

For Immediate Release**TENCENT ANNOUNCES 2016 FOURTH QUARTER AND ANNUAL RESULTS**

Hong Kong, March 22, 2017 – Tencent Holdings Limited (“Tencent” or the “Company”, SEHK 00700), a leading provider of Internet value added services in China, today announced the unaudited consolidated results for the fourth quarter of 2016 (“4Q2016”) and audited consolidated results for the year ended December 31, 2016 (“FY2016”).

FY2016 Key Highlights:

- Total revenues were RMB151,938 million (USD21,903 million¹), an increase of 48% over the year ended December 31, 2015 (“YoY”).
- Operating profit was RMB56,117 million (USD8,090 million), an increase of 38% YoY. Operating margin decreased to 37% from 39% last year.
- Profit for the year was RMB41,447 million (USD5,975 million), an increase of 42% YoY. Net margin decreased to 27% from 28% last year.
- Profit attributable to equity holders of the Company for the year was RMB41,095 million (USD5,924 million), an increase of 43% YoY.
- Basic earnings per share were RMB4.383. Diluted earnings per share were RMB4.329.
- On a non-GAAP basis, excluding share-based compensation, net (gains)/losses from investee companies, amortisation of intangible assets and impairment provision:
 - Operating profit was RMB58,154 million (USD8,383 million), an increase of 39% YoY. Operating margin decreased to 38% from 41% last year.
 - Profit for the year was RMB45,991 million (USD6,630 million), an increase of 40% YoY. Net margin decreased to 30% from 32% last year.
 - Profit attributable to equity holders of the Company for the year was RMB45,420 million (USD6,547 million), an increase of 40% YoY.
 - Basic earnings per share were RMB4.844. Diluted earnings per share were RMB4.784.

4Q2016 Key Highlights:

- Total revenues were RMB43,864 million (USD6,323 million), an increase of 44% over the fourth quarter of 2015 (“YoY”).
- Operating profit was RMB13,930 million (USD2,008 million), an increase of 28% YoY. Operating margin decreased to 32% from 36% last year.
- Profit for the period was RMB10,523 million (USD1,517 million), an increase of 46% YoY. Net margin was 24%, the same with last year.
- Profit attributable to equity holders of the Company for the quarter was RMB10,529 million (USD1,518 million), an increase of 47% YoY.
- Basic earnings per share were RMB1.121. Diluted earnings per share were RMB1.108.
- On a non-GAAP basis, excluding share-based compensation, net (gains)/losses from investee companies, amortisation of intangible assets and impairment provision:

¹ Figures stated in USD are based on USD1 to RMB6.9370.

- Operating profit was RMB14,946 million (USD2,155 million), an increase of 30% YoY. Operating margin decreased to 34% from 38% last year.
- Profit for the quarter was RMB12,432 million (USD1,792 million), an increase of 38% YoY. Net margin decreased to 28% from 30% last year.
- Profit attributable to equity holders of the Company for the quarter was RMB12,332 million (USD1,778 million), an increase of 38% YoY.
- Basic earnings per share were RMB1.313. Diluted earnings per share were RMB1.298.

Mr. Ma Huateng, Chairman and CEO of Tencent, said, "During 2016, Tencent achieved significant progress in a number of strategic initiatives to further strengthen our leadership, enrich our ecosystem and enhance our competitiveness. QQ and Weixin reinforced their positions as ubiquitous platforms for users in China to communicate and socialise, as well as to enjoy content and services efficiently. We launched a number of successful self-developed and licensed games and solidified our position as the leading game company globally. We expanded the popularity of our media platforms and grew rapidly the number of paying users for our digital content platforms. We also substantially increased the market share and daily transactions of our mobile payment services, and achieved rapid growth in commercial payment transactions. Looking ahead, we will seek to deliver superior experiences to our users and to create business opportunities for our ecosystem partners through the further implementation of our "Connection" strategy. We will also invest heavily in cutting edge technologies such as security, cloud, big data and AI so as to position us for the next wave of growth."

4Q2016 Financial Review

Value Added Services ("VAS"). Revenues from our VAS business increased by 27% to RMB29,191 million for 4Q2016 on a YoY basis. Online games revenues grew by 16% YoY to RMB18,469 million. The increase was primarily driven by contributions from our major PvP and RPG genre smart phone games. Social networks revenues increased by 51% YoY to RMB10,722 million. The increase mainly reflected revenue growth from digital content services, including our expanded digital music business, and virtual item sales.

