

For Immediate Release

TENCENT ANNOUNCES 2019 FOURTH QUARTER AND ANNUAL RESULTS

Hong Kong, March 18, 2020 – Tencent Holdings Limited (“Tencent” or the “Company”, 00700.HK), a leading provider of Internet value added services in China, today announced the unaudited consolidated results for the fourth quarter of 2019 (“4Q2019”) and audited consolidated results for the year ended December 31, 2019 (“FY2019”).

4Q2019 Key Highlights

Revenues: +25% YoY, non-IFRS¹ profit attributable to equity holders of the Company: +29% YoY

- **Total revenues** were RMB105,767 million (USD15,161 million²), an increase of 25% over the fourth quarter of 2018 (“YoY”).
- **On a non-IFRS basis**, which is intended to reflect core earnings by excluding certain one-time and/or non-cash items:
 - **Operating profit** was RMB30,306 million (USD4,344 million), an increase of 35% YoY. Operating margin increased to 29% from 26% last year.
 - **Profit for the quarter** was RMB26,639 million (USD3,819 million), an increase of 32% YoY. Net margin increased to 25% from 24% last year.
 - **Profit attributable to equity holders of the Company** for the quarter was RMB25,484 million (USD3,653 million), an increase of 29% YoY.
 - **Basic earnings per share** were RMB2.690. **Diluted earnings per share** were RMB2.643.
- **On an IFRS basis**:
 - Operating profit was RMB28,604 million (USD4,100 million), an increase of 65% YoY. Operating margin increased to 27% from 20% last year.
 - Profit for the period was RMB22,372 million (USD3,207 million), an increase of 60% YoY. Net margin increased to 21% from 17% last year.
 - Profit attributable to equity holders of the Company for the quarter was RMB21,582 million (USD3,094 million), an increase of 52% YoY.
 - Basic earnings per share were RMB2.278. Diluted earnings per share were RMB2.248.

FY2019 Key Highlights

Revenues: +21% YoY, non-IFRS profit attributable to equity holders of the Company: +22% YoY

- **Total revenues** were RMB377,289 million (USD54,082 million), an increase of 21% over the year ended December 31, 2018 (“YoY”).
- **On a non-IFRS basis**, which is intended to reflect core earnings by excluding certain one-time and/or non-cash items:
 - **Operating profit** was RMB114,601 million (USD16,427 million), an increase of 24% YoY. Operating margin was 30%, broadly stable from last year.
 - **Profit for the year** was RMB97,589 million (USD13,989 million), an increase of 22% YoY. Net margin remained stable at 26%.
 - **Profit attributable to equity holders of the Company** for the year was RMB94,351 million

¹ Non-IFRS (formerly referred to as non-GAAP) adjustments excludes share-based compensation, M&A related impact such as net (gains)/losses from investee companies, amortisation of intangible assets and impairment provision, as well as income tax effects.

² Figures stated in USD are based on USD1 to RMB6.9762

(USD13,525 million), an increase of 22% YoY.

- **Basic earnings per share** were RMB9.966. **Diluted earnings per share** were RMB9.729.
- **On an IFRS basis:**
 - Operating profit was RMB118,694 million (USD17,014 million), an increase of 22% YoY. Operating margin was 31%, broadly stable from last year.
 - Profit for the year was RMB95,888 million (USD13,745 million), an increase of 20% YoY. Net margin decreased to 25% from 26% last year.
 - Profit attributable to equity holders of the Company for the year was RMB93,310 million (USD13,375 million), an increase of 19% YoY.
 - Basic earnings per share were RMB9.856. Diluted earnings per share were RMB9.643.
- The Board has recommended a final dividend of HKD1.20 per share for FY2019 (2018: HKD1.00 per share), subject to the approval of the shareholders at the Annual General Meeting.

