China Unicom (Hong Kong) Limited

**2024 Annual Results Announcement
Presentation Transcript**

Slide 1:

- Ladies and gentlemen, good afternoon.
- I am Meng Shusen. It is a great pleasure to meet all of you again today, and I would like to express my heartfelt gratitude for your long-term care and support for China Unicom.
- On behalf of the Company's management team, I warmly welcome you to China Unicom's 2024 results presentation.
- Today's presentation will consist of two parts. Firstly, there will be a speech by the Chairman, and then there will be a Q&A session between our management team and the media, investors and analysts present today. During the Q&A session, the management team will only address questions related to the scope of the results announcement.
- If there are any unanswered questions due to time constraints, our investor relations department will follow up after the presentation.
- This presentation will be conducted in Mandarin with English simultaneous interpretation. Please set your phones to vibration mode or switch them off during the presentation.
- First of all, please allow me to introduce the members of the board of directors and the management team attending today's presentation. They are Mr. Chen Zhongyue (Chairman and CEO), Mr. Jian Qin (Executive Director and President), Mr. Wang Junzhi (Executive Director), Mr. Tang Yongbo (Senior Vice President), Ms. Li Yuzhuo (Executive Director and CFO), and Mr. Hao Liqian (Senior Vice President).
- Now, let's invite Mr. Chen Zhongyue (Chairman and CEO) to present the Company's 2024 annual results. Please welcome Chairman Chen.

Speaker: Mr. Chen Zhongyue, Chairman and CEO

Slide 5: Results Summary — New Breakthroughs in High-quality Development

- Dear investors, analysts, and media friends, ladies and gentlemen, hello everyone. Welcome to China Unicom's 2024 annual results presentation.
- In 2024, China Unicom focused on the two main businesses, namely Connectivity and Communications (CC) and Computing and Digital Smart Applications (CDSA), with the aim of advancing network innovation, technology innovation and service innovation, and achieving new breakthroughs in high-quality development.
- The Company's operating revenue grew steadily, reaching RMB389.6 billion, up by 4.6% year-on-year, leading the industry in growth rate.
- Profitability continued to improve, with profit attributable to equity shareholders of the Company reaching RMB20.6 billion, up by 10.1% year-on-year, and return on equity (ROE) rising to 5.8%.

Slide 6: Results Summary — Connectivity and Communications (CC) Provided Steady Support

- CC business provided steady support. Subscriber scale reached another record high. The total number of mobile and broadband subscribers reached 470 million, with a net addition of 19.52 million.
- The number of Internet of Things (IoT) connections exceeded 620 million, with a net addition of 130 million. The number of Internet of Vehicles (IoV) connections reached 76 million, maintaining the leading position in industry. Gewu Industrial Internet platform managed over 12 million devices, accounting for 1/8 of the total number of devices nationwide.

Slide 7: Results Summary — Computing and Digital Smart Applications (CDSA) Grew with Quality Enhancement

- CDSA business grew with quality enhancement. Unicom Cloud revenue was RMB68.6 billion, up by 17.1% year-on-year, and IDC revenue was RMB25.9 billion, up by 7.4% year-on-year.
- Intelligent computing business drove strong growth in computing power services, with newly signed contract value exceeding RMB26 billion last year.
- Here, I would like to sincerely thank our shareholders for their support and our customers for their care!

Slide 8: Network Innovation, Technology Innovation, Service Innovation

- Next, I will report on the main achievements of China Unicom in the "Three Innovations."

Slide 9: Network Innovation — Significant Improvement in CAPEX Efficiency

- Firstly, Network Innovation
- We built new infrastructure that is fast, ubiquitous, integrated with computing-networks, green and low-carbon. We enhanced network intelligence to solidify the foundation for high-quality development.
- We adhered to a precise and moderate investment strategy, comprehensively deepened co-build co-share, and promoted intelligent operations across the entire network, striving to build an ultra-lean network, thereby achieving coordinated development of connectivity and computing networks as well as synergetic domestic and international deployment.
- In 2024, the Company's capital expenditure was RMB61.37 billion, down by 17% year-on-year. Within that, computing power investment increased by 19% year-on-year, with better network quality and higher efficiency.
- Mobile network population coverage rate reached 99%, up by nearly 1 percentage point, benefiting millions of customers. The number of broadband network ports increased by 5% year-on-year, benefiting tens of millions of households.
- Equipment consolidation and AI empowerment have shown significant results, saving RMB1.9 billion in operating expenses (OPEX) annually, with energy consumption per unit of business decreasing by 10%.

