

For Immediate Release

TENCENT ANNOUNCES 2011 FOURTH QUARTER AND ANNUAL RESULTS

Hong Kong, March 14, 2012 – Tencent Holdings Limited (“Tencent” or the “Company”, SEHK 00700), a leading provider of Internet and mobile & telecommunications value-added services in China, today announced the unaudited consolidated results for the fourth quarter of 2011 and audited consolidated results for the year ended December 31, 2011.

Highlights of 2011 full year:

- Total revenues were RMB28,496.1 million (USD4,522.5 million¹), an increase of 45.0% over the year ended December 31, 2010 (“YoY”).
- Revenues from Internet value-added services (“IVAS”) were RMB23,042.8 million (USD3,657.1 million), an increase of 48.8% YoY.
- Revenues from mobile & telecommunications value-added services (“MVAS”) were RMB3,270.8 million (USD519.1 million), an increase of 20.4% YoY.
- Revenues from online advertising were RMB1,992.2 million (USD316.2 million), an increase of 45.2% YoY.
- Gross profit was RMB18,567.8 million (USD2,946.8 million), an increase of 39.3% YoY. Gross margin decreased to 65.2% from 67.8% last year.
- Operating profit was RMB12,253.5 million (USD1,944.7 million), an increase of 24.6% YoY. Operating margin decreased to 43.0% from 50.1% last year. Non-GAAP operating profit² was RMB13,210.7 million (USD2,096.6 million), an increase of 27.3% YoY. Non-GAAP operating margin decreased to 46.4% from 52.8% last year.
- Profit for the year was RMB10,224.8 million (USD1,622.8 million), an increase of 26.0% YoY. Net margin decreased to 35.9% from 41.3% last year. Non-GAAP profit for the period² was RMB11,005.6 million (USD1,746.7 million), an increase of 27.3% YoY. Non-GAAP net margin decreased to 38.6% from 44.0% last year.
- Profit attributable to equity holders of the Company for the year was RMB10,203.1 million (USD1,619.3 million), an increase of 26.7% YoY. Non-GAAP profit attributable to equity holders of the Company for the year² was RMB10,940.2 million (USD1,736.3 million), an increase of 27.5% YoY.
- Basic earnings per share were RMB5.609. Diluted earnings per share were RMB5.490.
- The Board of Directors has recommended a final dividend of HKD0.75 per share for the year ended December 31, 2011, subject to the approval of the shareholders at the Annual General Meeting. The proposed dividend will be payable on May 30, 2012.

Highlights of the fourth quarter of 2011:

- Total revenues were RMB7,922.5 million (USD1,257.4 million), an increase of 5.7% over the third quarter of 2011 (“QoQ”) or an increase of 43.4% over the fourth quarter of 2010 (“YoY”).

