Cautionary Note

This presentation may contain forward-looking statements relating to the forecasts, targets, outlook, estimates of financial performance, opportunities, challenges, business developments, business plans and growth strategies of Tencent Holdings Limited (the “Company” or “Tencent”) and its group companies. These forward-looking statements are based on information currently available to Tencent and are stated here on the basis of the outlook at the time that this presentation was produced. The Company undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise. The forward-looking statements are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. The forward-looking statements may prove to be incorrect and may not be realized in the future. Underlying the forward-looking statements are a large number of risks and uncertainties. Therefore you should not rely on any of these forward-looking statements. Please see our various other public disclosure documents for a detailed discussion of those risks and uncertainties.

This presentation also contains some unaudited non-IFRS financial measures which should be considered in addition to, but not as a substitute for, measures of the Company's financial performance prepared in accordance with IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies. The Company's management believes that the non-IFRS financial measures provide investors with useful supplementary information to assess the performance of the Company's core operations by excluding certain non-cash items and certain impact of acquisitions. For further explanation of our non-IFRS measures and reconciliations between our IFRS and non-IFRS results, please refer to our earnings announcement.

In addition, information relating to other companies and the market in general presented in these materials has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by Tencent and cannot be guaranteed. All materials contained within this presentation are protected by copyright law and may not be reproduced, distributed, transmitted, displayed, published or broadcast without the prior, express written consent of Tencent.

The reporting currency of the company is Renminbi. For the purpose of this presentation, all figures quoted in US dollars are based on the exchange rate of US$1 to RMB6.5249 for 4Q2020.
1. Overview

2. Strategy Review
3. Business Review
4. Financial Review
5. Q&A
## 2020 Business Highlights

| Social | • Weixin Video Accounts facilitated public sharing of informative and educational content in video format  
• Mini Programs deepened penetration in more use cases, with annual transaction volume more than doubling YoY  
• We increased the stickiness of QQ young users by enriching community experiences and catering to entertainment and eLearning needs |
| --- | --- |
| Games | • Our worldwide online games revenue grew 36% YoY  
• We expanded our user bases for major games (Honour of Kings, Peacekeeper Elite, PUBG Mobile, League of Legends) and launched successful new games (Valorant, Moonlight Blade Mobile, Call of Duty Mobile) |
| Content & Advertising | • We extended IP value across literature, anime, games, and long form video to generate unique and appealing content  
• We became clear #1 in China video subscriptions market  
• We integrated advertising platforms, strengthening Tencent’s own properties and mobile ad network as preferred choices for advertisers |
| FinTech & Business Services | • Payment user engagement and commercial payment volume increased healthily  
• Work closely with regulators and industry partners to deliver compliant FinTech products, while prioritising risk management over scale  
• Tencent Meeting has become the largest standalone app for cloud conferencing in China  
• Star Lake server and T-block technology enhanced Tencent Cloud Services’ performance and cost efficiency |
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>4Q2020</th>
<th>YoY</th>
<th>QoQ</th>
<th>FY2020</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>133.7</td>
<td>+26%</td>
<td>+7%</td>
<td>482.1</td>
<td>+28%</td>
</tr>
<tr>
<td><strong>Value Added Services</strong></td>
<td>67.0</td>
<td>+28%</td>
<td>-4%</td>
<td>264.2</td>
<td>+32%</td>
</tr>
<tr>
<td><strong>Social Networks</strong></td>
<td>27.9</td>
<td>+27%</td>
<td>-2%</td>
<td>108.1</td>
<td>+27%</td>
</tr>
<tr>
<td><strong>Online Games</strong></td>
<td>39.1</td>
<td>+29%</td>
<td>-6%</td>
<td>156.1</td>
<td>+36%</td>
</tr>
<tr>
<td><strong>Online Advertising</strong></td>
<td>24.7</td>
<td>+22%</td>
<td>+15%</td>
<td>82.3</td>
<td>+20%</td>
</tr>
<tr>
<td><strong>Media</strong></td>
<td>4.3</td>
<td>+8%</td>
<td>+19%</td>
<td>14.3</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>Social and Others</strong></td>
<td>20.4</td>
<td>+25%</td>
<td>+15%</td>
<td>68.0</td>
<td>+29%</td>
</tr>
<tr>
<td><strong>FinTech and Business Services</strong></td>
<td>38.5</td>
<td>+29%</td>
<td>+16%</td>
<td>128.1</td>
<td>+26%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>3.5</td>
<td>+7%</td>
<td>+241%</td>
<td>7.5</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>58.9</td>
<td>+28%</td>
<td>+4%</td>
<td>221.5</td>
<td>+32%</td>
</tr>
</tbody>
</table>

