

**VNET Group (Q4 2025 Earnings)**  
**March 16, 2026**

**Corporate Speakers:**

- Xinyuan Liu; VNET Group; Head of Investor Relations
- Sharon Liu; VNET Group; Rotating President
- Peter Zhang; VNET Group; Senior Vice President of Operational Finance

**Participants:**

- Tom Tang; Morgan Stanley; Analyst
- Edison Lee; Jefferies; Analyst
- Daley Li; BofA; Analyst
- Timothy Zhao; Goldman Sachs; Analyst
- Ethan Zhang; Nomura; Analyst
- Shuyun Che; CICC; Analyst
- Sara Wang; UBS; Analyst

**PRESENTATION**

**Operator**

Hello, ladies and gentlemen. Thank you for standing by for the Fourth Quarter and Full Year 2025 Earnings Conference Call for VNET Group, Inc. (Operator Instructions)

Participants from our management include Ms. Sharon Liu, Rotating President; Mr. Peter Zhang, SVP of Operational Finance; and Ms. Xinyuan Liu, Head of Investor Relations for the company.

Please note that today's conference call is being recorded.

I would now like to turn the call over to the first speaker today, Ms. Xinyuan Liu.

Please go ahead.

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**Xinyuan Liu *VNET Group, Inc. – Head of Investor Relations***

Thank you, operator. Hello, everyone and welcome to our fourth quarter and full year 2025 earnings conference call. Our earnings release was distributed earlier today, and you can find a copy on our IR website, as well as on newswire services.

Please note that today's call will contain forward-looking statements made under the Safe Harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from our current expectations. For detailed discussions of these risks and uncertainties, please refer

to our latest annual report and other documents filed with the SEC. VNET does not undertake any obligations to update any forward-looking statements, except as required under applicable laws.

Please also note that VNET's earnings press release and this conference call include the disclosure of unaudited GAAP and non-GAAP financial measures. VNET's earnings press release contains a reconciliation of the unaudited non-GAAP measures to the unaudited GAAP measures. A summary presentation, which we will refer to during this conference call, can be viewed and downloaded from our IR website at <https://ir.vnet.com/>.

Next, I'd like to alert you that we will be utilizing text-to-speech technology powered by Neolink.ai to deliver this quarter's prepared remarks by Ms. Sharon Liu, our rotating president, and Mr. Peter Zhang, our SVP of Operational Finance. The management team will join the Q&A session in person. Additionally, this conference is being recorded. A webcast of this conference call will also be available on our IR website at [ir.vnet.com](https://ir.vnet.com/).

Now, let's get started with today's presentation. Ms. Liu, please go ahead.

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**Sharon Liu *VNET Group, Inc – Rotating President***

Good morning and good evening, everyone. Thank you for joining our call today.

I'll start with an overview of our major accomplishments during the fourth quarter and full year of 2025. Before we dive into the key figures, I want to underscore that 2025 was an exceptional year for VNET. Our effective dual-core strategy and Hyperscale 2.0 framework empowered us to capture surging AI demand and deliver impressive results. Let's turn to slide 4.

On the operational side, our wholesale IDC business continued to grow significantly, driven by robust customer demand and our rapid delivery capabilities. As of December 31, 2025, our wholesale capacity in service grew to 889 megawatts, an increase of around 107 megawatts quarter over quarter, bringing our total deliveries for the full year of 2025 to a record-high 404 megawatts, in line with our full-year delivery plan. Wholesale capacity utilized by customers rose to 623 megawatts, an increase of around 41 megawatts quarter over quarter. Driven by continued strong customer demand and our solid execution, customers moved into 270 megawatts over the full year, bringing the utilization rate to 70.1%. Our retail IDC business continued to progress smoothly, benefiting from growing AI-driven demand. In the fourth quarter, our retail MRR per cabinet was RMB9,420. Retail utilization rate was stable at 64.0%.