Online advertising. Revenues from our online advertising business increased by 45% to RMB8,288 million for 4Q2016 on a YoY basis. Performance-based advertising revenues grew by 77% YoY to RMB5,168 million, mainly driven by higher contributions from advertising revenues derived from Weixin Moments, our mobile news apps, and Weixin Official Accounts. Brand display advertising revenues increased by 11% YoY to RMB3,120 million, primarily driven by growth in revenues from our mobile media platforms such as Tencent News and Tencent Video, partly offset by performance inventory replacing some brand inventory.

Others. Revenues from our other businesses increased by 289% to RMB6,385 million for 4Q2016 on a YoY basis. The increase was mainly due to revenue growth from our payment related and cloud services.

Other Key Financial Information for 4Q2016

Share-based compensation was RMB1,754 million, up 117% YoY.

EBITDA was RMB16,775 million, up 39% YoY. Adjusted EBITDA was RMB18,495 million, up 44% YoY.

Capital expenditure was RMB2,839 million, up 51% YoY.

Free cash flow was RMB17,156 million, up 6% YoY.

As at 31 December 2016, the Group had net cash of RMB18,140 million. Fair value of our stakes in listed investee companies (both associates and available-for-sale financial assets) totalled RMB89 billion as at December 31, 2016.

Company Strategic Highlights

In 2016, we strengthened our “Connection” strategy by making our social platforms more interactive for users to share and communicate, and by connecting our social platforms to a broader range of online and offline services. We increasingly sought to differentiate user experience between our QQ and Weixin platforms.

- QQ increasingly catered to a younger user base by enriching and optimising its entertainment-oriented functionalities. From a social perspective, QQ introduced a series of features to make chatting and sharing experience more entertaining, such as facial beautifying tools, painting-styled photos, and animated video stickers. From a content perspective, QQ stimulated user activities with entertainment-oriented content such as literature, cartoons, and short videos.
- Weixin focused on providing more convenience to users’ daily life. During the year, Weixin enriched its content ecosystem around official accounts and boosted merchant and user adoption for Weixin Pay. In January 2017, Weixin launched *Mini Program* that we believe over time should help us broaden and deepen our services offering in low-frequency use cases, connect more offline services to online users, and provide more venues for users to sample functionalities offered by apps and thus increase the conversion rate for app downloads.

We also sought to deepen “Connection” between our users and our core business engines:

- Online games: Our online games business delivered another year of solid growth. Through data mining, we improved performance of our existing titles and gained deeper insights into player behaviours. In China, several of our self-created games such as Honour of Kings, Legend of YuLong Mobile and Naruto Mobile achieved significant success, and we reinforced our position as the preferred China publisher for local and overseas game developers. Internationally, we expanded our presence via investments in companies such as Supercell and Paradox; we also published a few of our internally developed smart phone games in Southeast Asia.

Smart phone games: Our strategy is to engage a large pool of casual gamers and gradually advance them to mid-core and hard-core categories. During the year, we strengthened our leading position in player-versus-player games and expanded our presence in role playing games with a series of successful in-house and licensed titles.

PC client games: We strived to serve hard-core gamers better via attractive new content for

existing titles and via user behavioural insights gained from data mining. As a result, our paying user ratio increased YoY. We broadened user engagement with our major PC game titles via eSports, game video streaming, and game interest groups. Our integrated PC game community, Tencent Game Platform, plays an important role in introducing new titles to gamers.

- Advertising: For key accounts, we increased our penetration by offering integrated solutions across brand and performance advertising products. For long-tail accounts, we successfully grew the number of small and regional marketers by sharpening our targeting algorithms, and upgrading our self-service tools for campaign management and results measuring.

Social and performance advertising: Our social advertising inventory remained as a key attraction to advertisers, leveraging our platform's superior targeting capability, unparalleled consumer reach, and premium brand image. We innovated around advertisement formats to enable more native and immersive experience for users, hence enhancing performance for marketers. We enabled advertisers and Weixin Official Accounts to select each other, better matching relevant advertisements with appropriate content. By improving click-through and sell-through rates of our existing inventory, we achieved satisfactory revenue growth without dramatically increasing advertisement loading rates.

