Chairman's Statement

Dear Shareholders,

So far this year, the Company has faced new opportunities and challenges, and adhered to "Preserve and Innovate, Steady and Far-reaching", focusing on the four major arenas of "connectivity", "computing power", "service", and "security". We strived to promote high-quality development, leading to more solid operational foundation, stronger growth momentum, enhanced reform vitality and improving quality and efficiency.

Dong Xin
Chairman and Chief Executive Officer

BUILDING A HEALTHY FOUNDATION WITH NEW PARADIGM FOR VALUE MANAGEMENT TO PROMOTE HIGH-QUALITY DEVELOPMENT

The Company takes "healthiness" as the foundation for navigating industry cycles. We coordinate short-term and long-term goals, and adhere to value-based operations. Our fundamentals are becoming increasingly solid, our financial performance is more resilient, and our development is more sustainable.

Financial performance to stabilise and gain momentum. Revenue performance was stable in the first half of the year. Against a backdrop where the overall industry growth was facing challenges, our operating revenue reached RMB201.4 billion, representing a year-on-year increase of 0.6%. Service revenue was RMB178.0 billion, representing a year-on-year decrease of 0.2%. Profitability was under short-term pressure, with profit before income tax of RMB11.3 billion and profit attributable to equity shareholders of the Company of RMB9.5 billion, representing a year-on-year decrease of 34.6%. The temporary profit volatility stemmed from multiple factors. In addition to value-added tax (VAT), the change in the timing of employee benefit expenses spending was an important reason. For the full year, employee benefit expenses are expected to remain stable, with profit contraction narrowing significantly[1]. Cash flow was healthy and improving, with net operating cash reaching RMB32.9 billion, representing a year-on-year increase of 13.6%, setting a new record in recent years. The growth rate of accounts receivable slowed significantly compared to the same period last year.

Business structure is improving and shifting towards new businesses. Connectivity value has stabilised and improved, with the value of new subscribers higher than that of existing subscribers. The integrated subscriber penetration exceeded 78% and integrated package ARPU remained above RMB100. Computing power momentum accelerated to be unleashed, with computing power revenue[2] reaching RMB41.9 billion, representing a year-on-year increase of 13%. Within this, IDC revenue increased by 11% year-on-year, and computing service revenue increased by 9% year-on-year. Internationalisation fully accelerated and became a new growth driver. International business revenue reached RMB7.7 billion, representing a year-on-year increase of 14%.

Precise and efficient investment. Adhering to lean management and continuously improving return efficiency, capital expenditure in the first half of the year was RMB24.1 billion. We implemented the "Six Networks" deployment, strengthening the computing power network and next-generation telecommunication network. Computing power investment mix increased to 37%, with the absolute amount rising by over 80% year-on-year. We deepened network co-build co-share and promoted intelligent network operation and maintenance, effectively controlling costs while the network scale continued to grow. Unit energy consumption per site improved by 4.8% year-on-year.

SHAPING A VIBRANT CHARACTER AND DEFINING NEW MANAGEMENT RULES TO STIMULATE INTERNAL VITALITY AND MOMENTUM

The Company takes "vibrancy" as the character for accelerating innovative transformation. We continuously advanced reforms in our organisational structure, product system, and operating mechanisms, enhancing efficiency in management, operation and service, to ensure persistent vibrancy in China Unicom.

We deepened institutional reform to be "unbreakable only if united". We promoted institutional reform across the entire group, adhering to the principle of "One China Unicom" and "lean management and strong operations". We focused on product innovation and brand building, aimed to resolve customers' full-scenario and full-chain problems, regarded computing-network development as a key to technological innovation, strengthened the commercialisation and application of innovation achievements, and emphasised on ecological cooperation and capital empowerment, building an organisational system with more scientific institutional settings, optimised functional responsibilities, enhanced systems and mechanisms, and more efficient operational management. Following this reform, the number of management departments at the headquarters has been reduced by nearly 40%, conducive to clearing bottlenecks, streamlining hierarchies, improving efficiency, and further unleashing development vitality.

We optimised product formats to be "unbeatable only if fast". We comprehensively promoted the new "drag-and-drop" product format, breaking through the traditional packages. Through formats like "buffet" and "à la carte", we returned the choice to subscribers, overcoming commoditised competition with differentiated products. Since the launch of the Unicom Magic Cube product over three months ago, it has been sold to more than 1.5 million subscribers, bringing to them a brand new service experience. More new products integrating drag-and-drop features will be launched soon. We promoted the intelligent upgrade of products, and built a leading workflow AI agent platform — Unicom Yunxi — to help enterprise customers leverage AI as a production tool to reconstruct management and operation processes and unleash the value of data assets. We comprehensively adopted UniClaw AI agents, and accelerated the cloud-AI upgrades of Video Ringtones, Security Guardian and 5G New Calling, etc., revitalising smart living for individuals and families. To further enhance brand recognition and elevate brand value, we reshaped the Company's brand system. With "Care, Chinese Knot, and Ribbon", China Unicom is connected to thousands of households all the time.

Chairman's Statement

We innovated on token operations to be "unstoppable only with scale". We established token pricing rules that are compatible with different models, manage data elements, and integrate connectivity and security capabilities. We enhanced the full-process operational model for token creation, transmission, cleansing, storage and application. We upgraded the UniAI MaaS platform, which has integrated over 200 mainstream LLMs, accumulated more than 500 TB of high-quality datasets, and established a "Token Supermarket" with scale, in order to enhance token value density. We launched token plans for individuals and enterprises. Focusing on key industries including manufacturing, government affairs, healthcare and education, we developed a series of AI agents with considerable application value and mature business models, tapping into new potential of subscriber value growth.