On the financial side, our total net revenues increased by 19.6% year over year to RMB2.69 billion for the fourth quarter. Wholesale revenues remained the key growth driver, reaching RMB978.1 million, a significant year-over-year increase of 47.1%. Our adjusted EBITDA for the fourth quarter also increased by 11.6% year over year to RMB805.1 million, driven by the rapid growth of our wholesale IDC business. Excluding the one-off impact of asset disposals in the fourth quarter of 2024, adjusted EBITDA increased by 39.3% year over year. For the full year of 2025, our total revenues grew significantly by 20.5% to RMB9.95 billion, and adjusted EBITDA grew 22.6% to RMB2.98 billion, both significantly outperforming our 2025 guidance.

We continued to advance our capital recycling strategy in 2025 and achieved meaningful results. In November 2025, we successfully issued an RMB860 million holding-type real estate green asset-backed security. Also, in March 2026, two of our private REITs projects were listed on the Shanghai Stock Exchange, with a total offer size of approximately RMB6.36 billion.

Moving into 2026, customer demand for our wholesale IDC business remains strong. Meanwhile, our ongoing operational efficiency gains are providing increasingly robust support for this business's high-quality growth. We expect our full-year 2026 revenue to be in the range of RMB11.5 billion to RMB11.8 billion, representing a year-over-year increase of 15.6% to 18.6%, and adjusted EBITDA to be in the range of RMB3.55 billion to RMB3.75 billion, representing a year-over-year increase of 19.2% to 25.9%.

Moving on to our new order wins on slide 5. Order momentum remained strong in the fourth quarter, largely fueled by brisk demand from customers. During the quarter, we secured five wholesale orders totaling 135 megawatts. Specifically, in addition to the 32-megawatt order mentioned on our last call, we won a 12-megawatt order from internet customer for a data center in the Yangtze River Delta. Meanwhile, we also won a 56-megawatt order from a cloud service provider and a 25-megawatt order from an intelligent driving customer, and an 11-megawatt order from another internet customer for our data centers in the Greater Beijing Area this quarter. Furthermore, bolstered by AI-driven demand, we secured a combined capacity of approximately 2 megawatts in new retail orders across multiple retail data centers, from customers in the intelligent driving, local services, AIoT and financial services sectors.

China's IDC industry continues to thrive, driven by strong market demand as well as supportive policies. At the national level, authorities have rolled out a series of systematic and actionable policies, sustaining their support for the digital economy and computing infrastructure. At the industry level, accelerating AI adoption and enterprise digital transformation, along with increasingly clear and sustained investment commitments from large and mid-sized customers – particularly leading internet companies and cloud service providers – are fueling strong, visible demand for high-quality IDC services. Market demand is further shifting toward large-scale, clustered and highly reliable data center infrastructure, while rising requirements for delivery certainty, long-term scalability and green operations are tightening effective supply.

Our industry-leading delivery performance, premium IDC services and scalable data center clusters continue to strengthen VNET's competitiveness in this market environment. Guided by our dual-core strategy and Hyperscale 2.0 framework, we are well-positioned to capture growth opportunities and expand market share in an increasingly AI-driven infrastructure landscape.

Now let's delve into our business updates, starting with our wholesale business on slide 7. Our wholesale business maintained strong growth momentum, with capacity in service increasing by around 107 megawatts quarter over quarter to 889 megawatts and utilization rate at 70.1%, mainly attributable to rapid deliveries at our N-OR Campus 02A and N-HB Campus 03, and fast move-ins at our N-OR Campus 02A. Our mature capacity utilization rate also reached 93.1%, a relatively high level.

We have a clear growth path for our wholesale data center capacity. Let's move on to slide 8. As of the end of the fourth quarter, our total wholesale resource capacity was around 2.2 gigawatts. Specifically, our capacity under construction was around 452 megawatts, capacity held for short-term future development was around 513 megawatts, and capacity held for long-term future development was around 327 megawatts. These secured resources represent a significant advantage in light of the IDC industry's limited effective supply and are in line with our optimistic view of AI-driven demand's long-term growth potential.