¹ Figures stated in USD are based on USD1 to RMB6.3009

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

- Revenues from IVAS were RMB6,401.8 million (USD1,016.0 million), an increase of 6.6% QoQ or an increase of 46.0% YoY.
- Revenues from MVAS were RMB854.3 million (USD135.6 million), an increase of 1.1% QoQ or an increase of 17.3% YoY.
- Revenues from online advertising were RMB598.4 million (USD95.0 million), a decrease of 0.4% QoQ or an increase of 54.2% YoY.
- Gross profit was RMB5,180.9 million (USD822.3 million), an increase of 7.2% QoQ or an increase of 40.3% YoY. Gross margin increased to 65.4% from 64.5% last quarter.
- Operating profit was RMB3,091.6 million (USD490.7 million), an increase of 3.3% QoQ or an increase of 16.6% YoY. Operating margin decreased to 39.0% from 39.9% last quarter. Non-GAAP operating profit² was RMB3,514.7 million (USD557.8 million), an increase of 4.0% QoQ or an increase of 25.1% YoY. Non-GAAP operating margin decreased to 44.4% from 45.1% last quarter.
- Profit for the quarter was RMB2,551.2 million (USD404.9 million), an increase of 4.3% QoQ or an increase of 15.3% YoY. Net margin decreased to 32.2% from 32.6% last quarter. Non-GAAP profit for the quarter² was RMB2,929.7 million (USD465.0 million), an increase of 5.4% QoQ or an increase of 23.7% YoY. Non-GAAP net margin decreased to 37.0% from 37.1% last quarter.
- Profit attributable to equity holders of the Company for the quarter was RMB2,537.0 million (USD402.6 million), an increase of 3.7% QoQ or an increase of 15.3% YoY. Non-GAAP profit attributable to equity holders of the Company for the quarter² was RMB2,899.6 million (USD460.2 million), an increase of 4.7% QoQ or an increase of 23.0% YoY.
- Basic earnings per share were RMB1.396. Diluted earnings per share were RMB1.370.
- Key platform statistics:
 - Active Instant Messaging (“IM”) user accounts was 721.0 million, an increase of 1.3% QoQ or an increase of 11.3% YoY.
 - Peak simultaneous online IM user accounts was 152.7 million, an increase of 5.0% QoQ or an increase of 19.8% YoY.
 - Active Qzone user accounts was 552.1 million, an increase of 0.7% QoQ or an increase of 8.3% YoY; active Pengyou user accounts was 202.4 million, a decrease of 0.8% QoQ or an increase of 82.7% YoY.
 - Peak simultaneous online QQ Game (for mini casual games only) user accounts was 8.4 million, an increase of 5.0% QoQ or an increase of 23.5% YoY.
 - Fee-based IVAS registered subscriptions were 77.2 million, a decrease of 0.4% QoQ or an increase of 17.5% YoY.
 - Fee-based MVAS registered subscriptions were 31.4 million, an increase of 0.6% QoQ or an increase of 27.6% YoY.

Mr. Ma Huateng, Chairman and CEO of Tencent, said, “2011 was a competitive and dynamic year for the China Internet industry. In the face of changing technologies and volatile capital markets, Tencent enhanced its core user experience and achieved growth in revenue and earnings, while delivering innovations that kept us at the forefront of industry evolution. Our open platform strategy is enabling a healthy and secure online ecosystem providing benefits to our users, application developers, and advertisers. We are also well-positioned for the advent of mobile Internet. We will continue to manage our resources prudently while investing in innovations and technologies in order to create long-term value for our users and our shareholders.”

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

Financial Review for the Fourth Quarter of 2011

IVAS revenues increased 6.6% QoQ to RMB6,401.8 million and represented 80.8% of our total revenues for the fourth quarter of 2011. Despite weaker seasonality, online game revenues increased 7.4% QoQ to RMB4,457.9 million. This mainly reflected increased user activity and spending growth in products such as Dungeon and Fighter ("DnF"), League of Legends ("LoL"), and QQ Game. For our community VAS, revenues increased 4.9% QoQ to RMB1,943.9 million, mainly driven by greater contributions from Qzone and QQ Membership. Revenues from Qzone grew on the back of substantially increased item-based sales for third-party and first-party applications offered on the platform, which more than offset modestly lower subscription revenue. QQ Membership expanded its subscriber base and subscription revenue.

MVAS revenues increased 1.1% QoQ to RMB854.3 million and represented 10.8% of our total revenues. This mainly reflected an increase in revenues from mobile books and mobile games against a backdrop of volatile realisation rates.

Online advertising revenues decreased 0.4% QoQ to RMB598.4 million and represented 7.6% of our total revenues. Increased revenues from search and video advertising offset a seasonally weak quarter for our traditional display advertising business.

Other Key Financial Information for the Fourth Quarter of 2011

Share-based compensation was RMB220.1 million for the fourth quarter of 2011 as compared with RMB178.1 million for the previous quarter.

Capital expenditure was RMB892.0 million for the fourth quarter of 2011 as compared with RMB1,133.3 million for the previous quarter.

The Company repurchased 1,677,400 shares on the Stock Exchange for an aggregate consideration of approximately RMB198.1 million as compared with 5,297,000 shares repurchased for an aggregate consideration of approximately RMB740.0 million in the previous quarter.

As at December 31, 2011, net cash position totaled RMB17,667.0 million which excluded unsecured short-term borrowings of RMB5,040.7 million, secured short-term borrowings of RMB 2,958.7 million and long-term notes payable of RMB 3,733.3 million.