Brand advertising: For video, we prioritised sponsorship advertising to better capitalise on our premium inventory. For our news applications, we further upgraded our targeting capabilities.

- Digital content: Our social platforms played an important role in propelling user growth of our digital content platforms, accelerating their growth into successful standalone businesses. Paying users grew significantly during the year benefiting from enhanced content, easier payment solutions, and the improved copyright protection environment in China. For video, we expanded our subscriber base via further investments in premium content, in particular exclusive content where we are deeply involved in production. For music, we drove subscription growth with premium content, achieved initial success in digital albums sales, and boosted virtual gifting consumption on our karaoke platform. For literature, we boosted user acquisition through reading channels on our portfolio applications such as QQ Browser and Mobile QQ, strengthened our anti-piracy efforts, and sought to enhance IP value via original productions of movies and TV series.
- Payment related services: We surpassed 600 million mobile payment monthly active user accounts ("MAU") and average daily payment transactions in December 2016. Our payment related services provide fast and seamless experience for a widening range of offline consumption scenarios such as taxi booking, convenience stores, restaurants, and supermarkets. We drove merchant adoption by working with merchant acquirer agencies and simplifying on-boarding procedures. Our fast growing commercial payment transaction volume is diversifying from large online merchants to a broad range of offline merchants. Our robust payment infrastructure, which made continuous

improvements in payment security, service reliability and transaction speed, enabled us to process peak volume of 760,000 red packets per second during the Lunar New Year.

- Cloud services: Through continued investments in cloud services, we made several internally developed technologies available to our corporate clients and partners. We established clear leadership in providing game and video industry solutions, and strengthened our position in providing O2O and financial services solutions. During the year, we made continued investments in technology and infrastructure, grew our sales force and channel partners to drive adoption by more small-scale application developers, and strengthened our overseas capability to help Chinese enterprises to deploy their service globally. Our cloud services revenue more than tripled YoY in 2016 as both the number of enterprise accounts and usage of existing accounts increased substantially.

In addition, we are investing in forefront technologies such as artificial intelligence and machine learning to position our “Connection” strategy for the future. We intend to use machine learning to personalise recommendations within our digital content services, sharpen our advertising targeting capability, enrich social interactions via features such as animated face masks, and save costs by optimising our customer service needs.

Business Review and Outlook

Company Product Highlights

Operating Information

- MAU of QQ was 868 million, an increase of 2% YoY.
- Smart device MAU of QQ was 652 million, an increase of 2% YoY.
- Peak concurrent user accounts (“PCU”) of QQ (for the quarter) was 244 million, an increase of 1% YoY.
- Combined MAU of Weixin and WeChat was 889 million, an increase of 28% YoY.
- MAU of Qzone was 638 million, a decrease of 0.3% YoY.
- Smart device MAU of Qzone was 595 million, an increase of 4% YoY.
- Fee-based VAS registered subscriptions were 110 million, an increase of 16% YoY.

Social and Communication Platforms

- QQ: Smart device MAU increased by 2% YoY to 652 million. PCU including PC and mobile reached 244 million. User activities benefited from our new features such as cmShow, photo beautifying, and animated stickers for video. By building AR technology into interactions, QQ attracted 250 million users to open 2 billion sponsored red packets during the 5-day Lunar New Year campaign.

- Qzone: Smart device MAU increased by 4% YoY to 595 million. User activities benefited from upgraded functionalities such as immersive video streaming, live broadcasting, and upgraded photo features that allow family members to maintain joint albums.
- Weixin and WeChat: MAU reached 889 million, representing YoY growth of 28%. During the 24 hours of Lunar New Year's Eve, 14 billion red packets were gifted and accepted on Weixin, up 76% from the same period last year.

