

Dear Shareholders,

In the first half of 2022, facing sheer challenges such as the sporadic outbreak of the pandemic in certain areas, the Company firmly adhered to the general working principle of making progress while maintaining stability. Under the guidance of the new strategic planning system, the Company actively embraced the huge opportunities brought by the digital economy, and achieved decent results in terms of profitability, fundamental capabilities, operational efficiency and technological innovation. The Company fully manifested its brand as “the first choice of the country, government and people” as it accomplished various challenging tasks such as the provision of communication support for the Winter Olympics, disaster-related rescue and relief work, and pandemic prevention and control. In the first half of 2022, the Company’s revenue grew rapidly. It significantly enhanced operating efficiency, continued to optimise growth structure, substantially strengthened network capabilities, and accelerated technological innovation transformation, taking a solid step towards high-quality development under the new paradigm.

LIU LIEHONG

Chairman and
Chief Executive Officer



CHAIRMAN'S

STATEMENT

OVERALL RESULTS

In the first half of 2022, the Company achieved service revenue of RMB161.0 billion, representing a year-on-year increase of 8.3%, which was a new high for the same period in recent years. Profitability improved steadily with remarkable results in quality and efficiency enhancement. Profit before tax reached RMB13.4 billion and profit attributable to equity shareholders of the Company reached RMB11.0 billion, representing a year-on-year increase of 19.5%. EBITDA¹ reached RMB51.4 billion, representing a year-on-year increase of 3.9%.

Network is the basis and foundation of China Unicom's high-quality development. Seizing the development window period of the national "Eastern Data, Western Computing" project and "dual-gigabit" network construction, the Company moderately increased its investment and unswervingly improved its core competitiveness and sustainable development capabilities. In the first half of the year, capital expenditure reached RMB28.4 billion, representing a year-on-year increase of 98.5%. The Company continued to maintain its strong and stable financial position in recent years. Liabilities-to-assets ratio remained at a reasonable level of 43.3%. Finance costs decreased by 18.6% year-on-year. The Company's financial strength and risk prevention capability were further enhanced.

The Company attaches great importance to shareholders' return. After due consideration of the Company's sound business development, the Board has resolved to declare an interim dividend of RMB0.165 per share, representing a year-on-year increase of 37.5%.

CONTINUOUS CONSOLIDATION OF DEVELOPMENT FOUNDATION

The comprehensive upgrade of China Unicom's "dual-gigabit" network has opened up new growth potential for the Company's basic businesses in the new era. While actively improving the supply of network capacity and resources, the Company vigorously promoted the scale conservation and value revitalisation of mobile and fixed-line broadband services. In the first half of the year, despite the challenges brought by sporadic pandemic outbreaks to its business development and network construction, the Company's basic businesses still achieved steady growth. Its basic network capacity was significantly improved, solidifying the foundation for long-term corporate development.

Dually driven by market and innovation, the integrated development of basic businesses reached a new level

The Company unswervingly promoted the transformation of basic businesses from a market-driven model to a model dually driven by market and innovation. It firmly implemented the "5G-led Development Action Plan" and the "Broadband and Smart Family Development Action Plan", and strived to achieve breakthroughs in the scale and value of basic businesses. In line with the "5G-oriented, gigabit-oriented and integrated" development trend in the industry, and riding on the opportunity of "dual-gigabit" network upgrade, the Company strived to create an integrated and group-based development model, enhanced the experience and stability of Big Connectivity subscribers, and built a sustainable growth foundation for basic businesses. The Company further optimised the product structure of basic businesses, strengthened the supply of 5G digital smart life and smart home application products, and launched new products and services such as 5G New Calling and elderly

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exclusive service, vigorously leveraging the differentiated advantages driven by product innovation to accumulate momentum for the innovative transformation of basic businesses. Leveraging the full life cycle empowerment of Big Data models, the Company accelerated the improvement of data aggregation on various platforms such as digital villages, smart communities and smart campuses, and carried out targeted customer retention and value enhancement with a focus on key scenarios and key customer groups, resulting in significantly refined operation.

