CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of the year, the Company seized strategic opportunities, effectively responded to challenges, comprehensively promoted integrated innovation, and cultivated and strengthened new quality productivity. Its business development maintained strong momentum, and further solidified the foundation for high-quality development with improved stability, stronger drivers and better quality.

CHEN ZHONGYUE
Chairman and Chief Executive Officer

OVERALL RESULTS

Operating results grew steadily. In the first half of the year, the Company's revenue steadily increased, with operating revenue exceeding RMB200 billion, representing a year-on-year increase of 1.5%. Profitability continued to improve, with profit before income tax reaching RMB17.8 billion, representing a year-on-year increase of 5.1%.

Continued optimisation of business structure. In the first half of the year, Connectivity and Communications (CC)[1] revenue reached RMB131.9 billion. Computing and Digital Smart Applications (CDSA)[2] revenue reached RMB45.4 billion, with its contribution increasing to 26%. International business revenue reached RMB6.8 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.

We always placed great importance on shareholder returns. 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. The Board of Directors has resolved to distribute an interim dividend of RMB0.2841 per share (before tax), representing a year-on-year increase of 14.5%. In the future, we will better coordinate current operations and long-term development, actively bringing better returns to shareholders.

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".

Firstly, connectivity scale continued to expand. The Company continuously promoted network and product upgrades, constantly 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[3] 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 (IoV), further solidifying the Company's leading advantage.

Secondly, customer value was effectively enhanced. Customer value is the fundamental source of the Company's business value. The Company made concerted efforts to retain existing users, seek growth, unlock potential opportunities and enhance value. It deepened integrated development, 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[4]. Services such as Unicom UHD, Unicom Home Monitoring, Cloud-AI handsets, and "UniBOX Tongtong" robots served 270 million subscribers. The penetration rate of integrated business exceeded 77%, and the average revenue per customer exceeded RMB100.

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Thirdly, service quality continued to be enhanced. 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, and providing smarter quality services to customers. It empowered customer service with the UniAI large model, and achieved a smart customer service ratio of 84% with an issue resolution ratio of 99%. Customer satisfaction continued to rise, and our brand influence was further strengthened.

COMPUTING AND DIGITAL SMART APPLICATIONS (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:

Firstly, computing power business showed 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[5] reached RMB37.6 billion. The intelligent upgrade of data centres yielded significant results, with more Internet platform companies and financial institutions such as banks deploying in China Unicom's data centres. IDC revenue reached RMB14.4 billion, an increase of 9.4% year-on-year. AIDC contract value signed increased by 60% year-on-year, and the Company's market presence steadily strengthened.

Secondly, intelligence services growth accelerated. The Company deepened innovation of data and intelligence integration, 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.

Thirdly, we empowered industry-wide upgrade. Leveraging its advantages of information networks and digital technologies, the Company supported the digital transformation of the economy, government affairs, culture, society, and ecology, striving to become a digital service provider with deeper industry expertise. It accelerated the large-scale application of 5G, cumulatively implementing over 50,000 5G application projects, and 5G private network revenue increased 60% year-on-year in the first half of the year. It promoted the deep integration of 5G, AI, and industrial Internet, cumulatively establishing 7,500 5G factories, 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. It also supported the intelligent upgrade of 12345 hotline operations, iteratively upgraded digital management platforms for transportation, environment, emergency response, public facilities, and cultural venues, helping over 400 cities enhance their innovative development and smart governance capabilities.

ACCELERATING 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 global network connectivity and operational service advantages, the Company provided intelligent networking services to over 280 cloud service providers and connected with more than 400 data centres. The Company established five new overseas intelligent computing centres, further enhancing our international intelligent computing 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.

NETWORK INVESTMENT ACHIEVED HIGHER QUALITY AND EFFICIENCY

In the first half of the year, the Company's precise network construction and intelligent network management achieved significant results. Capital expenditure was RMB20.2 billion, a year-on-year decrease of 15%. Ultra-lean network construction made orderly progress with annualised OPEX savings of nearly RMB1 billion. IDC resource utilisation exceeded 70%. It insisted on high-standard construction and highly efficient operations, and comprehensively deepened network co-building and co-sharing as well as co-maintenance and co-optimisation. The Company achieved a more robust network deployment, significantly enhanced network capabilities, and a more secure network architecture.

