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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: 00763)

2025 THIRD 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, the Directors 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 Thirteenth Meeting of the Tenth Session of the Board of Directors of the Company held on 28 October 2025. All Directors have attended the meeting in person.

1.3 Mr. Xu Ziyang, Legal Representative of the Company, Ms. Li Ying, Chief Financial Officer of the Company and Ms. Wang Xiuhong, Head of Finance Division of the Company, hereby declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly 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 ACCOUNTING DATA

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

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

On 6 December 2024, the PRC Ministry of Finance published “ASBE Interpretation 18”, ascertained amounts of provision arising from product quality warranties that do not fall within the category of standalone performance obligation should be accounted for as “operating cost of principal business” and “other business costs” and should cease to be included under “selling and distribution costs”. For details, please refer to the “Overseas Regulatory Announcement” published by the Company on 28 February 2025. In accordance with the aforesaid accounting interpretation, the Company has retrospectively adjusted the statement items such as “operating costs” and “selling and distribution costs” for the nine months ended 30 September 2024. Specifically, for the nine months ended 30 September 2024, the operating costs have been adjusted from RMB53,635,944,000 to RMB 53,668,312,000, and the selling and distribution costs have been adjusted from RMB 6,380,307,000 to RMB 6,347,939,000.

Save as disclosed above, there were no changes in the Company’s accounting estimates or rectification of accounting errors.

(2) Major accounting data and financial indicators of the Group

Item	Three months ended 30 September 2025	Increase/decrease compared with the same period last year	Nine months ended 30 September 2025	Increase/decrease compared with the same period last year
Operating revenue (<i>RMB in thousands</i>)	28,966,865	5.11%	100,519,599	11.63%
Net profit attributable to holders of ordinary shares of the listed company (<i>RMB in thousands</i>)	264,414	(87.84%)	5,321,985	(32.69%)
Net profit after extraordinary items attributable to holders of ordinary shares of the listed company (<i>RMB in thousands</i>)	(224,876)	(111.62%)	3,879,024	(43.77%)
Net cash flows from operating activities (<i>RMB in thousands</i>)	478,070	(54.41%)	1,777,478	(77.92%)
Basic earnings per share (<i>RMB/share</i>)	0.06	(86.67%)	1.11	(32.73%)
Diluted earnings per share (<i>RMB/share</i>)	0.06	(86.67%)	1.11	(32.73%)
Weighted average return on net assets (%)	0.35%	Decreased by 2.64 percentage points	7.20%	Decreased by 4.07 percentage points

Item	As at the end of the reporting period (30 September 2025)	As at the end of last year (31 December 2024)	Increase/decrease as at the end of the reporting period compared with the end of last year
Total assets (RMB in thousands)	214,657,778	207,323,230	3.54%
Owners' equity attributable to holders of ordinary shares of the listed company (RMB in thousands)	75,091,417	72,808,483	3.14%

Note: Due to the H-share convertible bonds issued by the Company, 21,621 thousand shares of potentially dilutive ordinary shares were formed for the nine months ended 30 September 2025, diluted earnings per share has been calculated on the basis of basic earnings per share taking into account the said factor.

2.2 Extraordinary gains or losses items and amounts

Unit: RMB in thousands

Extraordinary gains or losses items	Amount	
	Three months ended 30 September 2025	Nine months ended 30 September 2025
Gain from disposal of non-current assets	416	4,262
Investment gain from the disposal of investment in associates and joints	2,173	77,964
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 relating to the normal operation of the Company	84,352	470,032
Reversal of bad-debt provision for individually significant trade receivables for which provision was separately made	117	819
Other gains other than income from VAT refund on software products, refund of handling charge for personal tax and VAT add-on deductibles	285,983	392,526
Net of other non-operating income and expenditure other than the above	18,318	64,267
Other gains or losses falling under the definition of extraordinary gain or loss	183,398	685,867
Less: Effect of income tax	86,214	254,361
Effect of non-controlling interest (after tax)	(747)	(1,585)
Total	489,290	1,442,961

