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**ZTE CORPORATION**

**中興通訊股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 763)**

**Announcement Alignment in Preparation of Financial Statements in accordance with PRC ASBEs and Cessation to Re-appoint Overseas Financial Report Auditor**

*The Company and all the members of the Board of Directors confirm that all the information contained in this information disclosure is true, accurate and complete and that there is no false or misleading statement in or material omission from this information disclosure.*

**Highlights:**

- 1. ZTE Corporation (the “Company”) will align in preparation of financial statements and disclosure of relevant financial information in accordance with PRC accounting standards for business enterprises (“ASBEs”) starting from the announcement of the half-yearly financial report and interim results of 2021;**
- 2. In view of the Company’s proposal for alignment in preparation of financial statements and disclosure of relevant financial information in accordance with PRC ASBEs, the Company has proposed to cease to re-appoint the overseas financial report auditor;**
- 3. In view of the Company’s proposal for alignment in preparation of financial statements and disclosure of relevant financial information in accordance with PRC ASBEs, the Company has proposed to amend the relevant clauses of its Articles of Association of ZTE Corporation (the “Articles of Association”);**
- 4. The aforesaid matters have been considered and approved at the Thirty-third Meeting of the Eighth Session of the Board of Directors of the Company held on 16 March 2021 and are pending consideration at the general meeting of the Company.**

**I. General information on the alignment in preparation of financial statements in accordance with PRC ASBEs**

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed In Hong Kong” published by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) in December 2010, permission has been given to issuers incorporated in the Mainland and listed in Hong Kong to adopt PRC ASBEs for the preparation of their financial statements, and permission has been given to Mainland auditor recognised by the PRC Ministry of Finance and China Securities Regulatory Commission (“CSRC”) to provide audit service to issuers incorporated in the Mainland and listed in Hong Kong using the auditing standards of the Mainland.

In view of the fact that the Company’s financial statements prepared under PRC ASBEs and those under

Hong Kong Financial Reporting Standards (“HKFRSs”) are basically consistent with one another, the alignment in preparation of financial statements and disclosure of relevant financial information in accordance with PRC ASBEs starting from the announcement of the half-yearly financial report and interim results of 2021 has been proposed.

## **II. Impact on the Company of alignment in preparation of financial statements in accordance with PRC ASBEs**

The alignment in preparation of financial statements in accordance with PRC ASBEs by the Company will not materially affect the results or financial conditions of the Company.

## **III. Cessation to re-appoint the overseas financial report auditor**

Ernst & Young is the overseas financial report auditor for the Company that provides audit services in respect of the Company’s financial statements prepared under Hong Kong Financial Reporting Standards. Given that the Company has proposed to align in preparation of financial statements in accordance with PRC ASBEs, and that Ernst & Young Hua Ming LLP, the Company’s domestic financial report auditor has been recognised by the PRC Ministry of Finance and CSRC as eligible for providing audit service to issuers incorporated in the Mainland and listed in Hong Kong using the auditing standards of the Mainland, it has been proposed to cease to re-appoint Ernst & Young as the overseas financial report auditor.

Ernst & Young has confirmed that there is no matter relating to the cessation to re-appoint the overseas financial report auditor that should be brought to the attention of the shareholders or creditors. There is no disagreement between the Company and Ernst & Young regarding the cessation to re-appoint the overseas financial report auditor.

## **IV. Amendment of the Articles of Association**

In view of the Company’s proposal for alignment in preparation of financial statements in accordance with PRC ASBEs, the Company has proposed to amend the relevant clauses of the Articles of Association. For details, please refer to the “Announcement of Resolutions of the Thirty-third Meeting of the Eighth Session of the Board of Directors” published on the same date as this announcement.

## **V. Opinion of the Independent Non-executive Directors and Supervisory Committee**

The Independent Non-executive Directors and Supervisory Committee of the Company are of the unanimous view that: the decision-making procedures relating to the Company’s alignment in preparation of financial statements in accordance with PRC ASBEs are in compliance with pertinent laws, regulations, regulatory documents and the Articles of Association and has not compromised the interests of the Company and its shareholders, and they unanimously concur to the alignment in preparation of financial statements in accordance with PRC ASBEs and the cessation to re-appoint Ernst & Young as the Company’s overseas financial report auditor.

## **VI. Documents for inspection**

1. Resolutions of the Thirty-third Meeting of the Eighth Session of the Board of Directors of the Company
2. Resolutions of the Twenty-fifth Meeting of the Eighth Session of the Supervisory Committee of the Company

By Order of the Board

**Li Zixue**

*Chairman*

Shenzhen, the PRC

16 March 2021

*As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Li Zixue, Xu Ziyang, Gu Junying; three non-executive directors, Li Buqing, Zhu Weimin, Fang Rong; and three independent non-executive directors, Cai Manli, Gordon Ng, Zhuang Jiansheng.*