The growth momentum of the Company's basic businesses was stable and trending well, and value-oriented operation continued to deliver results. In the first half of the year, the Company achieved mobile service revenue of RMB84.9 billion, representing a year-on-year increase of 3.4%. The number of mobile billing subscribers reached 320 million. Within that, 5G package subscribers registered a net addition of 29.99 million, reaching a total of 184.92 million. The penetration rate of 5G package subscribers reached 58%, signifying further optimised subscriber structure. Mobile subscriber ARPU was RMB44.4, which was stable year-on-year. Remarkable results were achieved in unleashing data traffic, with the total handset data traffic increasing by 13.4% and the monthly average DOU per handset subscriber reaching approximately 13.3 GB. The Company's fixed-line broadband business maintained the good momentum of rapid growth last year. In the first half of the year, the Company achieved broadband access revenue of RMB23.0 billion, representing a year-on-year increase of 4.3%, up by 3.6pp from 0.7% in the same period last year. The number of broadband access subscribers recorded a net addition of 4.40 million, reaching a total of 99.44 million. The subscriber net addition reached a new high for the same period in the past 10 years. The penetration rate of integrated services reached 73%, significantly enhancing customer loyalty and value.

Moderately increased strategic investment with greatly improved basic network capabilities

China Unicom recognised the fundamental role of network in corporate development, so it moderately increased strategic investment. In the first half of the year, the Company's premium network construction achieved substantial progress, laying a solid foundation for the Company's fundamental growth. **In terms of 5G/4G premium network construction,** it achieved contiguous outdoor coverage in key towns and above. The scale and coverage of mid-band 5G was on par with the industry. Pre-commercial trial of 5G New Calling was launched in 125 cities. 5G subscriber satisfaction remained the highest in the industry. **For gigabit broadband premium network construction,** the network deployment progress was in line with the industry. The number of FTTH ports reached 230 million and the number of homes passed in southern China increased by nearly 25 million, strongly supporting the rapid growth of broadband subscribers and revenue. **With respect to the construction of high-quality computing power network,** the Company completed the overall network architecture planning of "Eastern Data, Western Computing" and preliminarily completed the construction of low-latency and flat Industry Internet, with a total of 329,000 IDC cabinets and 580,000 vCPU cores in backbone cloud computing power. **For government and enterprise premium network construction,** the coverage rate of aggregation areas in top 150 cities reached 98.8% and the coverage rate of multi-service access areas in top 150 cities reached 90.2%, creating differentiated competitive advantages for government and enterprise customer network. While significantly improving network ability, the Company also made gradual progress in intelligent and digital network transformation. It actively promoted the digitisation of optical fibre cable resources in local network and access terminals, significantly enhancing the visualisation of network resources. 24 intelligent applications such as broadband

one-click diagnosis, broadband Wi-Fi quality analysis, and base station AI energy saving were put into use in scale. The digital transformation of network operation took an important step forward. This year, the Company successfully completed major tasks including communication support services for the Beijing Winter Olympics and Paralympics, critical support for more than 60 "cloud diplomacy" of the country as well as emergency rescue support for floods, typhoons and earthquakes, which demonstrated the Company's network advantages, security resilience and responsibilities as the "pillar of the country".

TECHNOLOGICAL INNOVATION TRANSFORMATION ACCELERATED

The Company continuously makes deployment to build itself as a source of original technologies and modern value chain chief. It is committed to becoming an innovative leader with outstanding core technology capabilities and strong integrated innovation capabilities. This year, the transformation of the Company's growth drivers gained momentum as innovative businesses maintained rapid growth. It made outstanding achievements in R&D of core technologies and steadily strengthened its technological innovation capabilities. The Company accelerated its transition from a quantity and scale model to a quality and efficiency model, laying a solid foundation for technological innovation transformation.

