

Gaming giant Tencent's 2022 annual net profit falls 16%

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A file photograph shows Tencent's headquarters in Shanghai. The Chinese tech giant suffered a 16 percent drop in annual net profit in 2022.

Chinese gaming giant Tencent's profits fell steeply last year, according to an earnings report released Wednesday, as the country's tech sector

weathers a government crackdown and a shaky economy.

Annual net profit in 2022 fell 16 percent year-on-year for the group, which owns the popular Chinese messaging app WeChat.

Tech titans such as Tencent and Alibaba have faced increasing pressure from Chinese authorities since 2020 after years of meteoric growth.

Many have been investigated for alleged anti-competitive behavior and data security issues, dampening investor enthusiasm.

Wednesday's report also showed a dip in Tencent's total annual revenue, which came to 554.6 billion yuan (\$80.5 billion), down one percent year-on-year.

The group recorded a quarterly revenue drop in the [second quarter](#) last year, the first since its 2004 IPO.

However, founder and CEO Pony Ma struck an optimistic note in Wednesday's [earnings report](#).

Changes implemented last year would "position us to benefit from, and contribute to, a rebound in China [economic growth](#) which our users' activity suggests is now underway", he wrote.

The Shenzhen-based company showed improvement during the three-month period ended December 31, with revenue of 145.0 billion yuan, up three percent from the previous quarter.

These were the first quarterly results posted by Tencent since the government's sudden lifting in December of its zero-COVID policy, which dragged heavily on the domestic economy.

Tencent, a world-leading video games provider, has been seeking to diversify its [business operations](#) and ensure its survival in the face of what it has referred to as "transitional industry challenges".

Beijing moved against the gaming sector in 2021 as part of the sprawling crackdown on big tech, including a strict cap on the amount of time children could spend playing online.

But recent signals from authorities suggest the storm clouds could be receding. The firm received formal approval in November to publish new games after an 18-month hiatus.

Still, the official posture towards entrepreneurs in China remains far less encouraging than during the period of unbridled growth from which Tencent emerged.

Ma's name was glaringly absent from a list of delegates selected to attend China's annual parliamentary session earlier this month, suggesting that top tech sector voices are losing influence in Beijing.

Tencent has ramped up its globalization efforts recently, making a series of notable acquisitions and investments in the international gaming sector, such as the purchase of British studio Sumo last year.

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