**Non-IFRS**

<p>| | | | | | |</p>
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<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Profit</strong></td>
<td>38.1</td>
<td>+26%</td>
<td>Stable</td>
<td>149.4</td>
<td>+30%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>28.5%</td>
<td>-0.2ppt</td>
<td>-1.9ppt</td>
<td>31.0%</td>
<td>+0.6ppt</td>
</tr>
<tr>
<td><strong>Net Profit Attributable to Equity Holders</strong></td>
<td>33.2</td>
<td>+30%</td>
<td>+3%</td>
<td>122.7</td>
<td>+30%</td>
</tr>
</tbody>
</table>
Key Services Update

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 Browser
- #1 by MAU

Mobile Security
- #1 by MAU

Mobile Payment
- #1 by MAU & DAU

FinTech

Cloud

Public Cloud
- #2 service provider by revenue

Utilities

* All rankings above refer to China market, unless otherwise stated. Company data as of December 31, 2020.
## Implementing *Tech for Good*

### Fighting COVID-19
- We facilitated digital distribution for healthcare, education and public services, and assisted business continuity with remote work, online collaboration and other digital tools
- *Mini Programs* and payment solutions facilitated consumer spending during the lockdown, and expedited digitalisation of offline retailers and brands after that

### Charitable activities
- We provide charities with an efficient fundraising platform and technology for their digital upgrade
- *99 Giving Day* engaged over 18 million users and 10,000 charities, raising RMB3 billion during the three-day event

### Digital inclusion
- We are bridging the digital divide for the elderly and the disadvantaged with *Weixin* and *QQ*
- Our initiative to facilitate rural vitalisation, *WeCounty*, connected over 16,000 villages and 2.5 million villagers

### ESG*
- Move towards carbon neutrality by leveraging AI, big data and cloud computing to optimise energy efficiency
- Adhere to ‘Privacy by Design’ approach and protect user data with advanced security technologies
- Fulfill responsibilities towards teenage players with ongoing upgrade of Healthy Gameplay System

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* ESG ratings: MSCI – BBB; Sustainalytics risk score – 24.8 (out of 100, the lower the better)
2. Strategy Review
Innovation as a Key Driver

- Pursue continuous innovation to enhance our platforms with a focus on user experience
- Invest in transformative innovation and create new products to serve new user needs
- Most of these innovations took years of patient investment

| 1 | **Communication and social**: started with mobile chat and added social networking, *Official Accounts*, payments, *Mini Programs* over the years; incubating *Video Accounts* |
| 2 | **Games**: develop new and exciting games internally and through partnerships; continuously innovate in game-tech |
| 3 | **SaaS**: achieved breakout growth in productivity and communication software |
| 4 | **HealthTech**: utilise our AI, *Mini Programs* and communication tools to solve industry pain points |
| 5 | **Ecosystem**: provide assistance to innovative companies to better serve users and enterprises |
Weixin Video Accounts