Moving to our retail IDC business on slide 9. Our retail business progressed smoothly in the fourth quarter. Retail capacity in-service decreased to 49,863 cabinets from 52,288 cabinets last quarter, mainly because the target retail data center under our private REIT project was excluded from the group's consolidated capacity. The utilization rate was stable at 64.0% as of the end of December. Our MRR per retail cabinet increased slightly, to RMB9,420 this quarter from RMB8,948 last quarter, driven by the increasing adoption of value-added services amid vast AI-driven demand.

Turning to our delivery plan on Slide 10. As I mentioned before, leveraging our efficient delivery capabilities, we successfully delivered a total of around 107 megawatts in the fourth quarter of 2025, bringing our total deliveries to around 404 megawatts as of the end of December this year. We currently have seven data centers under construction, with six in the Greater Beijing Area and one in the Yangtze River Delta. We plan to deliver 450 to 500 megawatts of capacity over the next 12 months to meet the strong demand from our wholesale customers.

In conclusion, our robust fourth-quarter and full-year 2025 results validate our operational excellence, growth strategy and our ability to identify and capture market demand in the AI era. As we move into 2026, we will continue to advance our dual-core strategy and Hyperscale 2.0 framework, developing our scalable, high-performance, and energy-efficient data centers to seize growth opportunities while empowering China's digital economy for sustainable growth.

Now, I will turn the call over to our SVP of Operational Finance, Peter, for further discussion of our operating and financial performance. Thank you, everyone.

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**Peter Zhang *VNET Group, Inc – Senior Vice President of Operational Finance***

Good morning and good evening, everyone.

Before we start the detailed discussion of our financial performance, please note that, unless otherwise stated, all the financials we present today are for the fourth quarter and the full year of 2025 and are in Renminbi terms. Furthermore, unless otherwise specified, all the growth rates I am reviewing are on a year-over-year basis.

Let's look more closely at our topline.

As you can see on slide 13, in the fourth quarter, wholesale revenues, our key revenue growth driver, increased significantly by 47.1% to RMB978.1 million, mainly attributable to activity at

the N-OR Campus 02A. For the full year, our wholesale revenues increased significantly by 77.4% to RMB3.46 billion, driven by rapid customer move-in pace this year.

Retail revenues increased by 7.6% to RMB1.04 billion for the fourth quarter, and increased by 3.5% to RMB3.96 billion for 2025.

Our non-IDC business revenues increased by 8.8% to RMB670.8 million for the fourth quarter and increased by 1.8% to RMB2.52 billion for 2025.

During the fourth quarter, we maintained solid margins thanks to our ongoing efficiency improvements. As shown on slide 14, our adjusted cash gross margins improved modestly to 42.3% from 41.1% in the same period last year. Our Adjusted EBITDA margin was largely stable at 30.0%.

Moving on to liquidity on slide 15. We maintained robust and healthy liquidity, bolstered by a net operating cash inflow of RMB546.4 million during the fourth quarter, bringing our net operating cash inflow for this year to RMB1.92 billion. If the RMB231.0 million of income tax from one-off asset and equity disposal were excluded, the net operating cash inflow for this year was RMB2.15 billion. Our cash position remained solid, with total cash and cash equivalents, restricted cash, and short-term investments reaching RMB6.58 billion as of December 31, 2025.

Next, let's take a look at our debt structure on slide 16. We maintained our prudent approach to debt management. As of December 31, 2025, our net debt to the adjusted last-quarter annualized EBITDA ratio was 4.3 and total debt to the adjusted last-quarter annualized EBITDA ratio was 6.2, both remaining at healthy levels. Our adjusted trailing twelve months EBITDA to interest coverage ratio was 6.7. We prioritize long-term debt maturity planning in our debt and strategic management to ensure the security of debt repayment. Currently, the Company's short- and medium-term debt maturing in 2026 to 2028 comprises 46.6% of our total debt.

