30 June 2015, the Group had net cash of RMB21,663 million. The sequential decrease in net cash was primarily driven by payment of our final dividend for the year ended 31 December 2014. Fair value of our stakes in listed investee companies (both associates and available-for-sale financial assets) totalled RMB90 billion as at 30 June 2015.

As at 30 June 2015, RMB9,532 million of our financial resources were held in deposits denominated in non-RMB currencies.

For the second quarter of 2015, the Group had free cash flow of RMB5,417 million. This was a result of net cash generated from operating activities of RMB7,607 million, offset by payments for capital expenditure of RMB2,190 million.

## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

		Unaudited 30 June 2015	Audited 31 December 2014
	Note	RMB'Million	RMB'Million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets		8,528	7,918
Construction in progress		4,005	3,830
Investment properties		265	268
Land use rights		2,286	751
Intangible assets		10,285	9,304
Investments in associates	3(a)	53,446	51,131
Investments in redeemable preference shares of associates	3(b)	4,776	2,941
Investments in joint ventures		566	63
Deferred income tax assets		621	322
Available-for-sale financial assets	4	26,370	13,277
Prepayments, deposits and other assets		2,115	1,209
Term deposits		<u>3,619</u>	<u>4,831</u>
		<u>116,882</u>	<u>95,845</u>
<b>Current assets</b>			
Inventories		238	244
Accounts receivable	5	5,536	4,588
Prepayments, deposits and other assets		9,544	7,804
Term deposits		17,329	10,798
Restricted cash		20,262	9,174
Cash and cash equivalents		<u>48,271</u>	<u>42,713</u>
		<u>101,180</u>	<u>75,321</u>
<b>Total assets</b>		<u><u>218,062</u></u>	<u><u>171,166</u></u>

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2015</b>	2014
	Note	<b>RMB' Million</b>	RMB' Million
<b>EQUITY</b>			
<b>Equity attributable to the Company's equity holders</b>			
Share capital		—	—
Share premium		<b>6,155</b>	5,131
Shares held for share award schemes		<b>(1,405)</b>	(1,309)
Other reserves		<b>7,238</b>	2,129
Retained earnings		<b><u>85,614</u></b>	<u>74,062</u>
		<b>97,602</b>	80,013
<b>Non-controlling interests</b>		<b><u>2,622</u></b>	<u>2,111</u>
<b>Total equity</b>		<b><u>100,224</u></b>	<u>82,124</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	7	<b>4,280</b>	5,507
Notes payable	8	<b>37,162</b>	25,028
Long-term payables		<b>1,881</b>	2,052
Deferred income tax liabilities		<b>3,017</b>	2,942
Deferred revenue		<b><u>3,000</u></b>	<u>3,478</u>
		<b><u>49,340</u></b>	<u>39,007</u>
<b>Current liabilities</b>			
Accounts payable	9	<b>10,311</b>	8,683
Other payables and accruals		<b>32,085</b>	19,123
Borrowings	7	<b>4,280</b>	3,215
Notes payable	8	<b>1,834</b>	1,834
Current income tax liabilities		<b>1,584</b>	461
Other tax liabilities		<b>374</b>	566
Deferred revenue		<b><u>18,030</u></b>	<u>16,153</u>
		<b><u>68,498</u></b>	<u>50,035</u>
<b>Total liabilities</b>		<b><u>117,838</u></b>	<u>89,042</u>
<b>Total equity and liabilities</b>		<b><u>218,062</u></b>	<u>171,166</u>
<b>Net current assets</b>		<b><u>32,682</u></b>	<u>25,286</u>
<b>Total assets less current liabilities</b>		<b><u>149,564</u></b>	<u>121,131</u>

**CONSOLIDATED INCOME STATEMENT  
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2015**

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2015 RMB'Million	2014 RMB'Million	2015 RMB'Million	2014 RMB'Million
<b>Revenues</b>					
Value-added services		18,428	15,713	37,054	30,126
Online advertising		4,073	2,064	6,797	3,241
Others		<u>928</u>	<u>1,969</u>	<u>1,977</u>	<u>4,779</u>
		<b>23,429</b>	19,746	<b>45,828</b>	38,146
Cost of revenues	11	<u>(8,991)</u>	<u>(7,574)</u>	<u>(17,956)</u>	<u>(15,374)</u>
<b>Gross profit</b>		<b>14,438</b>	12,172	<b>27,872</b>	22,772
Interest income		598	406	1,119	781
Other gains, net	10	612	691	1,023	2,298
Selling and marketing expenses	11	(1,601)	(1,973)	(2,927)	(3,828)
General and administrative expenses	11	<u>(4,011)</u>	<u>(3,453)</u>	<u>(7,679)</u>	<u>(6,390)</u>
<b>Operating profit</b>		<b>10,036</b>	7,843	<b>19,408</b>	15,633
Finance costs, net		(341)	(354)	(774)	(592)
Share of (losses)/profits of associates and joint ventures		<u>(452)</u>	<u>23</u>	<u>(762)</u>	<u>67</u>
<b>Profit before income tax</b>		<b>9,243</b>	7,512	<b>17,872</b>	15,108
Income tax expense	12	<u>(1,847)</u>	<u>(1,686)</u>	<u>(3,546)</u>	<u>(2,850)</u>
<b>Profit for the period</b>		<u><b>7,396</b></u>	<u>5,826</u>	<u><b>14,326</b></u>	<u>12,258</u>

		Unaudited Three months ended 30 June 2015		Unaudited Six months ended 30 June 2015	
Note		RMB'Million	2014 RMB'Million	RMB'Million	2014 RMB'Million
<b>Attributable to:</b>					
	Equity holders of the Company	<b>7,314</b>	5,836	<b>14,197</b>	12,293
	Non-controlling interests	<u><b>82</b></u>	<u>(10)</u>	<u><b>129</b></u>	<u>(35)</u>
		<u><b>7,396</b></u>	<u>5,826</u>	<u><b>14,326</b></u>	<u>12,258</u>
<b>Earnings per share for profit attributable to equity holders of the Company (in RMB per share)</b>					
	- basic	13	<u><b>0.787</b></u>	<u>0.632</u>	<u><b>1.528</b></u>
	- diluted	13	<u><b>0.778</b></u>	<u>0.623</u>	<u><b>1.512</b></u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2015**