As at December 31, 2011, the total number of shares of the Company in issue was 1.840 billion.

Business Review and Outlook

China Internet Industry Review for 2011

2011 was a year of challenges and opportunities for the Internet sector in China. On the macroeconomic front, the global economy faced increased uncertainties during the year as the European sovereign debt crisis deepened. Against this backdrop, the economic growth of China

reduced but still remained at a relatively robust level. Meanwhile, China's Internet market continued to grow in terms of total users, although the growth rate decelerated along with its increased scale. According to the CNNIC, the total number of Internet users increased by 12.2% on year-on-year basis, lower than the growth rate of 19.1% for the previous year, to 513.1 million at the end of 2011, while Internet penetration increased further to 38.3%.

Despite the slowdown in user expansion, Internet usage among users continued to increase and the ways through which Internet penetrates into users' daily lives proliferated further. During 2011, popularity of mobile Internet among users grew significantly on the back of the increasing adoption of smartphones and the emergence of a large variety of compelling mobile applications. Mobile Internet users equated to 69.3% of the total Internet user base at the end of 2011, up from 66.2% a year ago. In particular, microchat generated highly positive market response and became a popular type of social application on smartphones. For microblog, the substantial growth in user base continued during the year, solidifying its position as a major social media in China. While the online game sector has entered a relatively steady stage of development, the web game segment presented incremental growth opportunities for developers and publishers. The online advertising sector continued to benefit from China's robust economic growth and the increase in advertisers' online advertising budgets. In addition, the growth of the sector was fueled by the emergence of new media platforms, particularly online videos. The e-commerce sector continued to grow rapidly. On top of the traditional C2C and B2C models, group buying enjoyed explosive growth but faced significant slowdown and consolidation in the second half of the year. Last but not least, the growth in the overall search market remained robust, and mobile search showed strong development potential in both traffic and revenue.

Company Highlights for 2011

A. Overall Financial Performance

In 2011, we achieved solid growth in our core businesses. While the growth in community VAS slowed down as the user expansion of China's Internet market decelerated, we extended our leadership in the online game market with growth in market share, thanks to the increased popularity of our major titles and contributions from new titles. For MVAS, 2011 saw revenue growth from our bundled SMS packages, mobile games and mobile books, against the backdrop of a more stringent regulatory environment. Our online advertising also registered healthy growth, reflecting our expanded platforms as well as our efforts in enhancing our brands and business operations.

For the fourth quarter of 2011, our online game business registered sequential revenue growth despite weaker seasonality, primarily reflecting the growth in DnF, LoL, and QQ Game. Our community VAS also achieved revenue growth, riding on increased item-based sales from third-party and first-party applications on Qzone and higher subscription base of QQ Membership. Our MVAS grew slightly compared to the previous quarter as our mobile games and mobile book service gained further popularity, while our realisation rates remained volatile. Our online advertising business experienced a modest quarter-on-quarter decline in revenues, with the growth in our search and video advertising revenues offset by weaker seasonality.

B. Strategic Progress

In our 2010 annual report, we identified several strategic initiatives for 2011. During the past year, we made substantial progress against many of these initiatives:

- *Open platform.* We believe we operate the leading open platform in China in terms of user activities and revenue opportunities for third-party developers. Our platform now has over 40,000 registered third-party applications including games, tools and lifestyle services. More than 10 third-party applications have achieved over 10 million monthly active users.
- *Tencent Microblog.* The user base and activity on Tencent Microblog have sharply increased, and it is now the leader in China in metrics such as registered accounts and daily active users.
- *Online security.* Our PC Manager has achieved wide market acceptance, and growth in market share. We have enriched our product features and functionalities by investing in technologies and forging partnerships with leading industry players.
- *International expansion.* Riot Games' LoL title has become one of the most popular online games in the United States, Europe, Taiwan, Korea, as well as mainland China. Our investee company Mail.ru has enjoyed substantial growth in advertising, IVAS, and game revenue in Russia.
- *Search.* Our search engine has achieved substantial traffic growth, especially on mobile devices. We believe we are among the top two search engines in China in terms of mobile market share.
- *E-commerce.* Paipai continued to register strong transaction volume growth in 2011. We launched a new B2B2C platform, Buy.qq.com, to build a healthy eco-system for our e-commerce partners and users. We also made strategic investments in different subsectors along the e-commerce value chain. It is encouraging that some of our investee companies have delivered significant growth in business scale in their target verticals.

