Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

(All amounts in RMB millions unless otherwise stated)

1. ORGANISATION AND PRINCIPAL ACTIVITIES

China Unicom (Hong Kong) Limited (the "Company") was incorporated as a limited liability company in the Hong Kong Special Administrative Region ("Hong Kong"), the People's Republic of China (the "PRC") on 8 February 2000. The principal activity of the Company is investment holding. The Company principally holds controlling interests in China United Network Communications Corporation Limited ("CUCL") and China Unicom Global Limited ("CUGL"). The principal activities of the Company's subsidiaries are the provision of comprehensive telecommunications services. The Company and its subsidiaries are hereinafter referred to as the "Group". The address of the Company's registered office is 75th Floor, The Center, 99 Queen's Road Central, Hong Kong.

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 22 June 2000.

The substantial shareholders of the Company are China Unicom (BVI) Limited ("Unicom BVI") and China Unicom Group Corporation (BVI) Limited. The majority of equity interests in Unicom BVI is owned by China United Network Communications Limited (hereinafter referred to as "A Share Company"), a joint-stock company incorporated in the PRC on 31 December 2001, with its A shares listed on the Shanghai Stock Exchange on 9 October 2002.

The directors of the Company consider Unicom BVI and China United Network Communications Group Company Limited (a state-owned enterprise established in the PRC, hereinafter referred to as "Unicom Group") as the immediate holding company and ultimate holding company, respectively.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with the applicable disclosure requirements of the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2026 have not been audited, but have been reviewed by the Company's Audit Committee. They have also been reviewed by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2025. The Group's policies on financial risk management, including management of market risk, credit risk and liquidity risk, as well as capital risk management, were set out in the financial statements included in the Company's 2025 Annual Report and there have been no significant changes in any financial risk management policies for the six months ended 30 June 2026.

2. BASIS OF PREPARATION (Continued)

The financial information relating to the year ended 31 December 2025 that is included in these unaudited condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

(a) Going Concern Assumption

As at 30 June 2026, current liabilities of the Group exceeded current assets by approximately RMB82.8 billion (31 December 2025: approximately RMB98.0 billion). Considering the current economic conditions and taking into account of the Group's expected capital expenditure in the foreseeable future, management has comprehensively considered the Group's available sources of funds as follows:

- The Group's continuous net cash inflows from operating activities;
- Approximately RMB220.2 billion of revolving banking facilities of which approximately RMB211.1 billion was unutilised as at 30 June 2026; and
- Other available sources of financing from domestic banks and other financial institutions in view of the Group's good credit history.

In addition, the Group believes that it has the ability to raise funds from short, medium and long-term perspectives and maintain reasonable financing costs through appropriate financing portfolio.

Based on the above considerations, the Board of Directors is of the opinion that the Group has sufficient funds to meet its working capital commitments, expected capital expenditure and debt obligations. As a result, the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2026 have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values.

Other than the changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements for the six months ended 30 June 2026 are the same as those used in the preparation of the Group's annual financial statements for the year ended 31 December 2025.

The HKICPA has issued the following amendments to HKFRS Accounting Standards that is first effective for the current accounting period of the Group:

- Amendments to HKFRS 9 and HKFRS 7, "Amendments to the Classification and Measurement of Financial Instruments"
- Amendments to HKFRS 9 and HKFRS 7, "Contracts Referencing Nature-dependent Electricity"
- Amendments to HKFRS Accounting Standards, "Annual Improvements to HKFRS Accounting Standards – Volume 11"

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material effect on how the Group's results and financial positions for the current or prior periods have been prepared or presented in these unaudited condensed consolidated interim financial statements.

4. SEGMENT INFORMATION

The executive directors of the Company have been identified as the Chief Operating Decision Maker (the "CODM"). Operating segments are identified on the basis of internal reports that the CODM reviews regularly in allocating resources to segments and in assessing their performances.

The CODM makes resources allocation decisions based on internal management functions and assesses the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

The Group primarily operates in Mainland China and accordingly, no geographic information is presented. No revenue from a single customer accounted for 10 percent or more of the Group's revenue in all periods presented.

5. REVENUE

Revenue from telecommunications services are subject to value-added tax ("VAT") at VAT rates applicable to various telecommunications services. VAT is excluded from the revenue.

The VAT rates for basic telecommunications services and value-added telecommunications services are 9% and 6%, respectively, while VAT rate for sales of telecommunications products is 13%. Before 2026, basic telecommunications services include business activities for the provision of voice services, and transmission lines usage and associated services etc, value-added telecommunications services include business activities for the provision of short message service and multimedia message service, broadband and mobile data services, and data and internet application services etc. In January 2026, the Ministry of Finance and the State Taxation Administration of the People's Republic of China issued the "Announcement on Matters Relating to the Specific Scope of Value-Added Tax Categories" (Announcement of the Ministry of Finance and the State Taxation Administration No. 9 of 2026) (《關於增值税徵税具體範圍有關事項的公告》(財政部　税務總局公告2026年第9號)), which stipulates that starting from 1 January 2026, within the territory of the PRC, the tax category applicable to business activities involving the provision of mobile data services, short message service and multimedia message service, and Internet broadband access services through the use of fixed-line networks, mobile networks, satellites and the Internet, is adjusted from value-added telecommunications services to basic telecommunications services, and the corresponding VAT rate is adjusted from 6% to 9%.

