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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 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, 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 Thirty-third Meeting of the Ninth Session of the Board of Directors of the Company held on 21 October 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 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”)

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	Three months ended 30 September 2024	Change compared with the same period last year	Nine months ended 30 September 2024	Increase/decrease compared with the same period last year
Operating revenue (<i>RMB in thousands</i>)	27,557,444	(3.94%)	90,044,542	0.73%
Net profit attributable to holders of ordinary shares of the listed company (<i>RMB in thousands</i>)	2,173,957	(8.23%)	7,906,403	0.83%
Net profit after extraordinary items attributable to holders of ordinary shares of the listed company (<i>RMB in thousands</i>)	1,934,815	(11.73%)	6,898,458	(2.86%)
Net cash flows from operating activities (<i>RMB in thousands</i>)	1,048,666	(63.02%)	8,049,065	(13.10%)
Basic earnings per share (<i>RMB/share</i>)	0.45	(10.00%)	1.65	0.00%
Diluted earnings per share (<i>RMB/share</i>)	0.45	(10.00%)	1.65	0.00%
Weighted average return on net assets (%)	2.99%	Decreased by 0.68 percentage point	11.27%	Decreased by 1.33 percentage points

Item	As at the end of the reporting period (30 September 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 (<i>RMB in thousands</i>)	199,694,343	200,958,318	(0.63%)
Owners' equity attributable to holders of ordinary shares of the listed company (<i>RMB in thousands</i>)	72,315,851	68,008,307	6.33%

2.2 Extraordinary gains or losses items and amounts

Unit: RMB in thousands

Extraordinary gains or losses items	Amount	
	Three months ended 30 September 2024	Nine months ended 30 September 2024
Gain from disposal of non-current assets	20,113	87,478
Investment gain from disposal of investment in associates and joints	15,654	16,654
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	43,619	(97,941)
Write-back of provision for individually tested receivable impairment	2,895	5,136
Gain or loss from fair-value change of investment properties	(3,705)	(149,227)
Other gains other than income from software VAT rebate, refund of handling charge for personal tax and the additional VAT credit	27,698	213,620
Net of other non-operating income and expenditure other than the above	(23,813)	(24,146)
Other gains or losses falling under the definition of extraordinary gain or loss	199,190	1,135,125
Less: Effect of income tax	42,248	178,005
Effect of non-controlling interest (after tax)	261	749
Total	239,142	1,007,945

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	Nine months ended 30 September 2024	Reasons
Income from VAT rebate for software products	1,685,388	Occurring on an ongoing basis
Income from refund of handling charge for withholding personal tax	32,659	Occurring on an ongoing basis
Gain from disposal of equity interests in Shenzhen ZTE Capital Management Company Limited (“ZTE Capital”) and gain/loss from fair-value change	(52,550)	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	30 September 2024	31 December 2023	Change	Analysis of reasons for changes
Currency cash	46,784,398	78,543,219	(40.43%)	Attributable mainly to the new purchase of large-amount deposit certificates with maturity over one year and structured deposits for the period
Trading financial assets	14,151,265	153,285	9,132.00%	Attributable mainly to the new addition of structured deposits for the period
Derivative financial assets	141,949	85,341	66.33%	Attributable mainly to the increase in gain on fair-value remeasurement at the end of the period of certain derivative contracts for the period
Receivable financing	1,642,892	4,074,078	(59.67%)	Attributable mainly to the bill discounting and settlement being greater than the newly ones for the period
Prepayments	586,003	242,440	141.71%	Attributable mainly to the increase in prepayment of purchase fees for the period
Other receivables	1,519,379	1,146,400	32.53%	Attributable mainly to the increase in amounts receivable from third parties for the period
Credit right investment	18,617,326	-	N/A	Attributable mainly to the new addition of large-amount deposit certificates with maturity over one year for the period
Investment properties	100,196	1,473,823	(93.20%)	Attributable mainly to the reclassification of certain investment properties to owned properties for the period
Goodwill	14,425	-	N/A	Attributable mainly to the goodwill arising from acquisition of equity in associates for the period
Derivative financial liabilities	288,912	184,544	56.55%	Attributable mainly to the increase in loss on fair-value remeasurement at the end of the period of certain derivative contracts for the period
Short-term bonds payable	-	5,012,890	(100.00%)	Attributable mainly to the super short-term commercial papers issued in the pervious period maturing in the current period
Bonds payable	501,387	-	N/A	Attributable mainly to the new issuance of medium-term notes for the period
Special reserve	86,454	53,394	61.92%	Attributable mainly to the provision of safe production fees with an account balance for the period

