

**For Immediate Release**

**TENCENT ANNOUNCES 2012 SECOND QUARTER AND INTERIM RESULTS**

**Hong Kong, August 15, 2012** – Tencent Holdings Limited (“Tencent” or the “Company”, SEHK 00700), a leading provider of comprehensive Internet services in China, today announced the unaudited consolidated results for the second quarter and the first half year of 2012 ended June 30, 2012.

***Highlights of the First Half of 2012:***

- Total revenues were RMB20,175.1 million (USD3,189.8 million<sup>1</sup>), an increase of 54.3% over the first half of year ended June 30, 2011 (“YoY”).
- Revenues from Internet value-added services (“IVAS”) were RMB15,168.2 million (USD2,398.2 million), an increase of 42.6% YoY.
- Revenues from mobile & telecommunications value-added services (“MVAS”) were RMB1,842.8 million (USD291.4 million), an increase of 17.3% YoY.
- Revenues from online advertising were RMB1,419.8 million (USD224.5 million), an increase of 79.0% YoY.
- Revenues from e-Commerce transactions were RMB1,610.3 million (USD254.6 million).
- Gross profit was RMB12,027.4 million (USD1,901.6 million), an increase of 40.6% YoY. Gross margin decreased to 59.6% from 65.4% for the first half of 2011.
- Operating profit was RMB7,629.0 million (USD1,206.2 million), an increase of 23.6% YoY. Operating margin decreased to 37.8% from 47.2% for the first half of 2011. Non-GAAP operating profit<sup>2</sup> was RMB8,289.8 million (USD1,310.7 million), an increase of 31.2% YoY. Non-GAAP operating margin decreased to 41.1% from 48.3% for the first half of 2011.
- Profit for the period was RMB6,072.9 million (USD960.2 million), an increase of 16.2% YoY. Net margin decreased to 30.1% from 40.0% for the first half of 2011. Non-GAAP profit for the period<sup>2</sup> was RMB6,720.9 million (USD1,062.6 million), an increase of 26.9% YoY. Non-GAAP net margin decreased to 33.3% from 40.5% for the first half of 2011.
- Profit attributable to equity holders of the Company for the period was RMB6,049.6 million (USD956.5 million), an increase of 15.9% YoY. Non-GAAP profit attributable to equity holders of the Company<sup>2</sup> for the period was RMB6,667.3 million (USD1,054.1 million), an increase of 26.5% YoY.
- Basic earnings per share were RMB3.316. Diluted earnings per share were RMB3.252.

***Highlights of the Second Quarter of 2012:***

- Total revenues were RMB10,527.2 million (USD1,664.4 million), an increase of 9.1% over the first quarter of 2012 (“QoQ”) or an increase of 56.2% over the second quarter of 2011 (“YoY”).
- Revenues from IVAS were RMB7,786.6 million (USD1,231.1 million), an increase of 5.5% QoQ or an increase of 44.6% YoY.

<sup>1</sup> Figures stated in USD are based on USD1 to RMB6.3249

<sup>2</sup> See “Non-GAAP Financial Measures” section for more details on the reasons for presenting these measures

