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ZTE

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)

2024 FIRST QUARTERLY REPORT

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.

This announcement is published simultaneously in the Mainland in accordance with the Rules Governing Listing of Stocks on The Shenzhen Stock Exchange and in Hong Kong in accordance with the disclosure obligations under Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the inside information provisions set out in Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

§1 IMPORTANT

- 1.1 The Board of Directors, Supervisory Committee and the Directors, Supervisors and senior management of ZTE Corporation (“ZTE” or the “Company”) warrant that the contents of this quarterly report are true, accurate and complete without false information, misleading statements or material omissions, and collectively and individually accept responsibility therefor.
- 1.2 This quarterly report has been considered and approved at the Twenty-first Meeting of the Ninth Session of the Board of Directors of the Company held on 25 April 2024. All Directors have attended the meeting in person.
- 1.3 Mr. Li Zixue, Chairman of the Company, Ms. Li Ying, Chief Financial Officer of the Company and Mr. Xu Jianrui, Head of Finance Division of the Company, hereby declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this report.
- 1.4 The financial statements contained in this quarterly report are unaudited. The financial information contained in this quarterly report has been prepared in accordance with PRC Accounting Standards for Business Enterprises.

1.5 All monetary amounts set out in this quarterly report are expressed in RMB.

1.6 This quarterly report is published in both Chinese and English. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

§2 MAJOR FINANCIAL DATA

2.1 Major accounting data and financial indicators of the Company and its subsidiaries (the “Group”)

Statement on retrospective adjustments to or restatement of accounting data for the previous year by the Company because of changes in accounting policies and rectification of accounting errors

Applicable N/A

| Item | The reporting period (Three months ended 31 March 2024) | Same period last year (Three months ended 31 March 2023) | Increase/decrease for the reporting period compared with the same period last year |
|--|--|---|--|
| Operating revenue (RMB in thousands) | 30,578,301 | 29,142,882 | 4.93% |
| Net profit attributable to holders of ordinary shares of the listed company (RMB in thousands) | 2,740,979 | 2,642,269 | 3.74% |
| Net profit after extraordinary items attributable to holders of ordinary shares of the listed company (RMB in thousands) | 2,649,236 | 2,454,518 | 7.93% |
| Net cash flows from operating activities (RMB in thousands) | 2,982,601 | 2,325,584 | 28.25% |
| Basic earnings per share (RMB/share) | 0.57 | 0.56 | 1.79% |
| Diluted earnings per share (RMB/share) | 0.57 | 0.56 | 1.79% |
| Weighted average return on net assets (%) | 3.94% | 4.41% | Decreased by 0.47 percentage point |

| Item | As at the end of the reporting period (31 March 2024) | As at the end of last year (31 December 2023) | Increase/decrease as at the end of the reporting period compared with the end of last year |
|--|--|--|--|
| Total assets (RMB in thousands) | 208,466,634 | 200,958,318 | 3.74% |
| Owners' equity attributable to holders of ordinary shares of the listed company (RMB in thousands) | 70,867,087 | 68,008,307 | 4.20% |

2.2 Extraordinary gains or losses items and amounts

Unit: RMB in thousands

| Extraordinary item | Amount Three months ended 31 March 2024 |
|--|--|
| Gain from disposal of non-current assets | 3,856 |
| Investment gain from disposal of investment in associates and joints | 3,029 |
| Gains or losses from fair value change arising from financial assets and financial liabilities and gains or losses from disposal of financial assets and financial liabilities held by the Company, excluding the effective-value protection hedge business relating to the ordinary business of the Company | (138,045) |
| Write-back of provision for individually tested receivable impairment | 2,291 |
| Other gains other than income from software VAT rebate and income from refund of handling charge for withholding personal tax | 62,579 |
| Net of other non-operating income and expenditure other than the above | (9,513) |
| Other gains/losses falling under the definition of extraordinary gain/loss | 185,792 |
| Less: Effect of income tax | 16,498 |
| Effect of non-controlling interest (after tax) | 1,748 |
| Total | 91,743 |

The Group recognised extraordinary items of gain or loss in accordance with provisions under the “Explanatory Announcement No. 1 for Information Disclosure by Public Issuer of Securities — Extraordinary Items” (Amended 2023). The following items, which are set out in the provisions as extraordinary items, have been categorised as recurring items:

Unit: RMB in thousands

| Item | Three months ended 31 March 2024 | Reasons |
|---|---|---|
| Income from VAT rebate for software products | 547,800 | Operational on an ongoing basis |
| Income from refund of handling charge for withholding personal tax | 33,369 | Operational on an ongoing basis |
| Gain from disposal of equity interests in Shenzhen ZTE Capital Management Company Limited (“ZTE Capital”) and gain from fair-value change | 17,973 | Business with the scope of operation of ZTE Capital |

2.3 Substantial changes in key financial data and financial indicators of the Company and the reasons thereof

Unit: RMB in thousands

| Balance sheet | | | | |
|---|---|---|---------------|---|
| Item | 31 March 2024 | 31 December 2023 | Change | Analysis of reasons for changes |
| Trading financial assets | 100,646 | 153,285 | (34.34%) | Attributable mainly to the disposal of listed equities held by subsidiary fund partnership enterprises under ZTE Capital for the period |
| Receivable financing | 2,812,997 | 4,074,078 | (30.95%) | Attributable mainly to the increase in unexpired bill discounting for the period |
| Prepayments | 334,373 | 242,440 | 37.92% | Attributable mainly to the increase in prepayments for purchases from third parties for the period |
| Non-current liabilities due within one year | 4,758,148 | 3,001,598 | 58.52% | Attributable mainly to the increase in long-term borrowings due within one year for the period |
| Income Statement | | | | |
| Item | Three months Ended 31 March 2024 | Three months Ended 31 March 2023 | Change | Analysis of reasons for changes |
| Finance costs | (63,793) | (181,535) | 64.86% | Attributable mainly to the exchange loss due to exchange rate fluctuations for the period versus gain for the same period last year and the adoption of hedge accounting in relation to fair-value hedges |
| Other income | 856,207 | 507,075 | 68.85% | Attributable mainly to the increase in gains benefitting from the additional VAT credit policy for the period |
| Investment income | (131,304) | 28,020 | (568.61%) | Attributable mainly to the decrease in investment income from disposal of equity assets held by subsidiaries for the period |
| Gains from changes in fair values | (171,295) | (266,051) | 35.62% | Attributable mainly to the decrease in the transfer of the disposal of equity assets held by the subsidiaries from gains from changes in fair values to investment income for the period |
| Credit impairment losses (loss indicated by negative value) | (32,226) | (102,927) | (68.69%) | Attributable mainly to the decrease in receivable impairment provision for the period |

| Item | Three months Ended 31 March 2024 | Three months Ended 31 March 2023 | Change | Analysis of reasons for changes |
|--|---|---|---------------|---|
| Gains from asset disposal | 3,856 | 7,844 | (50.84%) | Attributable mainly to the decrease in gain from disposal of non-current assets for the period |
| Non-operating income | 8,726 | 25,822 | (66.21%) | Attributable mainly to the decrease in compensatory income received from third parties for the period |
| Non-operating expenses | 18,239 | 49,022 | (62.79%) | Attributable mainly to the decrease in non-operating loss for the period |
| Non-controlling interests | 20,206 | (28,480) | 170.95% | Attributable mainly to the profit reported by certain subsidiaries in which the Group had a higher percentage of shareholding for the period versus loss for the same period last year |
| Effective portion of hedge instruments | 2,440 | 916 | 166.38% | Attributable mainly to the increase in gain on fair-value remeasurement at the end of period of hedging instruments for the period |
| Exchange differences on translation of foreign operations | (53,913) | (126,150) | 57.26% | Attributable mainly to decrease in loss on translation of statements in foreign currency due to exchange rate fluctuations for the period |
| Other comprehensive income attributable to non-controlling interests, net of tax | 229 | (3,890) | 105.89% | Attributable mainly to the subsidiaries' gain on translation of statements in foreign currency due to exchange rate fluctuations for the period versus loss for the same period last year |

Cash Flow Statement

| Item | Three months Ended 31 March 2024 | Three months Ended 31 March 2023 | Change | Analysis of reasons for changes |
|---|---|---|---------------|---|
| Net cash flows from investing activities | (15,060,862) | (5,084,123) | (196.23%) | Attributable mainly to the increase in cash paid for investment for the period |
| Effect of changes in foreign exchange rate on cash and cash equivalents | 49,954 | (85,359) | 158.52% | Attributable mainly to the gain on translation due to exchange rate fluctuations for the period versus loss for the same period last year |