5. REVENUE (Continued)

Disaggregation of revenue by major services and products:

	Six months ended 30 June 2026	2025
Voice usage and monthly fees	**9,755**	9,843
Broadband and mobile data services	**73,931**	77,052
Data and internet application services	**58,831**	55,025
Other value-added services	**15,380**	15,572
Interconnection fees	**5,965**	6,096
Transmission lines usage and associated services	**12,321**	12,631
Other services	**1,773**	2,137
Total service revenue	**177,956**	178,356
Sales of telecommunications products	**23,408**	21,846
Total	**201,364**	200,202
Include: Revenue from contracts with customers within the scope of HKFRS 15	**200,712**	199,568
Revenue from other sources	**652**	634

6. NETWORK, OPERATION AND SUPPORT EXPENSES

	Note	Six months ended 30 June 2026	2025
Repairs and maintenance		**5,418**	5,250
Power and water charges		**8,091**	7,328
Charges for use of network, premises, equipment and facilities	(i)	**13,580**	13,069
Charges for use of tower assets	(ii)	**4,466**	4,399
Others		**1,348**	1,320
		32,903	31,366

(i) During the six months ended 30 June 2026 and 2025, charges for use of network, premises, equipment and facilities mainly included the non-lease components charges (maintenance service, certain ancillary facilities usage and other related support services charges) and charges relating to short-term leases, leases of low-value assets and variable lease payments which are recorded in profit or loss as incurred.

(ii) During the six months ended 30 June 2026 and 2025, charges for use of tower assets included the non-lease components charges (maintenance service, certain ancillary facilities usage and other related support services charges) and variable lease payments which are recorded in profit or loss as incurred. For related party transactions with China Tower Corporation Limited ("Tower Company"), see Note 29.3.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

(All amounts in RMB millions unless otherwise stated)

7. EMPLOYEE BENEFIT EXPENSES

	Note	Six months ended 30 June 2026	2025
Salaries and wages		24,996	19,634
Contributions to defined contribution pension schemes		5,019	4,891
Contributions to medical insurance		1,635	1,599
Contributions to housing fund		2,458	2,413
Other housing benefits		6	7
Share-based compensation	27	26	65
		34,140	28,609

8. COSTS OF TELECOMMUNICATIONS PRODUCTS SOLD

	Six months ended 30 June 2026	2025
Handsets and other telecommunication products	21,956	20,635
Others	661	476
	22,617	21,111

9. OTHER OPERATING EXPENSES

	Six months ended 30 June 2026	2025
Impairment losses (including reversals of impairment losses) on financial assets	6,786	8,083
Write-down of inventories	120	119
Commission and other service expenses	13,875	13,685
Advertising and promotion expenses	666	734
Internet access terminal maintenance expenses	1,404	1,487
Customer retention costs	1,248	1,330
Property management fee	1,304	1,401
Office and administrative expenses	586	667
Transportation expense	264	296
Miscellaneous taxes and fees	1,103	858
Service technical support expenses	29,992	28,970
Repairs and maintenance expenses	123	116
Gain on disposal of property, plant and equipment	(971)	(1,038)
Others	2,471	2,703
	58,971	59,411

10. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
Finance costs:		
— Interest on lease liabilities	**412**	626
— Interest on related party loans	**48**	78
— Interest on bank loans and others	**37**	17
— Less: Interest capitalised in construction-in-progress ("CIP")	**(15)**	(7)
Total interest expense	**482**	714
Net exchange gain	**(73)**	(92)
Others	**15**	11
	424	633

11. OTHER INCOME — NET

	Six months ended 30 June	
	2026	2025
Dividends from financial assets measured at FVOCI (non-recycling)	**81**	85
Government grants	**574**	532
Investment income from debt securities measured at FVOCI (recycling)	**193**	85
Fair value gains/(losses) on financial instrument measured at fair value through profit or loss ("FVPL")	**57**	(5)
Gains/(losses) on disposal of financial assets measured at FVPL	**5**	(6)
Payables that do not need to be paid	**318**	574
Others	**(12)**	287
	1,216	1,552

(All amounts in RMB millions unless otherwise stated)

12. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended 30 June 2025: 16.5%) on the estimated assessable profits for the six months ended 30 June 2026. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profits for the six months ended 30 June 2026 at the rates of taxation prevailing in the jurisdictions in which the Group operates. The Company's subsidiaries operate mainly in Mainland China and the applicable statutory enterprise income tax rate is 25% (for the six months ended 30 June 2025: 25%). Taxation for certain subsidiaries in Mainland China was calculated at a preferential tax rate of 15% (for the six months ended 30 June 2025: 15%).

	Six months ended 30 June	
	2026	2025
Provision for estimated assessable profits for the period		
— Hong Kong profits tax	**26**	32
— Mainland China and other jurisdictions income tax	**4,008**	4,881
Under tax provision in respect of prior years	**84**	16
	4,118	4,929
Deferred taxation	**(2,308)**	(1,652)
Income tax expenses	**1,810**	3,277

Reconciliation between actual income tax expense and accounting profit at PRC statutory tax rate:

		Six months ended 30 June	
	Note	**2026**	2025
Profit before income tax		**11,307**	17,787
Expected income tax expense at PRC statutory tax rate of 25%		**2,827**	4,447
Impact of different tax rates outside Mainland China		**(22)**	(109)
Tax effect of preferential tax rate	(i)	**(107)**	(41)
Additional deduction for qualified research and development costs	(i)	**(816)**	(967)
Tax effect of non-deductible expenses		**405**	343
Tax effect of non-taxable income from share of net profit of joint ventures		**(171)**	(183)
Tax effect of non-taxable income from share of net profit of associates		**(415)**	(306)
Under tax provision in respect of prior years		**84**	16
Tax effect of unused tax losses not recognised, net of utilisation	(ii)	**25**	77
Income tax expenses		**1,810**	3,277

(i) According to the PRC enterprise income tax law and its relevant regulations, entities that are qualified as high and new technology enterprise under the tax law are entitled to a preferential income tax rate of 15% (for the six months ended 30 June 2025: 15%). Certain subsidiaries of the Group obtained the approval of high and new technology enterprise and were entitled to a preferential income tax rate of 15% (for the six months ended 30 June 2025: 15%), and certain research and development costs of the Group's PRC subsidiaries are qualified for 100% (for the six months ended 30 June 2025: 100%) additional deduction for tax purpose.

