China Unicom (Hong Kong) Limited

2025 Interim Results Announcement

Presentation Transcript

Slide 1:

- Ladies and gentlemen, good afternoon. I am Wang Lingsheng from the Board Office of China Unicom. Welcome to China Unicom's 2025 interim results presentation, and thank you for your long-term care and support for China Unicom! Today's presentation will be conducted in a hybrid format, connecting Beijing and Hong Kong, with both online and offline interactions. I will co-chair the briefing with my colleague in Hong Kong, Mr. Chen Shuxiong, Deputy Director of our Hong Kong Office, to provide services for everyone in both locations.
- The Company's management has always attached great importance to communication and interaction with the media and investors. Today, all management members in Beijing attended the briefing. They are: Mr. Chen Zhongyue (Chairman), Mr. Jian Qin (Director and President), Mr. Tang Yongbo (Executive Director), Mr. Dong Qun (Secretary of the Discipline Inspection Commission), Ms. Li Yuzhuo (CFO), Mr. Wang Limin (Senior Vice President), Mr. Hao Liqian (Senior Vice President), Mr. Miao Shouye (Senior Vice President), and Mr. Zhu Hanwu (Senior Vice President).
- According to the agenda, we will first invite the Chairman to introduce the Company's 2025 interim results, followed by a Q&A session with the management team. This presentation will be conducted in Chinese with English simultaneous interpretation.
- First, let's invite Mr. Chen Zhongyue (Chairman) to present the Company's 2025 interim results.

Speaker: Mr. Chen Zhongyue, Chairman and Chief Executive Officer

Slide 3: Steady Growth in Operating Results

- Dear investors, analysts, and media friends, ladies and gentlemen, welcome to China Unicom's 2025 interim results presentation.
- In the first half of the year, the Company seized strategic opportunities, effectively responded to challenges, comprehensively promoted integrated innovation, and its business development remained on good track, with a stronger foundation, greater momentum, and better quality for high-quality development.

- Operating results grew steadily. In the first half of the year, revenue steadily increased, with operating revenue exceeding RMB 200 billion. Profitability continued to strengthen, with profit before income tax reaching RMB 17.7 billion, representing a year-on-year increase of 5.2%.

Slide 4: Optimising Business Structure

- Our business structure continued to be optimised. In the first half of the year, Connectivity and Communications revenue reached RMB 131.9 billion. Computing and Digital Smart Applications revenue reached RMB 45.4 billion, with its contribution increasing to 26%. International business revenue reached RMB 6.8 billion, up by 11% year-on-year. The revenue ratio of strategic emerging businesses increased to 86%, becoming a new driving force for the Company's high-quality development.

Slide 5: Highlights

- The achievements mentioned above would not have been possible without the trust of our customers and shareholders, the support of our media friends and all sectors of society, and our continuous efforts in the following five areas:

Slide 6: CC - Actively Expanding Subscriber Base

- First, Connectivity and Communications (CC) business made steady progress. In terms of "steadiness", the Company achieved steady enhancement of operating efficiency and market presence. In terms of "progress", it achieved new breakthroughs in the three aspects of "scale, value, and service".
- First, connectivity scale continued to expand. The Company promoted network and product upgrades, shaping new development momentum and advantages with "faster connectivity, superior communication, and better products". In the first half of the year, the total number of connectivity subscribers exceeded 1.2 billion. Among these, mobile and broadband subscribers net increased by over 11 million, which was a new high for the same period in recent years, and reached a total of 480 million. The number of Internet of Things (IoT) connections increased by over 60 million, totaling 690 million, of which 86 million were Internet of Vehicles connections, further solidifying our leading advantage.

Slide 7: CC - Effective Enhancement of Subscriber Value

- Second, customer value was effectively enhanced. Customer value is the fundamental source of the Company's business value. The Company strived to retain existing users, seek growth, unlock potential opportunities, and enhance value. It deepened integrated innovation, added new business elements, provided new service offerings, and explored new value potential. "Unicom Smart Home" has gained widespread recognition, and "Unicom WO Pai" is well received by the market. 50% of China Unicom subscribers chose "Dual-Gigabit" services. Services such as Unicom UHD, Unicom Home Monitoring, and Cloud-AI handsets served 270 million users, with the penetration rate of integrated business exceeding 77%, and the average revenue per customer surpassing RMB 100.