Turning now to capex spending. As you can see on slide 17, for full year 2025, our capex was RMB8.24 billion, with the majority allocated to the expansion of our wholesale IDC business. Actual capex came in below our prior full-year guidance, primarily due to cost efficiencies from economies of scale and enhanced supply chain management. We expect our capex for the full year 2026 to be in the range of RMB10 billion and RMB12 billion, mainly to support our planned delivery of 450 to 500 megawatts in 2026.

We made meaningful progress in advancing our asset monetization strategy this year. In November 2025, we successfully issued a holding-type green real estate asset-backed security under one of our private REIT programs, the first of its kind in China's IDC industry. The offering totaled RMB860 million, with equity consideration of around RMB800 million, implying a valuation of approximately 13x EV to EBITDA. Notably, this project has received a G-1 rating from an authoritative third-party evaluation institution, the highest possible rating in the relevant evaluation system. VNET ceased consolidating the project for financial reporting purposes. However, as the issuer and originator for the private REIT project, VNET will remain responsible for the IDC project's operation to ensure its healthy long-term development.

More recently, in March 2026, two of our private REIT projects were successfully listed on the Shanghai Stock Exchange, with a combined offering size of approximately RMB6.36 billion and an EV to EBITDA multiple of around 13x to 14x. Looking ahead, we will continue to execute capital recycling initiatives to further unlock the value of our existing IDC assets. Proceeds from these initiatives will be reinvested into new project development and incremental business expansion, supporting our long-term growth strategy. Additionally, they will effectively reduce leverage and optimize the Company's capital structure, ultimately creating long-term value for shareholders.

Now moving to our full-year guidance for 2026 on slide 19. As we expect strong demand from our wholesale IDC customers and ongoing operational efficiency gains throughout 2026, we expect total net revenues to be in the range of RMB11.5 billion to RMB11.8 billion, a year-over-year increase of 15.6% to 18.6%, and adjusted EBITDA to be in the range of RMB3.55 billion to RMB3.75 billion, representing a year-over-year increase of 19.2% to 25.9%.

Before I conclude, I'd like to briefly update you on our ESG efforts. Building on our constant dedication to sustainability, VNET continues to receive recognition from leading global rating institutions. We have been included in the global edition of the S&P Global Sustainability Yearbook 2026 for a second consecutive year, reflecting the consistency of our ESG practice. In addition, VNET earned a B rating in CDP's 2025 Climate Change Questionnaire, underscoring strong performance across key environmental metrics. Looking ahead, we will continue to strengthen our ESG framework, embedding sustainability more deeply into our operations and business strategy to support our sustainable growth and value creation.

To sum up, our strong fourth quarter performance capped 2025 and laid a solid foundation for 2026. We will continue to reinforce our core strengths, optimize resource allocation, and proactively capture opportunities arising from AI adoption and enterprise digital transformation. We remain dedicated to delivering high-quality growth that creates long-term value for all stakeholders.

This concludes our prepared remarks for today. We are now ready to take questions.

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) First question today comes from Tom Tang at Morgan Stanley.

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### **Tom Tang** *Morgan Stanley – Analyst*

Congratulate on a very strong result and a very solid guidance for the year of 2026. So I have two questions.

So first of all, we heard that there have been some big customers starting tender on their 2026 and 2027 data centers in the beginning of the year. So just wondering, has we been participating in those tenders, and what has been our current progress?

And secondly, we know that our fourth quarter total resource on hand had almost 400 megawatts increase quarter-on-quarter. So just wondering what are the regions for our new resources? And do we have any outlook for our new resources for the year?

(Speaking in Foreign Language).

