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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 Announcement of 2021 Annual Results

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 and misleading statement or material omission in this information disclosure.

I. Preliminary results for the period

1. Reporting period of the preliminary results: 1 January 2021 to 31 December 2021
2. Preliminary results for the year ended 31 December 2021: Growth over the same period last year

Item	1 January 2021 to 31 December 2021	1 January 2020 to 31 December 2020	Year-on-year Change
Net profit attributable to holders of ordinary shares of the listed company (RMB'000)	Profit: 6,500,000 — 7,200,000	Profit: 4,259,752	Increased by 52.59% — 69.02%
Net profit after extraordinary items attributable to holders of ordinary shares of the listed company (RMB'000)	Profit: 3,000,000 — 3,500,000	Profit: 1,035,519	Increased by 189.71% — 237.99%
Basic earnings per share (RMB / share)	Profit: 1.40 — 1.55	Profit: 0.92	Increased by 52.17% — 68.48%

This preliminary results announcement has not been pre-audited by a certified public accountant. Regarding to the financial data related to the preliminary estimated results, there is no major disagreement between the Company and the accounting firm.

II. Reasons for change in results

The year-on-year growth in the Group's 2021 annual results was attributable mainly to the combined

effect of the following reasons:

(1) The Company reported a double-digit year-on-year growth of operating revenue in 2021, of which, year-on-year growth in operating revenue was reported for both the domestic market and the international market, as well as for carriers' networks, government and corporate business and consumer business.

(2) The recovery in gross profit margin for 2021.

(3) The estimated asset impairment loss in 2021 amounted to approximately RMB1.4 billion, of which, the asset impairment loss on a quarterly basis for the fourth quarter amounted to approximately RMB1.1 billion. The asset impairment loss reflected mainly inventory impairment provision made for prudence purposes in consistency with the policy of previous periods, as the Company stocked up critical raw materials in advance in view of tight global supply of chips and had relatively long turnover periods for stock materials and production.

III. Other information

The data of business results set out in the above represents the Company's estimates based on the information as of now. Finalised data shall be disclosed in detail in the 2021 Annual Report. Investors are asked to beware of investment risks.

By Order of the Board

Li Zixue

Chairman

Shenzhen, the PRC

28 January 2022

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.