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2015	2014	2015	2014
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
<b>Profit for the period</b>	<u>7,396</u>	<u>5,826</u>	<u>14,326</u>	<u>12,258</u>
<b>Other comprehensive income, net of tax:</b>				
Items that may be subsequently reclassified to profit or loss				
Share of other comprehensive income of associates	(168)	5	(98)	13
Net gains from changes in fair value of available-for-sale financial assets	4,795	730	6,559	693
Currency translation differences	<u>(367)</u>	<u>(11)</u>	<u>(180)</u>	<u>6</u>
	<u>4,260</u>	<u>724</u>	<u>6,281</u>	<u>712</u>
<b>Total comprehensive income for the period</b>	<u><u>11,656</u></u>	<u><u>6,550</u></u>	<u><u>20,607</u></u>	<u><u>12,970</u></u>
<b>Attributable to:</b>				
Equity holders of the Company	11,594	6,556	20,492	12,997
Non-controlling interests	<u>62</u>	<u>(6)</u>	<u>115</u>	<u>(27)</u>
	<u><u>11,656</u></u>	<u><u>6,550</u></u>	<u><u>20,607</u></u>	<u><u>12,970</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015

	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 2015</b>	—	5,131	(1,309)	2,129	74,062	80,013	2,111	82,124
<b>Comprehensive income</b>								
Profit for the period	—	—	—	—	14,197	14,197	129	14,326
Other comprehensive income:								
- share of other comprehensive income of associates	—	—	—	(98)	—	(98)	—	(98)
- net gains from changes in fair value of available-for-sale financial assets	—	—	—	6,559	—	6,559	—	6,559
- currency translation differences	—	—	—	(166)	—	(166)	(14)	(180)
<b>Total comprehensive income for the period</b>	—	—	—	6,295	14,197	20,492	115	20,607
<b>Transaction with owners</b>								
Capital injection	—	—	—	—	—	—	54	54
Employee share option schemes:								
- value of employee services	—	96	—	81	—	177	12	189
- proceeds from shares issued	—	88	—	—	—	88	—	88
Employee share award schemes:								
- value of employee services	—	856	—	128	—	984	29	1,013
- shares purchased for share award schemes	—	—	(112)	—	—	(112)	—	(112)
- vesting of awarded shares	—	(16)	16	—	—	—	—	—
Profit appropriations to statutory reserves	—	—	—	5	(5)	—	—	—
Dividends (Note 14)	—	—	—	—	(2,640)	(2,640)	(151)	(2,791)
<b>Total contributions by and distributions to owners recognised directly in equity for the period</b>	—	1,024	(96)	214	(2,645)	(1,503)	(56)	(1,559)
Non-controlling interests arising from business combination	—	—	—	—	—	—	247	247
Acquisition of additional equity interests in non-wholly owned subsidiaries	—	—	—	26	—	26	(52)	(26)
Non-controlling interests arising from disposal of a subsidiary	—	—	—	—	—	—	26	26
Transfer of equity interests of subsidiaries to non-controlling interests	—	—	—	(231)	—	(231)	231	—
Recognition of financial liabilities in respect of the put options granted to non-controlling interests	—	—	—	(1,195)	—	(1,195)	—	(1,195)
<b>Total transactions with owners recognised directly in equity for the period</b>	—	1,024	(96)	(1,186)	(2,645)	(2,903)	396	(2,507)
<b>Balance at 30 June 2015</b>	—	6,155	(1,405)	7,238	85,614	97,602	2,622	100,224



## 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 2014</b>	<u>—</u>	<u>2,846</u>	<u>(871)</u>	<u>3,746</u>	<u>52,224</u>	<u>57,945</u>	<u>518</u>	<u>58,463</u>
<b>Comprehensive income</b>								
Profit for the period	—	—	—	—	12,293	12,293	(35)	12,258
Other comprehensive income:								
- share of other comprehensive income of associates	—	—	—	13	—	13	—	13
- net gains from changes in fair value of available-for-sale financial assets	—	—	—	693	—	693	—	693
- currency translation differences	—	—	—	(2)	—	(2)	8	6
<b>Total comprehensive income for the period</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>704</u>	<u>12,293</u>	<u>12,997</u>	<u>(27)</u>	<u>12,970</u>
<b>Transaction with owners</b>								
Employee share option schemes:								
- value of employee services	—	60	—	51	—	111	10	121
- proceeds from shares issued	—	195	—	—	—	195	—	195
Employee share award schemes:								
- value of employee services	—	572	—	63	—	635	5	640
- shares purchased for Share Award Schemes	—	—	(38)	—	—	(38)	—	(38)
- vesting of awarded shares	—	(11)	11	—	—	—	—	—
Repurchase and cancellation of shares	—	(61)	—	—	—	(61)	—	(61)
Dividends	—	—	—	—	(1,761)	(1,761)	(115)	(1,876)
<b>Total contributions by and distributions to owners for the period</b>	<u>—</u>	<u>755</u>	<u>(27)</u>	<u>114</u>	<u>(1,761)</u>	<u>(919)</u>	<u>(100)</u>	<u>(1,019)</u>
Non-controlling interests arising from business combination	—	—	—	—	—	—	106	106
Disposal of equity interests in a non-wholly owned subsidiary	—	—	—	230	—	230	(10)	220
Acquisition of additional equity interests in non-wholly owned subsidiaries	—	—	—	(628)	—	(628)	6	(622)
Settlement of the financial liabilities in respect of the put option granted to non-controlling interests owners	—	—	—	357	—	357	—	357
<b>Total transactions with owners recognised directly in equity for the period</b>	<u>—</u>	<u>755</u>	<u>(27)</u>	<u>73</u>	<u>(1,761)</u>	<u>(960)</u>	<u>2</u>	<u>(958)</u>
<b>Balance at 30 June 2014</b>	<u>—</u>	<u>3,601</u>	<u>(898)</u>	<u>4,523</u>	<u>62,756</u>	<u>69,982</u>	<u>493</u>	<u>70,475</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>
<b>Net cash flows generated from operating activities</b>	<b>17,295</b>	13,813
<b>Net cash flows used in investing activities</b>	<b>(21,020)</b>	(19,423)
<b>Net cash flows generated from financing activities</b>	<u><b>9,399</b></u>	<u>17,898</u>
<b>Net increase in cash and cash equivalents</b>	<b>5,674</b>	12,288
Cash and cash equivalents at beginning of the period	<b>42,713</b>	20,228
Exchange (losses)/gains on cash and cash equivalents	<u><b>(116)</b></u>	<u>123</u>
<b>Cash and cash equivalents at end of the period</b>	<u><b>48,271</b></u>	<u>32,639</u>
<b>Analysis of balances of cash and cash equivalents:</b>		
Bank balances and cash	<b>15,448</b>	14,248
Term deposits and highly liquid investments with initial term within three months	<u><b>32,823</b></u>	<u>18,391</u>
	<u><b>48,271</b></u>	<u>32,639</u>