Online Game Platforms

- *PC client games*: We maintained our leadership as the largest game operator and publishing platform in China, operating all three top PC client games in China, namely League of Legends, Dungeon & Fighter and Cross Fire. In particular, League of Legends ranked first globally among all PC client games in terms of revenue in 2016, according to SuperData. Smart phone games had some negative effect on hours spent on playing PC games, especially where we operate both a PC and smart phone game utilising the same IP — for example, our shooting game Cross Fire. However the combined usage of these IPs across PC and smart phone has generally increased substantially.
- *Smart phone games*: We remained the top smart phone game publisher in China. For iOS, we ranked the number 1 publisher in the Global Grossing Chart, according to AppAnnie. Our games generally generate more revenue on Android than on iOS, because there are more Android users in China and some of our games appeal more to young users who use Android phones more. We achieved approximately RMB10.7 billion revenue¹ in 4Q2016, representing 51% YoY revenue growth, benefiting from portfolio expansion and strong operating performance of our major player-versus-player games and role-playing games. As of the end of 2016, Honour of Kings surpassed 50 million daily active user accounts ("DAU"), setting a new record for smart phone games on our platforms. During 2016, we continued to gain ground in role playing games with the success of titles such as Fantasy Zhu Xian Mobile, JX Mobile, ZhengTu Mobile, and Legend of YuLong Mobile.

Media and Digital Content Platforms

- *News Services*: Our news services, including news applications and news plug-ins within our social platforms, maintained industry leadership in terms of DAU. Tencent News, the most popular professional news application in China, focuses on formal and deep news content. By providing attractive and highly personalised casual reading content based on readers' interest graph, Kuaibao established itself as one of the most popular news applications in China.
- *Online Video*: Our video service ranked first in China in terms of mobile video views. The number of paying users exceeded 20 million, more than tripled YoY. During the year, we gained initial

¹ Including smart phone games revenue attributable to our social networks business.

success in original content with popular titles such as *Candle in the Tomb* and *When a Snail Falls in Love*.

- *Digital music*: We expanded our industry-leading music library and strengthened anti-piracy measures. DAU of our online karaoke application WeSing reached 35 million in 2016, more than doubled YoY, establishing itself as the largest online karaoke community in China. Virtual gifting items have gained popularity on WeSing as a tool for the audience to interact with the singers.
- *Online literature*: We strengthened our contractual relationships with key authors, and helped long-tail authors to achieve better readership via more intelligent content recommendations to readers. The number of daily paying readers reached approximately 2.5 million, more than doubled YoY, benefiting from reduced piracy.

Utility Platforms

- *Security*: Our mobile security application expanded its industry leadership, ranking first in China in terms of MAU according to QuestMobile. We won two world-class security vulnerability discovery contests in 2016, ranking number 1 in both Pwn2Own and Mobile Pwn2Own. During 2016, we strengthened our mobile security leadership in areas such as virus scanning, phony base-station detection, anti-fraudulent phone number library, phone memory optimisation, and speed boosting.
- *Application Store*: Our application store YingYongBao gained notable market share, overtaking the first movers to become the clear market leader. YingYongBao was ranked first among all Android application stores in China by QuestMobile in terms of MAU. In addition to application discovery, we also drove user activities with entertainment-oriented content such as videos, cartoons and literature. During the year, YingYongBao has grown into a significant distribution platform for our smart phone games on Android and made meaningful contributions to the growth of our social and performance advertising.
- *Browser*: Our mobile browser strengthened its industry leadership, ranking first in China in terms of MAU according to QuestMobile. Personalised recommendations drove robust YoY growth in page views and video views. QQ Browser also made significant contributions to the user growth of our digital literature services.

Company Outlook and Strategies for 2017

During 2017, we intend to further our “Connection” strategy by expanding our ecosystem around our core social and communication platforms via initiatives including:

- Adding more services within our social platforms to bring more convenience to our users, and to create business opportunities for our ecosystem partners;

- Expanding the popularity of our major smart phone games while adding new genre-driven PC games;
- Expanding our advertising market share by synchronising our capabilities in brand and performance advertising, and growing our number of small and regional advertisers with deeper targeting algorithms and more convenient self-service tools;
- Growing our digital content subscriber bases;
- Boosting usage frequency of our payment related services by covering more online and offline consumption scenarios; and
- Developing our capabilities in emerging technology areas such as machine learning and cloud services.

For other detailed disclosure, please refer to our website www.tencent.com/ir, 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. Every day, hundreds of millions of people communicate, share experiences, consume information and seek entertainment through our integrated platforms. Tencent's diversified services include QQ, Weixin/ WeChat for communications; Qzone for social networking; QQ Game Platform for online games; QQ.com and Tencent News for information and Tencent Video for video content.

Tencent was founded in Shenzhen in 1998 and went public on the Main Board of the Hong Kong Stock Exchange in 2004. The Company is one of the constituent stocks of the Hang Seng Index. Tencent seeks to evolve with the Internet by investing in innovation, providing a mutually beneficial environment for partners, and staying close to users.