(ii) As at 30 June 2026, the Group did not recognise deferred tax assets in respect of tax losses amounting to approximately RMB883 million (31 December 2025: approximately RMB763 million), since it is not probable that future taxable profits will be available against which the deferred tax asset can be utilised. The tax losses can be carried forward for five to ten years from the year incurred and hence will be expired by the year of 2026 to 2036.

12. TAXATION (Continued)

As at 30 June 2026, the Group did not recognise deferred tax assets in respect of fair value changes on financial assets measured at FVOCI (non-recycling) amounting to approximately RMB9,711 million (31 December 2025: approximately RMB9,618 million), since it is not probable that the related tax benefit will be realised.

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") released the Global Anti-Base Erosion ("GloBE") rules, also known as Pillar Two Rules, aimed at reforming international corporate taxation. The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group's estimated effective tax rates for most of the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to material top-up tax under the Pillar Two Rules. The Group has applied the temporary mandatory exception from recognising and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The movement of the net deferred tax assets/(liabilities) is as follows:

	Six months ended 30 June	
	2026	2025
Net deferred tax assets after offsetting:		
— Balance at 1 January	**1,541**	1,256
— Deferred tax credited to the consolidated statement of income	**632**	532
— Deferred tax (charged)/credited to reserves	**(70)**	16
— Balance at 30 June	**2,103**	1,804
Net deferred tax liabilities after offsetting:		
— Balance at 1 January	**(2,745)**	(1,306)
— Deferred tax credited to the consolidated statement of income	**1,676**	1,120
— Deferred tax (charged)/credited to other comprehensive income	**(1)**	4
— Balance at 30 June	**(1,070)**	(182)

13. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2026 and 2025 were computed by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods.

Diluted earnings per share for the six months ended 30 June 2026 and 2025 were computed by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods, after adjusting for the effects of the dilutive potential ordinary shares. There were no dilutive potential ordinary shares for the six months ended 30 June 2026 and 2025.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

(All amounts in RMB millions unless otherwise stated)

13. EARNINGS PER SHARE (Continued)

The following table sets forth the computation of basic and diluted earnings per share:

	Six months ended 30 June	
	2026	2025
Numerator (in RMB millions): Profit attributable to equity shareholders of the Company used in computing basic/diluted earnings per share	9,468	14,484
Denominator (in millions): Number of ordinary shares outstanding used in computing basic/diluted earnings per share	30,598	30,598
Basic/Diluted earnings per share (in RMB)	0.31	0.47

14. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment for the six months ended 30 June 2026 and 2025 are as follows:

	Six months ended 30 June 2026					
	Buildings	Tele-communications equipment	Office furniture, fixtures, motor vehicles and other equipment	Leasehold improvements	CIP	Total
Cost:						
Beginning of period	91,789	915,722	21,746	3,322	30,591	1,063,170
Additions	534	163	83	47	21,935	22,762
Transfer from CIP	1,285	14,066	633	145	(16,129)	–
Transfer to other assets	–	–	–	–	(1,104)	(1,104)
Disposals	(125)	(5,063)	(278)	(81)	–	(5,547)
End of period	93,483	924,888	22,184	3,433	35,293	1,079,281
Accumulated depreciation and impairment:						
Beginning of period	(51,286)	(647,729)	(16,165)	(2,285)	(94)	(717,559)
Charge for the period	(1,469)	(24,824)	(679)	(199)	–	(27,171)
Disposals	72	4,848	268	68	–	5,256
End of period	(52,683)	(667,705)	(16,576)	(2,416)	(94)	(739,474)
Net book value:						
End of period	40,800	257,183	5,608	1,017	35,199	339,807
Beginning of period	40,503	267,993	5,581	1,037	30,497	345,611

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements of property, plant and equipment for the six months ended 30 June 2026 and 2025 are as follows: (Continued)

	Six months ended 30 June 2025					
	Buildings	Tele-communications equipment	Office furniture, fixtures, motor vehicles and other equipment	Leasehold improvements	CIP	Total
Cost:						
Beginning of period	86,228	885,060	20,955	3,262	36,328	1,031,833
Additions	298	122	85	29	18,221	18,755
Transfer from CIP	1,612	16,809	404	115	(18,940)	–
Transfer to other assets	–	–	–	–	(755)	(755)
Disposals	(140)	(6,693)	(467)	(43)	–	(7,343)
End of period	87,998	895,298	20,977	3,363	34,854	1,042,490
Accumulated depreciation and impairment:						
Beginning of period	(48,786)	(613,403)	(15,717)	(2,300)	(97)	(680,303)
Charge for the period	(1,392)	(24,862)	(644)	(165)	–	(27,063)
Disposals	121	6,452	436	42	–	7,051
End of period	(50,057)	(631,813)	(15,925)	(2,423)	(97)	(700,315)
Net book value:						
End of period	37,941	263,485	5,052	940	34,757	342,175
Beginning of period	37,442	271,657	5,238	962	36,231	351,530

15. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2026, the Group entered into a number of lease agreements for use of buildings, telecommunications equipment and land use rights, and therefore recognised the additions to right-of-use assets of RMB3,024 million (for the six months ended 30 June 2025: RMB3,302 million).