Stepped up the driving force of innovation with Industry Internet becoming the "No. 1 driver" of business growth

The Company proactively embraces the blue ocean of digital economy development. Innovative businesses represented by Industry Internet are prospering, and our new value in the new era is gradually emerging. **With respect to IDC business**, the Company optimised the "5 + 4 + 31 + X" resource deployment, focused on the key areas such as Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area, Sichuan-Chongqing, Shandong-Henan-Shaanxi, and improved the quality and utilisation of computing power services. The number of IDC cabinets increased by 19,000 as compared to the end of last year, reaching a total of 329,000. **With respect to cloud business**, the Company continued to enrich product categories with more than 300 self-developed products. Its cloud native capabilities were granted two authoritative accreditations, namely "Trusted Cloud Accreditation for Superior Container Cloud Cluster Performance" and "Zero Trust Security Accreditation", by China Academy of Information and Communications Technology. It served the construction of a number of digital government affairs clouds and the digital transformation of central state-owned enterprises. **In respect of the Internet of Things (IoT) business**, the Company accelerated the ubiquitous interconnection of people, devices and things and adhered to a business-network synergistic strategy with 5G as the driver. It enhanced proprietary Yanfei chip and

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module capabilities to promote the integration of industry components into scenarios and achieve breakthroughs. **With respect to Big Data business**, the Company leveraged its advantages in data governance and data security to develop a product portfolio focused on key areas such as digital government and digital finance. It independently developed a co-build co-share blockchain management platform which was the first blockchain-based cross-operator 5G operation management system, highlighting its advantages.

In the first half of the year, the Company's Industry Internet achieved revenue of RMB36.9 billion, representing an increase of 31.8% year-on-year. It contributed to over 70% of the Company's incremental revenue, becoming the real "No. 1 driver" of business growth. The revenue of "Unicom Cloud"² more than doubled to RMB18.7 billion, representing a year-on-year increase of 143.2%. 5G applications increasingly transitioned from "show flats" to "commodity flats". In the first half of the year, the value of 5G industry applications contracts signed amounted to nearly RMB4 billion. The number of customers served by 5G virtual private networks reached 2,014 and there were more than 8,000 5G industry applications on a cumulative basis. The utilisation rate of IDC cabinets exceeded 68%, with IDC revenue reaching RMB12.4 billion, up by 13.3% year-on-year. The number of IoT connections exceeded 335 million and IoT revenue was RMB4.3 billion, representing a year-on-year increase of 44.1%. For Big Data business, the Company maintained its leading position in the telecom industry and ranked first among central stated-owned enterprises in terms of blockchain patent reserves. In the first half of the year, Big Data revenue increased by 48.9% year-on-year to RMB1.9 billion.

Accelerated the establishment of China Unicom's unique capability system and achieved remarkable results in technological innovation transformation

In recent years, the Company continuously achieved breakthroughs in the R&D of core technologies, and made internationally advanced and domestically leading achievements in key areas such as network security, computing power network and Big Data applications. Based on a fully integrated digital system, the Company comprehensively promoted the capability generation model of "one China Unicom with integrated capabilities and operating services". The Company newly established ten armies in nine industries and eight Industry Internet companies. It fully combined the systematic professional capabilities of 17 professional subsidiaries and 19 Industry Internet companies with the national four-tier operational system comprising the headquarters, provinces, cities, counties and villages to provide customers with integrated solutions and operating services.

In the new journey of technological innovation, the Company secured three important rewards, namely the "Outstanding Contribution Group for Beijing Winter Olympics and Paralympic", the "Outstanding Contribution Enterprise in Technological Innovation", and the undertaking of the important mission of "Modern Value Chain Chief". In the first half of 2022, the Company's R&D expenses increased by 113.7% year-on-year. The proportion of technological innovation talents reached 26%. It was granted 780 patents, representing a year-on-year increase of 27%. At the recent China Unicom Technology Innovation Conference, the Company announced the appointment of 16 fellows and 3 industry experts as special experts of the new China Unicom Technology Committee. It planned to further

invest RMB1 billion as the special budget for the Company's core technology R&D and allocate RMB30 million as independent incentives for core technology R&D, so as to promote a new paradigm of China Unicom's technological innovation.