More broadly, we continued to build on our leading position in the overall social networking sector in China, riding on our unique multi-platform social network spanning communications, SNS and social media. In 2011, we strengthened our leadership in the sector with the continued expansion of our major social platforms, including IM, Qzone, Pengyou, Tencent Microblog and QQ Mail. Weixin, as an extension of our mobile IM service, has achieved significant growth in user base and become a social phenomenon since its launch in early 2011, deepening our social leadership in mobile as well as enhancing our penetration into the high-end smartphone user segment. In addition, we enhanced our social infrastructure across different platforms with single login ID, shared social graph and cross-platform synchronization of comments. This allows us to sharpen our differentiation and enhance user stickiness by offering a seamless user experience for different use cases.

In December 2011, we successfully completed the offering of 5-year US\$600 million senior unsecured notes. Not only is this a landmark transaction for Tencent but also the first international debt offering by an Asian Internet company. We have been assigned a Baa1 issuer rating by Moody's Investors Service and a BBB+ long-term corporate credit rating by Standard & Poor's Rating Services. Our ratings are the highest international ratings achieved to date by a non-state-owned enterprise in China.

C. Divisional and Product Review

IM Platform

Our IM platform expanded its user base and maintained its leading market position in China. Active user accounts reached 721.0 million at the end of 2011, representing a year-on-year growth of 11.3%, and PCU increased by 19.8% to 152.7 million. While user growth of our IM platform continued to decelerate along with the slowdown in industry user growth and the maturity of QQ Farm and QQ Ranch which caused certain accounts created solely for the purpose of playing such games to become inactive, user activity level grew on the back of the increasing penetration of mobile Internet and enhanced cross-platform integration.

Media Platforms

In 2011, QQ.com consolidated its position as the most visited portal in China and commanded leading positions in key verticals such as entertainment, automobile, finance and sports. During the year, we deepened the integration between QQ.com and Tencent Microblog to strengthen the media influence of both platforms and enhance our differentiation. We also continued to improve our content and operations to better address the needs of different user groups.

Tencent Microblog enjoyed substantial growth in 2011 and became the largest microblog in China with 373 million registered users and 68 million daily active user accounts at the end of the year. This reflected our strategy of increasing user base and user activity by enriching content, optimising user experience and promoting our brand awareness through marketing programs. As a leading and influential social media in China, Tencent Microblog is well placed to capture the business opportunities as they emerge in future.

IVAS

Our community VAS enjoyed steady revenue increase. During the year, Qzone maintained its position as the leading SNS platform in China with 552.1 million active user accounts at the end of 2011. It is also the largest photo-sharing site in the country. While the maturity of QQ Farm and QQ Ranch reduced the growth of Qzone's active user accounts, item-based sales for third-party and first-party applications significantly increased and offset the pressure on subscription revenue during the year. As we focus on attracting and nurturing more third-party applications as part of our open platform strategy, the contribution from item-based revenues has been increasing. In the real-name SNS segment, Pengyou gained market share and extended its leading position, with its active user accounts increasing by 82.7% year-on-year to 202.4 million at the end of 2011. As for other community VAS, QQ Membership enjoyed healthy growth in its subscription base as we improved functionalities, enriched privileges and leveraged cross-platform synergies. QQ Music maintained its industry leadership and achieved significant revenue growth.

In 2011, our online game business enjoyed another fruitful year. We significantly outperformed the industry growth rate and further expanded our market share. Our major titles, such as Cross Fire, DnF, QQ Dancer, and QQ Speed, delivered significant growth and commanded leading positions in terms of PCU in their respective genres such as first-person shooting, action, music and racing games. In addition, LoL was well received by users and registered strong PCU growth in China. It also continued to gain traction in overseas markets. QQ Game, the largest

mini-casual game platform in China, enjoyed healthy growth with its PCU achieving a record-high level of 8.4 million in the fourth quarter of 2011.