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

(All amounts in RMB millions unless otherwise stated)

16. FINANCIAL ASSETS MEASURED AT FAIR VALUE

	Note	30 June 2026	31 December 2025
Non-current portion:			
Equity securities measured at FVOCI (non-recycling)	(i)	2,058	2,152
Financial assets measured at FVPL	(ii)	2,016	1,503
Debt securities measured at FVOCI (recycling)	(iii)	1,677	1,477
		5,751	5,132
Current portion:			
Financial assets measured at FVPL	(ii)	1,536	2,805
Debt securities measured at FVOCI (recycling)	(iii)	25,192	18,593
		26,728	21,398
		32,479	26,530

(i) Equity securities measured at FVOCI (non-recycling):

	Note	30 June 2026	31 December 2025
Listed in the PRC		163	184
Listed outside the PRC	26	1,754	1,847
Unlisted		141	121
		2,058	2,152

(ii) Financial assets measured at FVPL represent certain equity investments, investments in monetary funds and wealth management products.

(iii) Debt securities measured at FVOCI (recycling) represent certain debt investments issued by banks and the investments are held within a business model whose objective is achieved by both the collection of contractual cash flows and sale.

17. OTHER ASSETS

	Note	30 June 2026	31 December 2025
Intangible assets		**19,455**	19,982
Prepaid services charges for transmission lines and electricity cables and other services		**1,110**	1,226
VAT recoverable	(i)	**498**	506
Capital bonds		**414**	431
Amounts due from related parties		**1**	1
Others		**2,256**	2,393
		23,734	24,539

(i) VAT recoverable includes input VAT and prepaid VAT which is expected to be deducted beyond one year. VAT recoverable which is expected to be deducted within one year is included in "prepayments and other current assets". See Note 19(i).

18. ACCOUNTS RECEIVABLE

	30 June 2026	31 December 2025
Accounts receivable from third parties	**107,424**	87,241
Amounts due from ultimate holding company	**113**	91
Amounts due from related parties	**1,389**	1,363
Amounts due from Tower Company	**352**	314
Amounts due from domestic carriers	**5,853**	4,970
Less: Credit loss allowance	**(34,716)**	(27,985)
	80,415	65,994

(All amounts in RMB millions unless otherwise stated)

18. ACCOUNTS RECEIVABLE (Continued)

The following is an analysis of account receivables by age, net of allowance for credit losses, presented based on the billing dates.

	30 June 2026	31 December 2025
Within one month	18,797	18,253
More than one month but not more than three months	14,485	10,991
More than three months but not more than one year	30,853	23,750
More than one year	16,280	13,000
	80,415	65,994

The normal credit period granted by the Group to individual subscribers and general corporate customers is thirty days from the date of billing unless they meet certain specified credit assessment criteria. For major corporate customers, the credit period granted by the Group is based on the service contract terms, normally not exceeding one year.

There is no significant concentration of credit risk with respect to customers receivables, as the Group has a large number of customers.

19. PREPAYMENTS AND OTHER CURRENT ASSETS

The nature of prepayments and other current assets are as follows:

	Note	30 June 2026	31 December 2025
Prepaid services charges for transmission lines and electricity cables and other services		4,878	3,998
Prepaid power and water charges		578	625
Deposits and prepayments		3,620	3,602
VAT recoverable	(i)	8,160	9,164
Prepaid income tax expenses		35	917
Financial assets held under resale agreements	(ii)	2,000	4,003
Amounts due from ultimate holding company		3,823	4,926
Amounts due from related parties		164	132
Amounts due from Tower Company		72	72
Amounts due from domestic carriers		550	468
Others		4,184	3,764
		28,064	31,671

19. PREPAYMENTS AND OTHER CURRENT ASSETS (Continued)

(i) VAT recoverable includes the input VAT and prepaid VAT that is expected to be deducted within one year.

(ii) Financial assets held under resale agreements are transactions where Unicom Group Finance Company Limited ("Finance Company") acquires financial assets which will be resold at a predetermined price at a future date under resale agreements.

Prepayments and other current assets are expected to be recovered or recognised as expenses within one year.

As at 30 June 2026 and 31 December 2025, there was no significant impairment for the prepayments and other current assets.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents refer to all cash on hand and demand deposits, short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

21. SHARE CAPITAL

Issued and fully paid:	**Number of shares millions**	**Share capital**
At 1 January 2025, at 31 December 2025 and at 30 June 2026	30,598	254,056

22. DIVIDENDS

At the annual general meeting held on 26 May 2026, the shareholders of the Company approved the payment of a final dividend of RMB0.1329 per ordinary share for the year ended 31 December 2025, totalling approximately RMB4,066 million (for the six months ended 30 June 2025: final dividend of RMB0.1562 per ordinary share for the year ended 31 December 2024, totalling approximately RMB4,779 million) which has been reflected as a reduction of retained profits for the six months ended 30 June 2026.

The Board of Directors of the Company didn't declare an interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: 2025 interim dividend of RMB0.2841 per ordinary share to the shareholders totalling approximately RMB8,693 million).