DEEPENED OPEN COOPERATION

The Company upholds open ecological cooperation, actively promotes joint efforts and gathers internal and external resources of the Company, in order to earnestly engage in "team competition" in its business. Taking advantage of its vital position connecting both the upstream and downstream of the value chain, the Company attracted more partners to join its ecosystem, actively integrated into the development of digital economy, and deepened integration and opening-up.

Network co-build co-share continued to deepen and operational efficiency improved steadily

The Company is committed to building a 5G network with comprehensive coverage, leading experience, leading capabilities and leading efficiency, and continues to promote co-build and co-share. The Company continued to work closely with China Telecom and added 180,000 new 5G base stations, with the two parties' total number of 5G base stations reaching 870,000. Indoor coverage was significantly enhanced. The two companies added 90,000 new 5G distributed antenna systems (DAS), bringing the total number of 5G DASs to 200,000. The two companies have built the world's largest co-built and co-shared 5G network. The Company accelerated the promotion of a single 4G network with China Telecom and made further breakthroughs in the scale of 4G network sharing. In the first

half of the year, 210,000 new shared 4G base stations were added, and the total number of shared 4G base stations reached 870,000. At present, all shared 4/5G base stations were already covered by the blockchain management platform, which greatly enhanced network synergy and efficiency. Through the co-build co-share of 4G/5G networks, the Company actively supported the goals of "carbon peaking and carbon neutrality". Cumulative carbon dioxide emission savings exceeded 6 million tonnes and cumulative capital expenditure savings for both parties combined amounted to RMB240 billion. In addition, RMB25.5 billion of operating expenses can be saved each year. At the same time, the Company coordinated and promoted the full co-build co-share of infrastructure resources, and drove cooperation and sharing in technological innovation, IDC and cloud-network integration. The co-build ratio of trunk fibre cables reached 100%, and 83% of 5G base stations were deployed on existing sites. The Company continued to promote the co-build, co-share and co-maintenance of infrastructure and key business platforms such as transmission lines, pipes and fibre cables, equipment rooms and antennae, DAS, etc.

Accelerated the integration of factor resources and strengthened synergetic cooperation to jointly create new value

The Company actively builds an ecological cooperation circle and works with the industry to jointly promote value creation. The Company deepened the coordination with innovative entities and carried out in-depth high-quality domestic innovation cooperation. It established long-term partnership with universities and research institutes, and continuously advanced

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"Torch Programme" with partners such as Renmin University of China, Pengcheng Laboratory, Purple Mountain Laboratories, Songshan Laboratory and Huawei, etc. Based on the distribution of research institutions in the Greater Bay Area and the Yangtze River Delta, the Company actively participated in the construction of international technology innovation centres and comprehensive national science centres in Shanghai and Shenzhen. The Company strengthened high-level international technology cooperation and strived to promote the international application of domestic standards. The Company actively promoted strategic cooperation with national ministries and commissions, local governments, enterprises and public bodies, expanded the breadth and depth of open cooperation, and served the digital transformation of the economy and society. The Company cooperated with leading enterprises in the fields of basic software and hardware, generic security, 5G security, IoT security, industrial Internet security, etc. to drive collective R&D and system integration in the value chain, fully meeting the security needs of digital government, digital economy and digital society.