Income statement				
Item	Nine months ended 30 September 2024	Nine months ended 30 September 2023	Change	Analysis of reasons for changes
Finance costs	(165,895)	(887,295)	81.30%	Attributable mainly to the exchange loss due to exchange rate fluctuations for the period versus gain for the same period last year
Other income	2,433,179	1,473,568	65.12%	Attributable mainly to the increase in software product VAT rebate and the increase in gain owing to the additional VAT credit policy for the period
Investment income	(256,011)	(789,355)	67.57%	Attributable mainly to the year-on-year decrease in loss incurred in disposal of derivative contract for the period and the adoption of fair-value hedge accounting for derivative trading for the period
Gains from changes in fair values	(422,190)	(178,657)	(136.31%)	Attributable mainly to the loss from end-of-period fair-value remeasurement of derivative contracts for the period versus gain for the same period last year and the adoption of fair-value hedge accounting for derivative trading for the period
Credit impairment losses (loss indicated by negative value)	76,585	(383,061)	(119.99%)	Attributable mainly to the reversal of trade receivable impairment following enhanced effort in collection of due payments for the period
Gains from asset disposal	87,478	20,301	330.90%	Attributable mainly to the increase in gain from disposal of non-current assets for the period
Non-operating income	56,432	104,889	(46.20%)	Attributable mainly to the decrease in compensatory income received from third parties for the period
Non-operating expenses	80,578	160,375	(49.76%)	Attributable mainly to the decrease in non-operating loss for the period
Other comprehensive income attributable to holders of ordinary shares of the parent, net of tax	(228,288)	(47,377)	(381.85%)	Attributable mainly to the increase in comprehensive loss on exchange rate fluctuation and other factors
Other comprehensive income attributable to non-controlling interests, net of tax	(649)	(4,075)	84.07%	Attributable mainly to the decrease in loss on translation of statements in foreign currencies of subsidiaries due to exchange rate fluctuation for the period

Cash Flow Statement			
Item	Nine months ended 30 September 2024	Nine months ended 30 September 2023	Change Analysis of reasons for changes
Net cash flows from investing activities	(21,397,176)	(4,319,503)	(395.36%) Attributable mainly to the increase in cash paid for investment for the period
Net cash flows from financing activities	(5,996,925)	4,217,404	(242.19%) Attributable mainly to the decrease in net borrowings for the period
Effect of changes in foreign exchange rate on cash and cash equivalents	(92,073)	268,452	(134.30%) Attributable mainly to the loss on translation due to exchange rate fluctuations for the period versus gain 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 30 September 2024, 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 2024	There were 456,478 shareholders in total (comprising 456,179 holders of A shares and 299 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%	752,328,848	H share	-	Unknown
3. Hong Kong Securities Clearing Company Limited ^{Note 3}	Foreign corporation	1.82%	87,123,382	A share	-	Nil
4. ICBC Limited — Huatai Pinebridge CSI 300 Traded Open-ended Index Securities Investment Fund	Others	1.28%	61,440,405	A share	-	Nil
5. Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.88%	42,171,534	A share	-	Nil
6. Hunan Nantian (Group) Co., Ltd.	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	0.85%	40,464,940	A share	-	Nil
8. NSF Portfolio #113	Others	0.55%	26,076,510	A share	-	Nil
9. ICBC Limited — Huaxia CSI 300 Traded Open-ended Index Securities Investment Fund	Others	0.54%	25,710,182	A share	-	Nil
10. BOC Limited — Jiashi CSI 300 Traded Open-ended Index Securities Investment Fund	Others	0.53%	25,130,776	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 holders of shares not subject to lock-up