Mr. Ma Huateng, Chairman and CEO of Tencent, said, "During 2019, we reinforced our leadership in Consumer Internet and extended our presence in Industrial Internet, while sustaining healthy operating and financial metrics. Our communication and social platforms became increasingly vibrant as our Weixin ecosystem better connected users with services. Our international game business broke through to a much larger audience with the success of titles such as PUBG Mobile and Call of Duty Mobile. We deepened our payment penetration among offline merchants and expanded our range of wealth management products. And we have strengthened our advertising and cloud solutions, enabling us to better serve our enterprise customers and so grow our business scale. Amid the COVID-19 situation, we have worked relentlessly to help individuals and serve society, organizing charitable and voluntary activities, enhancing and making widely available useful technology tools including WeChat Work, Tencent Meeting app, Tencent Medipedia information service, and Tencent Classroom app, as we seek to fulfill our corporate mission of Value for Users, Tech for Good."

4Q2019 Financial Review

Revenues from VAS increased by 20% YoY to RMB52,308 million. Online games revenues rose by 25% YoY to RMB30,286 million. The increase was primarily driven by revenue growth from smart phone games in both domestic and overseas markets, including titles such as Peacekeeper Elite and PUBG Mobile, as well as revenue contribution from Supercell titles, partly offset by lower revenues from PC client games such as DnF. Social networks revenues grew by 13% to RMB22,022 million, mainly reflecting greater contributions from digital content services such as live broadcast and music streaming services.

Revenues from FinTech and Business Services increased by 39% YoY to RMB29,920 million. The increase was primarily due to greater revenue contributions from commercial payment, as well as revenue growth from cloud services as a result of deeper penetration in key verticals.

Revenues from Online Advertising increased by 19% YoY to RMB20,225 million. Social and others advertising revenues increased by 37% to RMB16,274 million, mainly driven by advertising revenue growth from Weixin Moments and our mobile advertising network. Media advertising revenues decreased by 24% to RMB3,951 million. The decrease primarily reflected lower advertising revenues from our media platforms including Tencent Video and Tencent News due to uncertain broadcasting schedules and fewer telecasts of sports events.

Other Key Financial Information for 4Q2019

EBITDA was RMB35,675 million, up 31% YoY. Adjusted EBITDA was RMB38,572 million, up 30% YoY. Capital expenditure was RMB16,869 million, up 270% YoY. Free cash flow* was RMB37,896 million, up 27% YoY.

As at December 31, 2019, net debt position totalled RMB15,552 million. Fair value of our stakes in listed investee companies (excluding subsidiaries) totalled RMB419,818 million.

* Starting from the first quarter of 2019, we have reclassified interest paid in cash flow presentation from operating activities to financing activities in order to reflect the nature of business. Comparative figures have been reclassified to conform with the current period presentation.

Operating Metrics

	As at 31 December 2019	As at 31 December 2018	Year- on-year change	As at 30 September 2019	Quarter- on-quarter change
		(in millions, unless specified)			
Combined MAU of Weixin and WeChat	1,164.8	1,097.6	6.1%	1,151.0	1.2%
Smart device MAU of QQ	647.0	699.8	-7.5%	653.4	-1.0%
Fee-based VAS registered subscriptions	180.1	160.3	12.4%	170.6	5.6%

Strategic Progress and Outlook

Our key strategic priorities include cultivating our leading position in the Consumer Internet, embracing opportunities brought by the Industrial Internet, and energizing our corporate culture. During 2019, we believe we made substantial progress on prominent aspects of our corporate strategy, and we see scope for further development, leading us to continue to evolve our plans as we try to tackle new challenges and seize new opportunities. Reviewing some of our important product areas and business lines:

Communication and Social

Our strategic focus in this business is strengthening connections between users via digital content, online services, and offline services, as well as enhancing connections with enterprises leveraging Mini Programs, Weixin Pay and WeChat Work.

