We Build Connections

For Users:
• Always connected
• Enjoy a wide range of content and entertainment offerings
• Access to a rich mix of services and transact at fingertips

For Enterprises:
• Access to a massive user base
• Advertise efficiently and strengthen CRM across our products
• Facilitate transactions with online payment solutions
• Embrace digital upgrades
Online Games
• #1 by users in China across PC and smart phone
• #1 globally by revenue

Weixin & WeChat
• #1 smart phone community
• MAU at 1,225m

QQ
• QQ smart devices MAU at 595m

Communication & Social

Online Games
Long Form Video
• #1 by mobile DAU

News
• #1 news services by MAU

Music
• #1 music services provider

Literature
• #1 online content library and publisher

Mobile Payment
• #1 by MAU & DAU

FinTech

Cloud

Utilities

Mobile Browser
• #1 by MAU

Mobile Security
• #1 by MAU

Public Cloud
• #2 service provider by revenue

* All rankings above refer to China market, unless otherwise stated. Company data as of December 31, 2020.
Weixin Reshapes Digital Lifestyle in China

Weixin Pay
• Easy and secured online/offline transactions
• #1 mobile payment solution in China
• Over 1 billion average commercial transactions per day¹

Mini Programs
• Facilitate businesses to build digital presence and provide Weixin users with products, content and services
• 2020 annual transaction value more than doubled YoY²

Official Accounts
• Allow individuals, media and businesses to share original content and engage with readers/customers
• Strengthen brand awareness and content management

Video Accounts
• Facilitate public sharing of informative content in video and live streaming format
• Link public and private domain to help content creators and brands acquire and manage customers efficiently

Largest communication and social service in China for over 1.2 billion MAU²
Weixin & WeChat

1. As of December 31, 2019
2. As of December 31, 2020
QQ Caters to Evolving Needs of Young Users

Value-added services
QQ VIP
Payment
QQ Wallet
Applications
QQ Mini Programs
Information
Kandian
Sharing
Qzone
Content community
Mini World

595 million QQ MAU\(^1\) on smart devices

1. As of December 31, 2020
Embracing the Industrial Internet

- Extend our “Connection” Strategy from connecting people to people, people to content and services, to connecting industries, consumers and business partners
- Customise smart industry solutions based on Tencent Cloud; leverage our high-DAU products and proprietary technologies to assist enterprises in digital transformation

**Smart Solutions**
- Smart Retail
- Smart Healthcare
- Smart Education
- Smart Finance
- Smart Transportation

**High-DAU Products**
- Weixin
- QQ
- Mini Programs
- Weixin Pay
- WeCom

**Technologies**
- Security
- Autonomous Driving
- YouTu AI Lab
- Tencent AI Lab
- Big Data Analytics
- Location-based Services

**Infrastructure**
- Comprehensive range of products and services (>300) on top of computing and storage
- Solid infrastructure in 27 regions and 60 availability zones
- Over 1 million paying customers

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1. As of December 31, 2020
2. As of December 31, 2019
Support Innovation through Investment in Partnerships

Consumer Internet
- Access to emerging opportunities arising from technological advancement and user behaviour changes
- Prioritize user value and product experience
- Focus on content, games, fintech services, eCommerce, O2O and education

Industrial Internet
- Build close partnerships with value chain players to support evolution of industrial Internet
- Leverage technologies to digitalise various sectors, such as education, healthcare, transportation, retail
- Connect users with more services in convenient and efficient manner

Principles
- Invest in high-quality management teams and best-in-class companies
- Support their independent growth and innovation
- Pursue synergies that are value-added to users
- Focus our internal resources on innovation within our core businesses
## Our ESG Commitment and Approach

### Environment
- **Carbon neutrality**: explore renewable energy solutions; leverage self-developed T-block technology to optimise power usage efficiency in data centres
- **AI for Food, Energy and Water (FEW)**: leverage AI, big data analytics and cloud computing to facilitate desert reclamation

### Social
- **Privacy and security**: adhere to ‘Privacy by Design’ and protect user data with advanced security technologies
- **Responsibility towards teenage users**: upgrade our *Balanced Online Entertainment System*; released teenager mode in multiple products to advocate digital well-being
- **Fighting COVID-19**: *Health Code* facilitates domestic travel and reduces transmission risks for over 1 billion users; *Weixin Pay, Mini Programs* and other digital tools assisted economic recovery

### Governance
- **Integrity as core value**: prevent corruption with stringent risk management and internal controls
- **Fostering ecosystem**: support the growth of third-party partners, promote fair competition and industry collaboration
- **Diversity**: enhance board diversity in gender, background and expertise

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**MSCI ESG Rating: BBB | Sustainalytics ESG risk score: 24.8**

*Out of 100, the lower the better*
1. Business Model

2. Financials
Our Business Model

Fee-based revenue

VAS: Social Networks
- Digital media subscriptions
- Membership privileges
- Virtual item sales

VAS: Online Games
- Smart phone games
- PC games
- Console games

Traffic-based revenue

Online Advertising
- Social & Others Ads: Moments, Official Accounts, app store, browser and mobile ad network
- Media Ads: news, video & music properties

Transaction-based revenue

FinTech and Business Services
- FinTech Services
- Business Services
Social Networks