For enquiries, please contact:

Investor:

Stella Lui Tel: (86) 755 86013388 ext 68870/ (852) 3148 5100 Email: stellalui@tencent.com

Kennis Lau Tel: (86) 755 86013388 ext 68958/ (852) 3148 5100 Email: kennislau@tencent.com

Media:

Canny Lo Tel: (86) 755 86013388 ext 66630/ (852) 3148 5100 Email: cannylo@tencent.com

Limin Chen Tel: (86) 755 86013388 ext 56011 Email: liminchen@tencent.com

Non-GAAP Financial Measures

To supplement the consolidated results of the Group 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, non-GAAP profit attributable to equity holders of the Company, non-GAAP basic EPS and non-GAAP diluted EPS, have been presented in this announcement. 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 Group's core operations by excluding certain non-cash items and certain impact of M&A transactions. In addition, non-GAAP adjustments include relevant non-GAAP adjustments for the Group's material associates based on available published financials of the relevant material 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 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

RMB in million, unless specified

	Unaudited		Audited	
	4Q2016	4Q2015	2016	2015
Revenues	43,864	30,441	151,938	102,863
VAS	29,191	23,068	107,810	80,669
Online advertising	8,288	5,733	26,970	17,468
Others	6,385	1,640	17,158	4,726
Cost of revenues	(20,238)	(12,661)	(67,439)	(41,631)
Gross profit	23,626	17,780	84,499	61,232
<i>Gross margin</i>	54%	58%	56%	60%
Interest income	653	649	2,619	2,327
Other gains, net	1,022	249	3,594	1,886
Selling and marketing expenses	(4,462)	(3,024)	(12,136)	(7,993)
General and administrative expenses	(6,909)	(4,766)	(22,459)	(16,825)
Operating profit	13,930	10,888	56,117	40,627
<i>Operating margin</i>	32%	36%	37%	39%
Finance costs, net	(483)	(363)	(1,955)	(1,618)
Share of losses of associates and joint ventures	(522)	(1,329)	(2,522)	(2,793)
Profit before income tax	12,925	9,196	51,640	36,216
Income tax expense	(2,402)	(1,998)	(10,193)	(7,108)
Profit for the year	10,523	7,198	41,447	29,108
<i>Net margin</i>	24%	24%	27%	28%
Attributable to:				
Equity holders of the Company	10,529	7,164	41,095	28,806
Non-controlling interests	(6)	34	352	302
Non-GAAP profit attributable to equity holders of the Company	12,332	8,953	45,420	32,410
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)				
- basic	1.121	0.769	4,383	3.097
- diluted	1.108	0.759	4,329	3.055

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RMB in million, unless specified

	Audited	
	2016	2015
Profit for the year	41,447	29,108
Other comprehensive income, net of tax:		
Items that may be subsequently reclassified to profit or loss		
Share of other comprehensive income of associates	863	329
Net gains from changes in fair value of available-for-sale financial assets	2,929	12,586
Transfer to profit or loss upon disposal of available-for-sale financial assets	(1,176)	(11)
Currency translation differences	4,198	1,975
Other fair value gains	600	-
Items that may not be subsequently reclassified to profit or loss		
Other fair value (losses)/gains	(244)	736
Total comprehensive income for the year	48,617	44,723
Attributable to:		
Equity holders of the Company	48,194	44,416
Non-controlling interests	423	307

OTHER FINANCIAL INFORMATION

RMB in million, unless specified

	Unaudited		Audited	
	4Q2016	4Q2015	2016	2015
EBITDA (a)	16,775	12,040	62,550	43,049
Adjusted EBITDA (a)	18,495	12,831	66,863	45,805
Adjusted EBITDA margin (b)	42%	42%	44%	45%
Interest expense	611	409	2,167	1,510
Net cash (c)	18,140	19,114	18,140	19,114
Capital expenditures (d)	2,839	1,883	12,100	7,709

Note:

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RMB in million, unless specified