Slide 8: CC - Enhancing Service Quality

- Third, service quality continued to enhance. Focusing on “artisan” network, “trusted” products, "attentive" channel, and "heartwarming" services, the Company endeavoured to enhance customer service quality. It revitalised nearly 10,000 stores, further expanded product categories, optimised services, and improved efficiency. It upgraded the China Unicom APP, integrating the "Tone" AI agent into all business scenarios, providing smarter quality services to customers, continuously improving customer satisfaction, and further enhancing brand influence.

Slide 9: CDSA – Strong Momentum in Computing Power Business

- Second, CDSA business delivered enhanced quality. In the first half of the year, the Company's CDSA business achieved enhancement in both scale and quality. It was mainly demonstrated in the following three aspects:
- First, the computing power business had strong momentum. The Company upgraded Unicom Cloud by strengthening the integration of computing, AI, cloud, and network, achieving millisecond-level intelligent allocation and integrated intelligent operations, and building the "AI Select Unicom Cloud" brand image. In the first half of the year, Unicom Cloud revenue reached RMB 37.6 billion. The intelligent upgrade of data centres yielded significant results, with more financial institutions and Internet companies deploying in China Unicom's data centres. Revenue reached RMB 14.4 billion, an increase of 9.4% year-on-year, and AIDC contract value signed increased by 60% year-on-year, leading to a steady enhancement of the Company’s market presence.

Slide 10: CDSA - Accelerated Growth of Intelligence Services

- Second, intelligence services growth accelerated. The Company deepened the integrated innovation of data and intelligence, built multi-source and integrated high-quality datasets, created multi-model UniAI large models, and launched the “UniAI Wanwu” AI Agent Development Platform. In key areas such as industrial manufacturing, economic operations, urban governance, and healthcare, scale commercial AI applications have achieved initial results, with over 30 trusted data spaces established and over a hundred AI agents developed.

Slide 11: CDSA - Empowering Industry-wide Upgrade

- Third, we empowered industry-wide upgrade. Leveraging the advantages of information networks and digital technologies, the Company served the digitalisation of the economy, government affairs, culture, society, and ecology, striving to become a digital service provider with deeper industry expertise. We accelerated the large-scale application of 5G, and 5G private network revenue increased by 60% year-on-year in the first half of the year. We promoted the deep integration of 5G, AI, and industrial Internet, supporting the construction of smart factories in industries such as automotive, steel, electronics, and equipment, and assisting the advanced, intelligent, and green development of the manufacturing sector. We also supported the intelligent upgrade of 12345 hotline operations, helping over 400 cities enhance their innovative development and smart governance capabilities.

Slide 12: International Business Accelerated Expansion

- Third, we accelerated expansion into international markets. We renewed our international brand as UniCom, and collaborated with over 600 operators and more than 1,000 industry partners worldwide, integrating into the global innovation network and aggregating global innovation resources, continuously enhancing the Company's global development capabilities. Leveraging network connectivity and operational advantages, we serve over 280 cloud service providers and connect with more than 400 data centres. Five new overseas intelligent computing centres have been established, further enhancing our computing power deployment. Multiple benchmark projects have been established, including smart manufacturing in ASEAN, smart warehousing in Middle East, smart mining in Africa, and smart ports in Europe, offering efficient and convenient digital intelligence services to global customers.

Slide 13: Network Investment — Precise & Efficient CAPEX

- Fourth, network investment achieved higher efficiency. In the first half of the year, the Company achieved significant results in precise network construction and intelligent network management, with capital expenditure of RMB 20.2 billion, a year-on-year decrease of 15%. Network streamlining was advanced in an orderly manner, saving nearly RMB 1 billion in annualised OPEX, and data centre resource utilisation exceeded 70%. Adhering to high-standard construction and high-efficiency operation, we comprehensively deepened network co-build co-share, achieving a more robust network deployment, significantly enhanced network capabilities, and a more secure network architecture.