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”. The following items, which are set out in the provisions as extraordinary items, have been categorised as recurring items:

Unit: RMB in thousands

Item	Nine months ended 30 September 2025	Reasons
Income from VAT rebate for software products	1,973,711	Occurring on an ongoing basis
Income from refund of handling charge for withholding personal tax	32,175	Occurring on an ongoing basis
Investment gain and gain from fair-value change of Shenzhen ZTE Capital Management Company Limited (“ZTE Capital”)	67,899	Business with the scope of operation of ZTE Capital

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

Unit: RMB in thousands

Balance sheet				
Item	30 September 2025	31 December 2024	Change	Analysis of reasons for changes
Factored trade receivables	846	6,498	(86.98%)	Attributable mainly to the reclassification of certain factored amounts to trade receivables for the period
Receivable financing	2,165,560	4,243,041	(48.96%)	Attributable mainly to the bill discounting and settlement being greater than the newly ones for the period
Prepayments	931,210	692,097	34.55%	Attributable mainly to the increase in prepayment of purchase fees for the period
Long-term receivables	1,391,862	833,972	66.90%	Attributable mainly to the reclassification of certain other receivables to long-term receivables for the period
Factored long-term receivables	635	8,664	(92.67%)	Attributable mainly to the reclassification of certain factored amounts to trade receivables for the period
Short-term loans	3,629,614	7,027,070	(48.35%)	Attributable mainly to the optimization of debt structure for the period, reducing the proportion of short-term loans
Bank advances on factored trade receivables	846	6,498	(86.98%)	Attributable mainly to the reclassification of certain factored amounts to trade receivables for the period
Provisions	1,327,027	2,184,073	(39.24%)	Attributable mainly to the decrease in the estimated contract losses for the period
Non-current liabilities due within one year	8,069,975	5,592,740	44.29%	Attributable mainly to the increase in long-term loans due within one year for the period
Bank advances on factored long-term trade receivables	635	8,664	(92.67%)	Attributable mainly to the reclassification of certain factored amounts to trade receivables for the period
Bonds payable	7,787,176	1,004,880	674.94%	Attributable mainly to the new issuance of medium-term notes and H-share convertible bonds for the period
Other equity instruments	126,956	-	N/A	Attributable mainly to the issuance of H-share convertible bonds for the period
Special reserve	117,612	88,214	33.33%	Attributable mainly to the provision of safe production fees with an account balance for the period

Income statement

Item	Nine months ended 30 September 2025	Nine months ended 30 September 2024	Change	Analysis of reasons for changes
Operating costs	69,811,475	53,668,312	30.08%	Attributable mainly to the increase in revenue scale and the rise in cost ratio for the period
Finance costs	(390,741)	(165,895)	(135.54%)	Attributable mainly to the decrease in the exchange loss due to exchange rate fluctuations for the period
Investment income	220,628	(256,011)	186.18%	Attributable mainly to the increase in gain from wealth management products for the period and the gain from investments in associates and joint ventures for the period versus loss for the same period last year
Gains from changes in fair values	203,332	(422,190)	148.16%	Attributable mainly to the gain on end-of-period fair-value remeasurement of derivative contracts and other financial assets for the period versus loss for the same period last year
Credit impairment losses (loss indicated by negative value)	23,848	76,585	68.86%	Attributable mainly to the decrease in reversal of trade receivable impairment for the period
Asset impairment losses (loss indicated by negative value)	(323,906)	(843,544)	(61.60%)	Attributable mainly to the decrease in inventories impairment provision for the period
Gains from asset disposal	4,262	87,478	(95.13%)	Attributable mainly to the decrease in gain from disposal of non-current assets for the period
Non-operating income	154,268	56,432	173.37%	Attributable mainly to the increase in non-operating income for the period
Non-controlling interests	22,692	(59,342)	138.24%	Attributable mainly to the profit reported by certain subsidiaries in which the minority shareholders had a higher percentage of shareholding for the period versus loss for the same period last year
Effective portion of hedge instruments	-	(3,719)	100.00%	Attributable mainly to the decrease in loss on end-of-period fair-value remeasurement of hedging instruments for the period
Other comprehensive income attributable to non-controlling interests, net of tax	393	(649)	160.55%	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	Nine months ended 30 September 2025	Nine months ended 30 September 2024	Change Analysis of reasons for changes
Net cash flows from operating activities	1,777,478	8,049,065	(77.92%) Attributable mainly to the increase in cash paid for goods and services for the period
Net cash flows from investing activities	(4,540,480)	(21,397,176)	78.78% Attributable mainly to the decrease in net outflows from fixed deposits and wealth management products for the period
Net cash flows from financing activities	1,583,210	(5,996,925)	126.40% Attributable mainly to the increase in net borrowings for the period
Effect of changes in foreign exchange rate on cash and cash equivalents	(45,226)	(92,073)	50.88% Attributable mainly to the year-on-year decrease in the loss on translation due to exchange rate fluctuations for the period