Applicable N/A

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%	61,440,405	1.28%	0	0.00%
CCB Limited — eFund CSI 300 Traded Open-ended Index Securities Investment Fund By Way of Promotion	8,852,240	0.19%	19,100	0.00%	40,464,940	0.85%	0	0.00%
ICBC Limited — Huaxia CSI 300 Traded Open-ended Index Securities Investment Fund	6,503,282	0.14%	399,500	0.01%	25,710,182	0.54%	0	0.00%
BOC Limited — Jiashi CSI 300 Traded Open-ended Index Securities Investment Fund	7,538,847	0.16%	14,400	0.00%	25,130,776	0.53%	0	0.00%

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.

ZTE CORPORATION
BALANCE SHEET

RMB in thousands

Asset	30 September 2024		31 December 2023	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Audited)	Company (Audited)
Current assets:				
Currency cash	46,784,398	21,315,727	78,543,219	61,975,191
Trading financial assets	14,151,265	13,563,764	153,285	24,227
Derivative financial assets	141,949	141,025	85,341	61,944
Trade receivables	20,840,387	34,822,340	20,821,526	35,943,738
Factored trade receivables	3,958	3,958	3,503	3,503
Receivable financing	1,642,892	1,528,495	4,074,078	4,073,264
Prepayments	586,003	12,580	242,440	16,657
Other receivables	1,519,379	34,026,738	1,146,400	31,653,053
Inventories	40,626,555	12,805,522	41,131,259	12,535,588
Contract assets	4,940,031	3,210,702	4,844,974	3,739,259
Other current assets	8,766,131	2,470,988	7,458,528	1,868,178
Total current assets	140,002,948	123,901,839	158,504,553	151,894,602
Non-current assets:				
Credit right investment	18,617,326	11,823,833	-	-
Long-term receivables	1,680,996	4,419,021	2,013,559	4,833,124
Factored long-term receivables	9,894	9,894	10,509	10,509
Investment in associates and joints	2,118,018	17,979,484	2,157,550	17,979,249
Other non-current financial assets	731,504	657,307	831,930	650,319
Investment properties	100,196	-	1,473,823	1,104,000
Property, plant and equipment	14,174,617	6,295,296	13,372,364	6,190,094
Construction in progress	778,929	328,708	987,803	327,044
Right-of-use assets	1,555,828	1,030,858	1,557,313	1,007,848
Intangible assets	7,581,491	2,509,702	7,697,446	2,499,545
Development costs	1,073,686	137,230	1,301,545	305,732
Goodwill	14,425	-	-	-
Deferred tax assets	4,421,662	1,593,422	4,145,923	1,550,517
Other non-current assets	6,832,823	4,654,837	6,904,000	4,738,904
Total non-current assets	59,691,395	51,439,592	42,453,765	41,196,885
Total assets	199,694,343	175,341,431	200,958,318	193,091,487

Legal Representative: Li Zixue

Chief Financial Officer: Li Ying

Head of Finance Division: Wang Xiuhong

ZTE CORPORATION
BALANCE SHEET(CONTINUED)