- Videolisation is a major trend. Uploads and sharing of short video in Weixin Moments and chats have been increasing significantly.
- Launched Video Accounts as a separate ID-based, short-form content creation platform to:
  - Enable video uploads and sharing to public audience, as well as live streaming.
  - Aggregate content providers’ digital assets within Weixin, supported by Official Accounts and Mini Programs, to reinforce branding and facilitate user engagement and transactions.
  - Link public domain to private domain, providing unique channel for businesses to acquire and manage customers efficiently.
  - Composed of both informative and entertainment content, offered to users through social and algorithmic recommendations.
<table>
<thead>
<tr>
<th>Games</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Most successful new PC game internationally in 2020</strong></td>
</tr>
<tr>
<td>Moonlight Blade Mobile</td>
</tr>
<tr>
<td>• Team based tactical shooter developed by Riot over 6 years</td>
</tr>
<tr>
<td>• Innovate in character abilities, environmental design and interactions, anti-cheating technologies</td>
</tr>
<tr>
<td><strong>Best performing new mobile MMORPG in China in 2020</strong></td>
</tr>
<tr>
<td>Call of Duty Mobile</td>
</tr>
<tr>
<td>• Proprietary engine developed for 10 years, providing realistic graphics, animations, and detailed character creation system</td>
</tr>
<tr>
<td>• Diversified gameplays incl. PvP, PvE, PvX, catering to multi-tier players</td>
</tr>
<tr>
<td><strong>Highest-DAU game launched in China in 2020</strong></td>
</tr>
<tr>
<td>Honour of Kings</td>
</tr>
<tr>
<td>• Complementary to the franchise's console and PC versions</td>
</tr>
<tr>
<td>• Fast-paced and competitive first-person-shooting experience drew hardcore players</td>
</tr>
<tr>
<td><strong>#1 mobile game in China since 2017; #1 globally since 2019</strong></td>
</tr>
<tr>
<td>Game AI</td>
</tr>
<tr>
<td>• Constantly enhancing game infrastructure, visual effects and gameplay</td>
</tr>
<tr>
<td>• Early adopter of next-generation rendering and high-dynamic-range(HDR) imaging technologies in China</td>
</tr>
<tr>
<td><strong>World-leading MOBA game AI</strong></td>
</tr>
<tr>
<td>• First AI agent able to play full MOBA games with deep reinforcement learning</td>
</tr>
<tr>
<td>• 4-day testing in Honour of Kings attracted 50m participants</td>
</tr>
<tr>
<td>• Extending application to more genres</td>
</tr>
<tr>
<td><strong>Pioneer in cloud-based mobile and PC games</strong></td>
</tr>
<tr>
<td>Cloud gaming service</td>
</tr>
<tr>
<td>• START enables users to play massive multiplayer games on smart TV</td>
</tr>
<tr>
<td>• Over 100 cloud-based games available on XianYou platform, providing high quality experience across mobile devices</td>
</tr>
</tbody>
</table>
Communication and Productivity SaaS

WeCom
- Deepened integration with Weixin and connected to 400mn consumers that can be directly reached by enterprises
- Adopted by 5.5mn enterprises to serve customers externally and increase efficiency internally
- Introduced multiple cooperation models to grow partnerships with OA application vendors
- Leverage synergies with Tencent Cloud to increase market share in K-12 education

Tencent Meeting
- The most-used standalone app for cloud conferencing in China; total users exceeded 100mn
- Launched enterprise version and enhanced in-meeting capabilities
- Developed new solutions Rooms and Connector to enable compatibility with clients’ existing devices
- Export our software knowhow in Audio & Video to upgrade hardware performance of vendors

Tencent Docs
- First mover in providing online solution to generate tables based on collaborative data entry
- Added AI-powered features such as optical character recognition and speech recognition input
- Strengthen integration with other software to expand use cases
- Total MAU surpassed 100mn, more than quadrupled YoY
Increased users’ mindshare by adding more COVID-19 related services; total active users exceeded 400mn

Developed e-Card solutions to digitalise medical-related offline services

- **Medical Insurance e-Certificate:** bundled with users’ social basic medical insurance accounts to conduct mobile payment
- **Electronic Health Card:** served as a health information management tool for users and their families

Top online medical content library with over 120k medical terms; page views and video views totaled over 7bn in 2020

Optimized content review mechanism by combining AI technology and medical experts’ efforts

Enriched content formats from text, picture to short video and live streaming

An easy entry point for people to get their ePass based on health information they filled in

Facilitate people’s efficient entry and exit into public areas nationwide

Covered 1bn users; over 65bn total visits within a year
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
1. Overview
2. Strategy Review
3. Business Review
4. Financial Review
5. Q&A
Revenue by Segment