§3 SHAREHOLDER INFORMATION

3.1 Total number of shareholders and shareholdings of top 10 shareholders and top 10 holders of shares that were not subject to lock-up of the Company as at the end of the reporting period

As at 31 March 2024, all shares held by the top 10 shareholders of the Company were shares not subject to lock-up, namely the shareholdings of the top 10 shareholders not subject to lock-up and the shareholdings of the top 10 shareholders were identical, the details of which are set out as follows:

Total number of shareholders

As at 31 March 2024 There were 482,843 shareholders in total (comprising 482,539 holders of A shares and 304 holders of H shares).

Shareholdings of the top 10 shareholders

| Name of shareholders | Nature of shareholders | Percentage of shareholdings | Number of shares held as at the end of the reporting period (shares) | Class of shares | Number of shares held subject to lock-up (shares) | Number of shares pledged, marked or frozen (shares) |
|--|------------------------------|-----------------------------|--|-----------------|---|---|
| 1. Zhongxingxin Telecom Company Limited (“Zhongxingxin”) | Domestic general corporation | 20.09% | 958,940,400 | A share | - | Nil |
| | | | 2,038,000 ^{Note1} | H share | | |
| 2. HKSCC Nominees Limited ^{Note2} | Foreign shareholder | 15.73% | 752,313,987 | H share | - | Unknown |
| 3. Hong Kong Securities Clearing Company Limited ^{Note3} | Foreign corporation | 1.90% | 90,808,481 | A share | - | Nil |
| 4. Central Huijin Asset Management Co., Ltd. | State-owned corporation | 0.88% | 42,171,534 | A share | - | Nil |
| 5. Hunan Nantian (Group) Co., Ltd. | State-owned corporation | 0.87% | 41,516,065 | A share | - | Nil |
| 6. ICBC Limited – Huatai Pinebridge CSI 300 Traded Open-ended Index Securities Investment Fund | Others | 0.72% | 34,457,905 | A share | - | Nil |
| 7. NSF Portfolio #113 | Others | 0.65% | 31,028,356 | A share | - | Nil |
| 8. CCB – eFund CSI 300 Traded Open-ended Index Securities Investment Fund By Way of Promotion | Others | 0.50% | 23,807,340 | A share | - | Nil |
| 9. Wang Shichen | Domestic natural person | 0.48% | 22,923,220 | A share | - | Nil |
| 10. NSF Portfolio #110 | Others | 0.45% | 21,628,521 | A share | - | Nil |

Descriptions of any connected party relationships or concerted actions among the above shareholders
 Zhongxingxin was neither a connected party nor a concerted action of any of the top 10 shareholders. Save for the above, the Company is not aware of any connected party relationships or concerted party relationships among the top 10 shareholders.

Description of involvement in financing and securities lending businesses of top 10 shareholders (if any)
 N/A

Note 1: 2,038,000 H shares in the Company held by Zhongxingxin were held by HKSCC Nominees Limited as nominee.

Note 2: Shares held by HKSCC Nominees Limited represented the sum of shares held in the accounts of the H shareholders of the Company traded on the trading platform of HKSCC Nominees Limited. To avoid repetition in counting, 2,038,000 H shares in the Company held by Zhongxingxin have been excluded from the number of shares held HKSCC Nominees Limited.

Note 3: Shares held by Hong Kong Securities Clearing Company Limited represented the sum of A shares in the Company purchased through Shenzhen Hong Kong Stock Connect (Northbound).

Loan-out of stocks under securities refinancing by shareholders holding 5% shares or above, top 10 shareholders and top 10 shareholders not subject to lock-up

Applicable N/A

**Loan-out of stocks under securities refinancing by shareholders holding 5% shares or above,
top 10 shareholders and top 10 shareholders not subject to lock-up**

| Name of shareholder | Shareholdings in basic accounts and credit accounts at the beginning of the period | | Loaned stocks under securities refinancing outstanding at the beginning of the period | | Shareholdings in basic accounts and credit accounts at the end of the period | | Loaned stocks under securities refinancing outstanding at the end of the period | |
|---|--|--|---|--|--|--|---|--|
| | Total number (shares) | As a percentage of the total share capital | Total number (shares) | As a percentage of the total share capital | Total number (shares) | As a percentage of the total share capital | Total number (shares) | As a percentage of the total share capital |
| ICBC Limited – Huatai Pinebridge CSI 300 Traded Open-ended Index Securities Investment Fund | 23,332,454 | 0.49% | 530,800 | 0.01% | 34,457,905 | 0.72% | 0 | 0.00% |
| CCB – eFund CSI 300 Traded Open-ended Index Securities Investment Fund By Way of Promotion | 8,852,240 | 0.19% | 19,100 | 0.0004% | 23,807,340 | 0.50% | 155,100 | 0.0032% |