**Note:**

**1 General information, basis of preparation and presentation**

The Company was incorporated in the Cayman Islands. 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 consolidated statement of financial position as at 30 June 2015, the related consolidated income statement, the consolidated statement of comprehensive income for the three and six months then ended, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the “Interim Financial Information”) of the Group have been approved by the Board on 12 August 2015.

The Interim Financial Information is prepared in accordance with IAS 34 ‘Interim Financial Reporting’ issued by the International Accounting Standards Board.

The Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2014 as set out in the 2014 annual report of the Company dated 18 March 2015 (the “2014 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 2014 Financial Statements, which have been prepared in accordance with IFRS under the historical cost convention, as modified by the revaluation of assets and liabilities stated at fair value, such as available-for-sale financial assets.

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

The standards adopted by the Group, which are mandatory for the financial year of the Group beginning 1 January 2015, have no material impact on the Group’s Interim Financial Information.

## 2 Segment information

In light of the reduction in size of the Group's eCommerce business, the revenue previously presented under the "eCommerce transactions" segment has also been reclassified to the "Others" segment from 1 January 2015 onwards, both in the internal management reports adopted by the chief operating decision-makers, as well as in the consolidated financial statements of the Group. The comparative figures have also been reclassified to conform to the new presentation. The above changes in segment information were taken to better reflect the current operations of the Group, as well as the resource allocation and future business developments of the Group.

The Group has the following reportable segments for the three and six months ended 30 June 2015 and 2014:

- VAS;
- Online advertising; and
- Others

Others segment of the Group comprises eCommerce transactions, provision of trademark licensing, software development services, software sales and other services.

There were no material inter-segment sales during the three and six months ended 30 June 2015 and 2014. 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 six months ended 30 June 2015 and 2014 is as follows:

	<b>Unaudited</b>			
	<b>Three months ended 30 June 2015</b>			
	<b>VAS</b>	<b>Online</b>	<b>Others</b>	<b>Total</b>
	<b>RMB'Million</b>	<b>advertising</b>	<b>RMB'Million</b>	<b>RMB'Million</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>	<b>RMB'Million</b>	<b>RMB'Million</b>
<b>Segment revenues</b>	<u>18,428</u>	<u>4,073</u>	<u>928</u>	<u>23,429</u>
<b>Gross profit</b>	<u>12,207</u>	<u>2,112</u>	<u>119</u>	<u>14,438</u>
<b>Depreciation</b>	491	42	9	542
<b>Amortisation</b>	116	446	—	562
<b>Share of (losses)/profits of associates and joint ventures</b>	<u>(60)</u>	<u>27</u>	<u>(419)</u>	<u>(452)</u>

	Unaudited			
	Three months ended 30 June 2014			
	VAS	Online	Others	Total
	RMB'Million	advertising	RMB'Million	RMB'Million
		RMB'Million	RMB'Million	RMB'Million
Segment revenues	<u>15,713</u>	<u>2,064</u>	<u>1,969</u>	<u>19,746</u>
Gross profit	<u>10,958</u>	<u>924</u>	<u>290</u>	<u>12,172</u>
Depreciation	487	39	9	535
Amortisation	44	416	—	460
Share of profits/(losses) of associates and joint ventures	<u>(46)</u>	<u>6</u>	<u>63</u>	<u>23</u>

	Unaudited			
	Six months ended 30 June 2015			
	VAS	Online	Others	Total
	RMB'Million	advertising	RMB'Million	RMB'Million
		RMB'Million	RMB'Million	RMB'Million
Segment revenues	<u>37,054</u>	<u>6,797</u>	<u>1,977</u>	<u>45,828</u>
Gross profit	<u>24,379</u>	<u>3,174</u>	<u>319</u>	<u>27,872</u>
Depreciation	990	85	19	1,094
Amortisation	215	965	—	1,180
Share of (losses)/profits of associates and joint ventures	<u>(128)</u>	<u>19</u>	<u>(653)</u>	<u>(762)</u>

	Unaudited			
	Six months ended 30 June 2014			
	VAS	Online	Others	Total
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Segment revenues	<u>30,126</u>	<u>3,241</u>	<u>4,779</u>	<u>38,146</u>
Gross profit	<u>21,000</u>	<u>1,335</u>	<u>437</u>	<u>22,772</u>
Depreciation	941	77	19	1,037
Amortisation	89	598	—	687
Share of profits/(losses) of associates and joint ventures	<u>99</u>	<u>(39)</u>	<u>7</u>	<u>67</u>