In 2019, we provided Weixin users with convenient access to public services and healthcare content. We enriched content in Mini Programs and news feeds services in video format and enabled users to share short videos via Weishi within Moments. Weixin and WeChat engagement metrics stayed high as their active user base and user time spent increased. Daily messages sent were up 15% year-on-year for the fourth quarter of 2019. We rejuvenated QQ with enhanced chat features and friend recommendation, and we expanded entertainment use cases via Mini Games, increasing QQ's popularity among younger generations. Since the coronavirus outbreak, QQ School-plus-Home groups have served more than 120 million users, with optimised

features such as live broadcast, online tutoring programs and online administrative tools for school routines to facilitate online and offline education. To strengthen our connections with enterprises, we facilitated discovery of merchants' Mini Programs and sales conversion by enhancing Weixin in-app search and live broadcast functions. The number of daily transactions generated within Mini Programs more than doubled year-on-year, and their transaction value exceeded RMB800 billion in 2019.

Looking forward, we seek to make our users' everyday life more convenient through our communication products, to develop the full potential of Mini Programs, and to introduce new social experiences enabled by technology innovations.

Online Games

In our online games business, our strategic focus was on enhancing our internal R&D capability and external partnerships, and expanding our overseas business.

During 2019, we extended our China leadership and made notable progress in our overseas business, largely due to the success of our games PUBG Mobile and Call of Duty Mobile, as well as the new mode Teamfight Tactics within League of Legends. Our international games revenues more than doubled year-on-year, constituting 23% of our online games revenue in the fourth quarter of 2019. As of the end of 2019, five out of the top ten most-popular smart phone games by DAU internationally were developed by us. In addition to establishing our original IP franchises, we developed external partnerships via a number of new investments in best-in-genre studios. Key studios such as Timi and Lightspeed & Quantum under Tencent, as well as Riot Games and Supercell, have enhanced their R&D capability, and each have several promising games in its pipeline. We believe our studios are industry leaders on PC and smart phone games, and in genres such as multi-player battle arena and tactical tournament, but still have room to enhance our capabilities in other genres such as role-playing games. Leveraging our flagship games franchises, we strengthened our eSports global leadership with League of Legend's World Championship and Honour of Kings' KPL, which were the most watched events for PC and smart phone games, respectively.

Looking forward, we will seek to extend our domestic game industry leadership, reinforce our international efforts, and provide high quality new games globally.

Digital Content

In digital content, we focus on investing in digital content and growing our subscription business, and extending our franchise in long form video to short form video.

In 2019, our fee-based VAS subscriptions increased 12% year-on-year to 180 million. We experienced slower subscriber and revenue growth for our video subscription service in 2019 than 2018, reflecting delays in broadcasting key content; however our Tencent Video subscriptions reached 106 million, and we remained the clear industry leader in terms of content, users, and financial metrics, reducing our 2019 operating loss to below RMB3 billion, substantially lower than the loss rates of industry peers. We are increasingly skilled at commissioning and creating in-house content, especially in areas such as drama series, anime series, and variety shows. We have extended our owned IP, such as Joy of Life (慶餘年), from online novels into successful TV drama series. We accelerated our music subscriber growth in the second half of 2019, benefitting from the pay-for-streaming model. Our literature subscriber growth was weak for much of 2019 due to competition from free reading services, but we are seeing signs of improvement, as our Weixin Reading app becomes more popular, and as readers differentiate the generally higher quality of paid content.

During 2019, we have aggressively stepped up our investment in the short form video space, given users are spending substantial time watching such videos. As a result of our efforts, our short video app Weishi increased its DAU 80% and daily uploads 70% sequentially in the fourth quarter of 2019. We enhanced our video content recognition technology to enhance user content creation and make smarter content recommendations. We added innovative features such as video red packets to boost social video uploads and leveraged in-house IPs to support content creation by key opinion leaders (KOLs) and multi-channel networks (MCNs). We are in the early stages of what we expect to be a multi-year investment in short form video, but the fact that we overcame a late start in long form video to become the industry's leader, together with our ability to leverage our social network and media properties, and our substantial progress in recent months, gives us confidence in our long term prospects in short form video.