- Revenues from MVAS were RMB929.0 million (USD146.9 million), an increase of 1.7% QoQ or an increase of 17.0% YoY.
- Revenues from online advertising were RMB879.7 million (USD139.1 million), an increase of 62.9% QoQ or an increase of 71.7% YoY.
- Revenues from e-Commerce transactions were RMB857.5 million (USD135.6 million), an increase of 13.9% QoQ.
- Gross profit was RMB6,215.9 million (USD982.8 million), an increase of 7.0% QoQ or an increase of 41.0% YoY. Gross margin decreased to 59.0% from 60.2% last quarter.
- Operating profit was RMB3,937.6 million (USD622.6 million), an increase of 6.7% QoQ or an increase of 41.4% YoY. Operating margin decreased to 37.4% from 38.3% last quarter. Non-GAAP operating profit<sup>1</sup> was RMB4,221.5 million (USD667.4 million), an increase of 3.8% QoQ or an increase of 32.0% YoY. Non-GAAP operating margin decreased to 40.1% from 42.2% last quarter.
- Profit for the quarter was RMB3,110.6 million (USD491.8 million), an increase of 5.0% QoQ or an increase of 32.7% YoY. Net margin decreased to 29.5% from 30.7% last quarter. Non-GAAP profit for the quarter<sup>1</sup> was RMB3,410.4 million (USD539.2 million), an increase of 3.0% QoQ or an increase of 26.6% YoY. Non-GAAP net margin decreased to 32.4% from 34.3% last quarter.
- Profit attributable to equity holders of the Company for the quarter was RMB3,100.1 million (USD490.1 million), an increase of 5.1% QoQ or an increase of 32.0% YoY. Non-GAAP profit attributable to equity holders of the Company for the quarter<sup>1</sup> was RMB3,386.3 million (USD535.4 million), an increase of 3.2% QoQ or an increase of 26.0% YoY.
- Basic earnings per share were RMB1.698. Diluted earnings per share were RMB1.665.
- Key platform statistics:
  - Monthly active Instant Messaging (“IM”) user accounts were 783.6 million, an increase of 4.2% QoQ or an increase of 11.6% YoY.
  - Peak simultaneous online IM user accounts were 166.6 million, a decrease of 0.5% QoQ or an increase of 21.9% YoY.
  - Monthly active Qzone user accounts were 597.6 million, an increase of 3.6% QoQ or an increase of 11.5% YoY; monthly active Pengyou user accounts were 247.7 million, an increase of 15.5% QoQ or an increase of 30.6% YoY.
  - Peak simultaneous online QQ Game Platform user accounts were 8.8 million, flat QoQ or an increase of 17.3% YoY.
  - Fee-based IVAS registered subscriptions were 74.7 million, a decrease of 8.7% QoQ or a decrease of 2.4% YoY.
  - Fee-based MVAS registered subscriptions were 34.6 million, an increase of 0.3% QoQ or an increase of 16.1% YoY.

Mr. Ma Huateng, Chairman and CEO of Tencent, said, “We delivered another solid set of revenue and earnings results during the second quarter of 2012 despite a more challenging macro environment. Leveraging our leading social platforms across both PCs and mobile phones, we continued to build stronger user engagement. We also made progress in our open platform initiatives, bringing benefits to our users and our partners. The growth in our new advertising solutions drove rapid growth in our advertising revenue. To embrace the advent of mobile Internet and the challenges of the evolving Internet industry, we will continue to invest in innovations and technologies so as to provide our users with even better user experience.”

---

<sup>1</sup> See “Non-GAAP Financial Measures” section for more details on the reasons for presenting these measures

## Financial Review for the Second Quarter of 2012

IVAS revenues increased 5.5% QoQ to RMB7,786.6 million and represented 74.0% of our total revenues for the second quarter of 2012. Online game revenues increased 4.6% QoQ to RMB5,564.7 million. Game revenues from China registered modest growth during the quarter with weaker seasonality due to school examinations, while contributions from international markets, whose seasonality may differ from that of China, continued to climb. For our community and open platforms, revenues increased 7.8% QoQ to RMB2,221.9 million, riding on growth in item-based sales within applications, including those on our SNS platforms. QQ Membership subscriptions revenue also contributed to the increase.

MVAS revenues increased 1.7% QoQ to RMB929.0 million and represented 8.8% of our total revenues. This was mainly attributable to growth in our bundled SMS packages and mobile games.

Online advertising revenues increased 62.9% QoQ to RMB879.7 million and represented 8.4% of our total revenues. In addition to more favourable seasonality in the second quarter, our online advertising business benefited from the rapid revenue growth of performance advertising on our social networks, and brand display advertising on our video platform.

e-Commerce transactions revenues increased 13.9% QoQ to RMB857.5 million and represented 8.1% of our total revenues. This primarily reflected growth in GMV of principal e-Commerce transactions. Commission fees generated from transactions on our marketplace also contributed to the growth of our e-Commerce transactions business.