### 3 Interests in associates

	Unaudited	Audited
	30 June	31 December
	2015	2014
	RMB'Million	RMB'Million
Investments in associates (a)		
- Listed shares	34,668	32,064
- Unlisted shares	<u>18,778</u>	<u>19,067</u>
	<b>53,446</b>	51,131
Investments in redeemable preference shares of associates (b)	<u>4,776</u>	<u>2,941</u>
	<u><b>58,222</b></u>	<u>54,072</u>

Note:

**(a) Investments in associates**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2015</b>	2014
	<b>RMB'Million</b>	RMB'Million
At beginning of period	<b>51,131</b>	10,867
Additions ((i), (ii) and (iii))	<b>6,185</b>	30,526
Deemed disposal gains	<b>1,278</b>	986
Share of (losses)/profits of associates	<b>(767)</b>	68
Share of other comprehensive income of associates	<b>(102)</b>	13
Dividends from associates	<b>(55)</b>	(25)
Transfer to available-for-sale financial assets	<b>(3,259)</b>	–
Disposal of associates	<b>(301)</b>	(261)
Impairment provision (iv)	<b>(606)</b>	(429)
Currency translation differences	<b>(58)</b>	(79)
	<u><b>53,446</b></u>	<u>41,666</u>
At end of period	<u><b>53,446</b></u>	<u>41,666</u>

- (i) In April 2015, the Group signed a share purchase agreement with 58.com, an existing associate, to purchase certain of its newly issued shares at USD52 per ADS, for a consideration of approximately USD400 million (equivalent to approximately RMB2,457 million). As a result, the Group's equity interests in 58.com increased to approximately 26.3% as at 30 June 2015, on an outstanding basis. 58.com operates an online classified listings platform focusing on local services in the PRC.
- (ii) In April 2015, the Group signed a share purchase agreement with Glu Mobile, a mobile games company listed on NASDAQ, to purchase approximately 16.3% of common shares of Glu Mobile on an outstanding basis at a consideration of approximately USD126 million (equivalent to approximately RMB773 million).
- (iii) The Group also acquired several other associates or made additional investments in existing associates or transfer from available-for-sale financial assets for an aggregate consideration of RMB2,955 million during the six months ended 30 June 2015. These associates are principally engaged in O2O life style information business and other businesses.
- (iv) During the six months ended 30 June 2015, the Group made an impairment provision of RMB606 million (for the six months ended 30 June 2014: RMB429 million) against the carrying amounts of investments in certain associates, based on the results of assessment performed with reference to their business performance and their underlying recoverable amount.

**(b) Investments in redeemable preference shares of associates**

The Group held certain redeemable preference shares of the associates, which are principally engaged in online community services, online game development and other Internet-related businesses. The redemption prices of the relevant shares are agreed at not less than their original subscription prices.

In January 2015, the Group, entered into a series of agreements with a third party company, primarily engaged in the online automotive financing platform business, to subscribe for its convertible redeemable preference shares, representing 26.60% of its total equity capital on a fully-diluted basis, at a cash consideration of USD150 million (approximately RMB921 million).

During the six months ended 30 June 2015, no impairment provision was made (for the six months ended 30 June 2014: RMB280 million) for investments in redeemable preference shares.

**4 Available-for-sale financial assets**

	<b>Unaudited 30 June 2015 RMB'Million</b>	<b>Audited 31 December 2014 RMB'Million</b>
<b>Available-for-sale financial assets</b>		
- Listed equity interests ((a), (b) and (d))	<b>6,443</b>	3,631
- Unlisted interests		
- Equity interests	<b>19,903</b>	9,646
- Other investments	<b>24</b>	—
	<b><u>26,370</u></b>	<b><u>13,277</u></b>

Movement in the unlisted interests is analysed as follows:

	<b>Unaudited Six months ended 30 June 2015 RMB'Million</b>	<b>2014 RMB'Million</b>
At beginning of period	<b>9,646</b>	6,270
Additions (c)	<b>5,565</b>	1,514
Changes in fair value	<b>4,821</b>	1,643
Impairment provision	—	(327)
Transfer to investment in associates	<b>(61)</b>	(67)
Disposal of available-for-sale financial assets	<b>(22)</b>	—
Currency translation differences	<b>(22)</b>	(22)
At end of period	<b><u>19,927</u></b>	<b><u>9,011</u></b>



Note:

- (a) The gains from changes in fair value recognised for the listed equity interests during the six months ended 30 June 2015 were RMB1,975 million (for the six months ended 30 June 2014: losses from changes in fair value were RMB979 million).
- (b) In January 2015, the Group, entered into a series of agreements with a third party company, which is a company listed on the New York Stock Exchange engages in Internet content and marketing services of the automobile industry in China, to subscribe for 3.3% of its outstanding shares, on a fully-diluted basis, at a cash consideration of USD150 million (equivalent to approximately RMB921 million).
- (c) In addition to the above, the Group also acquired certain available-for-sale financial assets or made additional investments in certain existing available-for-sale financial assets or transfer from investment in associates at an aggregate consideration of RMB5,565 million during the six months ended 30 June 2015. They are principally engaged in the O2O business and other Internet-related businesses.
- (d) During the six months ended 30 June 2015, the Group made an impairment provision of RMB521 million (for the six months ended 30 June 2014: RMB436 million) against the carrying amounts of its certain listed available-for-sale financial assets, with reference to their market value, due to the significant decline of market price.

## 5 Accounts receivable

Accounts receivable and their ageing analysis are as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>RMB'Million</b>	RMB'Million
0 - 30 days	<b>3,019</b>	2,032
31 - 60 days	<b>1,792</b>	1,464
61 - 90 days	<b>518</b>	667
Over 90 days	<u><b>207</b></u>	<u>425</u>
	<u><b>5,536</b></u>	<u>4,588</u>

Receivable balances as at 30 June 2015 and 31 December 2014 mainly represented amounts due from telecommunications operators, including China Mobile, China Unicom, China Telecom and their respective branches, subsidiaries and affiliates, other third party online/mobile apps platform providers, as well as brand display advertising customers mainly located in the PRC.