RMB in thousands

Liabilities and shareholders' equity	30 September 2024		31 December 2023	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Audited)	Company (Audited)
Current liabilities:				
Short-term loans	8,716,132	1,403,595	7,560,358	4,961,423
Bank advances on factored trade receivables	4,166	4,166	3,687	3,687
Derivative financial liabilities	288,912	288,427	184,544	183,217
Short-term bonds payable	-	-	5,012,890	5,012,890
Bills payable	10,687,217	14,399,773	9,442,739	12,661,855
Trade payables	16,905,894	31,290,228	18,931,425	34,859,532
Contract liabilities	11,821,713	10,279,937	14,889,658	13,177,282
Taxes payable	1,247,341	138,896	1,413,093	136,420
Other payables	3,033,655	8,950,218	3,844,735	9,694,757
Employee benefits payable	16,670,670	10,184,461	16,176,919	8,867,734
Provisions	1,917,613	563,569	2,568,768	1,343,283
Non-current liabilities due within one year	2,208,418	1,042,821	3,001,598	1,497,603
Total current liabilities	73,501,731	78,546,091	83,030,414	92,399,683
Non-current liabilities:				
Long-term loans	45,442,028	29,945,416	42,576,057	37,189,305
Bank advances on factored long-term trade receivables	10,415	10,415	11,062	11,062
Lease liabilities	1,053,516	700,456	960,459	621,273
Long-term employee benefits payable	136,602	136,602	141,762	141,762
Deferred income	2,451,324	139,461	2,315,842	141,204
Deferred tax liabilities	82,253	-	77,865	-
Bonds payable	501,387	501,387	-	-
Other non-current liabilities	3,879,511	2,065,995	3,513,412	1,700,411
Total non-current liabilities	53,557,036	33,499,732	49,596,459	39,805,017
Total liabilities	127,058,767	112,045,823	132,626,873	132,204,700
Shareholders' equity:				
Share capital	4,783,252	4,783,252	4,783,252	4,783,252
Capital reserves	27,466,619	27,320,877	27,603,291	27,685,429
Other comprehensive income	(2,428,253)	404,285	(2,199,965)	768,139
Special reserve	3,053,382	2,391,626	3,053,382	2,391,626
Surplus reserves	86,454	58,912	53,394	37,173
Retained profits	39,354,397	28,336,656	34,714,953	25,221,168
Total equity attributable to holders of ordinary shares of the parent	72,315,851	63,295,608	68,008,307	60,886,787
Non-controlling interests	319,725	-	323,138	-
Total shareholders' equity	72,635,576	63,295,608	68,331,445	60,886,787
Total liabilities and shareholders' equity	199,694,343	175,341,431	200,958,318	193,091,487