## Other Key Financial Information for the Second Quarter of 2012

Share-based compensation was RMB255.7 million for the second quarter of 2012 as compared with RMB236.6 million for the previous quarter.

Capital expenditure was RMB915.2 million for the second quarter of 2012 as compared with RMB662.1 million for the previous quarter.

The Company repurchased 26,000 shares on the Stock Exchange for an aggregate consideration of approximately RMB4.3 million as compared with 128,400 shares repurchased for an aggregate consideration of approximately RMB15.9 million in the previous quarter.

As at June 30, 2012, net cash position totaled RMB19,631.6 million which excluded unsecured short-term borrowings of RMB3,288.9 million, secured short-term borrowings of RMB320.4 million, long-term borrowings of RMB948.7 million and long-term notes payable of RMB3,751.8 million.

As at June 30, 2012, the total number of shares of the Company in issue was 1.844 billion.

## **Business Review and Outlook**

### **Overall Financial Performance**

Despite maturing Internet user growth and decelerating economic growth, we sustained healthy year-on-year improvements in our revenues, earnings, and cash flow during the second quarter of 2012. Our IVAS business continued to expand year-on-year as our existing and new games added users, and as we generated more revenue from applications on our open platforms. Our MVAS business experienced modest growth during the quarter, thanks primarily to our bundled SMS packages and mobile games. Our online advertising business achieved a significant year-on-year growth rate, due to new platform contributions and market share gains in key advertiser categories. Revenue of our e-Commerce transactions business increased sequentially, benefiting from growth in GMV of principal transactions and commission fees derived from transactions on our marketplace.

### **Strategic Highlights**

In May 2012, we announced a reorganisation of our business units into six new business groups. In addition, a wholly-owned subsidiary has been formed for managing our e-Commerce transactions business. This reorganisation is intended to help us capture new opportunities in the evolving Internet industry, by better allocating our resources toward the core technologies and platforms that may support our future business growth.

We believe establishment of the new business groups will reinforce our entrepreneurial spirit, execution and innovation, and will sharpen each group's focus on addressing its target users' needs. Simultaneously, under the principle of "One Tencent", the business groups will continue to enjoy company-wide synergies by sharing technical infrastructure and by integrating certain services, where we believe such integration brings value to users.

### **Divisional and Product Highlights**

#### ***IM Platform***

Monthly active user accounts ("MAUs") of QQ IM increased by 12% on a year-on-year basis to 784 million at the end of the second quarter of 2012. Such growth rate was broadly in line with the user growth of the overall Internet market in China. PCU for the quarter was 167 million, representing 22% growth as compared to the same period last year. Per user engagement continued to improve, as evidenced by the year-on-year growth rates of PCU and daily user hours exceeding that of MAUs. We believe QQ IM's PCU growth rate may slow in future as increased mobile usage creates more dispersion of time spent on QQ IM through different day parts.

#### ***Media Platforms***

We believe we are uniquely positioned in the China Internet market because of our leadership across multiple media platforms, and our ability to provide cross-platform integration and user benefits. During the second quarter of 2012, we expanded our platforms and deepened our media influence. QQ.com continued to lead amongst Internet portals in China in terms of traffic

and unique visitors. Recently, we have revamped QQ.com's front page and certain major channels to help users find and share news, video, and microblog content more easily. Tencent Microblog further expanded its user base, with 469 million registered user accounts and 82 million daily active user accounts at the end of the second quarter of 2012. Tencent Video achieved solid user growth as we continued to enrich our content and improve our user experience.