These telecommunication operators and third party platform providers usually settle the amounts due by them within a period of 30 to 120 days and 60 days, respectively. Online advertising customers, which are mainly advertising agencies related to brand display advertising business, are usually granted a credit period of 90 days after full execution of the contracted advertisement orders.

## **6 Share option and share award schemes**

### **(a) Share option schemes**

The Company has adopted several share option schemes for the purpose of providing incentives and rewards to its directors, executives or officers, employees, consultants and other eligible persons:

#### **(i) Pre-IPO Option Scheme**

As at the listing of the Company on 16 June 2004, all options under the Pre-IPO Option Scheme had been granted. The Pre-IPO Option Scheme expired on 31 December 2011.

#### **(ii) Post-IPO Option Scheme I**

Post-IPO Option Scheme I was terminated upon the adoption of the Post-IPO Option Scheme II.

#### **(iii) Post-IPO Option Scheme II**

Pursuant to the Post-IPO Option Scheme II, the Board may, at its discretion, grant options to any eligible person to subscribe for shares in the Company. The Post-IPO Option Scheme II shall be valid and effective for a period of ten years commencing on its date of adoption.

#### **(iv) Post-IPO Option Scheme III**

Pursuant to the Post-IPO Option Scheme III, the Board may, at its discretion, grant options to any eligible person (any senior executive or senior officer, director of any member of the Group or any invested entity and any consultant, advisor or agent of any member of the Board) to subscribe for shares in the Company. The Post-IPO Option Scheme III shall be valid and effective for a period of ten years commencing on its date of adoption.

Upon the Share Subdivision becoming effective, pro-rata adjustments have been made to the exercise prices and the number of outstanding share options, so to give the participants the same proportion of the equity capital as that to which they were previously entitled.

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

	Post-IPO Option Scheme I		Post-IPO Option Scheme II		Post-IPO Option Scheme III		Total
	Average exercise price	No. of options	Average exercise price	No. of options	Average exercise price	No. of options	No. of options
<b>At 1 January 2015 (2)</b>	–	–	<b>HKD57.36</b>	<b>36,432,000</b>	<b>HKD31.70</b>	<b>5,000,000</b>	<b>41,432,000</b>
Granted (2)	–	–	<b>HKD149.80</b>	<b>525,000</b>	–	–	<b>525,000</b>
Exercised (2)	–	–	<b>HKD16.48</b>	<b>(6,773,550)</b>	–	–	<b>(6,773,550)</b>
Lapsed (2)	–	–	<b>HKD25.14</b>	<b>(212,500)</b>	–	–	<b>(212,500)</b>
<b>At 30 June 2015 (2)</b>	–	–	<b>HKD68.45</b>	<b>29,970,950</b>	<b>HKD31.70</b>	<b>5,000,000</b>	<b>34,970,950</b>
<b>Exercisable as at 30 June 2015 (2)</b>	–	–	<b>HKD48.82</b>	<b>8,998,615</b>	<b>HKD31.70</b>	<b>1,250,000</b>	<b>10,248,615</b>
At 1 January 2014 (1)	HKD11.25	819,266	HKD75.69	12,648,005	HKD158.50	1,000,000	14,467,271
Granted before the Share Subdivision (1)	–	–	HKD572.60	2,307,500	–	–	2,307,500
Granted after the Share Subdivision (2)	–	–	HKD112.30	62,500	–	–	62,500
Exercised before the Share Subdivision (1)	HKD11.25	(819,224)	HKD46.54	(2,896,392)	–	–	(3,715,616)
Exercised after the Share Subdivision (2)	–	–	HKD7.15	(14,171,923)	–	–	(14,171,923)
Lapsed before the Share Subdivision (1)	HKD14.53	(42)	HKD116.38	(600,000)	–	–	(600,042)
Lapsed after the Share Subdivision (2)	–	–	HKD6.35	(100)	–	–	(100)
Effect of Share Subdivision (3)	–	–	–	<u>45,836,452</u>	–	<u>4,000,000</u>	<u>49,836,452</u>
<b>At 30 June 2014 (2)</b>	–	–	<b>HKD45.84</b>	<b>43,186,042</b>	<b>HKD31.70</b>	<b>5,000,000</b>	<b>48,186,042</b>
<b>Exercisable as at 30 June 2014 (2)</b>	–	–	<b>HKD14.83</b>	<b>16,028,572</b>	–	–	<b>16,028,572</b>

**Note:**

- (1) The numbers of shares and average exercise price were presented as before the effect of the Share Subdivision.
- (2) The numbers of shares and average exercise price were presented as after the effect of the Share Subdivision.
- (3) It represented the effects of adjustments made to the numbers of shares as a result of the Share Subdivision.

During the six months ended 30 June 2015, no share options was granted to any director of the Company (for the six months ended 30 June 2014: 1,000,000 share options (before the effect of the Share Subdivision) were granted to an executive director of the Company).

**(b) Share award schemes**

The Company has adopted the Share Award Schemes, both of which are administered by an independent trustee appointed by the Group. The vesting period of the awarded shares is determined by the Board.

Upon the Share Subdivision became effective, pro-rata adjustments have been made to the number of outstanding awarded shares, so as to give the participants the same proportion of the equity capital as that they were entitled to before the Share Subdivision.