In billion RMB

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Social Networks</th>
<th>Online Games</th>
<th>Online Advertising</th>
<th>FinTech and Business Services</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q18</td>
<td>73.5</td>
<td>1%</td>
<td>21%</td>
<td>1%</td>
<td>9%</td>
</tr>
<tr>
<td>2Q18</td>
<td>73.7</td>
<td>1%</td>
<td>23%</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>3Q18</td>
<td>80.6</td>
<td>1%</td>
<td>24%</td>
<td>18%</td>
<td>30%</td>
</tr>
<tr>
<td>4Q18</td>
<td>84.9</td>
<td>3%</td>
<td>26%</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td>1Q19</td>
<td>85.5</td>
<td>2%</td>
<td>25%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>2Q19</td>
<td>88.8</td>
<td>2%</td>
<td>26%</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>3Q19</td>
<td>97.2</td>
<td>1%</td>
<td>28%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>4Q19</td>
<td>105.8</td>
<td>3%</td>
<td>25%</td>
<td>19%</td>
<td>25%</td>
</tr>
<tr>
<td>1Q20</td>
<td>108.1</td>
<td>1%</td>
<td>26%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>2Q20</td>
<td>114.9</td>
<td>26%</td>
<td>17%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>3Q20</td>
<td>125.4</td>
<td>29%</td>
<td>18%</td>
<td>18%</td>
<td>29%</td>
</tr>
<tr>
<td>4Q20</td>
<td>133.7</td>
<td>3%</td>
<td>18%</td>
<td>30%</td>
<td>27%</td>
</tr>
</tbody>
</table>

FY2019: 377.3 billion RMB
FY2020: 482.1 billion RMB
Value Added Services

In billion RMB

Social Networks

- Live streaming services and in-game item sales drove 4Q20 revenue up YoY. Sequentially, growth from digital content services was offset by decline of in-game item sales
- Total VAS subscriptions grew 22% YoY to 219 million. Video subscriptions increased 17% YoY to 123 million, driven by self-commissioned animated series, deepened cooperation with channel partners and expanded OTT user base. Music subscriptions grew 40% YoY to 56 million due to improved user retention and paywall strategy

Online Games

- 4Q20 revenue grew 29% YoY, driven by more smart phone game users and increased paying penetration. Revenue was down 6% QoQ due to normalised user activity and seasonality
- Total smart phone games revenue* grew 41% YoY to RMB36.7 billion, driven by in-house key titles such as Peacekeeper Elite, HoK, PUBG Mobile and new title Moonlight Blade Mobile
- PC client games revenue decreased 1% YoY to RMB10.2 billion as DnF softness offset growth from LoL and Valorant

* Total smart phone games revenue includes smart phone games revenue booked under Online Games and related game distribution/relationship revenue booked under Social Networks.
Social Networks - Weixin

Major version upgrades assist individuals and enterprises to strengthen digital presence

Share knowledge-based videos with public audience:
- Users can create Video Accounts for disseminating informative content to public audience, alongside sharing content with friends privately
- Link Official Accounts, Mini Programs with Video Accounts, broadening reach for content creators

Real-time interaction: enable live streaming to broaden information sharing channels and facilitate one-to-many user interactions

More lively expressions: launch Status for users to share current emotions/thoughts and connect with like-minded friends; add expressive animated emojis in chat
Social Networks - QQ

Enhance interactive experience within vertical communities

Content Communities

*Mini World* daily user engagement increased as we introduced *Hashtag* and initiated topics that resonate with *Generation Z*.

Game Communities

Launched joint promotions and celebrity eSports events with popular games, encouraging user interactions in interest groups and *Mini Programs*.

Learning Communities

Partnered with educational institutions to offer quiz challenges and Q&A services, providing interactive learning experiences.
Online Games - China

- **MOBA**: *HoK* released biggest-ever update in Jan which enhanced its visual effects with minimal performance overhead, enabling more compelling content and game experience in future
- **Shooter**: *Call of Duty Mobile* drew hardcore players with fast-paced and competitive FPS experience since its launch in Dec, complementing *Peacekeeper Elite* and *CrossFire Mobile* within the genre
- **MMORPG**: *Moonlight Blade Mobile* resonated with young players through its distinctive oriental style and semi-sandbox open world, ranking #1 MMORPG in iOS top grossing chart* in 4Q20
- **Consoles**: distributed 1 million Nintendo Switch by end 2020 and published a dozen popular Switch titles
- **Implement Healthy Gameplay System** to protect teenagers; players aged under 18 accounted for 6.0% of grossing, in which 3.2% was from players aged under 16