### **IVAS**

In the second quarter of 2012, our online communities registered continued growth in user base. Qzone maintained its position as the leading social network in China, with MAUs increasing by 12% on a year-on-year basis to 598 million at the end of the second quarter of 2012. MAUs of Pengyou reached 248 million at the end of the quarter, representing year-on-year growth of 31%. For our IVAS subscription services, we introduced more stringent measures during the quarter to clean up free-riders who subscribed through telecommunications operators, in order to enhance the quality of our subscriber base. As a result of these measures, our IVAS registered subscriptions declined and our overall collection rates improved. Given these measures mostly affected non-paying users, they had limited impact on our revenues. As for our open platforms, we continued to introduce more third-party and first-party applications to users during the second quarter. Consequently, item-based sales within applications grew strongly. Recently, we have introduced a streamlined process for third-party developers to launch their applications across our range of services more efficiently.

Our online game business continued to grow in terms of users and revenues. Contributions from international markets, whose seasonality may differ from that of China, continued to climb as we broadened our user base in different regions. Our QQ Game Platform enjoyed a healthy growth rate, with its PCU increasing by 17% on a year-on-year basis to 8.8 million for the second quarter of 2012.

We continued to develop our game pipeline, putting new titles such as Legend of Yulong and NBA2K Online into closed beta testing during the second quarter. In July, we announced an exclusive strategic partnership with Activision Blizzard to bring its Call of Duty Online title to China. We believe that our game platform and operational expertise will support the delivery of what we expect to be an immersive and highly interactive game experience.

### **MVAS**

In the second quarter of 2012, our MVAS business registered stable year-on-year revenue growth and modest sequential revenue growth, primarily from our bundled SMS packages and mobile games. We continued to market our smartphone applications, such as mobile security and mobile browser, to further expand our user base on the mobile Internet. The regulatory environment for MVAS remains uncertain, and we will continue to position for the mobile Internet future.

### **Online Advertising**

Driven by new platform contributions and market share gains in key advertiser categories, we achieved a robust year-on-year revenue growth rate in the second quarter of 2012. Our sequential revenue growth was mainly driven by positive seasonality and improved monetisation

on our new platforms. Within brand display advertising, our strong traffic and high ROI enabled us to sustain growth despite a more challenging macro environment, and revenues from our online video platform more than doubled sequentially. Within performance display advertising, we achieved strong revenue growth on our social networks during the quarter, reflecting more inventory and thus impressions made available to advertisers, as well as improved click-through rates on the back of enhancements to our targeted advertising system. Within search advertising, we grew revenues from desktop search, mobile search, and e-Commerce search, while continuing to improve our search results quality, mobile search experience, and search integration with upstream properties, such as our portal and mobile browser.

### ***e-Commerce Transactions***

Despite an intensively competitive market environment, GMV of our principal transactions increased sequentially during the second quarter of 2012. Commission fees derived from transactions on our marketplace also increased, albeit from a low base. We will continue our efforts to leverage our significant user base to build an e-Commerce open platform and a healthy industry value chain.

###

## About Tencent

Tencent aims to enrich the interactive online experience of Internet users by providing a comprehensive range of Internet and wireless value-added services. Through its various online platforms, including Instant Messaging QQ, web portal QQ.com, the QQ Game Platform under Tencent Games, multi-media social networking service Qzone and wireless portal, Tencent services the largest online community in China and fulfills the user's needs for communication, information, entertainment and e-Commerce on the Internet.

Tencent has four main streams of revenues: Internet value-added services, mobile and telecommunications value-added services, online advertising and e-Commerce.

Shares of Tencent Holdings Limited are traded on the Main Board of the Stock Exchange of Hong Kong Limited, under stock code 00700. The Company became a constituent of the Hong Kong's Hang Seng Index (HSI) on June 10, 2008. For more information, please visit [www.tencent.com/ir](http://www.tencent.com/ir).