Change compared to the previous period as a result of loan / return of stocks under securities refinancing by top 10 shareholders and top 10 shareholders not subject to lock-up

Applicable N/A

**Change compared to the previous period as a result of loan / return of stocks under securities refinancing
by top 10 shareholders and top 10 shareholders not subject to lock-up**

| Name of shareholder | Newly added/exited during the reporting period | Loaned stocks under securities refinancing outstanding at the end of the period | | Shareholdings in basic accounts and credit accounts and loaned stocks under securities refinancing outstanding at the end of the period | |
|--|--|---|--|---|--|
| | | Total number (shares) | As a percentage of the total share capital | Total number (shares) | As a percentage of the total share capital |
| CCB – eFund CSI 300 Traded Open-ended Index Securities Investment Fund By Way of Promotion | Newly added | 155,100 | 0.0032% | 23,962,440 | 0.50% |

3.2 The Company had no preferential shares.

§4 QUARTERLY FINANCIAL STATEMENTS

ZTE CORPORATION BALANCE SHEET

RMB in thousands

| Asset | 31 March 2024 | | 31 December 2023 | |
|-------------------------------------|-----------------------------|------------------------|---------------------------|----------------------|
| | Consolidated (Unaudited) | Company (Unaudited) | Consolidated (Audited) | Company (Audited) |
| Current assets: | | | | |
| Cash | 86,879,154 | 67,634,432 | 78,543,219 | 61,975,191 |
| Trading financial assets | 100,646 | 21,705 | 153,285 | 24,227 |
| Derivative financial assets | 85,722 | 85,321 | 85,341 | 61,944 |
| Trade receivables | 19,819,165 | 32,207,342 | 20,821,526 | 35,943,738 |
| Factored trade receivables | 3,566 | 3,566 | 3,503 | 3,503 |
| Receivable financing | 2,812,997 | 2,725,874 | 4,074,078 | 4,073,264 |
| Prepayments | 334,373 | 1,565 | 242,440 | 16,657 |
| Other receivables | 1,340,117 | 29,217,304 | 1,146,400 | 31,653,053 |
| Inventories | 41,681,016 | 12,389,825 | 41,131,259 | 12,535,588 |
| Contract assets | 5,112,416 | 3,631,933 | 4,844,974 | 3,739,259 |
| Other current assets | 7,907,685 | 2,244,745 | 7,458,528 | 1,868,178 |
| Total current assets | <u>166,076,857</u> | <u>150,163,612</u> | <u>158,504,553</u> | <u>151,894,602</u> |
| Non-current assets: | | | | |
| Long-term receivables | 2,035,494 | 4,764,770 | 2,013,559 | 4,833,124 |
| Factored long-term receivables | 10,699 | 10,699 | 10,509 | 10,509 |
| Investment in associates and joints | 2,097,299 | 17,917,753 | 2,157,550 | 17,979,249 |
| Other non-current financial assets | 843,276 | 623,637 | 831,930 | 650,319 |
| Investment properties | 1,473,823 | 1,104,000 | 1,473,823 | 1,104,000 |
| Property, plant and equipment | 13,362,874 | 6,062,595 | 13,372,364 | 6,190,094 |
| Construction in progress | 1,046,069 | 315,892 | 987,803 | 327,044 |
| Right-of-use assets | 1,504,645 | 954,027 | 1,557,313 | 1,007,848 |
| Intangible assets | 7,758,763 | 2,519,354 | 7,697,446 | 2,499,545 |
| Development costs | 1,156,074 | 253,666 | 1,301,545 | 305,732 |
| Deferred tax assets | 4,129,816 | 1,375,815 | 4,145,923 | 1,550,517 |
| Other non-current assets | 6,970,945 | 4,813,020 | 6,904,000 | 4,738,904 |
| Total non-current assets | <u>42,389,777</u> | <u>40,715,228</u> | <u>42,453,765</u> | <u>41,196,885</u> |
| Total assets | <u>208,466,634</u> | <u>190,878,840</u> | <u>200,958,318</u> | <u>193,091,487</u> |