Slide 14: Network Investment – New Upgrade in Network Capabilities

- First, we upgraded the capability of our broadband and mobile networks. We promoted the upgrade of mobile networks from 5G to 5G-A and broadband networks from gigabit to 10-gigabit, achieving broader connectivity, faster speeds, wider uplink bandwidth, lower latency, and more accurate perception. Mobile network population coverage exceeded 99%, with large-scale 5G-A commercialisation in over 330 cities. Broadband network covered 570 million households, and the number of 10G optical network pilot cities reached 106.
- Second, we strengthened the innovative supply of computing power network. To optimise the integrated deployment of computing power infrastructure, we built and operated 10,000-chip intelligent computing centres in Shanghai Lingang, Hohhot, Zhongwei in Ningxia province, and Sanjiangyuan in Qinghai province, promoting the integrated development of advanced computing power and green electricity. Data centre capacity reserve reached 2,650MW, and total intelligent computing capacity reached 30 EFLOPS. We built a stronger AINet, achieving high-speed, secure, and lossless interconnection between computing power hub nodes.
- Third, we achieved robust backbone network connectivity. We continued to develop ultra-high speed and ultra-large capacity transmission capabilities, with the "New Eight Vertical Eight Horizontal" backbone optical cable network reaching 200,000 kilometres. We further enhanced global network robustness and security, increasing international submarine cable equity capacity by 23%. The construction of international exchanges in Qingdao and Haikou was progressing smoothly.

Slide 15: Technological Innovation Continuously Strengthened

- Fifth, technological innovation continuously strengthened. Focusing on key technologies such as next-generation Internet, Big Data, artificial intelligence, and cybersecurity, we strengthened our frontier deployment in 6G, humanoid AI, and quantum technology. We further increased investment, with R&D expenditure growing by 17% year-on-year, leading to more landmark achievements. We were selected for the list of outstanding enterprises in technological innovation among central state-owned enterprises. We strengthened our talent pool, with the proportion of technological innovation talents exceeding 40%, and its scale reaching 47,000 people. A high-level technological leadership team of over a hundred people has been established. We optimised our innovation system, giving full play to the role of research and development institutions such as the National Engineering Research Centre, Data Science and Artificial Intelligence Research Institute, and China Unicom (Hong Kong) Innovation Research Institute Limited, to vigorously create a highland for technological innovation and industrial innovation.

Slide 16: Actively Fulfilling Corporate ESG Responsibilities

- We actively fulfil corporate ESG responsibilities. First, we adhere to green development, launching the "China Unicom Carbon Search Green Action Plan", deepening network energy conservation, operating 22 green data centres, strengthening computing-electricity synergy, and building an innovative demonstration park integrating green power and intelligent computing. Second, we fulfilled our social responsibilities, deeply advanced universal telecommunication services, and helped bridge the digital divide. Heartwarming products for the elderly and disabled benefited over 5 million users. Leveraging the advantages of network-wide joint actions, we efficiently coordinated flood control emergency resources to fully safeguard communication network stability. Third, in terms of corporate governance enhancement, our board evaluation has received the highest rating for five consecutive years, and our deepening corporate reform was rated A-grade. We were included in the Best Investor Relations Practises of the China Association for Public Companies. The Company is the fastest-rising telecommunications company in the Fortune Global 500 annual ranking.

Slide 17: High Regard for Shareholder Returns

- We always have high regard for shareholder returns, and while achieving steady growth in operating results, we are committed to sharing the fruits of development with shareholders. This year, the Company will continue to distribute an interim dividend of RMB 1.112 per 10 shares, representing a year-on-year increase of 16%. In the future, we will better coordinate current operations and long-term development, actively bringing better returns to shareholders.

Slide 18: Full-year Outlook

- 2025 is a pivotal year for artificial intelligence, marking its transition from theory to practise, and a crucial juncture for the large-scale implementation of its applications to yield tangible results. On 19 July, we held the 2025 China Unicom Partner Conference under the theme "Jointly Advancing Deeper Integration with the Real Economy, Co-creating an Integrated New Ecosystem". We will integrate more closely with our partners, co-creating an integrated new ecosystem for AI infrastructure, AI technology, and AI industry. Looking ahead to the full year, the Company will continue to enhance its management, operation, and service levels, with expected CAPEX of around RMB 55 billion. We are confident in achieving full-year targets with high quality and ensuring a sound conclusion of the “14th Five Year Plan”.
- Finally, thank you everyone for your support. The Company will deeply implement the integrated innovation strategy, continuously deepen the "three integrations" between

computing power and network, between data and AI, and between digital and real economies, and continuously advance "the three innovations" of network, technology, and service, striving to create greater value for shareholders, customers, and society.

- Thank you, everyone!

- End –

Notes:

Financial data of China Unicom A-share Company may be discussed at the briefing. Such data may differ from the financial data of the Company. For the Company's financial data, please refer to the Company's presentation materials and announcements.

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