Massive and engaged user base with network effects across our products

Communication and Social

- Weixin & WeChat
- QQ

Media and digital content

- News
- Online Music
- Video
- News Feeds
- Live Broadcast
- Online Literature

Utilities

- Mobile / PC Manager (Security)
- QQ Browser
- YingYongBao (App Store)

Multiple monetisation levers

Membership privileges

- Upgrade to paid membership to enjoy higher privileged services (on top of free basic services)

Digital content subscriptions

- Monthly subscription packages for digital media and content services
  - Total video subscriptions: 123 million
  - Total music subscriptions: 56 million

Virtual item sales

- Users buy virtual gifts to support their friends and favorite artists/hosts
- In-game item sales

1. As of December 31, 2020
### Online Games

#### Clear leader in China
- #1 smart phone games publisher & developer with 54% market share in China (1)
- #1 PC games publisher & developer with 60% market share in China (2)

#### Global Presence
- Business cooperation or equity investment with 8 out of top 10 game companies, expanding our global footprint
- Developed 4 of the top 10 smart phone games by MAU globally, together with our majority owned subsidiaries (3)

#### Leading Development, Publishing & Operational Capabilities
- In-house developed titles gaining global popularity:
  - **Honour of Kings**
    - #1 China smart phone game by DAU (4)
  - **Peacekeeper Elite**
    - #2 China smart phone game by DAU (4)
  - **PUBG Mobile**
    - #2 international smart phone game by DAU (5)
  - **League of Legends**
    - #2 global top grossing PC game (6)

#### Diversity of game portfolio
- Over 140 game titles (6)
- Multiple genres including battle arena, racing, strategy and tactical tournament
- Extended home entertainment offerings to console in partnership with Nintendo

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1. According to Analysys, based on revenues of public Chinese online game companies in 1H2020.
2. According to iResearch, based on revenues of public Chinese online game companies in 2019.
3. According to global MAU data from QuestMobile and App Annie, as of December 2020
4. According to QuestMobile, as of December 2020.
5. According to App Annie, global ex China ranking by DAU as of December 2020
6. According to Superdata, global grossing ranking as of December 2020
7. As of December 31, 2020
Social and Others Advertising

Moments ad linking to Mini Programs

Customised ad campaign during Chinese New Year

In chat: trigger falling emoticons with keywords

Click ‘fortune bag’ emoticon

In Mini Programs: distribute e-coupons
Media Advertising

In-feed native video ads

Video pre-roll

QQ.Com / Tencent News App
Video Portal / Video App
QQ Music App

Banner

Video Portal | Video App
QQ. Com | Tencent News App
QQ Music App

Banner Video pre-roll
FinTech and Business Services

Work closely with regulators and collaborate with industry partners to deliver compliant and inclusive FinTech products, while prioritising risk management over scale

- Take-rate on commercial transactions collected from merchants
- Cash withdrawal fee and credit card repayment charges collected from users

- Fees and commissions from financial institution partners
  - LiCaiTong: wealth management service offering high-quality financial products from partners; aggregated customer assets exceeded RMB800 billion\(^1\).
  - WeiLiDai: online lending product provided by WeBank
  - WeSure: insurance platform

Leading infrastructure and technology capabilities assist enterprises digitalisation

- Usage-based billing or service fees on IaaS, PaaS, SaaS and technology solutions from enterprise customers
  - IaaS: Star Lake server and T-block technology enhanced service performance
  - PaaS: increasing adoption of security and real-time communication PaaS
  - SaaS: Tencent Meeting/VooV Meeting, WeCom, Tencent Docs for digitalisation

- Smart industry solutions: service fees from industry partners e.g., education, financial, healthcare, eCommerce, tourism, etc.

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1. In the fourth quarter of 2019
1. Business Model

2. Financials
Diversified Revenue Streams

In billion RMB

1. Effective from 10 Mar 2014, we have divested our B2C and C2C eCommerce marketplaces and deconsolidated such revenues
2. Others revenues for 1Q2015 include revenue from eCommerce transactions
3. From first quarter of 2019, we separately report the financials of FinTech and Business Services, with comparative figure in 2018 restated accordingly
Sustainable Cash Generation

Operating Cash Flow, Capital Expenditure Paid and Dividends Paid

In billion RMB

1. Capital expenditure paid includes purchase of property, plant and equipment, constructions in progress and investment properties, payments for land use rights and payments for intangible assets (excluding media content, game licenses and other contents). Dividends paid include dividends paid to both the Company's shareholders and non-controlling interests.

2. In 2019, we have reclassified interest paid from operating to financing cash flows, with comparative figures restated since 2018.
Other Financial Metrics

1. Total debt consists of borrowings and notes payable; Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses
2. Capital expenditure paid includes purchase of property, plant and equipment, constructions in progress and investment properties, payments for land use rights and payments for intangible assets (excluding media contents, game licences and other contents)
3. Total capitalization consists of total debt plus total equity (book value)
4. 3Q20 and 4Q20 figures quoted in US dollars are based on the exchange rate of US$1 to RMB6.8101, and US$1 to RMB6.5249, respectively

Fair value of shareholdings in listed investee companies, excluding subsidiaries:
RMB 1,205 billion (USD 185 billion4) as at December 31, 2020, compared to RMB891 billion (USD131 billion4) as at Sep 30, 2020