Legal Representative: Li Zixue

Chief Financial Officer: Li Ying

Head of Finance Division: Xu Jianrui

ZTE CORPORATION
BALANCE SHEET(CONTINUED)

RMB in thousands

| Liabilities and shareholders' equity | 31 March 2024 | | 31 December 2023 | |
|---|-----------------------------|------------------------|---------------------------|----------------------|
| | Consolidated (Unaudited) | Company (Unaudited) | Consolidated (Audited) | Company (Audited) |
| Current liabilities: | | | | |
| Short-term loans | 9,036,637 | 4,007,693 | 7,560,358 | 4,961,423 |
| Bank advances on factored trade receivables | 3,754 | 3,754 | 3,687 | 3,687 |
| Derivative financial liabilities | 164,488 | 142,521 | 184,544 | 183,217 |
| Short-term bonds payable | 5,946,038 | 5,946,038 | 5,012,890 | 5,012,890 |
| Bills payable | 11,759,507 | 15,520,078 | 9,442,739 | 12,661,855 |
| Trade payables | 19,121,568 | 30,918,703 | 18,931,425 | 34,859,532 |
| Contract liabilities | 13,896,491 | 12,459,171 | 14,889,658 | 13,177,282 |
| Taxes payable | 1,733,832 | 276,243 | 1,413,093 | 136,420 |
| Other payables | 3,386,508 | 9,646,287 | 3,844,735 | 9,694,757 |
| Employee benefits payable | 12,950,270 | 7,712,782 | 16,176,919 | 8,867,734 |
| Provisions | 2,187,095 | 1,102,077 | 2,568,768 | 1,343,283 |
| Non-current liabilities due within one year | 4,758,148 | 3,232,175 | 3,001,598 | 1,497,603 |
| Total current liabilities | 84,944,336 | 90,967,522 | 83,030,414 | 92,399,683 |
| Non-current liabilities: | | | | |
| Long-term loans | 45,049,649 | 35,397,002 | 42,576,057 | 37,189,305 |
| Bank advances on factored long-term trade receivables | 11,262 | 11,262 | 11,062 | 11,062 |
| Lease liabilities | 963,598 | 612,638 | 960,459 | 621,273 |
| Long-term employee benefits payable | 140,061 | 140,061 | 141,762 | 141,762 |
| Deferred income | 2,547,058 | 185,028 | 2,315,842 | 141,204 |
| Deferred tax liabilities | 78,759 | - | 77,865 | - |
| Other non-current liabilities | 3,482,558 | 1,669,606 | 3,513,412 | 1,700,411 |
| Total non-current liabilities | 52,272,945 | 38,015,597 | 49,596,459 | 39,805,017 |
| Total liabilities | 137,217,281 | 128,983,119 | 132,626,873 | 132,204,700 |
| Shareholders' equity: | | | | |
| Share capital | 4,783,252 | 4,783,252 | 4,783,252 | 4,783,252 |
| Capital reserves | 27,757,099 | 27,685,429 | 27,603,291 | 27,685,429 |
| Other comprehensive income | (2,251,438) | 750,440 | (2,199,965) | 768,139 |
| Special reserve | 68,860 | 47,572 | 53,394 | 37,173 |
| Surplus reserves | 3,053,382 | 2,391,626 | 3,053,382 | 2,391,626 |
| Retained profits | 37,455,932 | 26,237,402 | 34,714,953 | 25,221,168 |
| Total equity attributable to holders of ordinary shares of the parent | 70,867,087 | 61,895,721 | 68,008,307 | 60,886,787 |
| Non-controlling interests | 382,266 | - | 323,138 | - |
| Total shareholders' equity | 71,249,353 | 61,895,721 | 68,331,445 | 60,886,787 |
| Total liabilities and shareholders' equity | 208,466,634 | 190,878,840 | 200,958,318 | 193,091,487 |