(All amounts in RMB millions unless otherwise stated)

22. DIVIDENDS (Continued)

Pursuant to the PRC enterprise income tax law, a 10% withholding income tax is levied on dividends declared on or after 1 January 2008 by foreign investment enterprises to their foreign enterprise shareholders unless the enterprise investor is deemed as a PRC Tax Resident Enterprise ("TRE"). On 11 November 2010, the Company obtained an approval from the State Taxation Administration of the PRC, pursuant to which the Company qualifies as a PRC TRE from 1 January 2008. Therefore, as at 30 June 2026 and 31 December 2025, the Company's subsidiaries in the PRC did not accrue for withholding tax on dividends distributed to the Company and there has been no deferred tax liability accrued in the Group's unaudited condensed consolidated interim financial statements for the undistributed profits of the Company's subsidiaries in the PRC.

For the Company's non-PRC TRE shareholders (including HKSCC Nominees Limited), the Company would distribute dividends after deducting the amount of enterprise income tax payable by these non-PRC TRE shareholders thereon and reclassify the related dividend payable to withholding tax payable upon the declaration of such dividends. The requirement to withholding tax does not apply to the Company's shareholders appearing as individuals in its share register.

23. LONG-TERM LOANS

	Interest rates and final maturity	30 June 2026	31 December 2025
Long-term bank loans			
RMB denominated bank loans	Interest rates ranging from 1.08% to 2.65% (31 December 2025: 1.08% to 2.60%) per annum with maturity through 2036 (31 December 2025: maturity through 2036)	3,731	2,656
United States dollars ("US dollars") denominated bank loans	Fixed interest rate is Nil (31 December 2025: Nil) per annum with maturity through 2040 (31 December 2025: maturity through 2040)	107	119
Amounts due to ultimate holding company			
RMB denominated loans	Interest rates are determined by subtracting a floating point from the one-year Loan Prime Rate ("LPR") published by the National Interbank Funding Center ("NIFC") with maturity through 2027 (31 December 2025: maturity through 2027)	1,940	1,742
Sub-total		5,778	4,517
Less: Current portion due within one year (long-term loans)		(627)	(589)
		5,151	3,928

23. LONG-TERM LOANS (Continued)

As at 30 June 2026, long-term loans of approximately RMB23 million (31 December 2025: approximately RMB26 million) were guaranteed by third parties.

The repayment schedule of the long-term loans is as follows:

	30 June 2026	31 December 2025
Balances due:		
— No later than one year	627	589
— More than one year and no later than two years	1,373	772
— More than two years and no later than five years	2,467	2,170
— More than five years	1,311	986
	5,778	4,517
Less: Portion classified as current liabilities	(627)	(589)
	5,151	3,928

24. SHORT-TERM BANK LOANS

	Interest rates and final maturity	30 June 2026	31 December 2025
RMB denominated bank loans	Interest rates ranging from 1.00 % to 3.30% (31 December 2025: 1.00% to 3.60%) per annum with maturity through 2027 (31 December 2025: maturity through 2026)	1,153	966

25. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	30 June 2026	31 December 2025
Payables to contractors and equipment suppliers	85,297	88,250
Payables to telecommunications products suppliers	2,200	1,844
Customer/contractor deposits	4,945	5,056
Repair and maintenance expense payables	14,807	14,234
Salary and welfare payables	8,533	3,624
Amounts due to technical support service and other service providers/content providers	8,071	8,235
VAT received from customer in advance	2,524	2,761
Accrued expenses	23,958	21,541
Amounts due to ultimate holding company	4,035	2,904
Amounts due to related parties	14,761	14,383
Amounts due to Tower Company	8,183	6,216
Amounts due to domestic carriers	5,076	4,157
Others	14,085	13,883
	196,475	187,088

(All amounts in RMB millions unless otherwise stated)

25. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (Continued)

The aging analysis of accounts payable and accrued liabilities based on the billing date is as follows:

	30 June 2026	31 December 2025
Less than six months	161,820	150,945
Six months to one year	13,202	13,606
More than one year	21,453	22,537
	196,475	187,088

26. MUTUAL INVESTMENT OF THE COMPANY AND TELEFÓNICA S.A. ("TELEFÓNICA") IN EACH OTHER

On 6 September 2009, the Company announced that in order to strengthen the cooperation between the Company and Telefónica, the parties entered into a strategic alliance agreement and a subscription agreement, pursuant to which each party conditionally agreed to invest an equivalent of US dollars 1 billion in each other through an acquisition of each other's shares.

On 23 January 2011, the Company entered into an agreement to enhance the strategic alliance with Telefónica that: (a) Telefónica would purchase ordinary shares of the Company for a consideration of US dollars 500 million through acquisition from third parties; and (b) the Company would acquire from Telefónica 21,827,499 ordinary shares of Telefónica held in treasury ("Telefónica Treasury Shares") for an aggregate purchase price of Euro374,559,882.84. On 25 January 2011, the Company completed the purchase of Telefónica Treasury Shares in accordance with the strategic agreement. During 2011, Telefónica completed its investment of US dollars 500 million in the Company.

On 14 May 2012, Telefónica declared a dividend. The Company chose to implement it by means of a scrip dividend and received 1,646,269 ordinary shares of approximately RMB146 million.

As at 30 June 2026, the related financial assets measured at FVOCI amounted to approximately RMB1,754 million (31 December 2025: approximately RMB1,847 million). For the six months ended 30 June 2026, the decrease in fair value of the financial assets measured at FVOCI was approximately RMB93 million (for the six months ended 30 June 2025: increase of approximately RMB503 million), has been recorded in the unaudited condensed consolidated statement of comprehensive income.