### For enquiries, please contact:

Catherine Chan Tel: (86) 755 86013388 ext 88369 or (852) 31485100 Email: [cchan@tencent.com](mailto:cchan@tencent.com)

Jane Yip Tel: (86) 755 86013388 ext 81374 or (852) 31485100 Email: [janeyip@tencent.com](mailto:janeyip@tencent.com)

### Non-GAAP Financial Measures

To supplement the consolidated results of the Company 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 and non-GAAP profit attributable to equity holders of the Company, have been presented in this press release. 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 Company's core operations by excluding certain non-cash items and certain impact of acquisitions.

### Forward-Looking Statements

*This press release contains forward-looking statements relating to the business outlook, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company and are stated herein on the basis of the outlook at the time of this press release. 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 realized in future. Underlying the forward-looking statements is a large number of risks and uncertainties. Further information regarding these risks and uncertainties is included in our other public disclosure documents on our corporate website.*

## CONSOLIDATED INCOME STATEMENT

In RMB '000 (unless otherwise stated)

	Unaudited		Unaudited	
	2Q2012	1Q2012	2Q2012	2Q2011
<b>Revenues</b>	<b>10,527,244</b>	<b>9,647,858</b>	<b>10,527,244</b>	<b>6,739,044</b>
Internet VAS	7,786,625	7,381,621	7,786,625	5,386,578
Mobile & Telecom VAS	929,007	913,842	929,007	793,839
Online advertising	879,691	540,113	879,691	512,312
e-Commerce transactions	857,526	752,817	857,526	-
Others	74,395	59,465	74,395	46,315
<b>Cost of revenues</b>	<b>(4,311,379)</b>	<b>(3,836,317)</b>	<b>(4,311,379)</b>	<b>(2,331,637)</b>
<b>Gross profit</b>	<b>6,215,865</b>	<b>5,811,541</b>	<b>6,215,865</b>	<b>4,407,407</b>
<b>Gross margin</b>	<b>59.0%</b>	<b>60.2%</b>	<b>59.0%</b>	<b>65.4%</b>
Interest income	196,806	166,733	196,806	106,546
Other (losses)/gains, net	(3,219)	(63,642)	(3,219)	2,809
S&M expenses	(609,672)	(469,200)	(609,672)	(369,491)
G&A expenses	(1,862,165)	(1,754,074)	(1,862,165)	(1,363,372)
<b>Operating profit</b>	<b>3,937,615</b>	<b>3,691,358</b>	<b>3,937,615</b>	<b>2,783,899</b>
<b>Operating margin</b>	<b>37.4%</b>	<b>38.3%</b>	<b>37.4%</b>	<b>41.3%</b>
Finance (costs)/income, net	(115,256)	(69,982)	(115,256)	1,771
Share of profit/(losses) of associates	5,411	(9,753)	5,411	23,454
Share of (losses)/profit of jointly controlled entities	(9,375)	1,380	(9,375)	(60,689)
<b>Profit before income tax</b>	<b>3,818,395</b>	<b>3,613,003</b>	<b>3,818,395</b>	<b>2,748,435</b>
Income tax expense	(707,824)	(650,673)	(707,824)	(405,163)
<b>Profit for the period</b>	<b>3,110,571</b>	<b>2,962,330</b>	<b>3,110,571</b>	<b>2,343,272</b>
<b>Net margin</b>	<b>29.5%</b>	<b>30.7%</b>	<b>29.5%</b>	<b>34.8%</b>
<b>Attributable to:</b>				
Equity holders of the Company	3,100,075	2,949,510	3,100,075	2,349,246
Non-controlling interests	10,496	12,820	10,496	(5,974)
Non-GAAP profit attributable to equity holders of the Company	3,386,266	3,281,064	3,386,266	2,686,757
<b>Earnings per share (GAAP)</b>				
- basic (RMB)	1.698	1.618	1.698	1.289
- diluted (RMB)	1.665	1.587	1.665	1.260



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In RMB '000 (unless otherwise stated)