§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 30 September 2025, all shares held by the top 10 shareholders of the Company were not subject to lock-up, namely the shareholdings of the top 10 shareholders and the shareholdings of the top 10 holders of shares not subject to lock-up were identical, the details of which are set out as follows:

Total number of shareholders						
As at 30 September 2025	There were 442,852 shareholders in total (comprising 442,564 holders of A shares and 288 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 ^{Note 1}	H share		
2. HKSCC Nominees Limited ^{Note 2}	Foreign shareholder	15.73%	752,355,332	H share	-	Unknown
3. Hong Kong Securities Clearing Company Limited ^{Note 3}	Foreign corporation	1.61%	76,876,418	A share	-	Nil
4. ICBC Limited – Huatai Pinebridge CSI 300 Traded Open-ended Index Securities Investment Fund	Others	1.15%	54,890,705	A share	-	Nil
5. Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.88%	42,171,534	A share	-	Nil
6. Hunan Telecom Industry Group Company Limited ^{Note 4}	State-owned corporation	0.87%	41,516,065	A share	-	Nil
7. CCB Limited– eFund CSI 300 Traded Open-ended Index Securities Investment Fund By Way of Promotion	Others	0.83%	39,660,740	A share	-	Nil
8. Hexie Health Insurance Co.,Ltd. — Wanneng Product	Others	0.81%	38,796,600	A share	-	Nil
9. ICBC Limited— Huaxia CSI 300 Traded Open-ended Index Securities Investment Fund	Others	0.62%	29,595,382	A share	-	Nil
10. BOC Limited— Harvest CSI 300 Traded Open-ended Index Securities Investment Fund	Others	0.53%	25,512,101	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).

Note 4: Information of this shareholder is extracted from the shareholders' register available from China Securities Depository and Clearing Corporation. Hunan Nantian (Group) Co. Ltd., a shareholder listed in the Company's original shareholder register, has been merged by way of absorption by its controlling shareholder Hunan Telecom Industry Group Company Limited (湖南省電信實業集團有限公司).