Online Advertising

In advertising, we seek to enhance our user targeting capability to increase ROIs (return on investments) for advertisers.

During the first half of 2019, weak macro-economic conditions and competition for advertising spending negatively impacted our advertising business. However, the unification of our advertising technology and sales teams, enhanced user targeting, as well as simplified inventories and advertiser tools enabled us to re-establish business momentum from the second half of 2019 in our core "social and others" advertising category, which accounted for the large majority of our total advertising revenue in the fourth quarter of 2019. Specifically, we extended the maximum number of ad impressions per user day in Weixin Moments from two to three in early 2019, and successfully tested a fourth impression in late 2019. Leveraging our data and technology, we believe we have taken substantial market share in ad networks, where we have experienced robust revenue growth, and improved operating margin. Our media advertising business was hurt by delays in broadcasting certain drama series and less advertising activities around NBA basketball games.

Looking forward, we believe our competitive position in advertising has notably improved, and, despite industry challenges, we enter 2020 with the right team and technology to enhance advertiser ROIs and increase our advertising market share, while continuing to provide appealing consumer experiences.

FinTech

In FinTech, we strive to drive payment innovation, add payment use cases, and expand our wealth management portfolio.

During 2019, we strengthened our leadership in mobile payment services through deepening our penetration among offline merchants. In the fourth quarter of 2019, we exceeded 1 billion daily average transactions for our commercial payments, covered over 800 million monthly active users, and worked with over 50 million monthly active merchants. We launched Weixin Pay Scores which enhanced users' purchase propensity and loyalty to merchants through features such as waiving creditworthy users their deposits on some rental use cases. Our wealth management platform, LiCaiTong, increased its aggregate customer assets over 50% year-on-year, while its number of customers more than doubled year-on-year as we expanded into the mass market. Our affiliate WeBank rapidly grew the loan balances of its micro-loan product, WeiLiDai, within Weixin, while maintaining a healthy non-performing loan ratio.

Looking forward, we will seek to extend our payment use cases, provide new FinTech products and services, and enhance the underlying capabilities and stability of our platform.

Cloud and Business Services

In Cloud and Business Services, we focus on developing customized industry solutions, enabling our enterprise partners to better connect with our users, and assisting a range of industries in digital upgrades.

Our cloud services revenues exceeded RMB17 billion in 2019, as we consistently outgrew the market. Our number of paying customers exceeded 1 million, benefitting from enhanced sales team and deeper partnerships with system integrators. Gross margins improved as we optimized supply chains and expanded business scale. We increased our market share and gained presence in verticals such as Internet services, tourism, municipal services and industrial sectors, leveraging our consumer reach to assist enterprises in their digital upgrades. The COVID-19 pandemic is delaying customers' implementation of cloud-related initiatives and will thus negatively impact our near-term cloud services revenues, but we believe enterprises will be increasingly keen to adopt cloud-based solutions over the longer term, in order to facilitate remote working and remote interactions with their customers.

2020's COVID-19 pandemic highlights the utility of remote working and remote health care services, and we are seeking to play our part in helping people cope with the new challenge. Tencent Meeting exceeded 10 million DAUs within two months since its launch in late December 2019, by far the most-used dedicated video conferencing app in China. We deepened the integration between Weixin and WeChat Work to facilitate customer management and sales conversion, and millions of enterprises used WeChat Work to resume work in the wake of the coronavirus outbreak. Over 300 million Weixin users have utilized Tencent Health as an important access to real-time pandemic data, online consultation and AI-powered self-diagnosis services. We provided our medical AI imaging capabilities to assist diagnosis of coronavirus disease. We also offered reliable and professional medical information through Tencent Medipedia, and distributed pandemic-related content via multiple high-traffic platforms, such as Weixin and Tencent News, attracting over 600 million page views. Tencent Health Code becomes the most used ePass for verifying health and travel history during the outbreak. 900 million users across more than 300 cities and counties have used our Health Code since it was available in this February, with a total of 8 billion visits. Looking forward, we will seek to both meet the immediate needs for our products brought about by the pandemic, and develop our capabilities to anticipate and serve enterprises' long term demands as the economy digitizes.