*Source: AppAnnie*
Online Games - International

- Revenue grew 43% YoY to RMB9.8 billion
- *LoL*: World Championship Finals set record viewership for PC games eSports; mobile version *Wild Rift* expanded its franchise user base
- *PUBG Mobile*: ranked as the most popular smart phone game by MAU* for the second consecutive year; operated the most viewed eSports tournament* of mobile games
- Collaborate with renowned console game & anime IPs, e.g., Call of Duty, Saint Seiya, Pokémon, to capture worldwide attention
- Invest in PC and console studios, e.g., Digital Extremes, Fatshark, Klei Entertainment, which are leaders in emerging genres

*Source: AppAnnie, Esports Charts*
Online Advertising

Overall
• 4Q20 revenue increased 22% YoY, bolstered by spending of education, eCommerce platforms and FMCG advertisers; auto-related ad revenue benefitted from car sales recovery and Bitauto consolidation

Social & Others Ad
• Moments revenue maintained solid growth as performance-oriented advertisers linked their ads to Mini Programs to boost sales conversion
• In-game ad revenue on our mobile ad network more than doubled YoY, largely from 3rd party game companies, as well as Internet services

Media Ad
• Generated positive YoY and QoQ revenue growth, reflecting increased video ad revenue and music properties monetisation
• Sponsorship ad revenue grew YoY and QoQ due to popular drama series
FinTech and Business Services

FinTech Services

- Continual shifts in consumer and merchant behaviour increased demand for our payment and wealth management services, driving 4Q20 revenue growth YoY and QoQ.
- Total payment volume grew healthily YoY and commercial take-rates remained stable. Increased adoption in verticals, including retail, public services and groceries, boosting DAU and number of transactions.
- Wealth management aggregated customer assets increased robustly YoY. Focus on investor education and helping users identify quality products.

Business Services

- Expanded customer base in key verticals and robust demand for PaaS contributed to YoY revenue growth in 4Q20; we also deployed more on-premise projects during the quarter.
- Developed new generation Star Lake SA3 server architecture which is powered by the latest AMD EPYC processors, enhancing AI, security, storage and network capabilities with better energy efficiency.
- Tencent Meeting enterprise version penetrated key accounts in energy, healthcare and education industries; new conference room solutions Tencent Meeting Rooms and Connector are compatible with users’ existing A/V equipment and facilitate high-quality real-time communication.
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## Income Statement

<table>
<thead>
<tr>
<th></th>
<th>4Q2020</th>
<th>YoY</th>
<th>QoQ</th>
<th>FY2020</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>133,669</td>
<td>+26%</td>
<td>+7%</td>
<td>482,064</td>
<td>+28%</td>
</tr>
<tr>
<td><strong>COPS</strong></td>
<td>(74,788)</td>
<td>+25%</td>
<td>+9%</td>
<td>(260,532)</td>
<td>+24%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>58,881</td>
<td>+28%</td>
<td>+4%</td>
<td>221,532</td>
<td>+32%</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>1,708</td>
<td>+8%</td>
<td>-8%</td>
<td>6,957</td>
<td>+10%</td>
</tr>
<tr>
<td><strong>Other gains, net</strong></td>
<td>32,936</td>
<td>+807%</td>
<td>+185%</td>
<td>57,131</td>
<td>+190%</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(29,812)</td>
<td>+31%</td>
<td>+14%</td>
<td>(101,383)</td>
<td>+35%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>63,713</td>
<td>+123%</td>
<td>+45%</td>
<td>184,237</td>
<td>+55%</td>
</tr>
<tr>
<td><strong>Finance costs, net</strong></td>
<td>(2,253)</td>
<td>-19%</td>
<td>+16%</td>
<td>(7,887)</td>
<td>+4%</td>
</tr>
<tr>
<td><strong>Share of profit of associates &amp; JVs</strong></td>
<td>1,618</td>
<td>N.A.</td>
<td>-38%</td>
<td>3,672</td>
<td>N.A.</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(3,709)</td>
<td>+74%</td>
<td>-35%</td>
<td>(19,897)</td>
<td>+47%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>59,369</td>
<td>+165%</td>
<td>+53%</td>
<td>160,125</td>
<td>+67%</td>
</tr>
<tr>
<td><strong>Net profit attributable to equity holders</strong></td>
<td>59,302</td>
<td>+175%</td>
<td>+54%</td>
<td>159,847</td>
<td>+71%</td>
</tr>
<tr>
<td><strong>Diluted EPS in RMB</strong></td>
<td>6.112</td>
<td>+172%</td>
<td>+54%</td>
<td>16.523</td>
<td>+71%</td>
</tr>
</tbody>
</table>

