Tencent Corporate Presentation
March 2011
WE’RE CONNECTING IN NEW AND UNBELIEVABLE WAYS.
## Profound impact on the life of the Chinese people

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Internet users</td>
<td>420 million (Penetration: 31.8%)</td>
</tr>
<tr>
<td>Time spent online</td>
<td>2.7 hour/day online vs 2.5 hours/day on TV</td>
</tr>
<tr>
<td>Communication</td>
<td>QQ messages: 7.4 bn/day vs Fixed telephone call: 1.25 mins/day;</td>
</tr>
<tr>
<td>Information Dissemination</td>
<td>QQ.com Unique Visitors: 1 bilion vs Circulation of top-3 newspapers: 7.11mn (1)</td>
</tr>
<tr>
<td>Entertainment</td>
<td>Online game market: RMB29 bn (1) vs Movie market: RMB9.2 bn (1)</td>
</tr>
<tr>
<td>Transaction</td>
<td>E-commerce transaction value: ~RMB 360 bn</td>
</tr>
</tbody>
</table>

Note: Figures are for the mid-year of 2010.
Accelerated growth of mobile Internet

China Internet User
Mobile vs Desktop

Global Internet User
Mobile vs Desktop

Source: Morgan Stanley, The Internet Trends, 2010.04.12; CNNIC
User Interface + Device Usage Evolution
Agenda

- Tencent Overview
- The core capabilities of Tencent
- The strategy of wireless development
Corporate Overview

2010年底市值（亿美元）

- Google: 1933
- Amazon: 827
- Tencent: 414
- eBay: 374
- Yahoo! Japan: 226
- Yahoo: 218
- Baidu: 347
- Alibaba: 98
- NHN: 73

Corporate Overview

NHN
Alibaba
Baidu
Yahoo
Yahoo! Japan
eBay
Tencent
Amazon
Google
Outstanding return to shareholders

5 Years Performance Comparison
(vs. Hang Seng & NASDAQ Index)

Source: Yahoo! Finance data from Nov.4, 2005 to Nov. 4,2010
Note: The chart is plotted on a logarithmic scale
Milestone

Vision: to be the most respected Internet company

Mission: to enhance human life quality through Internet services
President Hu Jintao Visited Tencent
Tencent Portfolio
Five leading internet portals

- **QQ website (QQ.com)**
  - Portal website with the largest service traffic in China

- **QQ Game**
  - No.1 casual gaming platform in China
  - 6.2 Mn peak concurrent users

- **QQ Zone (Qzone)**
  - The largest SNS website in China
  - 459Mn active accounts

- **Wireless portal**
  - Leading wireless portal in China
  - Strong growth in WAP portal traffic

Note: updated to 2010Q2
QQ - #1 IM service in China

- Monthly creative users: 650 million
- Peak concurrent users: 120 million (Jan. 2011)
Qzone - #1 SNS Site in China

- Monthly creative users: 500 million
  (Jan. 2011)
QQ.COM - #1 Portal in China

Daily PV: more than 1 billion
Tencent Games - #1 Gaming Platform
Leading Micro blog in China

- Registered users reached 100 million on 4th Feb. 2011
Leadership in all consumer internet segments

The **No.1** Instant Messenger

The **No.1** Portal and WAP Portal

The **No.1** email service provider

The **No.1** online casual game provider
Top 3 MMOG provider

The **No.1** Social Network Service

The **No.2** C2C e-commerce platform
The **No.2** online payment platform

The **No.3** search engines

Source: iResearch 09Q1 China Internet Report
Our business model

- High quality free services to attract massive user base
- Paid services to address individual needs

Internet VAS (78%)
Mobile VAS (~15%)
Online Ad (7%)

IM (QQ Membership)
Online community (Qzone, QQ Show, QQ Music)
Online games (QQ Game, DNF, CF, QQ Dancer etc.)
Others (QQ live, Qbar)

Mobile IM (Super QQ, Mobile QQ)
SMS (Info, dating, horoscope etc.)
2.5G (WAP Portal, music, email, reading)
Mobile Games (Handset game, Online game, SNS game)
IM (Client, AIO)
Portal (qq.com, wireless portal)
Search ad (www.soso.com)
Others (Video ad, Community embedded ad)

Note: Revenue contributions are based on 2010 1H results
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Core Capabilities

Product

Research & Development
Product

User Experience
Professional Design Center
the KEY FEATURE’s optimization
Technological break out
Performance & Safety

Innovation
Micro Innovation
Tencent Research Institute
Patent application
Innovation creativity competition

User-centered
CE\data mining
Qualitative & Quantitative
7*24 customer service
Produce——Innovation

Unusually High Level of Innovation from Incumbents

- **Apple** – iPad / iPhone / iTouch / iTunes / Multi-Touch Input
- **Google** – Android / Chrome / YouTube / Display Advertising / Web Apps
- **Amazon.com** – Kindle / EGM (Electronics & General Merchandise) Sales, Mobile Apps / AWS (Amazon Web Services)
- **Tencent** – Virtual Goods
- **Nintendo / Sony / Microsoft** – Motion Sensors (natural gaming input)
- **PayPal** – Mobile Payments
- **Netflix** – Streaming Content
- **Salesforce.com** – Chatter (real-time enterprise collaboration platform)
Research & Development

- More than 60% of staff are developers
- Agile Project Management
- Pre-research the advanced Internet technique.
An energetic & professional company

- More than 10,000 employees
- Average age of all employees – 28
- Average age of executive team – less than 40
- 25%+ with Master or higher degree
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2010 is the beginning of 3G in China

3G adoption estimate in China
What’s the barrier to frequent usage

PCU of MobileQQ

手机QQ日最高同时在线用户数
The demand for smartphone accelerated in 2010

Source: Company data, Gartner, Global Mobile, World Bank, and Goldman Sachs Research estimates
Smartphone Operating System Market Share in China

### 2009
- Symbian: 46.90%
- Android: 3.90%
- iOS: 14.40%
- RIM: 19.90%
- Other: 6.10%
- Microsoft: 8.70%

### 2010
- Symbian: 37.00%
- Android: 22.70%
- iOS: 15.70%
- RIM: 16%
- Other: 3.80%
- Microsoft: 4.20%
Mobile applications (China VS. the US)
Tencent owns a 1500+ employees wireless team, who own the richest operation experience on different mobile services, including backend server and client.
Tencent Wireless Product

- Mobile QQ
- QQ Browser
- Q-Zone
- QQ BOX
- QQ Input
- QQ PIM
- QQ Doctor
- QQ Music
- QQ Reader
- QQ Game
QQ Service for Mobile Device

1. Unique User Profile
2. The same information push channel
3. Switch among different APPs
Synchronization of Internet Services

QQ plug-in Service will collect all internet services connect requirements to synchronize with backend server.
The project for QQ service phone
Mobile Connectivity Drives New Ways to Do Old Things Faster / Better / Cheaper

- **More Connected** – Real-time connectivity / 24x7 / in palm of hand...
- **More Affordable** – Wi-Fi nearly ubiquitous in many developed markets...for many / 3G tiered pricing lowers adoption barrier...
- **Faster** – Near-zero latency for boot-up / search / connect / pay...
- **Easier to Use** – User Interface revolution + location awareness provide something for nearly everyone...
- **Fun to Use** – Social / casual gaming / reward-driven marketing...
- **Access Nearly Everything** – Music / video / documents / ‘stuff’ in cloud...
- **Longer Battery Life** – Hours of continuous usage...

Morgan Stanley
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