	Unaudited		Unaudited	
	2Q2012	1Q2012	2Q2012	2Q2011
<b>Profit for the period</b>	<b>3,110,571</b>	<b>2,962,330</b>	<b>3,110,571</b>	<b>2,343,272</b>
<b>Other comprehensive income; net of tax:</b>				
Net (losses)/gains from changes in fair value of available-for-sale financial assets	(530,203)	1,288,914	(530,203)	264,280
Currency translation differences	7,743	6,076	7,743	(74)
<b>Total comprehensive income for the period</b>	<b>2,588,111</b>	<b>4,257,320</b>	<b>2,588,111</b>	<b>2,607,478</b>
<b>Attributable to:</b>				
Equity holders of the Company	2,576,886	4,244,489	2,576,886	2,613,452
Non-controlling interests	11,225	12,831	11,225	(5,974)

## OTHER FINANCIAL INFORMATION

In RMB '000 (unless otherwise stated)

	Unaudited		
	2Q2012	1Q2012	2Q2011
<b>EBITDA (a)</b>	<b>4,331,322</b>	<b>4,254,547</b>	<b>3,171,308</b>
Adjusted EBITDA (a)	4,558,963	4,461,209	3,361,637
<b>Adjusted EBITDA margin (b)</b>	<b>43.3%</b>	<b>46.2%</b>	<b>49.9%</b>
Interest expense	69,344	67,578	13,132
<b>Net cash (c)</b>	<b>19,631,631</b>	<b>20,818,507</b>	<b>15,749,917</b>
<b>Capital expenditures (d)</b>	<b>915,156</b>	<b>662,130</b>	<b>943,047</b>

Note:

- EBITDA consists of operating profit less interest income, and plus other losses/(gains), net, depreciation of fixed assets and investment properties and amortisation of intangible assets. Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses.
- Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by the revenues.
- Net cash is calculated as cash and cash equivalents, term deposits with initial term of over three months, and restricted cash pledged for secured bank borrowings, minus total borrowings and long-term notes payable.
- Capital expenditures consist of additions (excluding business combination) to fixed assets, construction in progress, land use rights and intangible assets (excluding game and other content licences).

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RMB '000 (unless otherwise stated)

	Unaudited 30 June 2012	Unaudited 31 March 2012
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	6,201,179	5,847,891
Construction in progress	323,786	314,638
Investment properties	21,643	21,757
Land use rights	348,509	281,882
Intangible assets	4,194,417	4,119,882
Investment in associates	5,292,559	4,590,785
Investment in jointly controlled entities	53,908	63,283
Deferred income tax assets	184,608	204,520
Available-for-sale financial assets	5,320,869	5,838,319
Prepayments, deposits and other assets	3,877,451	1,263,010
	<u>25,818,929</u>	<u>22,545,967</u>
<b>Current assets</b>		
Inventories	202,106	191,949
Accounts receivable	2,500,207	2,344,835
Prepayments, deposits and other assets	3,275,968	2,493,145
Term deposits with initial term of over three months	17,014,730	15,909,027
Restricted cash	2,317,431	2,859,053
Cash and cash equivalents	10,602,451	13,348,679
	<u>35,912,893</u>	<u>37,146,688</u>
<b>Total assets</b>	<u><u>61,731,822</u></u>	<u><u>59,692,655</u></u>
<b>EQUITY</b>		
<b>Equity attributable to the Company's equity holders</b>		
Share capital	198	198
Share premium	2,488,779	2,293,660
Shares held for share award scheme	(609,657)	(606,140)
Other reserves	532,264	990,850
Retained earnings	31,652,090	29,659,904
	<u>34,063,674</u>	<u>32,338,472</u>
<b>Non-controlling interests</b>	<u>650,698</u>	<u>618,676</u>
<b>Total equity</b>	<u><u>34,714,372</u></u>	<u><u>32,957,148</u></u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	948,735	-
Long-term notes payable	3,751,839	3,731,549
Deferred income tax liabilities	893,822	987,585
Long-term payables	1,441,920	1,285,096
	<u>7,036,316</u>	<u>6,004,230</u>
<b>Current liabilities</b>		
Accounts payable	3,368,438	2,935,710
Other payables and accruals	4,872,613	4,273,372
Derivative financial instruments	14,680	40,853
Borrowings	3,609,323	5,676,325
Current income tax liabilities	998,523	992,151
Other tax liabilities	256,781	228,051
Deferred revenue	6,860,776	6,584,815
	<u>19,981,134</u>	<u>20,731,277</u>
<b>Total liabilities</b>	<u><u>27,017,450</u></u>	<u><u>26,735,507</u></u>
<b>Total equity and liabilities</b>	<u><u>61,731,822</u></u>	<u><u>59,692,655</u></u>