	Audited	
	As at December 31	
	2016	2015
ASSETS		
Non-current assets		
Property, plant and equipment	13,900	9,973
Construction in progress	4,674	4,248
Investment properties	854	292
Land use rights	5,174	2,293
Intangible assets	36,467	13,439
Investments in associates	70,042	60,171
Investments in redeemable instruments of associates	9,627	6,230
Investments in joint ventures	630	544
Available-for-sale financial assets	83,806	44,339
Prepayments, deposits and other assets	7,363	5,480
Other financial assets	1,760	-
Deferred income tax assets	7,033	757
Term deposits	5,415	3,674
	246,745	151,440
Current assets		
Inventories	263	222
Accounts receivable	10,152	7,061
Prepayments, deposits and other assets	14,118	11,397
Other financial assets	1,649	1,198
Term deposits	50,320	37,331
Restricted cash	750	54,731
Cash and cash equivalents	71,902	43,438
	149,154	155,378
Total assets	395,899	306,818

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

RMB in million, unless specified

	Audited	
	As at December 31	
	2016	2015
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	-	-
Share premium	17,324	12,167
Shares held for share award schemes	(3,136)	(1,817)
Other reserves	23,693	9,673
Retained earnings	136,743	100,012
	174,624	120,035
Non-controlling interests	11,623	2,065
Total equity	186,247	122,100
LIABILITIES		
Non-current liabilities		
Borrowings	57,549	12,922
Notes payable	36,204	37,092
Long-term payables	4,935	3,626
Other financial liabilities	2,576	-
Deferred income tax liabilities	5,153	3,668
Deferred revenue	2,038	3,004
	108,455	60,312
Current liabilities		
Accounts payable	27,413	15,700
Other payables and accruals	20,873	70,199
Borrowings	12,278	11,429
Notes payable	3,466	3,886
Current income tax liabilities	5,219	1,608
Other tax liabilities	745	462
Deferred revenue	31,203	21,122
	101,197	124,406
Total liabilities	209,652	184,718
Total equity and liabilities	395,899	306,818

RECONCILIATIONS OF IFRS TO NON-GAAP RESULTS

<i>RMB in million, unless specified</i>	As reported	Adjustments					Non-GAAP
		Equity-settled share-based compensation	Cash-settled share-based compensation (a)	Net (gains)/losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provision (d)	
Year ended December 31, 2016							
Operating profit	56,117	4,313	142	(7,624)	397	4,809	58,154
Profit for the year	41,447	5,085	142	(7,786)	1,651	5,452	45,991
Profit attributable to equity holders	41,095	4,982	141	(7,770)	1,547	5,425	45,420
Operating margin	37%						38%
Net margin	27%						30%
Year ended December 31, 2015							
Operating profit	40,627	2,756	85	(4,275)	198	2,373	41,764
Profit for the year	29,108	3,304	85	(4,016)	1,186	3,185	32,852
Profit attributable to equity holders	28,806	3,221	81	(4,016)	1,149	3,169	32,410
Operating margin	39%						41%
Net margin	28%						32%

RECONCILIATIONS OF IFRS TO NON-GAAP RESULTS (continued)

RECONCILIATION OF THE POWER GRID RESULTS (continued)							
RMB in million, unless specified	As reported	Adjustments					Non-GAAP
		Equity-settled share-based compensation	Cash-settled share-based compensation (a)	Net (gains)/losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provision (d)	
Unaudited three months ended December 31, 2016							
Operating profit	13,930	1,720	34	(1,502)	162	602	14,946
Profit for the period	10,523	1,946	34	(1,440)	541	828	12,432
Profit attributable to equity holders	10,529	1,906	34	(1,440)	493	810	12,332
Operating margin	32%						34%
Net margin	24%						28%
Unaudited three months ended September 30, 2016							
Operating profit	14,460	1,098	34	(2,404)	139	1,710	15,037
Profit for the period	10,776	1,259	34	(2,309)	426	1,743	11,929
Profit attributable to equity holders	10,646	1,224	33	(2,297)	389	1,742	11,737
Operating margin	36%						37%
Net margin	27%						30%
Unaudited three months ended December 31, 2015							
Operating profit	10,888	791	18	(929)	46	719	11,533
Profit for the period	7,198	959	17	(995)	313	1,525	9,017
Profit attributable to equity holders	7,164	939	16	(995)	304	1,525	8,953
Operating margin	36%						38%
Net margin	24%						30%

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 and businesses, and fair value changes on options we own in investee companies
- (c) Amortisation of intangible assets resulting from acquisitions, net of related deferred tax
- (d) Impairment provision for associates, available-for-sale financial assets, and intangible assets arising from acquisitions