Movements in the number of shares held for the Share Award Schemes and awarded shares for the six months ended 30 June 2015 and 2014 are as follows:

	<b>Number of shares held for the Share Award Schemes</b>	<b>Number of awarded shares</b>	<b>Total</b>
<b>At 1 January 2015</b> (ii)	<b>6,650,532</b>	<b>82,035,522</b>	<b>88,686,054</b>
Purchased and withheld (ii)	986,469	—	986,469
Shares to be allotted to the Share Award Schemes ((ii) and (iv))	4,344,340	—	4,344,340
Granted (ii)	(10,088,130)	10,088,130	—
Lapsed (ii)	2,289,714	(2,289,714)	—
Vested and transferred (ii)	—	(4,556,637)	(4,556,637)
	<u>4,182,925</u>	<u>85,277,301</u>	<u>89,460,226</u>
<b>At 30 June 2015</b> (ii)			
<b>Vested but not transferred as at 30 June 2015</b> (ii)			<u>—</u>
At 1 January 2014 (i)	1,435,659	18,065,996	19,501,655
Purchased and withheld before the Share Subdivision (i)	31,583	—	31,583
Purchased and withheld after the Share Subdivision (ii)	286,770	—	286,770
Granted before the Share Subdivision (i)	(1,183,445)	1,183,445	—
Granted after the Share Subdivision (ii)	(597,100)	597,100	—
Lapsed before the Share Subdivision (i)	461,220	(461,220)	—
Lapsed after the Share Subdivision (ii)	542,080	(542,080)	—
Vested and transferred before the Share Subdivision (i)	—	(226,797)	(226,797)
Vested and transferred after the Share Subdivision (ii)	—	(1,593,290)	(1,593,290)
Effect of Share Subdivision (iii)	2,980,068	74,245,696	77,225,764
	<u>3,956,835</u>	<u>91,268,850</u>	<u>95,225,685</u>
<b>At 30 June 2014</b> (ii)			
<b>Vested but not transferred as at 30 June 2014</b> (ii)			<u>68,585</u>

Note:

(i) The numbers of shares were presented as before the effect of the Share Subdivision.

- (ii) The numbers of shares were presented as after the effect of the Share Subdivision.
- (iii) It represented the effects of adjustments made to the numbers of shares as a result of the Share Subdivision.
- (iv) The share allotment was not completed as at 30 June 2015.

During the six months ended 30 June 2015, 75,000 awarded shares (after the effect of the Share Subdivision) were granted to three independent non-executive directors of the Company (for the six months ended 30 June 2014: 25,000 awarded shares (before the effect of the Share Subdivision) were granted to three independent non-executive directors of the Company).

## 7 Borrowings

	<b>Unaudited 30 June 2015 RMB'Million</b>	<b>Audited 31 December 2014 RMB'Million</b>
<b>Included in non-current liabilities:</b>		
Non-current portion of long-term USD bank borrowings		
- Unsecured (a)	<u>4,280</u>	<u>5,507</u>
<b>Included in current liabilities:</b>		
RMB bank borrowings		
- Unsecured	—	125
USD bank borrowings		
- Unsecured (b)	3,057	1,836
Current portion of long-term USD bank borrowings		
- Unsecured (a)	<u>1,223</u>	<u>1,254</u>
	<u>4,280</u>	<u>3,215</u>
	<u>8,560</u>	<u>8,722</u>

Movement in the borrowings is analysed as follows:

	<b>Unaudited Six months ended 30 June 2015 RMB'Million</b>	<b>2014 RMB'Million</b>
At beginning of period	8,722	5,912
Additions of bank borrowings	1,530	3,087
Repayments of bank borrowings	(1,564)	(251)
Decrease in respect of disposal of a subsidiary	(125)	—
Currency translation differences	<u>(3)</u>	<u>72</u>
At end of period	<u>8,560</u>	<u>8,820</u>

Note:

- (a) The aggregate principal amount of long-term USD bank borrowings was USD900 million (31 December 2014: USD1,105 million). Applicable interest rates are at LIBOR plus 1.35% to 1.52 % (31 December 2014: LIBOR plus 1.35% to 1.75%) per annum.
- (b) The aggregate principal amount of short-term USD bank borrowings was USD500 million (31 December 2014: USD300 million). Applicable interest rates are at LIBOR plus 0.75% to 0.85% or at interest rates of 1.125% (31 December 2014: LIBOR plus 0.85% to 1.00%) per annum.

## 8 Notes payable

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>RMB'Million</b>	RMB'Million
<b>Included in non-current liabilities:</b>		
Non-current portion of long-term USD notes payable	<b>34,646</b>	22,511
Non-current portion of long-term HKD notes payable	<u><b>2,516</b></u>	<u>2,517</u>
	<u><b>37,162</b></u>	<u>25,028</u>
<b>Included in current liabilities:</b>		
Current portion of long-term USD notes payable	<u><b>1,834</b></u>	<u>1,834</u>
	<u><b>38,996</b></u>	<u>26,862</u>

Note:

The aggregate principal amount of USD notes payable and HKD notes payable were USD6,000 million (31 December 2014: USD4,000 million) and HKD3,200 million (31 December 2014: HKD3,200 million), respectively. The interest rate range of the notes payable is from 1.860% to 4.625% (31 December 2014: 1.860% to 4.625%) per annum.

In February 2015, the Company issued two tranches of senior notes under the Global Medium Term Note Programme (the “Programme”) with an aggregate principal amount of USD2 billion, comprising of USD1.1 billion senior notes due 2020 (the “2015 Notes I”) and USD900 million notes due 2025 (the “2015 Notes II”). Both of the 2015 Notes I and 2015 Notes II are listed on the Stock Exchange.

In April 2015, the Company updated the Programme and increased the limit on the aggregate principal amount from USD5 billion to USD10 billion.

There is no security or pledge offered by the Group for issuing these notes.