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

3.2 The Company had no preferential shares.

§4 QUARTERLY FINANCIAL STATEMENTS

ZTE CORPORATION BALANCE SHEET

RMB in thousands

Asset	30 September 2025		31 December 2024	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Audited)	Company (Audited)
Current assets:				
Currency Cash	35,546,691	19,899,645	43,885,348	27,683,894
Trading financial assets	17,058,394	17,006,747	13,768,781	13,684,626
Derivative financial assets	207,308	141,366	173,439	170,471
Trade receivables	23,223,399	47,219,696	21,288,393	35,851,072
Factored trade receivables	846	846	6,498	6,498
Receivable financing	2,165,560	1,745,876	4,243,041	4,032,164
Prepayments	931,210	41,278	692,097	45,130
Other receivables	1,958,138	34,478,497	2,597,585	33,183,991
Inventories	46,098,865	15,581,189	41,257,657	15,376,654
Contract assets	5,476,907	2,596,791	4,972,074	3,077,266
Non-current assets due within one year	3,138	3,134	3,085	3,081
Other current assets	10,717,757	3,067,537	8,899,348	2,347,996
Total current assets	143,388,213	141,782,602	141,787,346	135,462,843
Non-current assets:				
Debt investment	30,619,229	21,523,807	25,068,445	12,768,949
Long-term receivables	1,391,862	4,233,918	833,972	3,682,681
Factored long-term receivables	635	635	8,664	8,664
Investment in associates and joints	2,382,700	18,942,350	2,333,836	18,317,291
Other non-current financial assets	747,583	633,036	715,761	650,001
Investment properties	99,045	-	99,045	-
Property, plant and equipment	13,644,389	5,352,322	14,178,419	5,674,552
Construction in progress	739,702	372,803	685,376	338,098
Right-of-use assets	1,432,161	894,894	1,551,573	975,283
Intangible assets	6,718,833	2,281,193	7,159,200	2,357,285
Development costs	1,790,641	290,660	1,594,563	341,722
Goodwill	14,425	-	14,425	-
Deferred tax assets	4,911,478	2,105,394	4,396,088	1,825,573
Other non-current assets	6,776,882	4,578,192	6,896,517	4,627,124
Total non-current assets	71,269,565	61,209,204	65,535,884	51,567,223
Total assets	214,657,778	202,991,806	207,323,230	187,030,066

Legal Representative: Xu Ziyang

Chief Financial Officer: Li Ying

Head of Finance Division: Wang Xiuhong

ZTE CORPORATION

BALANCE SHEET(CONTINUED)

RMB in thousands

	30 September 2025		31 December 2024	
Liabilities and shareholders' equity	Consolidated	Company	Consolidated	Company
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Current liabilities:				
Short-term loans	3,629,614	-	7,027,070	2,690,394
Bank advances on factored trade receivables	846	846	6,498	6,498
Derivative financial liabilities	151,198	149,684	200,853	173,045
Bills payable	13,864,878	13,358,220	10,959,334	15,167,898
Trade payables	21,568,089	48,142,129	22,371,792	36,840,535
Contract liabilities	10,924,465	11,645,498	12,859,416	10,929,399
Employee benefits payable	15,285,384	9,040,073	16,991,686	9,861,785
Taxes payable	1,392,881	142,473	1,205,018	148,754
Other payables	2,589,774	9,802,611	3,236,993	9,835,567
Provisions	1,327,027	492,171	2,184,073	679,084
Non-current liabilities due within one year	8,069,975	5,600,678	5,592,740	4,085,673
Total current liabilities	78,804,131	98,374,383	82,635,473	90,418,632
Non-current liabilities:				
Long-term loans	45,697,765	31,438,632	44,058,915	28,855,124
Bank advances on factored long-term trade receivables	635	635	8,664	8,664
Bonds payable	7,787,176	7,787,176	1,004,880	1,004,880
Lease liabilities	1,046,046	661,882	972,943	600,761
Long-term employee benefits payable	148,139	148,139	153,647	153,647
Deferred income	1,859,169	182,815	1,496,556	173,536
Deferred tax liabilities	90,171	-	90,651	-
Other non-current liabilities	3,841,451	2,027,543	3,791,219	1,970,166
Total non-current liabilities	60,470,552	42,246,822	51,577,475	32,766,778
Total liabilities	139,274,683	140,621,205	134,212,948	123,185,410
Shareholders' equity:				
Share capital	4,783,535	4,783,535	4,783,535	4,783,535
Other Equity Instruments	126,956	126,956	-	-
Capital reserves	27,474,428	27,328,685	27,476,099	27,330,356
Other comprehensive income	(2,707,824)	417,042	(2,465,531)	411,851
Special reserve	117,612	78,518	88,214	56,441
Surplus reserves	3,053,523	2,391,767	3,053,523	2,391,767
Retained profits	42,243,187	27,244,098	39,872,643	28,870,706
Total equity attributable to holders of ordinary shares of the parent	75,091,417	62,370,601	72,808,483	63,844,656
Non-controlling interests	291,678	-	301,799	-
Total shareholders' equity	75,383,095	62,370,601	73,110,282	63,844,656
Total liabilities and shareholders' equity	214,657,778	202,991,806	207,323,230	187,030,066

