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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 for the Year Ended 31 December 2020

This announcement is made by ZTE Corporation (the “Company” or “listed company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 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 or misleading statement in or material omission from this announcement.

Special reminder: the financial data for 2020 set out in this announcement are prepared in accordance with PRC Accounting Standards for Business Enterprises (“ASBEs”) and based on preliminary calculations only. Such data have yet to be audited by the accounting firm and may differ from the finalised financial data to be disclosed in the annual report. Investors are reminded to beware of investment risks.

The currency unit adopted in this announcement is RMB.

I. Major financial data and indicators for 2020 (prepared in accordance with PRC ASBEs)

Unit: RMB in thousands

Item	For the year ended 31 December 2020	For the year ended 31 December 2019	Year-on-year change
Operating revenue	101,379,340	90,736,582	11.73%
Operating profit	5,537,288	7,552,182	-26.68%
Total profit	5,133,797	7,161,670	-28.32%
Net profit attributable to holders of ordinary shares of the listed company	4,366,642	5,147,877	-15.18%
Basic earnings per share (RMB/share)	0.95	1.22	-22.13%
Weighted average return on net assets	10.45%	19.96%	Decreased by 9.51 points
Net cash flows from operating activities	10,230,306	7,446,554	37.38%
Item	As at 31 December	As at 31 December	Year-on-year change

	2020	2019	
Total assets	151,037,564	141,202,135	6.97%
Owners' equity attributable to holders of ordinary shares of the listed company	43,162,992	28,826,868	49.73%
Share capital (thousand shares)	4,613,435	4,227,530	9.13%
Net asset per share attributable to holders of ordinary shares of the listed company (RMB/share)	9.36	6.82	37.24%
Gearing ratio	69.52%	73.12%	Decreased by 3.60 points

Note: The data set out above represent data from the consolidated statements.

II. Operating results and financial conditions

For 2020, the Company reported operating revenue of RMB101,379 million, representing year-on-year growth of 11.73%, as it vigorously advanced business expansion on the back of technological innovation with a persistent focus on its principal operations and emphasis on operational quality, despite challenges presented by COVID-19 and the external environment. Year-on-year growth was achieved in operating revenue from both domestic and international markets and from our three principal business segments (carriers' networks, consumer business and government and corporate business). In the domestic market, the Company realised growth in both market pattern and market share as it seized opportunities arising from the development of 5G and new infrastructure; in the international market, the Company reported ongoing improvements in profitability on the back of persistent sound operations and meticulous effort to explore high-value market segments.

For the fourth quarter of 2020, the Company reported net profit attributable to holders of ordinary shares of the listed company RMB1,655 million, representing year-on-year growth of 62.21% and quarter-on-quarter growth of 93.57%. Net profit of the Company attributable to holders of ordinary shares of the listed company for 2020 amounted to RMB4,367 million, representing a year-on-year decrease of 15.18% attributable mainly to the relatively substantial growth in net profit for 2019 comprising a one-off income before taxation of RMB2,662 million from asset disposal during the third quarter of 2019 (the details of which are set out in "UPDATE ON DISCLOSEABLE TRANSACTION SUPPLEMENTAL AGREEMENT TO THE FRAMEWORK AGREEMENT FOR ENTRUSTMENT OF DEVELOPMENT, CONSTRUCTION, SALES AND OPERATION" published by the Company on 11 July 2019).

For 2020, the Company reported net cash flows from operating activities of RMB10,230 million, representing year-on-year growth of 37.38%, as it enhanced management over cash flow and collection of sales amounts; gearing ratio decreased from 73.12% as at the end of 2019 to 69.52% as at the end of 2020 on the back of the Company's continuous effort to optimise its balance sheet structure.

For 2020, the Company's owners' equity attributable to holders of ordinary shares of the listed company grew by 49.73%, year-on-year, to RMB43,163 million and its net asset per share attributable to holders of ordinary shares of the listed company grew by 37.24%, year-on-year, to RMB9.36 / share. Such growth was attributable the Company's non-public issuance of A shares and profit growth in 2020.

III. Other information

The Company has not disclosed any estimates on the 2020 operating results prior to this preliminary announcement of results.

For details of the Company's 2020 annual report, please refer to the full text and summary of the annual report to be published by the Company in due course.

IV. Documents available for inspection

Comparative balance sheet and income statement prepared in accordance with PRC ASBEs undersigned by the Legal Representative, Chief Financial Officer and Head of Finance Division of the Company with seals affixed.

By Order of the Board

Li Zixue

Chairman

Shenzhen, the PRC

22 January 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.