27. RESTRICTED A-SHARE INCENTIVE SCHEME

The Phase II Restricted A-Share Incentive Scheme

Pursuant to the share incentive scheme (Phase II) of A Share Company (the "Phase II Restricted A-Share Incentive Scheme"), approximately 838 million restricted shares of A Share Company (the "Phase II Restricted Shares") were approved for granting to the core employees of the Group, the granted Phase II Restricted Shares of 838,340,000 were subscribed by the participants, including certain core employees of the Company's subsidiaries on 1 November 2022 (the "Grant Date"), with a subscription price of RMB2.48 per share. The fair value of the Phase II Restricted Shares granted under the Grant Date is RMB0.93 per share, as determined based on the difference between the market price of A Share Company of RMB3.41 per share at the Grant Date, and the subscription price of RMB2.48 per share.

The Phase II Restricted Shares are subject to various lock-up periods (the "Lock-Up Period II") of approximately 2 years, 3 years and 4 years, respectively, immediately from the Grant Date. During the Lock-Up Period II, these shares are not transferrable, nor subject to any guarantee or indemnity. The Phase II Restricted Shares shall be unlocked (or repurchased and cancelled by A Share Company) separately in three tranches in proportion of 40%, 30% and 30% of the total number of the Phase II Restricted Shares granted upon the expiry of each of the Lock-Up Period II.

Subject to fulfilment of all service and performance conditions under the Phase II Restricted A-Share Incentive Scheme which include the achievement of certain revenue and profit targets of A Share Company, the participants' individual performance appraisal, etc. (collectively referred to as "vesting conditions"), the restriction over the Phase II Restricted Shares will be removed after the expiry of the corresponding Lock-Up Period II for each tranche and the participants will be fully entitled to these incentive shares. If the vesting conditions are not fulfilled and hence the Phase II Restricted Shares cannot be unlocked, A Share Company shall repurchase the Phase II Restricted Shares based on the lower of the subscription price from the participants and the market price at the time of repurchase.

Pursuant to the Phase II Restricted A-Share Incentive Scheme, the first Lock-Up Period II of approximately 2 years for this batch has expired in November 2024, the second Lock-Up Period II of approximately 3 years for this batch has expired in November 2025. For the six months ended 30 June 2026, with the fulfilment of the vesting conditions, the Phase II Restricted Shares of 223,583,025 (2025: nil) in aggregate were approved for unlocking after the expiry of the Lock-Up Period II by the Board of Directors of A Share Company.

For the six months ended 30 June 2026, the Group recognised share-based payment expenses and other reserves of RMB26 million under the Phase II Restricted A-Share Incentive Schemes (for the six months ended 30 June 2025: RMB65 million).

For the six months ended 30 June 2026, the Phase II Restricted Shares of nil (For the six months ended 30 June 2025: 22,841,600) were forfeited.

(All amounts in RMB millions unless otherwise stated)

28. FAIR VALUE ESTIMATION

Financial assets of the Group mainly include cash and cash equivalents, long-term bank deposits, short-term bank deposits and restricted deposits, accounts receivable, the financial assets included in prepayments and other current assets, financial assets measured at fair value and certain other assets. Financial liabilities of the Group mainly include short-term bank loans, financial liabilities included in accounts payable and accrued liabilities, bills payable, long-term loans and other obligations.

(a) Financial assets measured at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 valuation: unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 valuation: observable inputs which fail to meet level 1, and not using significant unobservable inputs for which market data are not available.
- Level 3 valuation: fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets that are measured at fair value as at 30 June 2026:

	Level 1	Level 2	Level 3	Total
Recurring fair value measurement:				
Equity securities measured at FVOCI (non-recycling)	1,917	–	141	2,058
Financial assets measured at FVPL	1,434	–	2,118	3,552
Debt securities measured at FVOCI (recycling)	26,869	–	–	26,869
Total	30,220	–	2,259	32,479

28. FAIR VALUE ESTIMATION (Continued)

(a) Financial assets measured at fair value (Continued)

The following table presents the Group's financial assets that are measured at fair value as at 31 December 2025:

	Level 1	Level 2	Level 3	Total
Recurring fair value measurement:				
Equity securities measured at FVOCI (non-recycling)	2,031	–	121	2,152
Financial assets measured at FVPL	2,702	–	1,606	4,308
Debt securities measured at FVOCI (recycling)	20,070	–	–	20,070
Total	24,803	–	1,727	26,530

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1 and comprise primarily equity securities of Telefónica, debt securities issued by banks which are classified as financial assets measured at FVOCI and certain listed equity investments, investments in monetary funds that are classified as financial assets measured at FVPL.

During the six months ended 30 June 2026 and 2025, there were no significant transfer between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair value of financial instruments carried at other than fair value

Except as detailed in the following table, the carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2026 and 31 December 2025 due to the nature or short maturity of those instruments.

	Carrying amounts as at 30 June 2026	Fair value as at 30 June 2026	Fair value measurements as at 30 June 2026 categorised into			Carrying amounts as at 31 December 2025	Fair value as at 31 December 2025
			Level 1	Level 2	Level 3		
Long-term bank deposits	10,616	10,740	–	10,740	–	15,580	15,862
Capital bonds	414	454	–	454	–	431	486
Non-current portion of long-term loans	5,151	5,023	–	5,023	–	3,928	3,845

The fair values of the non-current portion of long-term loans are based on the expected cash flows of principal and interests payment discounted at market rates ranging from 0.57% to 3.50% (31 December 2025: 0.57% to 3.50%) per annum as at 30 June 2026. The fair values of long-term bank deposits and capital bonds are based on the expected cash flows of principal and interests discounted at market rate of 1.25% (2025: 1.90%) per annum and 4.42% (2025: 3.73%) per annum, respectively.