SOCIAL RESPONSIBILITY AND CORPORATE GOVERNANCE

China Unicom always adheres to the people-oriented development, and endeavours to let people enjoy the convenience of life brought by the development of digital technology, and continuously enhances people's sense of gain, happiness and security. At critical moments, the Company successfully completed the flood control and disaster relief tasks in Henan, Shanxi and other places, and turned China Unicom into a "front-line troop". Its Big Data supported more than 4 billion "health code" enquiries, and effectively supported the assessment on

pandemic prevention and control and resumption of work and production, as it became a reliable force for the country. The Company consolidated and expanded the achievements of poverty alleviation, continued to strive for comprehensive rural revitalisation, and cultivated a batch of rural e-commerce product brands with "good reputation, excellent quality and distinctive characteristics" through digital live broadcast technology. The Company adhered to the harmonious coexistence of human and nature, vigorously promoted the R&D and application of new energy-saving technologies, and empowered green production and living style to help achieve "carbon peaking and carbon neutrality". The Company accelerated the construction of a digital ecosystem of "multi-party co-build, complementary edges and mutual promotion, cross-sector integration, cooperation and co-existence", and created a new ecosystem covering the innovation chain, supply chain and value chain, building a "joint fleet" together with its partners. The Company comprehensively deepened co-build co-share, rapidly drove the development of the supply chain, and helped stabilise the macro economy with the sustainable development of the industry.

The Company continued to improve the governance mechanism, enhance execution capability and strengthen risk management and internal control, in order to provide solid support for the sustainable and healthy development of the Company. The Company received a number of awards, including ranking 267th in "Fortune Global 500" in 2022, ranking 366th in the "Forbes Global 2000" in 2022, and being voted as "Asia's Most Honored Telecom Company" by Institutional Investor for the seventh consecutive year.

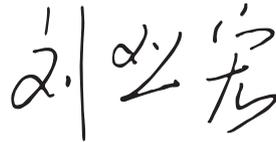
OUTLOOK

At present, with the in-depth advancement of global 5G construction, accelerated maturity of industry applications and rapid deployment of domestic new infrastructure, digital transformation has become an irresistible trend. The digital economy is driving profound changes in production, lifestyle and governance, and has become a powerful driver of sustainable and healthy economic and social development. The digital base created by the telecommunications industry is indispensable for the development of the digital economy. Chemical reactions of digital, network-based and intelligent transformation will bring about tremendous new growth potential for the telecommunications industry, where the unknown is far greater than the known. Currently, telecom operators are moving from road paving to empowerment and becoming a national team, key force and frontline troop in the development of digital economy. We believe that with our unique capability system, China Unicom will be able to reap the maximum benefits of digital value and multiply the investment value of the Company in the digital economy.

The year 2022 marks the commencement of China Unicom's full implementation of its new strategic plan. China Unicom will continue to fully implement new development

philosophies, contribute to the establishment of a new development landscape, and promote high-quality development. Focusing on the construction of "Cyber Superpower, Digital China, and Smart Society", China Unicom will comprehensively promote the implementation of the "1 + 9 + 3" strategic planning system, strengthen supply, stabilise growth, promote reform, facilitate development, prevent risks and ensure security, firmly bolstering the Company's core strategic capabilities, so as to create greater value for shareholders, customers and the society.

Lastly, on behalf of the Board of Directors, I would like to express our sincere gratitude to all shareholders, customers and fellows across the society for their long-term support and to all employees for their continuous dedication and contribution along the way!



Liu Liehong

Chairman and Chief Executive Officer

Hong Kong, 8 August 2022

Note 1: EBITDA represents profit for the period before finance costs, interest income, share of net profit of associates, share of net profit of joint ventures, other income-net, income tax expenses, depreciation and amortisation. As the telecommunications business is a capital intensive industry, capital expenditure and finance costs may have a significant impact on the net profit of the companies with similar operating results. Therefore, the Company believes that EBITDA may be helpful in analysing the operating results of a telecommunications service operator like the Company. However, it is a non-GAAP financial measure which does not have a standardised meaning and therefore may not be comparable to similar measures presented by other companies.

Note 2: Unicom Cloud revenue includes revenue of cloud resources, cloud platform, cloud service, cloud integration, cloud interconnection, cloud security, etc. generated from integrated innovative solutions.