Slide 10: Network Innovation — Coordinated Development of Connectivity and Computing Networks

- We promoted the capability upgrade of our mobile and broadband networks, achieving wider coverage and better experience.
- The number of mobile network base stations exceeded 4.5 million, with deeper network coverage in key scenarios such as high-speed rail, subways, popular tourist attractions, and densely populated residential areas. We accelerated the large-scale commercialisation of 5G-A by deploying carrier

aggregation in 300 cities to achieve 10-gigabit downlink and gigabit uplink ultra-high speed. RedCap upgrade was carried out in 150 cities, enabling full-spectrum and universal-mode applications.

- The number of broadband network ports reached 280 million, with 10G PON ports accounting for more than 80%, supporting the rapid growth of gigabit broadband subscribers. We accelerated the construction of 10-gigabit optical networks to assist Beijing, Tianjian, Shanghai, Guangzhou, Shenzhen, etc. in becoming the first double 10-gigabit cities.
- We enriched computing power and computing-network innovative supply, with larger scale and stronger capabilities. We accelerated the upgrade from IDC to AIDC and from general computing to intelligent computing. We constructed large-scale intelligent computing centres in Shanghai, Guangdong, Hong Kong, Inner Mongolia, Ningxia, Guizhou, etc. We established over 300 integrated training and inference computing resource pools, with intelligent computing capacity exceeding 17 EFLOPS, better meeting the demand for AI training and inference.
- We have built a computing power intelligent network (AINet), fully covering eight national computing hubs and 22 provincial backbone nodes. We upgraded Unicom Cloud "Xingluo" computing power allocation platform to enhance the intelligent allocation across the entire network.

Slide 11: Network Innovation — Robust Connectivity in Global Network

- We built a robust and widespread international network with computing-network integration, stronger presence and richer resources. We enhanced the backbone capacity in Asia- Pacific, Asia-America and Asia-Africa-Europe directions, established new international exchanges in Qingdao and Haikou, constructed over 60 submarine and terrestrial cables and over 400 points of presence (POP), covering over 200 countries and regions.
- Leveraging the role of the Hong Kong Tseung Kwan O Data Centre as a hub, we aggregated our own computing power in Tokyo, Singapore, and Frankfurt, etc. to connect with the resource pools of over 50 leading global cloud service providers, providing high-quality computing network services to global customers.

Slide 12: Technology Innovation — Deepening the Integrated Innovation of Digital Technologies

- Secondly, Technology Innovation
- We deepened the integration and innovation of communication technology (CT), information technology (IT), data technology (DT), artificial intelligence technology (AT), and operational technology (OT) to enhance the Company's intrinsic vibrancy and core strength.
- We continued to increase investment in innovation, with R&D expenses up by 9.1% year-on-year. We recruited and cultivated more top-notch technological talents, with the proportion of technological innovation talents reaching 42%, and the proportion of R&D personnel nearly 10%.
- We continuously improved our innovation system, establishing innovation entities in Beijing-Tianjin-Hebei, the Yangtze River Delta, and the Guangdong-Hong Kong-Macau Greater Bay Area, etc. In particular, we consolidated professional institutions in Big Data and artificial intelligence to establish China Unicom Data Intelligence Co., Ltd. and Data Science and Artificial Intelligence Research Institute, to create a highland of digital intelligence technology and industry.
- Since last year, we have made a series of landmark achievements, such as winning the First Prize for National Science and Technology Progress and the GSMA Global Mobile Awards.