(All amounts in RMB millions unless otherwise stated)

29. MATERIAL RELATED PARTY TRANSACTIONS

Unicom Group is a state-owned enterprise directly controlled by the PRC government. The PRC government is the Company's ultimate controlling party. Neither Unicom Group nor the PRC government publishes financial statements available for public use.

The PRC government controls a significant portion of the productive assets and entities in the PRC. The Group provides telecommunications services as part of its retail transactions, thus, is likely to have extensive transactions with the employees of other state-owned enterprises, including their key management personnel and their close family members. These transactions are carried out on commercial terms that are consistently applied to all customers.

Management considers certain state-owned enterprises have material transactions with the Group in its ordinary course of business, which include but not limited to 1) rendering and receiving telecommunications services, including interconnection revenue/charges; 2) sharing certain telecommunications network infrastructure; 3) purchasing of goods, including use of public utilities; and 4) placing of bank deposits and borrowing money. The Group's telecommunications network depends, in large part, on interconnection with the network and on transmission lines service provided by other domestic carriers. These transactions are mainly carried out on terms comparable to those conducted with third parties or national standards promulgated by relevant government authorities and have been reflected in the financial statements. Amounts due from domestic carriers are all derived from contracts with customers.

Management believes that meaningful information relating to related party transactions has been disclosed below.

29.1 Connected transactions with Unicom Group and its subsidiaries other than the Group ("Unicom Group and its subsidiaries")

(a) Recurring transactions

The following is a summary of significant recurring transactions carried out by the Group with Unicom Group and its subsidiaries. In the directors' opinion, these transactions were carried out in the ordinary course of business.

	Note	Six months ended 30 June 2026	2025
Transactions with Unicom Group and its subsidiaries:			
Charges for value-added telecommunications services	(i)	**40**	53
Rental charges for short-term property leasing and related services	(i)	**499**	495
Charges for use of telecommunications resources and related services	(i)	**113**	111
Charges for engineering design and construction and IT services	(i)	**153**	102
Charges for shared services	(i)	**38**	39
Charges for materials procurement services	(i)	**58**	1
Charges for ancillary telecommunications services	(i)	**68**	60
Charges for comprehensive support services	(i)	**391**	331
Income from comprehensive support services	(i)	**119**	90
Income from short-term property leasing services	(i)	**24**	–
Lending by Finance Company to Unicom Group and its subsidiaries	(i)	**1,500**	2,400
Repayment of loans lending by Finance Company to Unicom Group and its subsidiaries	(i)	**2,600**	2,000
Fee and interest income from lending services	(i)	**42**	55
Income from other financial services	(i)	**1**	1
Net deposits with Finance Company	(i)	**1,053**	4,257
Interest expenses on the deposits in Finance Company	(i)	**29**	64
Interest expenses on unsecured entrusted loan	(i)	**19**	14
Lending from Unicom Group and its subsidiaries	(i)	**192**	–

29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

29.1 Connected transactions with Unicom Group and its subsidiaries other than the Group ("Unicom Group and its subsidiaries") (Continued)

(a) Recurring transactions (Continued)

(i) On 28 October 2022, CUCL and Unicom Group entered into the "2023-2025 Comprehensive Services Agreement", and Finance Company and Unicom Group entered into the "2023-2025 Financial Services Agreement". Pursuant to the "2023-2025 Comprehensive Services Agreement", CUCL and Unicom Group agreed to provide services to each other or by one to the other, including (i) use of telecommunications resources; (ii) property leasing; (iii) value-added telecommunications services; (iv) materials procurement services; (v) engineering design and construction and IT services; (vi) ancillary telecommunications services; (vii) comprehensive support services and (viii) shared services. Pursuant to the "2023-2025 Financial Services Agreement", Finance Company agreed to provide financial services to Unicom Group. On 18 September 2025, CUCL and Unicom Group entered into the "2026-2028 Comprehensive Services Agreement", and Finance Company and Unicom Group entered into the "2026-2028 Financial Services Agreement".

(b) Amounts due from Unicom Group and its subsidiaries

Amounts due from Unicom Group as at 30 June 2026 included loans from Finance Company to Unicom Group of RMB3,800 million in total with respective floating interest rate of LPR published by the NIFC (31 December 2025: RMB4,900 million with respective floating interest rate of LPR published by the NIFC). This amount was included in the amounts due from ultimate holding company in note 19.

(c) Amounts due to Unicom Group and its subsidiaries

Amounts due to Unicom Group and its subsidiaries as at 30 June 2026 included a balance of deposits received by Finance Company from Unicom Group and its subsidiaries as well as related interest payable amounting to RMB11,748 million (31 December 2025: RMB10,691 million) with interest rates ranging from 0.12% to 2.75% (2025: 0.12% to 2.75%) per annum for saving and deposits of different terms. This amount was included in the amounts due to ultimate holding company and amounts due to related parties in note 25.

Amounts due to Unicom Group and its subsidiaries as at 30 June 2026 included unsecured entrusted loans from Unicom Group of RMB1,894 million (31 December 2025: RMB1,696 million) with a maturity period of 3 years and unsecured entrusted loans from Unicom Group of RMB46 million (31 December 2025: RMB46 million) with a maturity period of 2 years. Interest rates of these loans are determined by subtracting a floating point from the one-year LPR published by NIFC and are adjusted quarterly. These amounts were included in the amounts due to ultimate holding company in note 23.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

(All amounts in RMB millions unless otherwise stated)

29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

29.2 Transactions with associates and joint ventures of Unicom Group and its subsidiaries

The Group has entered into transactions with associates and joint ventures of Unicom Group and its subsidiaries based on terms comparable to terms of transactions entered with other entities. In the directors' opinion, these transactions were carried out in the ordinary course of business.