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**Sharon Liu *VNET Group, Inc – Rotating President***

(Interpreted)

Thank you, Tom, for your question. Let me take your two questions.

We did notice that at the beginning of the year, some of our key clients have already hosted biddings or tenders. And as the Tier-1 IDC provider in China, we have also participated in these biddings.

However, we are going to update on the market in terms of the progress and also the ones in our future earnings release. So please do follow our latest update on this related matter.

And with regard to the second question, indeed, we have notably increased our resource reserve in Q4. And a majority of these resources are located in the Greater Beijing area, specifically in Ulanqab and also the areas surrounding Beijing. Going forward, we will strategically value our resources reserve in the Greater Beijing area, including Mongolia and areas surrounding Beijing.

On top of the existing resources we have in the Yangtze River Delta region, we are actively acquiring resources, expanding our reserves in that region. Just a quick point. We are actively looking for areas or regions where there are favorable utility conditions and low latency, supporting us to provide premium, comprehensive service to meet customers' demands.

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**Operator**

Your next question comes from Edison Lee at Jefferies.

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**Edison Lee *Jefferies - Analyst***

And congrats on the results as well. I have three questions.

Number one is out of the 450 megawatts to 500 megawatts capacity addition guidance this year, what percentage has been locked in already? And what do you think is the progress over the next few quarters?

And number two is on CapEx, RMB10 billion to RMB12 billion guidance this year. What percentage of that guidance is at for 2027 growth?

And then thirdly, can you explain how you're going to finance this RMB10 billion to RMB12 billion CapEx?

(Speaking in Foreign Language).

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**Sharon Liu *VNET Group, Inc – Rotating President***

(Interpreted)

Let me answer your first question. Thank you, Edison.

In our presentation slides, we have actually disclosed we have locked in 156 megawatts out of the 452-megawatt plan. And we are going to disclose these pre-committed capacity in our future earnings call, as we participate in the biddings, with MOUs and the contracts to be signed.

So please do follow these announcements from our future earnings calls quarter-by-quarter. And overall, the company is very highly confident in the capacity to be locked in for 2026.

And now I'll pass it over to Peter for the second question.

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**Peter Zhang *VNET Group, Inc – Senior Vice President of Operational Finance***

(Interpreted)

We have run some numbers internally and the majority of the CapEx for 2026 is to support our 2026's deliver plan. And a few of that CapEx or very little of that CapEx is going to be used for the capacity expansion and delivery in 2027. So hopefully, that answers your question.

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**Sharon Liu *VNET Group, Inc – Rotating President***

(Interpreted)

I'll take your question on the financing channels. Predominantly, we are tapping into the project loans to finance our projects. Given our current condition, the company is able to secure favorable and long-term loans with very low interest rates.

On top of that, we are also exploring diversified means of financing channels. We can finance the CapEx with our operating cash flow. Each year, we're generating around RMB2 billion operating cash inflow. So that can support our CapEx.

And in addition to all of these, we have successfully conducted or implemented the private REITs. So that is also another financing channel.

And additionally, we are also going to tap into equity financing as well as other means as a public listed company or on project level to finance our CapEx.

All in all, we are going to maintain a fine balance between our debt and equity financing amount. So we would maintain our leverage ratio within a reasonable range with a prudent approach being implemented along the way.

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## **Operator**

Your next question comes from Daley Li at BofA Securities.

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## **Daley Li *BofA Securities – Analyst***

Firstly, congrats on the strong results and the solid guidance. I have two questions here.

Number one is about our utilization rate in Q4 last year since quarter-on-quarter dropped a bit. Could you update us what's the underlying reason and how do you see the future clients move-in progress in the following quarters? And do we have a target for the full year utilization rate?

My second question is about the CapEx. It seems that last year, the CapEx number is behind our target which seems a good thing in the view of investors. And for this year, could you introduce us the reasons of the CapEx? And for this year, do we see upside for the more delivery given we have more CapEx for this year?