MVAS

In 2011, we strengthened our leadership in MVAS and continued to position for new growth opportunities in the industry. Underpinned by the increased popularity of our bundled SMS packages and rapid user increase of mobile games, our MVAS business enjoyed solid revenue growth. On the regulatory front, the “cancellation before verification” policy introduced by China Mobile in early 2011 has increased the volatility of realisation rates and dampened our revenue growth. We expect the impact of this policy to linger, and a new co-operation model for 2.5G products provides new policy uncertainties for the MVAS industry.

In view of the rapid adoption of mobile Internet and the opportunities ahead, we have been proactively positioning ourselves across the industry value chain. For instance, we have introduced location-based service as a core function of our mobile offerings, and extended our community leadership into mobile Internet, as evidenced by the significant user growth of Wireless QQ and Weixin. We have also built substantial market share in the mobile browser and security segments, which may prove strategically significant over time.

Online Advertising

Our online advertising business grew further in 2011, mainly reflecting an increase in revenues from key sectors such as online services, apparel, automobile, and IT products. To capture the emerging opportunities in video advertising, we launched our web-based online video platform in March 2011 and made significant investments in video content, servers and bandwidth. We also launched marketing and promotional campaigns to enhance our awareness and stimulate viewership. While our video platform is still in its early stage of development, it is encouraging that its growth momentum has been strong. Our video advertising revenue increased by 70% sequentially in the fourth quarter of 2011. In addition, our platform was ranked number two by the number of videos viewed according to comScore Videometrix. As for search advertising, 2011 saw strong revenue growth on the back of increased traffic. We launched an enhanced paid advertising system during the year, which improved our keyword revenue yield. We will continue to upgrade our algorithmic search engine during 2012.

Our Outlook for 2012

Our company-wide strategic priority for 2012 is to reinforce and extend our social leadership by further expanding, integrating and mobilising our social platforms. To complement our company-wide priority and capture new growth opportunities, we are implementing a number of major initiatives at a divisional level:

- We are expanding our open platform to enhance user activity and engagement with more third-party applications. This aligns with the trend of users' spending on our social platforms, which is shifting from subscriptions to item purchases.
- We will further strengthen our security software to provide our users with greater protection and peace of mind on desktop and mobile devices.

- We will continue to embrace mobile Internet opportunities by strengthening our presence in areas such as social communications, mobile entertainment, mobile browser and mobile search.
- We will focus on further enhancing our market share in China's online games market by strengthening our existing titles and penetrating into new game genres. We will continue to explore global opportunities.
- We are significantly expanding our online advertising business by leveraging our traffic base, users' social graph and login relationship with users. On top of display and search advertising, we aim to capitalise on new opportunities such as online video and performance-based advertising.
- We will continue to invest selectively but forcefully in emerging growth opportunities, notably e-commerce and search.

Our priority focus and initiatives require significant investments, which have affected and may continue to affect our profitability, but which we expect to ultimately generate substantial strategic and financial returns. We will continue to appropriately manage our risks and expenses in the dynamic China Internet market to deliver long-term value to the Company, our shareholders, and our users.

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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 three main streams of revenues: Internet value-added services, mobile and telecommunications value-added services and online advertising.

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 one of the 43 constituents of the Hang Seng Index (HSI) on June 10, 2008. For more information, please visit www.tencent.com/ir.