## RECONCILIATIONS OF IFRS TO NON-GAAP RESULTS

In RMB '000 except percentages	As reported	Adjustments			Amortisation of intangible assets (c)	Non-GAAP
		Equity-settled share-based compensation	Cash-settled share-based compensation (a)	Gain on deemed disposal (b)		
Unaudited six months ended 30 June 2012						
Operating profit	7,628,973	434,303	57,975	-	168,511	8,289,762
<i>Operating margin</i>	<i>37.8%</i>					<i>41.1%</i>
Profit for the period	6,072,901	434,303	57,975	-	155,752	6,720,931
<i>Net margin</i>	<i>30.1%</i>					<i>33.3%</i>
Profit attributable to equity holders of the Company	6,049,585	425,609	51,130	-	141,006	6,667,330
Unaudited six months ended 30 June 2011						
Operating profit	6,170,402	334,452	33,537	(459,037)	238,445	6,317,799
<i>Operating margin</i>	<i>47.2%</i>					<i>48.3%</i>
Profit for the period	5,227,480	334,452	33,537	(459,037)	159,669	5,296,101
<i>Net margin</i>	<i>40.0%</i>					<i>40.5%</i>
Profit attributable to equity holders of the Company	5,219,620	330,373	31,053	(459,037)	149,468	5,271,477

## RECONCILIATIONS OF IFRS TO NON-GAAP RESULTS

In RMB '000 except percentages	As reported	Adjustments			Amortisation of intangible assets (c)	Non-GAAP
		Equity-settled share-based compensation	Cash-settled share-based compensation (a)	Gain on deemed disposal (b)		
Unaudited three months ended 30 June 2012						
Operating profit	3,937,615	227,641	28,081	-	28,137	4,221,474
<i>Operating margin</i>	<i>37.4%</i>					<i>40.1%</i>
Profit for the period	3,110,571	227,641	28,081	-	44,060	3,410,353
<i>Net margin</i>	<i>29.5%</i>					<i>32.4%</i>
Profit attributable to equity holders of the Company	3,100,075	221,817	24,643	-	39,731	3,386,266
Unaudited three months ended 31 March 2012						
Operating profit	3,691,358	206,662	29,894	-	140,374	4,068,288
<i>Operating margin</i>	<i>38.3%</i>					<i>42.2%</i>
Profit for the period	2,962,330	206,662	29,894	-	111,692	3,310,578
<i>Net margin</i>	<i>30.7%</i>					<i>34.3%</i>
Profit attributable to equity holders of the Company	2,949,510	203,792	26,487	-	101,275	3,281,064
Unaudited three months ended 30 June 2011						
Operating profit	2,783,899	190,329	24,446	-	199,215	3,197,889
<i>Operating margin</i>	<i>41.3%</i>					<i>47.5%</i>
Profit for the period	2,343,272	190,329	24,446	-	136,440	2,694,487
<i>Net margin</i>	<i>34.8%</i>					<i>40.0%</i>
Profit attributable to equity holders of the Company	2,349,246	187,252	22,618	-	127,641	2,686,757

(a) Including put options granted to employees of investees on their shares and shares to be issued under investees' share-based incentive plans which can be acquired by the Company, and other incentives

(b) Gain on deemed disposal of previously held interest in associates

(c) Amortisation of intangible assets resulting from acquisitions, net of related deferred tax