(Speaking in Foreign Language).

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## **Sharon Liu *VNET Group, Inc – Rotating President***

(Interpreted)

Let me take your question on the utilization rate. Thanks for your question.

Indeed, as we have disclosed in our presentation, the Q4 utilization rate did fluctuate. However, to clarify, majority of the deliveries happen in the end of the year. Hence, the fluctuation out there.

Actually, our utilization rate can be specifically break down into two parts. One is the utilization rate for the mature capacities we have in place. Right now, that's in 90% to 95% range.

We see these fluctuations as perfectly normal, especially for the quarters with higher capacity delivered. Overall, the company is confident in the utilization rate in 2026. We're confident to maintain that within 70% to 75%.

However mainly, there is going to be fluctuations quarter-by-quarter. Hopefully, that answers your question. Now I'll pass it over to Peter for the second question.

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**Peter Zhang *VNET Group, Inc – Senior Vice President of Operational Finance***

(Interpreted)

On the CapEx question. In 2025, our CapEx was RMB8.2 billion. Actually, that compared to 2024 was a significant increase. But nevertheless, we saw some economies of scale because of the significant increase in the CapEx.

Meanwhile, we are also enhancing our efficiency along the supply chain management that also gives us some tailwinds.

Looking ahead to 2026, our CapEx guidance is around RMB10 billion to RMB12 billion, majority of is going to be used to deliver the capacity as well as to fuel our continuous expansion.

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**Operator**

Your next question comes from Timothy Zhao at Goldman Sachs.

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**Timothy Zhao *Goldman Sachs - Analyst***

(Speaking in Foreign Language)

Congrats on the solid results and outlook. I have two questions here.

One is on the breakdown of your 2026 outlook. Just wondering if can provide more detailed guidance in terms of the revenue growth outlook between the wholesale IDC, retail IDC and non-IDC businesses? And any color on the EBITDA growth between different segments will be quite helpful.

Secondly is on the pricing trend. I note that for your wholesale business in the fourth quarter there was some pricing fluctuation. However, the retail business, the pricing trend seems to be more robust. Just wondering if you can share any color on the pricing fluctuation between wholesale and the retail business in the fourth quarter.

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**Peter Zhang *VNET Group, Inc – Senior Vice President of Operational Finance***

(Interpreted)

With regard to the guidance for 2026, I would like to break it down by the three segments.

For retail IDC, it's going to continue to growth year-over-year. And that is also true for our wholesale IDC services and we're going to witness significant growth for this segment. Whereas for our non-IDC business, it's going to be stable.

Moving on to the pricing trend. Indeed, for our retail IDC service, we have seen the MRR continue to trend up. That comes from several drivers. Number one, our customers have a stronger demand for our value-added services. Also the high power density cabinets we have also yield higher MRR overall, that is going to contribute to a stronger MRR going forward in 2026.

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**Operator**

Your next question comes from Ethan Zhang at Nomura.

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**Ethan Zhang *Nomura - Analyst***

Two questions from me. So first, follow up on the guidance? So could you give some color on the gearing ratio for this year? For example, the net debt-to-EBITDA guidance for this year. And if we are seeing continued or further higher demand than are expected any chances that we could further increase our gearing ratio.

And my second question is regarding the Ulanqab project. So we noticed some policy tailwinds in terms of the coordination of computing and power. So just wonder, could management give us some color on the building the in-house green energy in Ulanqab project? Any progress in terms of building your solar wind power and self-efficiency rates, et cetera.

(Speaking in Foreign Language)

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**Peter Zhang *VNET Group, Inc – Senior Vice President of Operational Finance***

(Interpreted)

Let me take your first question on the gearing ratio. As we have disclosed in 2025, the net debt-to-EBITDA ratio was 4.3x, which is within a robust level. We will continue to balance our capex and business expansion to support high-quality growth.