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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		Audited	
	4Q2011	3Q2011	2011	2010
Revenues	7,922,451	7,496,157	28,496,072	19,646,031
Internet VAS	6,401,763	6,003,135	23,042,758	15,482,301
Mobile & Telecom VAS	854,310	844,900	3,270,841	2,715,931
Online advertising	598,438	600,572	1,992,216	1,372,522
Others	67,940	47,550	190,257	75,277
Cost of revenues	(2,741,535)	(2,661,407)	(9,928,308)	(6,320,200)
Gross profit	5,180,916	4,834,750	18,567,764	13,325,831
Gross margin	65.4%	64.5%	65.2%	67.8%
Interest income	137,623	124,159	468,990	255,922
Other gains, net	69,725	9,200	420,803	38,056
S&M expenses	(743,657)	(507,252)	(1,920,853)	(945,370)
G&A expenses	(1,553,038)	(1,469,278)	(5,283,154)	(2,836,226)
Operating profit	3,091,569	2,991,579	12,253,550	9,838,213
Operating margin	39.0%	39.9%	43.0%	50.1%
Finance income, (costs) /net	(5,494)	43,097	35,505	(838)
Share of (losses)/profit of associates	(63,721)	(21,842)	(24,255)	72,359
Share of (losses)/profit of jointly controlled entities	(40,819)	(59,926)	(165,731)	3,399
Profit before income tax	2,981,535	2,952,908	12,099,069	9,913,133
Income tax expense	(430,332)	(506,760)	(1,874,238)	(1,797,924)
Profit for the period	2,551,203	2,446,148	10,224,831	8,115,209
Net margin	32.2%	32.6%	35.9%	41.3%
Attributable to:				
Equity holders of the Company	2,537,026	2,446,437	10,203,083	8,053,625
Non-controlling interests	14,177	(289)	21,748	61,584
Non-GAAP profit attributable to equity holders of the Company	2,899,588	2,769,143	10,940,208	8,582,135
Earnings per share (GAAP)				
- basic (RMB)	1.396	1.340	5.609	4.432
- diluted (RMB)	1.370	1.314	5.490	4.328

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In RMB '000 (unless otherwise stated)

	Unaudited		Audited	
	4Q2011	3Q2011	2011	2010
Profit for the period	2,551,203	2,446,148	10,224,831	8,115,209
Other comprehensive income; net of tax:				
Net (losses) /gains from changes in fair value of available-for-sale financial assets	(324,624)	(491,093)	(1,233,873)	1,821,129
Currency translation differences	(21,067)	(13,322)	(34,256)	-
Total comprehensive income for the period	2,205,512	1,941,733	8,956,702	9,936,338
Attributable to:				
Equity holders of the Company	2,194,008	1,942,022	8,937,627	9,874,754
Non-controlling interests	11,504	(289)	19,075	61,584

OTHER FINANCIAL INFORMATION

In RMB '000 (unless otherwise stated)

	Unaudited			Audited	
	4Q2011	3Q2011	4Q2010	2011	2010
EBITDA (a)	3,502,553	3,403,665	2,773,330	13,298,239	10,323,506
Adjusted EBITDA (a)	3,722,671	3,581,786	2,917,489	14,030,930	10,819,278
Adjusted EBITDA margin (b)	47.0%	47.8%	52.8%	49.2%	55.1%
Interest expense	27,959	14,760	12,410	72,537	35,027
Net cash (c)	17,667,030	15,654,534	17,849,546	17,667,030	17,849,546

Note:

- EBITDA for any year or period consists of operating profit less interest income and other gains, net, and plus depreciation of fixed assets and investment properties and amortisation of intangible assets. Adjusted EBITDA consists of EBITDA plus share-based compensation expenses.
- Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by the revenues for the relevant year or period.
- 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 debt.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RMB '000 (unless otherwise stated)