Firstly, 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.

Secondly, we strengthened the innovative supply of computing power networks. 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, etc, 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. To build a stronger computing power intelligent network (AINet), we accelerated the evolution to 800G and 1.2T ultra bandwidth, achieving high-speed, secure, and lossless interconnection between computing power hub nodes.

Thirdly, 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 equity capacity by 23%, steadily advancing the construction of international exchanges in Qingdao and Haikou in an orderly manner.

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CONTINUOUSLY STRENGTHENING TECHNOLOGICAL INNOVATION

Focusing on key technologies such as next-generation Internet, Big Data, artificial intelligence, and cybersecurity, we strengthened our frontier deployment in 6G, low-altitude intelligent networks, satellite Internet, humanoid AI, and quantum technology. **We further increased investment,** with R&D expenditure growing by 16% year-on-year, leading to more landmark achievements. We were selected as an outstanding enterprise 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 talent 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, China Unicom Data Science and Artificial Intelligence Research Institute, and China Unicom (Hong Kong) Innovation Research Institute Limited, to create a highland for technological innovation and industrial innovation.

ACTIVELY FULFILLING CORPORATE ESG RESPONSIBILITIES

Firstly, adhering to green development, the Company released the "China Unicom Carbon Search Green Action Plan", deepening network energy conservation. It operated 22 national green data centres, and strengthened coordination between computing power and electricity by building a demonstration park for the integration of green power with intelligent computing. **Secondly, we fulfilled our social responsibilities,** deeply advancing universal telecommunication services to help bridge the digital divide. Heartwarming products for the elderly and disabled benefited over 5 million users. Leveraging its edge in network-wide joint actions, the Company efficiently coordinated flood response resources to fully safeguard communication network stability. **Thirdly, in terms of corporate governance enhancement,** the Company is the fastest-rising telecommunications company in the Fortune Global 500 annual ranking. It has also received numerous accolades, including ranking 264th in the Forbes Global 2000 in 2025; being named "Most Honoured Telecom Company" by Extel (formerly Institutional Investor) for ten consecutive years; and winning the "Best Managed Company in China" Gold Award in FinanceAsia's "Asia's Best Managed Companies Poll 2025".

OUTLOOK

2025 is a pivotal year for artificial intelligence, marking its transition from theory to practice, 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 to promote integrated innovation across different technological fields, production factors, industry categories, and application scenarios, 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 RMB55 billion. We are confident in achieving full-year targets with high quality and ensuring a sound conclusion of the "14th Five Year Plan".

The Company will continue to 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 the society.

Finally, on behalf of the Board of Directors, I would like to express my sincere gratitude to all shareholders, customers, and all sectors of society for their long-standing care and support for the Company, and to all employees for their continuous efforts and contributions!

Chen Zhongyue
Chairman and Chief Executive Officer

Hong Kong, 12 August 2025

Note 1: Connectivity and Communications (CC) includes mobile connectivity, broadband connectivity, TV connectivity, leased line connectivity, communication services, and information services.

Note 2: Computing and Digital Smart Applications (CDSA) includes computing services, data centre, system integration, data services, intelligence services, and cybersecurity.

Note 3: Connectivity scale = aggregate number of mobile billing subscribers + aggregate number of fixed-line broadband subscribers + aggregate number of fixed-line local access subscribers + aggregate number of Internet-of-things terminal connections + aggregate number of networking leased line subscribers.

Note 4: "Dual-Gigabit" subscribers = 5G network subscribers + gigabit broadband subscribers.

Note 5: To reflect the business opportunities brought by the development of artificial intelligence in terms of general computing and intelligent computing, the scope of Unicom Cloud revenue has been optimised to include revenue from cloud IDC, cloud resources, cloud platform, cloud service, cloud integration, cloud interconnection, cloud security, etc. generated from integrated innovation solutions, with the revenue for the same period last year being adjusted accordingly.