ZTE CORPORATION

INCOME STATEMENT

RMB in thousands

Item	Nine months ended 30 September 2025		Nine months ended 30 September 2024 (Restated)	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Unaudited)	Company (Unaudited)
1. Operating revenue	100,519,599	106,705,041	90,044,542	99,175,614
Less: Operating costs	69,811,475	95,197,789	53,668,312	82,282,033
Taxes and surcharges	856,057	211,841	848,437	206,524
Selling and distribution costs	6,252,592	4,353,338	6,347,939	4,351,591
Administrative expenses	2,883,944	2,242,711	3,231,927	2,631,232
Research and development costs	17,813,974	5,159,043	18,640,816	5,811,184
Finance costs	(390,741)	(538,342)	(165,895)	24,514
Including: Interest expenses	2,842,717	1,246,793	2,937,408	1,462,623
Interest income	3,455,721	1,601,595	3,553,958	1,971,679
Add: Other income	2,418,420	85,099	2,433,179	477,625
Investment income	220,628	755,614	(256,011)	2,340,536
Including: Gains from investment in associates and joint ventures	96,538	96,954	(60,323)	(67,702)
Losses from derecognition of financial assets at amortised cost	(228,226)	(160,159)	(250,996)	(143,291)
Gains from changes in fair values	203,332	3,004	(422,190)	(194,945)
Credit impairment losses	23,848	(57,988)	76,585	72,649
Asset impairment losses	(323,906)	(313,671)	(843,544)	(80,362)
Gains from asset disposal	4,262	393	87,478	81,973
2. Operating profit	<u>5,838,882</u>	<u>551,112</u>	<u>8,548,503</u>	<u>6,566,012</u>
Add: Non-operating income	154,268	630,009	56,432	12,868
Less: Non-operating expenses	90,001	45,286	80,578	19,747
3. Total profit	<u>5,903,149</u>	<u>1,135,835</u>	<u>8,524,357</u>	<u>6,559,133</u>
Less: Income tax	558,472	(188,998)	677,296	176,686
4. Net profit	<u>5,344,677</u>	<u>1,324,833</u>	<u>7,847,061</u>	<u>6,382,447</u>
Analysed by continuity of operations				
Net profit from continuing operations	5,344,677	1,324,833	7,847,061	6,382,447
Analysed by ownership				
Attributable to holders of ordinary shares of the parent	5,321,985	1,324,833	7,906,403	6,382,447
Non-controlling interests	22,692	-	(59,342)	-
5. Other comprehensive income, net of tax	<u>(241,900)</u>	<u>5,191</u>	<u>(228,937)</u>	<u>(363,854)</u>
Other comprehensive income attributable to holders of ordinary shares of the parent, net of tax	(242,293)	5,191	(228,288)	(363,854)
Other comprehensive income that cannot be reclassified to profit or loss				
Change arising from the re-measurement of defined benefit plans	-	-	-	-
Other comprehensive income that will be reclassified to profit and loss				
Effective portion of hedge instruments	-	-	(3,719)	(3,719)
Exchange differences on translation of foreign operations and others	(242,293)	5,191	(224,569)	(360,135)
	<u>(242,293)</u>	<u>5,191</u>	<u>(228,288)</u>	<u>(363,854)</u>
Other comprehensive income attributable to non-controlling interests, net of tax	393	-	(649)	-
6. Total comprehensive income	<u>5,102,777</u>	<u>1,330,024</u>	<u>7,618,124</u>	<u>6,018,593</u>
Attributable to holders of ordinary shares of the parent	5,079,692	1,330,024	7,678,115	6,018,593
Attributable to non-controlling interests	23,085	-	(59,991)	-
7. Earnings per share (RMB/share)				
(1) Basic earnings per share	RMB 1.11		RMB 1.65	
(2) Diluted earnings per share	RMB 1.11		RMB 1.65	