Slide 13: Technology Innovation — Promoting Computing Network Integration

- We made advance deployment for the next-generation Internet. Leveraging the role of the National Engineering Research Centre as an innovation driver, we advanced the innovation in "Internet 2030" basic protocols and system architecture, and conducted validation on performance attributes such as

network-wide interconnection, deterministic carriage, AI-native features, and computing-network integration.

- We conducted research on key technologies such as wide-area lossless transmission and inter-network computing power allocation. We achieved for the first-time lossless data transmission over more than 3,000 km as well as storage-computation separation of data set across 200 km, enhancing the throughput, performance, and intelligence of AINet. We built and operated Sanjiangyuan Park which demonstrates integration of green power with intelligent computing, a 10,000-accelerator Green Computing Centre in Qinghai, achieving computing-network and computing-electricity integration, with the average cluster utilisation rate expected to exceed 60%.
- We accelerated the R&D and application of next-generation mobile communications. We conducted research on key 5G-A technologies such as millimetre wave (mmWave), multi-frequency sensing, and reconfigurable intelligent surfaces (RIS), applying them to key scenarios in the IoT, IoV and industrial Internet. This supports efficient inference through edge-cloud collaboration, real-time computation through vehicle-cloud collaboration, and rapid switching of flexible production lines.
- We conducted research on key technologies such as ultra-low latency, high-precision positioning, and dense sensing in low-altitude intelligent networks and satellite internet. We established national-class test zones in Anyang, Nanjing, etc., to promote integrated innovation across air, space, land and sea. We engaged in 6G standard development, technology R&D and validation to prepare for 6G industry development.

Slide 14: Technology innovation — Promoting Digital Intelligence Integration

- We promoted the integrated innovation of data and AI in a unified manner. By deeply cultivating Big Data business, we built high-quality data sets that aggregate internal and external, multi-industry data, and made breakthroughs in key technologies such as dynamic generation of vector data and distributed collaborative computing. We established a technologically advanced, high-performance, and cross-domain integrated data platform, and upgraded Trusted Data Space, consolidating our leading data governance and data security capabilities.
- We developed the UniAI large model with breakthroughs in key technologies such as adaptive slow thinking and asymmetric mixture of experts (MoE) architecture, ranking among the top in international benchmarks of language, multi-modal, speech and visual models.
- In particular, in industrial Internet, the Gewu platform has integrated with the UniAI large model to generate precise mappings of over 1,000 industrial equipment object models, comprehensively enhancing the convenience of application development. We have created a software gateway that automatically parses over 100 industrial protocols, significantly improving the efficiency of equipment connectivity.

Slide 15: Service Innovation — Innovative Upgrade in Digital Smart Services

- Thirdly, Service Innovation
- We fully embraced artificial intelligence and launched a series of new AI products and services, in order to tap into this vast market and enhance our value creation capability.
- Innovative upgrade in digital smart services. We provided public customers with smart living services in different scenarios. We launched AI agents such as 5G New Calling, "Smart Home Tone" robot and smart customer service. We iteratively upgraded our Smart Home platform, leading to scale development of products such as Unicom Cloud Handset, Unicom Cloud Drive, Unicom Housekeeper, and Unicom UHD. There were over 180 million Unicom Cloud Drive subscribers, and over 50 million Unicom UHD subscribers.
- Adhering to business integration and market convergence, our subscriber structure continued to be optimised. The penetration of integrated subscribers exceeded 77%. Subscriber value continued to rise and the ARPU of integrated package subscribers exceeded RMB100.

Slide 16: Service Innovation — Unicom Cloud Intelligent Upgrade

- Unicom Cloud Intelligent Upgrade. We achieved integrated operation of intelligent computing and general computing, integrating key capabilities such as AI model training and inference, native storage, lossless network, and cluster coordination, providing services such as intelligent computing, data, and models, flexibly meeting the one-stop service needs of artificial intelligence.
- China Unicom, as the official partner of telecom and cloud services for Harbin Asian Winter Games, achieved integrated innovation of 5G-A network and high-definition cloud broadcasting, supporting the cloudified and hi-tech Asian Winter Games.
- In particular during the Two Sessions this year, China Unicom's UniAI MaaS platform integrated reasoning capability and security technology, and utilised 5G rich media and AI agents to serve the People's Daily in building an intelligent communication system, with remarkable results. This has demonstrated the great potential of the integrated innovation of digital technology and media communication.