Environmental, Social and Governance (“ESG”) Initiatives

We made notable progress on our ESG performance in 2019. We inaugurated an Xplorer Prize to support fundamental science and cutting-edge technology research. WeCounty Platform, our initiative to facilitate digitalization of China's rural areas and poverty alleviation, has connected 15,000 villages in 29 provinces, serving over 2.5 million villagers at the end of 2019. We cooperated with renowned museums worldwide to promote cultural inheritance via museum-specific Mini Programs. We improved the energy consumption efficiency of our data centers. We diversified our board of directors with the inclusion of Professor Ke Yang, who brings her expertise in healthcare and medical research.

As we entered 2020, we faced the challenges of the coronavirus pandemic, which has profoundly impacted the global economy. We responded by establishing a RMB1.5 billion emergency fund to offer relief support and by leveraging our cloud resources and technology to support pandemic-related program development and medical research. Our teams have worked relentlessly to upgrade our capabilities and products to update the public with authoritative news and information related to the pandemic, and to provide healthcare services, businesses and educational establishments with access to remote workplace and collaborative tools. We also cooperated with Dr. Zhong Nanshan to fund his coronavirus research and provided our medical AI imaging

capabilities to assist developing a quick test for COVID-19. We believe these efforts embody our mission, “Value for Users, Tech for Good”.

For other detailed disclosure, please refer to our website <http://www.tencent.com/en-us/investors.html>, or follow us via Weixin Official Account (Weixin ID: Tencent_IR):



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About Tencent

Tencent uses technology to enrich the lives of Internet users.

Our communication and social platforms, Weixin and QQ, connect users with each other and with digital content and services, both online and offline, making their lives more convenient. Our targeted advertising platform helps advertisers reach out to hundreds of millions of consumers in China. Our FinTech and business services support our partners' business growth and assist their digital upgrade.

Tencent invests heavily in talent and technological innovation, actively promoting the development of the Internet industry. Tencent was founded in Shenzhen, China, in 1998. Shares of Tencent (00700.HK) are listed on the Main Board of the Stock Exchange of Hong Kong.

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Non-IFRS Financial Measures

To supplement the consolidated results of the Group prepared in accordance with IFRS, certain additional non-IFRS financial measures (in terms of operating profit, operating margin, profit for the period, net margin, profit attributable to equity holders of the Company, basic EPS and diluted EPS), have been presented in this press release. These unaudited non-IFRS financial measures should be considered in addition to, not as a substitute for, measures of the Group'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 Group's core operations by excluding certain non-cash items and certain impact of M&A transactions. In addition, non-IFRS adjustments include relevant non-IFRS adjustments for the Group's major associates based on available published financials of the relevant major associates, or estimates made by the Company's management based on available information, certain expectations, assumptions and premises.

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 realised 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