**Non-IFRS:**

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Net profit attributable to equity holders</strong></td>
<td>33,207</td>
<td>+30%</td>
<td>+3%</td>
<td>122,742</td>
<td>+30%</td>
</tr>
<tr>
<td><strong>Diluted EPS in RMB</strong></td>
<td>3.413</td>
<td>+29%</td>
<td>+3%</td>
<td>12.689</td>
<td>+30%</td>
</tr>
</tbody>
</table>
Non-IFRS Adjustments

<table>
<thead>
<tr>
<th>In million RMB</th>
<th>IFRS 4Q2020</th>
<th>SBC</th>
<th>Net (gains)/losses from investee companies</th>
<th>Amortisation of intangible assets</th>
<th>Impairment provision</th>
<th>Tax effect</th>
<th>Non-IFRS 4Q2020</th>
<th>YoY change</th>
<th>QoQ change</th>
<th>Non-IFRS FY2020</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>63,713</td>
<td>3,744</td>
<td>(34,652)</td>
<td>885</td>
<td>4,394</td>
<td>-</td>
<td>38,084</td>
<td>+26%</td>
<td>Stable</td>
<td>149,404</td>
<td>+30%</td>
</tr>
<tr>
<td>Net profit</td>
<td>59,369</td>
<td>4,896</td>
<td>(36,149)</td>
<td>2,260</td>
<td>4,407</td>
<td>(329)</td>
<td>34,454</td>
<td>+29%</td>
<td>+3%</td>
<td>126,983</td>
<td>+30%</td>
</tr>
<tr>
<td>Net profit attributable to equity holders</td>
<td>59,302</td>
<td>4,735</td>
<td>(36,928)</td>
<td>1,926</td>
<td>4,407</td>
<td>(235)</td>
<td>33,207</td>
<td>+30%</td>
<td>+3%</td>
<td>122,742</td>
<td>+30%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>47.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>28.5%</td>
<td>-0.2ppt</td>
<td>-1.9ppt</td>
<td>31.0%</td>
<td>+0.6ppt</td>
</tr>
<tr>
<td>Net margin</td>
<td>44.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25.8%</td>
<td>+0.6ppt</td>
<td>-0.8ppt</td>
<td>26.3%</td>
<td>+0.4ppt</td>
</tr>
</tbody>
</table>

Note:
1. Including net (gains)/losses on deemed disposals, disposals of investee companies, fair value changes arising from investee companies, and other expenses in relation to equity transactions of investee companies.
2. Impairment provisions for associates, joint ventures, goodwill and other intangible assets arising from acquisitions.
3. Income tax effects of non-IFRS adjustments.
Segment Gross Margin

Value Added Services (%)

Online Advertising (%)

FinTech and Business Services (%)

1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 3Q19 4Q19 1Q20 2Q20 3Q20 4Q20 FY2018 FY2019 FY2020
## Operating Expenses

### S&M
- in billion RMB
- 4Q19: 6.7  
- 4Q20: 10.0  
- 3Q20: 8.9  
- 4Q20: 10.0
  - +49% YoY
  - +12% QoQ

### R&D
- in billion RMB
- 4Q19: 8.9  
- 4Q20: 11.2  
- 3Q20: 9.9  
- 4Q20: 11.2
  - +26% YoY
  - +13% QoQ

### G&A (excl. R&D)
- in billion RMB
- 4Q19: 7.1  
- 4Q20: 8.6  
- 3Q20: 7.3  
- 4Q20: 8.6
  - +20% YoY
  - +18% QoQ
### Margin Ratios