ZTE CORPORATION

INCOME STATEMENT

RMB in thousands

Item	Three months ended 30 September 2025		Three months ended 30 September 2024 (Restated)	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Unaudited)	Company (Unaudited)
1. Operating revenue	28,966,865	30,189,422	27,557,444	30,236,412
Less: Operating costs	21,478,258	29,735,388	16,449,391	24,797,916
Taxes and surcharges	281,984	67,711	291,094	70,002
Selling and distribution costs	1,868,785	1,156,742	2,181,327	1,413,287
Administrative expenses	753,862	619,877	995,277	817,858
Research and development costs	5,149,162	1,298,728	5,914,921	2,348,000
Finance costs	53,956	135,527	(212,200)	258,487
Including: Interest expenses	819,845	359,779	554,911	289,021
Interest income	903,614	482,087	972,375	451,694
Add: Other income	625,517	41,618	632,869	46
Investment income	69,719	80,773	(72,886)	165,157
Including: Gains from investment in associates and joint ventures	44,663	43,417	(34,816)	(30,245)
Losses from derecognition of financial assets at amortised cost	(63,091)	(47,651)	(67,022)	(42,774)
Gains from changes in fair values	43,930	203,059	(5,651)	(207,832)
Credit impairment losses	138,764	67,251	1,870	115,458
Asset impairment losses	(38,679)	(200,115)	(242,962)	94,871
Gains from asset disposal	416	-	20,113	20,049
2. Operating profit	<u>220,525</u>	<u>(2,631,965)</u>	<u>2,270,987</u>	<u>718,611</u>
Add: Non-operating income	57,181	33,336	21,354	3,834
Less: Non-operating expenses	<u>38,863</u>	<u>9,379</u>	<u>45,167</u>	<u>15,623</u>
3. Total profit	<u>238,843</u>	<u>(2,608,008)</u>	<u>2,247,174</u>	<u>706,822</u>
Less: Income tax	<u>(49,251)</u>	<u>(370,767)</u>	<u>110,503</u>	<u>(87,342)</u>
4. Net profit	<u>288,094</u>	<u>(2,237,241)</u>	<u>2,136,671</u>	<u>794,164</u>
Analysed by continuity of operations				
Net profit from continuing operations	288,094	(2,237,241)	2,136,671	794,164
Analysed by ownership				
Attributable to holders of ordinary shares of the parent	264,414	(2,237,241)	2,173,957	794,164
Non-controlling interests	23,680	-	(37,286)	-
5. Other comprehensive income, net of tax	(146,498)	(3,956)	(263,051)	(346,838)
Other comprehensive income attributable to holders of ordinary shares of the parent, net of tax	(147,230)	(3,956)	(261,956)	(346,838)
Other comprehensive income that cannot be reclassified to profit or loss				
Change arising from the re-measurement of defined benefit plans	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income that will be reclassified to profit and loss				
Effective portion of hedge instruments	-	-	(6,434)	(6,434)
Exchange differences on translation of foreign operations and others	(147,230)	(3,956)	(255,522)	(340,404)
	<u>(147,230)</u>	<u>(3,956)</u>	<u>(261,956)</u>	<u>(346,838)</u>
Other comprehensive income attributable to non-controlling interests, net of tax	<u>732</u>	<u>-</u>	<u>(1,095)</u>	<u>-</u>
6. Total comprehensive income	<u>141,596</u>	<u>(2,241,197)</u>	<u>1,873,620</u>	<u>447,326</u>
Attributable to holders of ordinary shares of the parent	117,184	(2,241,197)	1,912,001	447,326
Attributable to non-controlling interests	24,412	-	(38,381)	-
7. Earnings per share (RMB/share)				
(1) Basic earnings per share	RMB 0.06		RMB 0.45	
(2) Diluted earnings per share	RMB 0.06		RMB 0.45	