ZTE CORPORATION

INCOME STATEMENT

RMB in thousands

| Item | Three months ended 31 March 2024 | | Three months ended 31 March 2023 | |
|--|----------------------------------|------------------------|----------------------------------|------------------------|
| | Consolidated (Unaudited) | Company (Unaudited) | Consolidated (Unaudited) | Company (Unaudited) |
| 1. Operating revenue | 30,578,301 | 32,813,251 | 29,142,882 | 32,762,899 |
| Less: Operating costs | 17,728,784 | 27,670,016 | 16,175,839 | 26,098,678 |
| Taxes and surcharges | 292,636 | 66,352 | 375,381 | 194,512 |
| Selling and distribution costs | 2,038,204 | 1,388,434 | 2,174,465 | 1,376,591 |
| Administrative expenses | 1,136,834 | 950,077 | 1,317,554 | 1,030,608 |
| Research and development costs | 6,375,823 | 1,778,519 | 5,933,282 | 1,514,739 |
| Finance costs | (63,793) | (312,799) | (181,535) | 48,494 |
| Including: Interest expenses | 1,213,986 | 633,914 | 706,354 | 489,138 |
| Interest income | 1,388,692 | 875,218 | 866,642 | 620,209 |
| Add: Other income | 856,207 | 243,225 | 507,075 | 24,442 |
| Investment income | (131,304) | (241,637) | 28,020 | (24,962) |
| Including: Share of gains of associates and joint ventures | (61,683) | (65,122) | (26,012) | (26,978) |
| Loss from derecognition of financial assets at amortised cost | (87,685) | (45,610) | (46,364) | (13,690) |
| Gains from changes in fair values | (171,295) | 33,724 | (266,051) | (56,510) |
| Credit impairment losses | (32,226) | (4,505) | (102,927) | (63,259) |
| Asset impairment losses | (378,745) | (51,225) | (409,273) | (18,575) |
| Gains from asset disposal | 3,856 | - | 7,844 | - |
| 2. Operating profit | <u>3,216,306</u> | <u>1,252,234</u> | <u>3,112,584</u> | <u>2,360,413</u> |
| Add: Non-operating income | 8,726 | 2,256 | 25,822 | 15,849 |
| Less: Non-operating expenses | 18,239 | 2,099 | 49,022 | 12,624 |
| 3. Total profit | <u>3,206,793</u> | <u>1,252,391</u> | <u>3,089,384</u> | <u>2,363,638</u> |
| Less: Income tax | 445,608 | 236,156 | 475,595 | 404,943 |
| 4. Net profit | <u>2,761,185</u> | <u>1,016,235</u> | <u>2,613,789</u> | <u>1,958,695</u> |
| Analysed by continuity of operations | | | | |
| Net profit from continuing operations | 2,761,185 | 1,016,235 | 2,613,789 | 1,958,695 |
| Analysed by ownership | | | | |
| Attributable to holders of ordinary shares of the parent | 2,740,979 | 1,016,235 | 2,642,269 | 1,958,695 |
| Non-controlling interests | 20,206 | - | (28,480) | - |
| 5. Other comprehensive income, net of tax | (51,244) | (17,699) | (129,124) | 23,270 |
| Other comprehensive income attributable to holders of ordinary shares of the parent, net of tax | (51,473) | (17,699) | (125,234) | 23,270 |
| Other comprehensive income that will be reclassified to profit and loss | | | | |
| Effective portion of hedge instruments | 2,440 | 2,440 | 916 | 916 |
| Exchange differences on translation of foreign operations | (53,913) | (20,139) | (126,150) | 22,354 |
| | <u>(51,473)</u> | <u>(17,699)</u> | <u>(125,234)</u> | <u>23,270</u> |
| Other comprehensive income attributable to non-controlling interests, net of tax | 229 | - | (3,890) | - |
| 6. Total comprehensive income | <u>2,709,941</u> | <u>998,536</u> | <u>2,484,665</u> | <u>1,981,965</u> |
| Attributable to holders of ordinary shares of the parent | 2,689,506 | 998,536 | 2,517,035 | 1,981,965 |
| Attributable to non-controlling interests | 20,435 | - | (32,370) | - |
| 7. Earnings per share (RMB/share) | | | | |
| (1) Basic earnings per share | RMB0.57 | | RMB0.56 | |
| (2) Diluted earnings per share | RMB0.57 | | RMB0.56 | |