## 9 Accounts payable

Accounts payable and their ageing analysis are as follows:

	<b>Unaudited 30 June 2015 RMB'Million</b>	Audited 31 December 2014 RMB'Million
0 - 30 days	7,022	5,775
31 - 60 days	804	936
61 - 90 days	794	618
Over 90 days	<u>1,691</u>	<u>1,354</u>
	<u><b>10,311</b></u>	<u><b>8,683</b></u>

## 10 Other gains, net

	<b>Unaudited Three months ended 30 June</b>		<b>Unaudited Six months ended 30 June</b>	
	2015	2014	2015	2014
	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Gains on disposals/deemed disposals of investees and businesses ((a) and (b))	1,487	1,082	2,326	3,799
Subsidies and tax rebates	56	45	65	52
Dividend income	173	64	214	69
Impairment provision for investee companies and intangible assets from acquisition	(1,052)	(325)	(1,275)	(1,145)
Donation to Tencent Charity Funds	–	(100)	(250)	(250)
Others	<u>(52)</u>	<u>(75)</u>	<u>(57)</u>	<u>(227)</u>
	<u><b>612</b></u>	<u><b>691</b></u>	<u><b>1,023</b></u>	<u><b>2,298</b></u>

Note:

- (a) During the six months ended 30 June 2015, an associate of the Group completed a new round of ordinary share issuance. Following the completion of that issuance, the Group's equity interest in this associate was diluted from 15.0% to 12.1% and a dilution gain of RMB668 million had been recognised accordingly.
- (b) Following the completion of a round of equity financing of a then existing associate during the six months ended 30 June 2015, the Group's equity interest in that associate decreased to below 20.0%, and the Group also ceased to have board representation or other arrangements to exert significant influence on that associate. Accordingly, the Group reclassified the investment from investment in associates to available-for-sale financial assets, and recognised a step down gain of approximately USD79 million (equivalent to approximately RMB484 million) from such reclassification.

## 11 Expenses by nature

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2015 RMB'Million	2014 RMB'Million	2015 RMB'Million	2014 RMB'Million
Employee benefits expenses (a)	<b>4,544</b>	3,776	<b>8,602</b>	7,020
Content costs and agency fees	<b>3,582</b>	2,356	<b>7,255</b>	4,557
Cost of merchandise sold	<b>34</b>	1,395	<b>193</b>	3,747
Bandwidth and server custody fees	<b>1,333</b>	1,065	<b>2,509</b>	2,042
Channel costs	<b>955</b>	388	<b>1,944</b>	759
Promotion and advertising expenses	<b>1,080</b>	1,463	<b>1,944</b>	2,768
Depreciation of fixed assets (a)	<b>769</b>	761	<b>1,549</b>	1,465
Amortisation of intangible assets (b)	<b>662</b>	509	<b>1,385</b>	784
Operating lease rentals in respect of office buildings	<b>223</b>	257	<b>436</b>	513
Travelling and entertainment expenses	<b>131</b>	113	<b>270</b>	209

Note:

- (a) Research and development expenses for the three and six months ended 30 June 2015 were RMB2,072 million and RMB4,099 million (for the three and six months ended 30 June 2014: RMB1,881 million and RMB3,393 million, respectively), which included employee benefit expenses of RMB1,643 million and depreciation of fixed assets of RMB175 million for the three months ended 30 June 2015 (for the three months ended 30 June 2014: RMB1,491 million and RMB162 million, respectively) and employee benefit expenses of RMB3,288 million and depreciation of fixed assets of RMB346 million for the six months ended 30 June 2015 (for the six months ended 30 June 2014: RMB2,692 million and RMB312 million, respectively). No development expenses had been capitalised for the three and six months ended 30 June 2015 and 2014.
- (b) Included the amortisation charge for intangible assets in respect of licenses and licensed online contents.



## **12 Income Tax expenses**

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 British Virgin Islands for the three and six months ended 30 June 2015 and 2014.

### **(b) Hong Kong profits tax**

Hong Kong profits tax provision has been provided at the rate of 16.5% on the estimated assessable profits for the three and six months ended 30 June 2015 and 2014.

### **(c) PRC corporate income tax**

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC for the three and six months ended 30 June 2015 and 2014, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances.

Pursuant to the PRC Corporate Income Tax Law promulgated by the Tenth National People's Congress on 16 March 2007 (the "CIT Law"), the CIT rate is 25% for domestic and foreign enterprise in 2015.

In 2014, 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 a 3-year period from 2014 to 2016 according to the applicable CIT Law. In 2014, one of these subsidiaries was approved as a national key software enterprise, and accordingly, its CIT rate for 2014 was reduced to the preferential rate of 10%. This subsidiary adopted CIT rate of 15% for the three and six months ended 30 June 2015.

In addition, 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) United States corporate income tax**

United States CIT provision was provided for the three and six months ended 30 June 2015 and 2014 for the entities within the Group which were incorporated in the United States with estimated assessable profits, at applicable tax rate of 36%.

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

CIT provision has been provided for the three and six months ended 30 June 2015 and 2014 for the entities within the Group which were incorporated in Europe, East Asia and South America to the extent that there were estimated assessable profits under these jurisdictions, at applicable tax rates ranging from 12.5% to 35%.

**(f) PRC withholding tax**

According to applicable PRC tax regulations, 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 and meets the conditions or requirements under the double taxation arrangement entered into between the Mainland China and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. Hence, the Group used 5% to accrue the withholding tax for certain Hong Kong intermediate holding companies which are expected to fulfill the aforesaid conditions.

