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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 2014

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 announcement is true, accurate and complete and that there is no false and misleading statement or material omission in this announcement.

Important: The financial data for the year ended 31 December 2014 contained in this announcement have been prepared in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China (“PRC ASBEs”) and have not been audited by an accountant firm, and may differ from the finalised financial data to be announced. Investors should beware investment risks.

I. Major financial data and indicators for the year ended 31 December 2014 (prepared in accordance with PRC ASBEs)

Unit: RMB in thousands

Item	Year ended 31 December 2014	Year ended 31 December 2013	Percentage of change (%)
Operating revenue	81,242,634	75,233,724	7.99%
Operating profit	104,762	(1,493,094)	107.02%
Total profit	3,629,017	1,827,843	98.54%
Net profit attributable to shareholders of the listed company	2,636,191	1,357,657	94.17%
Basic earnings per share (RMB/share)	0.77	0.39	97.44%
Weighted average return on net assets	11.12%	6.17%	Increased by 4.95 percentage points

Item	31 December 2014	31 December 2013	Percentage of change (%)
Total assets	105,923,233	100,079,497	5.84%
Owners' equity attributable to shareholders of the listed company	24,852,708	22,532,648	10.30%
Share capital (thousand shares)	3,437,541	3,437,541	-
Net asset per share attributable to shareholders of the listed company (RMB/share)	7.23	6.55	10.38%

Note: The above figures are based on figures of the consolidated financial statements.

II. Operating results and financial conditions

For 2014, the Group reported operating revenue of RMB81,242,634,000, representing growth of 7.99% as compared to the previous year. Such growth primarily reflected revenue growth for TD-LTE system equipment and FDD-LTE system equipment in the domestic market and 4G and 3G handsets in the international market. Operating profit amounted to RMB104,762,000, representing growth of 107.02% as compared to the previous year. Total profit amounted to RMB3,629,017,000, representing growth of 98.54% as compared to the previous year. Net profit attributable to shareholders of the listed company amounted to RMB2,636,191,000, representing growth of 94.17% as compared to the previous year. Significant factors affecting the operating profit and net profit for the reporting period are as follows:

(1) The continued growth in the scale of the Group's domestic 4G system business and international handset business, coupled with ongoing improvements in the contract profitability, resulting in growth for both the size of sales and the gross profit margin for the reporting period;

(2) Enhanced financial expenses control by the Group such as the reduction of interest expenses through structured management of interest-bearing liabilities and management of foreign exchange exposure through the combined application of business planning, consolidated hedging and financial instruments to mitigate the impact of exchange rate volatility on the Group's operations, results in the relatively substantial decrease in overall financial expenses.

As at the end of 2014, the Group's total assets amounted to RMB105,923,233,000, representing growth of 5.84% compared to that as at the end of the previous year. Owners' equity attributable to shareholders of the listed company amounted to RMB24,852,708,000, representing growth of 10.30% compared to that as at the end of the previous year.

The operating results disclosed in this preliminary results announcement do not differ from the estimated 2014 operating results contained in the 2014 Third Quarterly Report published

by the Company on 23 October 2014.

III. Other information

For details of the 2014 Annual Report of the Company, please refer to the 2014 Annual Report Summary and Results Announcement to be published by the Company on 25 March 2015.

IV. Documents for inspection

Comparative balance sheet and income statement prepared in accordance with PRC ASBEs signed by the Legal representative, Chief Financial Officer and Head of Finance Division of the Company with the company seal affixed.

By Order of the Board

Hou Weigui

Chairman

Shenzhen, the PRC

19 January 2015

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.