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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)

Preliminary Results Announcement of 2013 Interim Results

This announcement is made by ZTE Corporation (the "Company") pursuant to Rule 13.09(2) of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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 and misleading statement or material omission therefrom.

Important: The financial data for the first half of 2013 contained in this announcement, prepared in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China ("PRC ASBEs"), have not been audited by an accounting firm and may vary from the financial data to be contained in the finalised results announcement. Investors are asked to beware of investment risks.

I. Major financial data and indicators for the first half of 2013 (prepared in accordance with PRC ASBEs)

Unit: RMB in thousands

Item	Reporting period	Same period of last year	Percentage change
Operating revenue	37,708,429	42,641,898	-11.57%
Operating profit	-830,766	-863,347	3.77%
Total profit	703,688	655,632	7.33%
Net profit attributable to shareholders of the listed company ^{Note 2}	302,336	244,875	23.47%
Basic earnings per share (RMB/share) ^{Note 2}	0.09	0.07	28.57%

Weighted average return on net assets	1.40%	1.00%	Increase by 0.40 percentage points
	End of the reporting period	Beginning of the reporting period	Percentage change
Total assets	103,833,651	107,446,306	-3.36%
Owners' equity attributable to shareholders of the listed company ^{Note 2}	21,767,090	21,502,474	1.23%
Share capital (thousand shares)	3,440,078	3,440,078	-
Net asset per share attributable to shareholders of the listed company (RMB/share) ^{Note 2}	6.33	6.26	1.12%

Note 1: The above data are based on consolidated financial statements;

Note 2: Amounts attributable to shareholders of the listed company. Basic earnings per share for the reporting period, net assets per share attributable to shareholders of the listed company as at the end of the reporting period and at the beginning of the reporting period are calculated less 2,536,742 shares to be lapsed under the Phase I Share Incentive Scheme; basic earnings per share for the same period of last year are calculated on the basis of the weighted average number of ordinary share capital, namely the total share capital as at the end of the same period last year less 9,125,893 restricted shares with lock-up restrictions.

II. Brief description of operating results and financial conditions

During the first six months of 2013, the Group reported operating revenue of RMB37,708,429,000, representing an 11.57% decrease as compared to the same period of last year. The decrease was mainly due to the decline in revenue from GSM and UMTS products in the domestic market and GSM handsets and data cards in both domestic and the international markets. Total profit amounted to RMB703,688,000, representing a 7.33% increase as compared to the same period of last year. Net profit attributable to the shareholders of the listed company amounted to RMB302,336,000, a 23.47% growth over the same period of last year. Factors significantly affecting the total profit and net profit for the reporting period are discussed as follows:

- (1) Enhanced control by the Group over the profitability of business contracts, which has resulted in improved gross profit margin despite the decrease in sales for the reporting period;
- (2) Strengthened cost control by the Group with an emphasis on cost utilisation efficiency, which has resulted in the significant decrease in costs and expenses (selling and distribution costs, administrative expenses and research and development costs) for the reporting period as compared to the same period of last year;
- (3) A substantial amount of exchange loss was incurred for the reporting period, as a result of

the combined effect of RMB appreciation against USD, and the depreciation of Euro, JPY and certain emerging countries' currencies against USD;

(4) During the reporting period, the Company recognised a substantial amount of investment income arising from the disposal of equity interests in Shenzhen ZNV Technology Co., Ltd.

As at the end of the first six months of 2013, total assets of the Group amounted to RMB103,833,651,000, which was 3.36% less as compared to that as at the end of the previous year. Owners' equity attributable to shareholders of the listed company amounted to RMB21,767,090,000, which was 1.23% more as compared to that as at the end of the previous year.

III. Other matters

For details of the 2013 interim results of the Company, please refer to the 2013 interim report summary and results announcement, to be published on 21 August 2013.

IV. Documents for inspection

Comparative balance sheet and income statement are prepared in accordance with PRC ASBEs and endorsed under the hands and seals of the Legal Representative, Chief Financial Officer and Head of Finance Division of the Company.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
22 July 2013

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Shi Lirong, Yin Yimin and He Shiyong; six non-executive directors, Hou Weigui, Zhang Jianheng, Xie Weiliang, Wang Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Richard Xike Zhang.