	Audited	
	As at 31 December	
	2011	2010
ASSETS		
Non-current assets		
Fixed assets	5,884,952	3,292,828
Construction in progress	158,656	386,943
Investment properties	21,871	37,229
Land use rights	230,915	229,890
Intangible assets	3,779,976	572,981
Investment in associates	4,338,075	1,070,633
Investment in jointly controlled entities	61,903	74,542
Deferred income tax assets	198,058	219,019
Available-for-sale financial assets	4,343,602	4,126,878
Prepayments, deposits and other assets	2,282,869	445,430
	21,300,877	10,456,373
Current assets		
Accounts receivable	2,020,796	1,715,412
Prepayments, deposits and other assets	2,211,917	487,872
Term deposits with initial term of over three months	13,716,040	11,725,743
Restricted cash	4,942,595	1,036,457
Cash and cash equivalents	12,612,140	10,408,257
	35,503,488	25,373,741
Total assets	56,804,365	35,830,114
EQUITY		
Equity attributable to the Company's equity holders		
Share capital	198	198
Share premium	123,021	1,100,302
Shares held for share award scheme	(606,874)	(258,137)
Share-based compensation reserve	1,935,030	1,199,663
Other reserves	302,091	1,919,695
Retained earnings	26,710,368	17,795,225
	28,463,834	21,756,946
Non-controlling interests	624,510	83,912
Total equity	29,088,344	21,840,858
LIABILITIES		
Non-current liabilities		
Long-term notes payable	3,733,331	-
Deferred income tax liabilities	939,534	967,211
Long-term payables	1,859,808	-
	6,532,673	967,211
Current liabilities		
Accounts payable	2,244,114	1,380,464
Other payables and accruals	5,014,281	2,997,808
Derivative financial instruments	20,993	17,964
Short-term borrowings	7,999,440	5,298,947
Current income tax liabilities	708,725	341,103
Other tax liabilities	179,499	225,188
Deferred revenue	5,016,296	2,760,571
	21,183,348	13,022,045
Total liabilities	27,716,021	13,989,256
Total equity and liabilities	56,804,365	35,830,114

RECONCILIATIONS OF IFRS TO NON-GAAP RESULTS

In RMB '000 except percentages	As reported	Adjustments					Non-GAAP
		Share-based compensation	Gain on deemed disposal (a)	Amortisation of intangible assets (b)	Put options granted to employees of investees (c)	Impairment provision (d)	
Audited year ended 31 December 2011							
Operating profit	12,253,550	732,691	(708,486)	607,851	82,080	243,000	13,210,686
Operating margin	43.0%						46.4%
Profit for the period	10,224,831	732,691	(708,486)	431,434	82,080	243,000	11,005,550
Net margin	35.9%						38.6%
Profit attributable to equity holders of the Company	10,203,083	724,266	(708,486)	402,596	75,749	243,000	10,940,208
Audited year ended 31 December 2010							
Operating profit	9,838,213	495,772	-	41,640	-	-	10,375,625
Operating margin	50.1%						52.8%
Profit for the period	8,115,209	495,772	-	35,015	-	-	8,645,996
Net margin	41.3%						44.0%
Profit attributable to equity holders of the Company	8,053,625	495,772	-	32,738	-	-	8,582,135

RECONCILIATIONS OF IFRS TO NON-GAAP RESULTS

In RMB '000 except percentages	As reported	Adjustments					Non-GAAP
		Share-based compensation	Gain on deemed disposal (a)	Amortisation of intangible assets (b)	Put options granted to employees of investees (c)	Impairment provision (d)	
Unaudited three months ended 31 December 2011							
Operating profit	3,091,569	220,118	(249,449)	185,194	24,249	243,000	3,514,681
Operating margin	39.0%						44.4%
Profit for the period	2,551,203	220,118	(249,449)	140,554	24,249	243,000	2,929,675
Net margin	32.2%						37.0%
Profit attributable to equity holders of the Company	2,537,026	216,959	(249,449)	129,753	22,299	243,000	2,899,588
Unaudited three months ended 30 September 2011							
Operating profit	2,991,579	178,121	-	184,212	24,294	-	3,378,206
Operating margin	39.9%						45.1%
Profit for the period	2,446,148	178,121	-	131,211	24,294	-	2,779,774
Net margin	32.6%						37.1%
Profit attributable to equity holders of the Company	2,446,437	176,934	-	123,375	22,397	-	2,769,143
Unaudited three months ended 31 December 2010							
Operating profit	2,652,502	144,159	-	13,167	-	-	2,809,828
Operating margin	48.0%						50.9%
Profit for the period	2,213,282	144,159	-	11,726	-	-	2,369,167
Net margin	40.1%						42.9%
Profit attributable to equity holders of the Company	2,200,818	144,159	-	11,647	-	-	2,356,624

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

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

(c) 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

(d) Impairment provision for investment in associates, investment in jointly controlled entities and available-for-sale financial assets