

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**ZTE CORPORATION**

**中兴通讯股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 763)**

## **Preliminary Announcement of 2012 Interim Results**

*The Company and all 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.*

### **I. Projected results for the period**

1. Preliminary announcement of results for the period: 1 January 2012 to 30 June 2012
2. Projected results: decrease compared with the same period last year:

<b>Project</b>	<b>Current reporting period (January to June 2012)</b>	<b>Same period last year (January to June 2011)</b>
Net profit attributable to shareholders of the listed company (RMB'000)	Decrease compared with the same period last year: 60%-80%	Profit: 769,271
	Profit: 154,000-308,000	
Basic earnings per share (RMB / per share)	Profit: approximately 0.04-0.09	Profit: 0.23

Note: The amount of basic earnings per share for the same period last year has been restated to reflect the enlarged share capital following the implementation of the 2010 profit distribution and capitalisation of capital reserve plans of the Company.

### **II. Preliminary audit of the preliminary results announcement**

No preliminary audit by the certified public accountant has been performed in respect of the current preliminary results announcement.

### **III. Reasons for the change in the results**

The substantial decrease in the results for the reporting period, as compared to the same period last year, was primarily attributable to the following:

1. The decline in investment income. Investment income from the disposal of circulating shares in Nationz Technologies was recognised by the Company for the same period last

year, while the Company's remaining holdings in Nationz Technologies shares were reclassified from long-term equity investment to trading financial assets for accounting purposes as the Company no longer exercised significant influence over the operating activities of Nationz Technologies, resulting in the recognition of investment income and gains arising from the change in fair value amounting to approximately RMB900 million in aggregate, measured at fair value. The investment income for the reporting period was significantly less than that for the same period last year.

2. Exchange losses. The Euro and many other currencies of emerging market underwent significant depreciation during the reporting period as the sovereignty debt crisis of the Eurozone lingered on, resulting in exchange losses for the Company, as opposed to exchange gains recorded for the same period last year.

3. While the Company sustained growth in overall income for the reporting period, it fell short of the Company's targeted growth rate as certain domestic carrier network contracts were not recognised in the results for the current reporting period given the postponement of the tender activities of such carriers. Meanwhile, there was a decline in the overall gross profit margin of the Company compared to the same period last year.

#### **IV. Other relevant information**

The Company reported improvements in cash flow from operating activities as compared to the same period last year, thanks to stronger efforts in cash flow management during the reporting period which resulted in faster growth in sales revenue collection, as compared to the same period last year.

The financial data provided above have been arrived at through the preliminary estimations and calculations of the Company's financial department. The finalised figures will be disclosed in detail in the 2012 Interim Report. Meanwhile, investors should beware of any investment risks involved.

By Order of the Board  
**Hou Weigui**  
Chairman

Shenzhen, the PRC

13 July 2012

*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 Timothy Alexander Steinert.*