#### IFRS Gross Margin (%)

- 1Q18: 50.4
- 2Q18: 46.8
- 3Q18: 44.0
- 4Q18: 41.4
- 1Q19: 46.6
- 2Q19: 44.1
- 3Q19: 43.7
- 4Q19: 43.6
- 1Q20: 48.9
- 2Q20: 46.3
- 3Q20: 45.2
- 4Q20: 44.0

#### Non-IFRS Operating Margin (%)

- 1Q18: 34.4
- 2Q18: 30.2
- 3Q18: 28.0
- 4Q18: 26.4
- 1Q19: 33.3
- 2Q19: 30.7
- 3Q19: 29.4
- 4Q19: 28.7
- 1Q20: 32.9
- 2Q20: 32.8
- 3Q20: 30.4
- 4Q20: 28.5

#### Non-IFRS Net Margin (%)

- 1Q18: 26.0
- 2Q18: 27.8
- 3Q18: 25.3
- 4Q18: 23.8
- 1Q19: 25.4
- 2Q19: 27.2
- 3Q19: 25.8
- 4Q19: 25.2
- 1Q20: 25.9
- 2Q20: 27.2
- 3Q20: 26.6
- 4Q20: 25.8

#### FY Margin Ratios

- FY2018: 45.5
- FY2019: 44.4
- FY2020: 46.0

- FY2018: 29.6
- FY2019: 30.4
- FY2020: 31.0

- FY2018: 25.7
- FY2019: 25.9
- FY2020: 26.3
## EPS and Annual Dividend

<table>
<thead>
<tr>
<th>RMB</th>
<th>4Q2020</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IFRS</td>
<td>YoY</td>
</tr>
<tr>
<td>Basic EPS</td>
<td>6.240</td>
<td>+174%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>6.112</td>
<td>+172%</td>
</tr>
</tbody>
</table>

Subject to shareholders’ approval at the AGM on May 20, 2021, proposed 2020 annual dividend of HKD1.60 per share.
## CAPEX, FCF and Cash Position

<table>
<thead>
<tr>
<th>RMB million</th>
<th>4Q2020</th>
<th>YoY</th>
<th>QoQ</th>
<th>FY2020</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating CAPEX</td>
<td>8,031</td>
<td>+13%</td>
<td>+3%</td>
<td>29,569</td>
<td>+44%</td>
</tr>
<tr>
<td>Non-operating CAPEX</td>
<td>1,628</td>
<td>-83%</td>
<td>+81%</td>
<td>4,391</td>
<td>-63%</td>
</tr>
<tr>
<td><strong>Total CAPEX</strong></td>
<td>9,659</td>
<td>-43%</td>
<td>+11%</td>
<td>33,960</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>48,866</td>
<td>-3%</td>
<td>+5%</td>
<td>194,119</td>
<td>+31%</td>
</tr>
<tr>
<td>Less: CAPEX Paid</td>
<td>(12,266)</td>
<td>-3%</td>
<td>+17%</td>
<td>(40,961)</td>
<td>+45%</td>
</tr>
<tr>
<td>Payments for media content</td>
<td>(7,778)</td>
<td>+32%</td>
<td>+14%</td>
<td>(25,638)</td>
<td>-11%</td>
</tr>
<tr>
<td>Payments for lease liabilities</td>
<td>(1,158)</td>
<td>+56%</td>
<td>+2%</td>
<td>(4,068)</td>
<td>+41%</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong>¹</td>
<td>27,664</td>
<td>-11%</td>
<td>-2%</td>
<td>123,452</td>
<td>+39%</td>
</tr>
<tr>
<td>Total Cash</td>
<td>259,507</td>
<td>+26%</td>
<td>-2%</td>
<td>259,507</td>
<td>+26%</td>
</tr>
<tr>
<td>Less: Total Debt</td>
<td>(248,444)</td>
<td>+13%</td>
<td>-4%</td>
<td>(248,444)</td>
<td>+13%</td>
</tr>
<tr>
<td><strong>Net Cash</strong></td>
<td>11,063</td>
<td>N.A.</td>
<td>+74%</td>
<td>11,063</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

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

¹ Starting from 2020, free cash flow was adjusted by subtracting payments for media content and lease liabilities, in addition to subtracting payments for capital expenditure from the operating cash flow. Comparative figures were restated.
1. Overview
2. Strategy Review
3. Business Review
4. Financial Review
5. Q&A