ZTE CORPORATION

CASH FLOW STATEMENT

RMB in thousands

| Item | Three months ended 31 March 2024 | | Three months ended 31 March 2023 | |
|--|----------------------------------|---------------------|----------------------------------|--------------------|
| | Consolidated | Company | Consolidated | Company |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| 1. Cash flows from operating activities | | | | |
| Cash received from sale of goods or rendering of services | 33,597,732 | 41,342,530 | 32,829,736 | 32,628,290 |
| Refunds of taxes | 857,747 | 286,246 | 958,415 | 466,445 |
| Cash received relating to other operating activities | 1,719,819 | 610,547 | 2,881,515 | 573,246 |
| Sub-total of cash inflows | 36,175,298 | 42,239,323 | 36,669,666 | 33,667,981 |
| Cash paid for goods and services | 16,412,391 | 32,333,949 | 17,762,965 | 26,884,623 |
| Cash paid to and on behalf of employees | 10,938,177 | 3,566,793 | 10,416,270 | 3,428,958 |
| Cash paid for various types of taxes | 2,024,065 | 333,155 | 2,033,634 | 351,296 |
| Cash paid relating to other operating activities | 3,818,064 | 1,786,369 | 4,131,213 | 1,613,356 |
| Sub-total of cash outflows | 33,192,697 | 38,020,266 | 34,344,082 | 32,278,233 |
| Net cash flows from operating activities | 2,982,601 | 4,219,057 | 2,325,584 | 1,389,748 |
| 2. Cash flows from investing activities | | | | |
| Cash received from sale of investments | 652,757 | - | 960,985 | 579,459 |
| Cash received from return on investment | 197,939 | 2,342,386 | 521,853 | 1,244,350 |
| Net cash received from the disposal of property, plant and equipment, intangible assets and other long-term assets | 240,410 | 243,260 | 6,207 | 31,252 |
| Cash received relating to other investing activities | - | 358,875 | - | 9,954 |
| Sub-total of cash inflows | 1,091,106 | 2,944,521 | 1,489,045 | 1,865,015 |
| Cash paid for acquisition of property, plant and equipment, intangible assets and other long-term assets | 977,466 | 340,214 | 1,119,186 | 467,017 |
| Cash paid for acquisition of investments | 15,174,502 | 14,342,363 | 5,453,982 | 3,762,954 |
| Cash paid relating to other investing activities | - | 410,131 | - | 7,280 |
| Sub-total of cash outflows | 16,151,968 | 15,092,708 | 6,573,168 | 4,237,251 |
| Net cash flows from investing activities | (15,060,862) | (12,148,187) | (5,084,123) | (2,372,236) |
| 3. Cash flows from financing activities | | | | |
| Cash received from capital injection | 233,000 | - | 33,000 | 8 |
| Including: Capital injection into subsidiaries by minority shareholders | 233,000 | - | 33,000 | - |
| Cash received from borrowings | 88,734,764 | 45,334,749 | 64,524,990 | 33,366,058 |
| Other cash paid in relation to investing activities | - | 589,994 | - | 7,040 |
| Sub-total of cash inflows | 88,967,764 | 45,924,743 | 64,557,990 | 33,373,106 |
| Cash repayment of borrowings | 82,118,681 | 45,749,049 | 58,210,315 | 29,491,056 |
| Cash payments for distribution of dividends or for interest expenses | 793,691 | 440,062 | 730,673 | 409,320 |
| Including: Distribution of dividends and profits by subsidiaries to minority shareholders | 112,430 | - | 164,496 | - |
| Cash paid relating to other financing activities | 96,714 | 630,050 | 100,461 | 41,675 |
| Sub-total of cash outflows | 83,009,086 | 46,819,161 | 59,041,449 | 29,942,051 |
| Net cash flows from financing activities | 5,958,678 | (894,418) | 5,516,541 | 3,431,055 |
| 4. Effect of changes in foreign exchange rate on cash and cash equivalents | | | | |
| | 49,954 | 45,869 | (85,359) | (56,061) |
| 5. Net increase in cash and cash equivalents | | | | |
| | (6,069,629) | (8,777,679) | 2,672,643 | 2,392,506 |
| Add: cash and cash equivalents at the beginning of the period | 51,013,167 | 36,863,970 | 47,071,729 | 30,896,841 |
| 6. Net balance of cash and cash equivalents at the end of the period | 44,943,538 | 28,086,291 | 49,744,372 | 33,289,347 |

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
25 April 2024

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.