RMB in millions, unless specified

	Unaudited		Audited	
	4Q2019	4Q2018	2019	2018
Revenues	105,767	84,896	377,289	312,694
VAS	52,308	43,651	199,991	176,646
FinTech and Business Services	29,920	21,597	101,355	73,138
Online Advertising	20,225	17,033	68,377	58,079
Others	3,314	2,615	7,566	4,831
Cost of revenues	(59,659)	(49,744)	(209,756)	(170,574)
Gross profit	46,108	35,152	167,533	142,120
	<i>Gross margin</i>			
	44%	41%	44%	45%
Interest income	1,580	1,350	6,314	4,569
Other gains/(losses), net	3,630	(2,139)	19,689	16,714
Selling and marketing expenses	(6,712)	(5,730)	(21,396)	(24,233)
General and administrative expenses	(16,002)	(11,345)	(53,446)	(41,522)
Operating profit	28,604	17,288	118,694	97,648
	<i>Operating margin</i>			
	27%	20%	31%	31%
Finance costs, net	(2,767)	(1,372)	(7,613)	(4,669)
Share of (loss)/profit of associates and joint ventures	(1,328)	16	(1,681)	1,487
Profit before income tax	24,509	15,932	109,400	94,466
Income tax expense	(2,137)	(1,906)	(13,512)	(14,482)
Profit for the period	22,372	14,026	95,888	79,984
	<i>Net margin</i>			
	21%	17%	25%	26%
Attributable to:				
Equity holders of the Company	21,582	14,229	93,310	78,719
Non-controlling interests	790	(203)	2,578	1,265
Non-IFRS profit attributable to equity holders of the Company	25,484	19,730	94,351	77,469
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)				
- basic	2.278	1.505	9.856	8.336
- diluted	2.248	1.489	9.643	8.228

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RMB in millions, unless specified

	Audited	
	2019	2018
Profit for the year	95,888	79,984
Other comprehensive income, net of tax:		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	125	23
Transfer of share of other comprehensive income to profit or loss upon deemed disposal of associates	(3)	-
Currency translation differences	3,089	4,133
Other fair value (losses)/gains, net	(2,139)	181
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income	23,119	(16,391)
Other fair value losses	(178)	(170)
	24,013	(12,224)
Total comprehensive income for the year	119,901	67,760
Attributable to:		
Equity holders of the Company	116,670	66,339
Non-controlling interests	3,231	1,421

OTHER FINANCIAL INFORMATION

RMB in millions, unless specified

	Unaudited		Audited	
	4Q2019	4Q2018	2019	2018
EBITDA (a)	35,675	27,180	137,268	110,404
Adjusted EBITDA (a)	38,572	29,701	147,395	118,273
Adjusted EBITDA margin (b)	36%	35%	39%	38%
Interest and related expenses	2,348	1,345	7,690	4,898
Net debt (c)	(15,552)	(12,170)	(15,552)	(12,170)
Capital expenditures (d)	16,869	4,564	32,369	23,941

- Note:*
- (a) EBITDA consists of operating profit less interest income and other gains/losses, net, and adding back depreciation of property, plant and equipment, investment properties as well as right-of-use assets, 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 debt represents period end balance and is calculated as cash and cash equivalents, plus term deposits and others, minus borrowings and notes payable.
- (d) Capital expenditures consist of additions (excluding business combinations) to property, plant and equipment, construction in progress, investment properties, land use rights and intangible assets (excluding media contents, game licenses and other contents).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RMB in millions, unless specified

	Audited	
	As at December 31	
	2019	2018
ASSETS		
Non-current assets		
Property, plant and equipment	46,824	35,091
Land use rights	15,609	7,106
Right-of-use assets	10,847	-
Construction in progress	3,935	4,879
Investment properties	855	725
Intangible assets	128,860	56,650
Investments in associates	213,614	219,215
Investments in joint ventures	8,280	8,575
Financial assets at fair value through profit or loss	128,822	91,702
Financial assets at fair value through other comprehensive income	81,721	43,519
Prepayments, deposits and other assets	23,442	21,531
Other financial assets	-	1,693
Deferred income tax assets	18,209	15,755
Term deposits	19,000	-
	700,018	506,441
Current assets		
Inventories	718	324
Accounts receivable	35,839	28,427
Prepayments, deposits and other assets	27,840	18,493
Other financial assets	375	339
Financial assets at fair value through profit or loss	7,114	6,175
Term deposits	46,911	62,918
Restricted cash	2,180	2,590
Cash and cash equivalents	132,991	97,814
	253,968	217,080
Total assets	953,986	723,521