The income tax expense of the Group for the three and six months ended 30 June 2015 and 2014 are analysed as follows:

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>	<b>RMB'Million</b>	<b>RMB'Million</b>
Current tax	<b>1,885</b>	1,229	<b>3,670</b>	1,653
Deferred income tax	<u>(38)</u>	<u>457</u>	<u>(124)</u>	<u>1,197</u>
	<b><u>1,847</u></b>	<b><u>1,686</u></b>	<b><u>3,546</u></b>	<b><u>2,850</u></b>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the three and six months ended 30 June 2015 and 2014, being the tax rate of the major subsidiaries of the Group before preferential tax treatments. The difference is analysed as follows:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2015 RMB'Million	2014 RMB'Million	2015 RMB'Million	2014 RMB'Million
Profit before income tax	<b>9,243</b>	7,512	<b>17,872</b>	15,108
Share of losses/(profits) of associates and joint ventures	<u>452</u>	<u>(23)</u>	<u>762</u>	<u>(67)</u>
	<b>9,695</b>	<u>7,489</u>	<b>18,634</b>	<u>15,041</u>
Tax calculated at a tax rate of 25%	<b>2,424</b>	1,872	<b>4,659</b>	3,760
Effects of different tax rates applicable to different subsidiaries of the Group	<b>(621)</b>	(856)	<b>(1,391)</b>	(2,509)
Effects of tax holiday on assessable profits of subsidiaries	<b>(139)</b>	(121)	<b>(215)</b>	(185)
Income not subject to tax	<b>(5)</b>	–	<b>(11)</b>	–
Expenses not deductible for tax purposes	<b>107</b>	253	<b>288</b>	503
Withholding tax on earnings expected to be remitted by PRC subsidiaries	–	350	–	800
Unrecognised deferred income tax assets	<b>21</b>	220	<b>156</b>	478
Others	<u>60</u>	<u>(32)</u>	<u>60</u>	<u>3</u>
Income tax expense	<b><u>1,847</u></b>	<u>1,686</u>	<b><u>3,546</u></b>	<u>2,850</u>

## 13 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:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2015	2014	2015	2014
Profit attributable to equity holders of the Company (RMB' Million)	<u>7,314</u>	<u>5,836</u>	<u>14,197</u>	<u>12,293</u>
Weighted average number of ordinary shares in issue (million shares)	<u>9,292</u>	<u>9,237</u>	<u>9,289</u>	<u>9,231</u>
Basic EPS (RMB per share)	<u>0.787</u>	<u>0.632</u>	<u>1.528</u>	<u>1.332</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 should also have potential dilutive effect on the EPS. During the three and six months ended 30 June 2015 and 2014, these share options and restricted shares had either anti-dilutive effect or insignificant dilutive effect to the Group.

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2015	2014	2015	2014
Profit attributable to equity holders of the Company (RMB' Million)	<u>7,314</u>	<u>5,836</u>	<u>14,197</u>	<u>12,293</u>
Weighted average number of ordinary shares in issue (million shares)	<b>9,292</b>	9,237	<b>9,289</b>	9,231
Adjustments for share options (million shares)	<b>21</b>	40	<b>21</b>	45
Adjustments for awarded shares (million shares)	<u>82</u>	<u>84</u>	<u>81</u>	<u>85</u>
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	<u>9,395</u>	<u>9,361</u>	<u>9,391</u>	<u>9,361</u>
Diluted EPS (RMB per share)	<u>0.778</u>	<u>0.623</u>	<u>1.512</u>	<u>1.313</u>

## 14 Dividends

A final dividend in respect of the year ended 31 December 2014 of HKD0.36 per share (2013: HKD1.20 per share before the effect of the Share Subdivision, or HKD0.24 per share after the effect of the Share Subdivision) was proposed pursuant to a resolution passed by the Board on 18 March 2015 and approved by the shareholders at the annual general meeting held on 13 May 2015. Such dividend, which excluded the dividends related to the shares held for the Share Award Schemes, amounting to RMB2,640 million (final dividend for 2013: RMB1,761 million), was paid/payable as at 30 June 2015.

The Board did not propose any interim dividend for the six months ended 30 June 2015 and 2014.

## **OTHER INFORMATION**

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

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2015.

### **Employee and Remuneration Policies**

As at 30 June 2015, the Group had 28,072 employees (30 June 2014: 24,993). 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 six months ended 30 June 2015 was RMB8,602 million (for the six months ended 30 June 2014: RMB7,020 million).

### **Audit Committee**

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee, together with the Auditor, has reviewed the Group's unaudited Interim Financial Information for the three and six months ended 30 June 2015.

### **Compliance with the Corporate Governance Code**

Save as disclosed in the corporate governance report in the 2014 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 CG Code during the period from 1 January 2015 to 30 June 2015.

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 thank wholeheartedly for the contributions made by our talented staff and professional management team for delivering remarkable achievements of the Group. I would also like to thank our shareholders and stakeholders for their unwavering confidence and support. Looking ahead, we will continue to cultivate a vibrant Internet ecosystem and, together with our partners, bring popular products and services to our users.

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

Hong Kong, 12 August 2015

*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 (Koos) Bekker and Charles St Leger Searle; and

*Independent Non-Executive Directors:*

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

*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 have the following meanings:

<b>Term</b>	<b>Definition</b>
“58.com”	58.com Inc., a company incorporated under the laws of the Cayman Islands whose ADSs are listed on the New York Stock Exchange
“ADS”	American Depositary Share
“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 provisions set out in Appendix 14 to the Listing Rules
“China Mobile”	China Mobile Communications Corporation
“China Telecom”	China Telecommunications Corporation
“China Unicom”	China United Network Communications Group Company Limited
“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
“Glu Mobile”	Glu Mobile Inc., a company existing under the laws of the State of Delaware and the shares of which are listed on NASDAQ



“Group”	the Company and its subsidiaries
“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
“IP”	intellectual property
“IPO”	initial public offering
“LIBOR”	London InterBank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“M&A”	mergers and acquisitions
“MAU”	monthly active user accounts
“NASDAQ”	NASDAQ Global Select Market
“NBA”	the National Basketball Association
“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
“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
“RMB”	the lawful currency of the PRC

“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
“Share Subdivision”	with effect from 15 May 2014, each existing issued and unissued share of HKD0.0001 each in the share capital of the Company was subdivided into five subdivided shares of HKD0.00002 each, after passing of an ordinary resolution at the annual general meeting of the Company held on 14 May 2014 and granting by the Stock Exchange of the listing of, and permission to deal in, the subdivided shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tencent Charity Funds”	charity funds established by the Group
“United States”	the United States of America
“USD”	the lawful currency of the United States
“VAS”	value-added services