Slide 17: Service Innovation — Scale Breakthrough in Digital Smart Applications

- Digital smart applications made a breakthrough in scale. We focused on the industrial Internet, and leveraged on the edges of 5G private networks and the Gewu platform to integrate industrial Big Data and large industrial models to effectively empower production scenarios such as design simulation, control optimisation, and predictive maintenance. We cumulatively implemented over 29,000 industrial Internet projects and established over 7,100 5G factories, achieving leadership in service capability and market position.
- Focusing on digital government service, we enhanced our integrated capabilities in government networks, cloud, Big Data, and intelligent applications, empowering the intelligent upgrade of service hotlines and intelligent urban governance, enhancing digital government service capability.

Slide 18: Service Innovation — Full Rebrand of International Business

- We fully rebranded our international business. In 2024, our international business growth accelerated, with revenue reaching RMB12.5 billion, up by 15.2% year-on-year.
- We established branches in Saudi Arabia, Peru, the United Arab Emirates (UAE), Uzbekistan, etc. to better serve the global roaming and digital needs of customers. In particular, we leveraged our globally integrated IoV operational advantages to serve the overseas expansion of leading Chinese automotive enterprises and to facilitate the development of the intelligent connected new energy vehicle industry.
- In December last year, we launched our international brand UniCom, further accelerating the pace of international development and enhancing globalised operations.

Slide 19: Actively Fulfilling Corporate ESG Responsibilities

- We actively fulfil corporate ESG responsibilities. In terms of green practices, we released a Green Action Plan, in an effort to deepen network energy conservation, explore computing-electricity synergy and adopt clean energy. 22 data centres were rated as national green data centres.
- In terms of livelihood support, we upgraded the "Unicom Digital Village" platform, serving 260,000 administrative villages and 280 million villagers, and assisting in the comprehensive rural revitalisation. We deeply advanced universal telecommunication services to help bridge the digital divide. Smart elderly assistance centres have been set up in 8,000 business outlets.
- In terms of corporate governance enhancement, we built a strong enterprise with digital intelligence, and advanced the intelligent upgrade of corporate management, operations, and services. We actively assumed our responsibilities as a listed company by establishing a market value management system

and conducting over 160 investor events, leading to a more open, transparent, and credible image as a listed company. We won the Gold Award for "Best Managed Company in China". This month, Unicom A-share Company was included in the FTSE China A50 Index, which will take effect after the close of trading this Friday.

Slide 20: High Regard for Shareholder Returns

- The Company highly values shareholder return and is committed to sharing the fruits of development with shareholders. In view of the good performance over the past year, we have decided to increase the dividend payout ratio by 5 percentage points for 2024, resulting in an annual dividend of RMB 0.4043 per share, representing a 20% year-on-year increase.

Slide 21: 2025 Outlook

- In the past year, we embraced intelligence and moved forward with innovation. We made every effort to strengthen our capabilities, optimise structure, improve quality, and enhance efficiency, achieving a new level in business development.
- In 2025, revenue, profit, and ROE are expected to achieve sound growth. Capital expenditure is expected to be around RMB55.0 billion. Within that, computing power investment is expected to increase 28% year-on-year. In addition, we have allocated special budget for key infrastructure and major projects in artificial intelligence.
- Once again, thank you all for your support to China Unicom. We will deeply implement the integrated innovation strategy, continuously advance the "Three Innovations", striving to achieve more robust innovation momentum, stronger capability advantages, more optimised business structure, better operational efficiency, and an outstanding brand image. We are committed to creating greater value for our shareholders, customers, and society!
- Thank you, everyone!

- End –

Forward-Looking Statements

Certain statements contained in this presentation may be viewed as "forward-looking statements". Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, we do not intend to update these forward-looking statements. Neither the Company nor the directors, employees or agents of the Company assume any liabilities in the event that any of the forward-looking statements does not materialise or turns out to be incorrect.

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