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

RMB in millions, unless specified

	Audited	
	As at December 31	
	2019	2018
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	-	-
Share premium	35,271	27,294
Shares held for share award schemes	(4,002)	(4,173)
Other reserves	16,786	729
Retained earnings	384,651	299,660
	432,706	323,510
Non-controlling interests	56,118	32,697
Total equity	488,824	356,207
LIABILITIES		
Non-current liabilities		
Borrowings	104,257	87,437
Notes payable	83,327	51,298
Long-term payables	3,577	4,797
Other financial liabilities	5,242	3,306
Deferred income tax liabilities	12,841	10,964
Lease liabilities	8,428	-
Deferred revenue	7,334	7,077
	225,006	164,879
Current liabilities		
Accounts payable	80,690	73,735
Other payables and accruals	45,174	33,312
Borrowings	22,695	26,834
Notes payable	10,534	13,720
Current income tax liabilities	9,733	10,210
Other tax liabilities	1,245	1,049
Other financial liabilities	5,857	1,200
Lease liabilities	3,279	-
Deferred revenue	60,949	42,375
	240,156	202,435
Total liabilities	465,162	367,314
Total equity and liabilities	953,986	723,521

RECONCILIATIONS OF IFRS TO NON-IFRS RESULTS

RMB in million, unless specified	As reported	Adjustments					Non-IFRS
		Share-based compensation (a)	Net (gains)/losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provision (d)	Income tax effects (e)	
Year ended December 31, 2019							
Operating profit	118,694	10,500	(19,650)	1,051	4,006	–	114,601
Profit for the year	95,888	12,774	(20,818)	5,781	5,202	(1,238)	97,589
Profit attributable to equity holders	93,310	12,309	(20,720)	5,362	5,185	(1,095)	94,351
Operating margin	31%						30%
Net margin	25%						26%
Year ended December 31, 2018							
Operating profit	97,648	7,900	(31,168)	524	17,577	–	92,481
Profit for the year	79,984	11,354	(32,513)	4,251	17,741	(525)	80,292
Profit attributable to equity holders	78,719	11,025	(33,073)	4,027	17,238	(467)	77,469
Operating margin	31%						30%
Net margin	26%						26%

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) 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
- (c) Amortisation of intangible assets resulting from acquisitions
- (d) Impairment provisions for associates, joint ventures and intangible assets arising from acquisitions
- (e) Income tax effects of non-IFRS adjustments

RECONCILIATIONS OF IFRS TO NON-IFRS RESULTS

RMB in million, unless specified	As reported	Adjustments					Non-IFRS
		Share-based compensation (a)	Net (gains)/losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provision (d)	Income tax effects (e)	
Unaudited three months ended December 31, 2019							
Operating profit	28,604	3,269	(2,340)	701	72	–	30,306
Profit for the period	22,372	3,965	(1,412)	1,667	140	(93)	26,639
Profit attributable to equity holders	21,582	3,756	(1,403)	1,406	133	10	25,484
Operating margin	27%						29%
Net margin	21%						25%
Unaudited three months ended September 30, 2019							
Operating profit	25,827	2,745	(1,814)	118	1,668	–	28,544
Profit for the period	20,976	3,568	(2,509)	1,544	1,981	(474)	25,086
Profit attributable to equity holders	20,382	3,475	(2,444)	1,491	1,971	(463)	24,412
<i>Operating margin</i>	<i>27%</i>						<i>29%</i>
<i>Net margin</i>	<i>22%</i>						<i>26%</i>
Unaudited three months ended December 30, 2018							
Operating profit	17,288	2,459	1,579	198	864	–	22,388
Profit for the period	14,026	3,579	583	1,927	938	(813)	20,240
Profit attributable to equity holders	14,229	3,504	(60)	1,839	1,013	(795)	19,730
<i>Operating margin</i>	<i>20%</i>						<i>26%</i>
<i>Net margin</i>	<i>17%</i>						<i>24%</i>

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) 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
- (c) Amortisation of intangible assets resulting from acquisitions
- (d) Impairment provisions for associates, joint ventures and intangible assets arising from acquisitions
- (e) Income tax effects of non-IFRS adjustments