ZTE CORPORATION

CASH FLOW STATEMENT

RMB in thousands

Item	Nine months ended 30 September 2025		Nine months ended 30 September 2024	
	Consolidated	Company	Consolidated	Company
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1. Cash flows from operating activities				
Cash received from sale of goods or rendering of services	106,253,552	109,300,787	95,892,062	111,058,201
Refunds of taxes	5,918,221	3,316,469	4,701,642	2,790,638
Other cash received in relation to operating activities	3,690,526	913,677	4,769,167	1,404,330
Sub-total of cash inflows	115,862,299	113,530,933	105,362,871	115,253,169
Cash paid for goods and services	75,786,538	102,241,193	56,955,913	97,409,703
Cash paid to and on behalf of employees	23,308,207	6,949,842	23,256,447	7,292,716
Cash paid for various types of taxes	5,883,911	892,405	5,889,688	874,713
Other cash paid in relation to operating activities	9,106,165	6,088,176	11,211,758	5,116,148
Sub-total of cash outflows	114,084,821	116,171,616	97,313,806	110,693,280
Net cash flows from operating activities	1,777,478	(2,640,683)	8,049,065	4,559,889
2. Cash flows from investing activities				
Cash received from sale of investments	83,259,719	80,656,026	56,036,186	48,952,328
Cash received from return on investment	1,371,294	2,294,266	1,582,890	5,728,642
Net cash received from the disposal of property, plant and equipment, intangible assets and other long- term assets	56,585	613,555	455,837	460,156
Net cash received from the disposal of subsidiaries and other operating units	-	-	-	-
Other cash received in relation to investing activities	-	2,218,214	61,551	2,369,439
Sub-total of cash inflows	84,687,598	85,782,061	58,136,464	57,510,565
Cash paid for acquisition of property, plant and equipment, intangible assets and other long-term assets	2,917,727	1,199,005	2,660,929	1,222,771
Cash paid for acquisition of investments	86,310,351	84,791,233	76,872,711	60,999,713
Other cash paid in relation to investing activities	-	2,498,875	-	6,102,222
Sub-total of cash outflows	89,228,078	88,489,113	79,533,640	68,324,706
Net cash flows from investing activities	(4,540,480)	(2,707,052)	(21,397,176)	(10,814,141)
3. Cash flows from financing activities				
Cash received from capital injection	-	-	364,559	4
Including: Capital injection into subsidiaries by minority shareholders	-	-	364,559	4
Cash received from borrowings	66,283,787	53,391,991	155,607,595	77,771,524
Other cash received in relation to financing activities	-	12,981,869	-	1,716,478
Sub-total of cash inflows	66,283,787	66,373,860	155,972,154	79,488,006
Cash repayment of borrowings	60,295,503	45,102,167	156,571,960	93,539,199
Cash payments for distribution of dividends, profits and for interest expenses	4,055,854	3,672,608	5,056,652	4,357,070
Including: Distribution of dividends and profits by subsidiaries to minority shareholders	28,877	-	145,407	-
Other cash paid in relation to financing activities	349,220	12,388,401	340,467	1,785,124
Sub-total of cash outflows	64,700,577	61,163,176	161,969,079	99,681,393
Net cash flows from financing activities	1,583,210	5,210,684	(5,996,925)	(20,193,387)
4. Effect of changes in foreign exchange rate on cash and cash equivalents	(45,226)	(7,944)	(92,073)	7,025
5. Net increase in cash and cash equivalents	(1,225,018)	(144,995)	(19,437,109)	(26,440,614)
Add: cash and cash equivalents at the beginning of the period	28,026,417	15,604,627	51,013,167	36,863,970
6. Net balance of cash and cash equivalents at the end of the period	26,801,399	15,459,632	31,576,058	10,423,356

By Order of the Board
Fang Rong
Chair

Shenzhen, the PRC
28 October 2025

As at the date of this announcement, the Board of Directors of the Company comprises executive director, Xu Ziyang; non-executive directors, Fang Rong, Yan Junwu, Zhu Weimin, Zhang Hong; independent nonexecutive directors, Zhuang Jiansheng, Wang Qinggang, Tsui Kei Pang; and employee director, Li Miaona.