	Six months ended 30 June	
	2026	2025
Transactions with associates and joint ventures of Unicom Group and its subsidiaries:		
Charges for use of telecommunications resources and related services	**1**	1
Charges for engineering design and construction and IT services	**231**	197
Charges for materials procurement services	**4**	9
Charges for ancillary telecommunications services	**515**	467
Charges for comprehensive support services	**121**	100
Income from comprehensive support services	**33**	16

In addition to the above amounts, the Group has also entered into related party transactions with associates and joint ventures of Unicom Group and its subsidiaries which do not meet the definition of connected person and connected transactions under Chapter 14A of the Listing Rules during the six months ended 30 June 2026. These transactions include:

	Six months ended 30 June	
	2026	2025
Transactions with associates and joint ventures of Unicom Group and its subsidiaries:		
Rental charges for short-term property leasing and related services	**3**	1
Charges for use of telecommunications resources and related services	**34**	2
Charges for engineering design and construction and IT services	**1,332**	1,045
Charges for materials procurement services	**95**	7
Charges for ancillary telecommunications services	**1,573**	1,198
Charges for comprehensive support services	**530**	484
Income from comprehensive support services	**290**	270

29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

29.3 Material transactions with associates and joint ventures of the Group

The following is a summary of material transactions entered into by the Group with the associates and joint ventures of the Group. In the directors' opinion, these transactions were carried out in the ordinary course of business.

		Six months ended 30 June	
	Note	2026	2025
Transactions with associates and joint ventures of the Group:			
Revenue from engineering design and construction and IT services	(i)	246	312
Related costs for use of tower assets	(ii)	8,534	8,763
Charges for engineering design and construction and IT services	(i)	171	55
Additions of right-of-use assets	(ii)	1,362	1,110
Revenue from value-added telecommunications services		240	458
Charges for value-added telecommunications services		196	456
Charges for materials procurement services		–	16
Net deposits with Finance Company		17	14
Interest expenses on the deposits in Finance Company		–	1

(i) Engineering design and construction and IT services

The Group and its associates provided engineering design, construction and supervision services and IT services to each other.

(ii) Lease of the tower assets and other related services

On 8 July 2016, CUCL and Tower Company entered into a framework agreement to confirm the pricing and related arrangements in relation to the usage of certain telecommunications towers and related assets (the "Agreement"). The Agreement finalised terms including assets categories, pricing basis for usage charges, and relevant service period etc. Provincial service agreements and detailed lease confirmation for specified towers have been signed subsequently.

On 31 January 2018, after further arm's length negotiations and discussions, CUCL and Tower Company agreed on certain supplementary provisions based on the Agreement dated 8 July 2016, which mainly relate to a reduction in cost-plus margin of Tower Company which forms the benchmark for pricing and an increase in co-tenancy discount rates offered to the Group regarding towers under co-sharing arrangements. The new terms applicable to the leased tower portfolio as confirmed by both parties are effective from 1 January 2018 for a period of five years.

On 13 December 2022, the Board of Directors of the Company approved CUCL and Tower Company to sign the commercial pricing agreement and the service agreement, and the material terms of the commercial pricing agreement and the service agreement have been agreed and finalised, in which CUCL leases assets and receives services provided by Tower Company, including tower products, indoor distribution system products, transmission products and service products. The agreements further reduced the products pricing and increased the co-tenancy discount rates offered to the Group. The term of each of the commercial pricing agreement and the service agreement is five years, effective from 1 January 2023 to 31 December 2027.

Based on HKFRS 16, the Group recognised additions of right-of-use assets during the six months ended 30 June 2026 amounting to RMB1,362 million (for the six months ended 30 June 2025: RMB1,110 million). Related costs for use of tower assets include the depreciation of right-of-use assets of RMB3,775 million (for the six months ended 30 June 2025: RMB3,913 million), interest expense of RMB293 million (for the six months ended 30 June 2025: RMB452 million), and variable lease payments and other service charges of RMB4,466 million (for the six months ended 30 June 2025: RMB4,453 million) in its unaudited condensed consolidated statement of income for the six months ended 30 June 2026.

(All amounts in RMB millions unless otherwise stated)

29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

29.3 Material transactions with associates and joint ventures of the Group (Continued)

(ii) Lease of the tower assets and other related services (Continued)

The outstanding balances with the associates and joint ventures of the Group are summarised as follows:

	Note	30 June 2026	31 December 2025
Amounts due from related parties		486	495
Amounts due to related parties	(iii)	16,551	16,067

(iii) Amounts due to Tower Company

The related accounts payable and bills payable balance (exclude lease liabilities) to Tower Company included in the balance of amounts due to related parties as at 30 June 2026 was RMB15,743 million (31 December 2025: RMB15,156 million). Except as mentioned in Note 29.3(ii), amounts due from/to Tower Company are unsecured, interest-free, repayable on demand/on contract terms as described above.

30. CONTINGENCIES AND COMMITMENTS

30.1 Capital commitments

As at 30 June 2026 and 31 December 2025, the Group had capital commitments, mainly in relation to the construction of telecommunications network, as follows:

	30 June 2026			31 December 2025
	Land and buildings	Equipment	Total	Total
Authorised and contracted for	2,299	41,472	43,771	72,450
	2,299	41,472	43,771	72,450

30.2 Contingent liabilities

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavourable outcome of such contingencies, lawsuits or other proceedings and based on such assessment, believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.

31. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

There are no significant subsequent events after 30 June 2026.

32. APPROVAL OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 18 August 2026.