PURSUING ROBUSTNESS AND GROWING STRONGER BY CREATING NEW DRIVERS FOR SUSTAINABLE DEVELOPMENT

Taking "robustness" as the pursuit of corporate development, the Company focuses on its core responsibilities and main businesses, serves national strategies and meets customer needs, accelerating its transformation into an "integrated digital service provider".

Broader and denser connectivity. Taking connectivity as our greatest asset, we expanded its scale, enriched its variety and enhanced its value, with the total connectivity scale[3] exceeding 1.3 billion. **We extended boundaries horizontally and broadened the breadth of connectivity.** For mobile network, we have formed a coverage system with ground-space synergy and air-ground integration. A total of 4.8 million 4G/5G base stations have been built with a population coverage rate exceeding 99%. Satellite communication services such as Tiantong direct-to-device and Beidou SMS have been launched nationwide. 10G-PON broadband port ratio reached 87%. **We renewed architecture in depth and solidified connectivity density.** Our 5G-A base stations covered over 330 cities, and commercial pilots of 10-gigabit optical networks have been launched in over 100 cities. A 400G all-optical intelligent computing network has been built between hubs and nodes. Our international submarine and terrestrial cable reserve capacity reached 333T, creating a high-speed information transmission highway across the border.

Faster and more precise computing power. With computing power as an innovation engine, we strengthened deployment for "Eastern Data, Western Computing", deepened the integration of computing power and green electricity, constructed 10,000-chip intelligent computing centres, and integrated into the national integrated computing power network, seizing new opportunities in the industry with new technological capabilities. Our intelligent computing power scale exceeded 45 EFLOPS. Currently, over 1.15 million standard cabinets[4] have been deployed across the entire network, and the utilisation rate exceeded 74%. The "Unicom Xingluo" advanced computing power allocation platform has been given a full-stack upgrade, achieving full-domain perception, intelligent allocation and efficient collaboration of computing power across the entire network. We implemented industry-leading cross-region mixed training and inference on heterogeneous GPUs in large-scale production scenarios. On this basis, we joined hands with supply chain partners to achieve significant breakthroughs in the field of superscale domestic intelligent computing power, and have been awarded the First Prize of the National Science and Technology Progress Award.

More tailored and refined service. We treat service as key to reaching customers and enhancing reputation, and refine it to specific scenarios. We leveraged digital intelligent capabilities to create high-quality services. We promoted intelligent and user-friendly services, with a smart customer service ratio of over 85%. With our core physical stores, we have built a dense network of convenient offline channels, along with over 100,000 partner merchants, helping to create a 15-minute convenient living circle. Integrating with new industrialisation, we served over 10,000 5G factories. The Gewu Platform managed more than 14 million devices and developed 75 industrial LLMs. Over 150 industry-specific AI agents have been launched, assisting in cost savings, efficiency and quality enhancement as well as carbon reduction. We strengthened Internet of Vehicles operating capabilities, serving over 100 million vehicles.

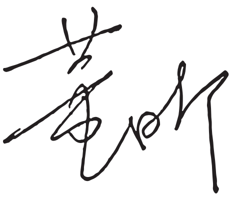
Stronger and more robust security. We demonstrate our mission, responsibility, and SOE image through security, persuading customers to turn to China Unicom whenever they want security. Our technical capabilities steadily strengthened. The "Mogong" platform was upgraded from single-tool deployment to complete intelligent operation. Over 100 security AI agents launched, driving security protection towards a new stage of AI autonomous defence. We sped up expansion in the security market, and signature products such as Unicom Shield and Secure Leased Line saw fast growth in scale, cumulatively serving 470,000 customers, representing a growth of nearly 30%. Supply in the ecosystem continued to accelerate. Over 250 products have been listed on Security Hub, the nation's first market platform for the security supply chain, representing a growth of over 25%, accelerating coverage across seven major product categories, leading to marked enhancement in support capabilities for the supply chain.

FULFILLING CORPORATE SOCIAL RESPONSIBILITY

We promoted green and low-carbon transformation and digital inclusion practices. We deepened co-build co-share, directly reducing carbon emissions by 13 million tonnes per year. Comprehensive energy consumption per unit of total telecommunications business volume decreased by more than 6% vs the end of 2025. We improved people's well-being by comprehensively promoting elderly-friendly and barrier-free services, benefiting nearly 5 million subscribers.

OUTLOOK

There is an ancient Chinese saying: "Concluding and commencing constitute change. Streaming and flowing lead the way." Looking ahead, we will adhere to "Preserve and Innovate, Steady and Far-reaching", serve as the "national team and backbone of the information and communication industry", and create greater value for our shareholders, customers, and the society!



Dong Xin
Chairman and Chief Executive Officer

Hong Kong, 18 August 2026

Note 1: This forecast is made by the Company based on the current external environment and actual operational circumstances, and does not constitute a substantive commitment by the Company to investors.

Note 2: Computing power revenue = data centre revenue + computing service revenue + digital smart applications revenue + cloud-AI services revenue.

Note 3: Total connectivity subscriber 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: Number of standard cabinets is calculated based on 2.5 kW per cabinet.