But again, we will try to balance the cadence, our financing as well as the demand from the market. Like I said, we are going to tap into various means of financing channels, so the key is to maintain our leverage ratio within a stable range.

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**Sharon Liu *VNET Group, Inc – Rotating President***

(Interpreted)

With regard to the green power for AI energy integrated projects, that is actually one of the key strategies for the company to provide green power for our clients, and we do value the provision of green power to our customers by leveraging our strengths in source-grid-load-storage integrated project.

And we have the Ulanqab project advancing steadily. And we are going to disclose the further progress in our future earnings calls. Thank you.

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**Operator**

Your next question comes from Shuyun Che from CICC.

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**Shuyun Che *CICC - Analyst***

Congratulations on the strong earnings. I have two questions.

First, with the rapid development of the AI agent, the inference demand is expected to scale up in the long term, will VNET adjust the plans for energy and land quarters, particularly in terms of regional structure.

My second question is, in last quarter, we net on large orders including customers from Internet, cloud and smart driving, looking at customer structure, what changes to management's expect in 2026.

(Speaking in Foreign Language)

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**Sharon Liu *VNET Group, Inc – Rotating President***

(Interpreted)

Thank you for your question. So indeed, the industry as a whole has witnessed an increase of demand for inferencing. And currently, the customers that we serve have rising demand for generic

computing, smart computing or intelligent commuting as well as inferencing. And our current data centers are actually accommodating these demands. And in terms of the geographic resource deployment, the top priority for us is the Greater Beijing area as well as the Yangtze River Delta region.

We are also actively exploring the market opportunities in edge computing. VNET's retail data centers are able to address the growing inference demand driven by edge computing.

And like I said, we have a variety of customers in terms of the mix of our customers. Our wholesale business serves customers including leading Internet giants, hyperscalers, AI Cloud providers, while our retail business serves customers including autonomous driving and financial companies. Overall, we will maintain the customer structure across various industries, and we are going to provide a comprehensive, one-stop solution that is going to meet the demand of all kinds of customers.

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## **Operator**

Your next question comes from Sara Wang at UBS.

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## **Sara Wang *UBS - Analyst***

And again, congratulations on the solid results. I have two questions.

So first of all, I think last year, the central NDRC imposed a window guidance on new power quota release. May I have an update on the latest data, whether what's the process of acquiring new power quota? Are we still under window guidance from the central government?

And then second question is on competition. So given the strong demand, how shall we think about the rental fee trend? Do we expect the rental fee to increase, or in other words, usually in previous up cycle, when the demand is quite strong, there could be some new entrants. So just wondering what's the latest observation from the management's perspective.

(Speaking in Foreign Language)

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## **Sharon Liu *VNET Group, Inc – Rotating President***

(Interpreted)

Thank you, Sara, for your question. We actually view the window guidance from NDRC as a favorable policy for us because that is going to affect the supply and the demand dynamics in the market. However, as the Tier-1 data center provider, I think the window guidance is favoring us.

We did notice that the approval rate from NDRC was quite low. But on the good side, we have successfully got the approval for our data center application in our Greater Beijing area by the end of Q4. And we are going to continue to apply for new power quotas according to our own rhythm.

And looking at the rental costs, I think as the Tier-1 player, we are well positioned because we have developed a very strong relationship with our existing customers, and we can anticipate and learn about their needs and match their needs with our resources. We are well positioned in that regard.

I would say the overall rental fee is stable. But as we see the supply and demand dynamics continue to tighten up, we might see the prices begin to stabilize first and then eventually to rise. But overall, that is my optimistic view on the overall trend. But again overall, we are bullish on the future development.

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## **Operator**

Ladies and gentlemen, that concludes our conference for today. Thank you for participating.

You may now disconnect your lines.

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*\*Please kindly note part of content for Q&A session are revised by the company after the call to accurately reflect the company's information. So it may differ from the earnings call audio.*