

## Management Discussion and Analysis

**Revenues.** Revenues increased by 21% to RMB377.3 billion for the year ended 31 December 2019 on a year-on-year basis. The following table sets forth our revenues by line of business for the years ended 31 December 2019 and 2018:

	Year ended 31 December			
	2019		2018	
	Amount	% of total revenues	Amount (Restated)	% of total revenues (Restated)
(RMB in millions, unless specified)				
VAS	199,991	53%	176,646	56%
FinTech and Business Services	101,355	27%	73,138	23%
Online Advertising	68,377	18%	58,079	19%
Others	7,566	2%	4,831	2%
Total revenues	<u>377,289</u>	<u>100%</u>	<u>312,694</u>	<u>100%</u>

- Revenues from our VAS business increased by 13% year-on-year to RMB200 billion. Online games revenues grew by 10% to RMB114.7 billion. The increase was primarily due to revenue contributions from domestic smart phone games including Honour of Kings and Peacekeeper Elite, as well as increased contributions from our overseas titles such as PUBG Mobile and Supercell titles, partly offset by the revenue decline from PC client games such as DnF. Social networks revenues increased by 17% to RMB85,281 million. The increase mainly reflected revenue growth from digital content services such as live broadcast services and video streaming subscriptions.
- Revenues from FinTech and Business Services increased by 39% year-on-year to RMB101.4 billion. The increase was primarily driven by greater revenues from commercial payment due to increased daily active consumers and number of transactions per user. Greater revenues from cloud services also contributed to the annual growth.
- Revenues from Online Advertising business increased by 18% year-on-year to RMB68,377 million. Social and others advertising revenues grew by 33% to RMB52,897 million. The increase mainly reflected higher advertising revenues derived from Weixin (primarily Weixin Moments and Mini Programs) as a result of its increased inventories and impressions, as well as contributions from our mobile advertising network due to increased traffic and video inventories. Media advertising revenues decreased by 15% to RMB15,480 million. The decrease was primarily due to lower advertising revenues from our media platforms including Tencent Video and Tencent News resulting from unpredictability in broadcast schedules and the challenging macro-environment, as well as the absence of the FIFA World Cup in year 2019.