ZTE CORPORATION

INCOME STATEMENT

RMB in thousands

Item	Nine months ended 30 September 2024		Nine months ended 30 September 2023	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Unaudited)	Company (Unaudited)
1. Operating revenue	90,044,542	99,175,614	89,393,443	97,328,987
Less: Operating costs	53,635,944	82,255,133	50,354,035	78,378,639
Taxes and surcharges	848,437	206,524	966,836	353,470
Selling and distribution costs	6,380,307	4,378,491	6,900,289	4,149,588
Administrative expenses	3,231,927	2,631,232	3,808,210	3,073,800
Research and development costs	18,640,816	5,811,184	19,060,762	5,768,997
Finance costs	(165,895)	24,514	(887,295)	(854,278)
Including: Interest expenses	2,937,408	1,462,623	2,537,450	1,722,013
Interest income	3,553,958	1,971,679	2,980,876	1,994,494
Add: Other income	2,433,179	477,625	1,473,568	123,230
Investment income	(256,011)	2,340,536	(789,355)	(809,578)
Including: Gains from investment in associates and joint ventures	(60,323)	(67,702)	41,513	23,969
Losses from derecognition of financial assets at amortised cost	(250,996)	(143,291)	(182,223)	(81,591)
Gains from changes in fair values	(422,190)	(194,945)	(178,657)	204,432
Credit impairment losses	76,585	72,649	(383,061)	(208,514)
Asset impairment losses	(843,544)	(80,362)	(816,540)	(582,038)
Gains from asset disposal	87,478	81,973	20,301	1,570
2. Operating profit	<u>8,548,503</u>	<u>6,566,012</u>	<u>8,516,862</u>	<u>5,187,873</u>
Add: Non-operating income	56,432	12,868	104,889	55,638
Less: Non-operating expenses	80,578	19,747	160,375	44,739
3. Total profit	<u>8,524,357</u>	<u>6,559,133</u>	<u>8,461,376</u>	<u>5,198,772</u>
Less: Income tax	677,296	176,686	704,561	327,207
4. Net profit	<u>7,847,061</u>	<u>6,382,447</u>	<u>7,756,815</u>	<u>4,871,565</u>
Analysed by continuity of operations				
Net profit from continuing operations	7,847,061	6,382,447	7,756,815	4,871,565
Analysed by ownership				
Holders of ordinary shares of the parent	7,906,403	6,382,447	7,841,166	4,871,565
Non-controlling interests	(59,342)	-	(84,351)	-
5. Other comprehensive income, net of tax	(228,937)	(363,854)	(51,452)	32,417
Other comprehensive income attributable to holders of ordinary shares of the parent, net of tax	(228,288)	(363,854)	(47,377)	32,417
Other comprehensive income that will be reclassified to profit and loss				
Effective portion of hedge instruments	(3,719)	(3,719)	11,500	11,500
Exchange differences on translation of foreign operations and others	(224,569)	(360,135)	(58,877)	20,917
	<u>(228,288)</u>	<u>(363,854)</u>	<u>(47,377)</u>	<u>32,417</u>
Other comprehensive income item, net of tax	<u>(228,288)</u>	<u>(363,854)</u>	<u>(47,377)</u>	<u>32,417</u>
Other comprehensive income attributable to non-controlling interests, net of tax	(649)	-	(4,075)	-
6. Total comprehensive income	<u>7,618,124</u>	<u>6,018,593</u>	<u>7,705,363</u>	<u>4,903,982</u>
Attributable to holders of ordinary shares of the parent	7,678,115	6,018,593	7,793,789	4,903,982
Attributable to non-controlling interests	(59,991)	-	(88,426)	-
7. Earnings per share (RMB/share)				
(1) Basic earnings per share	RMB1.65		RMB1.65	
(2) Diluted earnings per share	RMB1.65		RMB1.65	

ZTE CORPORATION

INCOME STATEMENT

RMB in thousands

Item	Three months ended 30 September 2024		Three months ended 30 September 2023	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Unaudited)	Company (Unaudited)
1. Operating revenue	27,557,444	30,236,412	28,688,649	31,287,361
Less: Operating costs	16,437,591	24,787,721	15,884,825	25,448,202
Taxes and surcharges	291,094	70,002	283,447	53,979
Selling and distribution costs	2,193,127	1,423,482	2,284,052	1,596,310
Administrative expenses	995,277	817,858	1,292,439	1,084,017
Research and development costs	5,914,921	2,348,000	6,269,730	2,233,079
Finance costs	(212,200)	258,487	(73,543)	(44,612)
Including: Interest expenses	554,911	289,021	888,837	558,475
Interest income	972,375	451,694	1,141,175	694,962
Add: Other income	632,869	46	479,651	69,581
Investment income	(72,886)	165,157	(325,098)	(385,534)
Including: Gains from investment in associates and joint ventures	(34,816)	(30,245)	(33,854)	(51,043)
Losses from derecognition of financial assets at amortised cost	(67,022)	(42,774)	(75,443)	(39,083)
Gains from changes in fair values	(5,651)	(207,832)	252,333	378,198
Credit impairment losses	1,870	115,458	(204,893)	(104,835)
Asset impairment losses	(242,962)	94,871	(539,394)	(193,698)
Gains from asset disposal	20,113	20,049	3,839	(2)
2. Operating profit	<u>2,270,987</u>	<u>718,611</u>	<u>2,414,137</u>	<u>680,096</u>
Add: Non-operating income	21,354	3,834	29,286	8,565
Less: Non-operating expenses	45,167	15,623	41,385	8,826
3. Total profit	<u>2,247,174</u>	<u>706,822</u>	<u>2,402,038</u>	<u>679,835</u>
Less: Income tax	110,503	(87,342)	37,475	(14,912)
4. Net profit	<u>2,136,671</u>	<u>794,164</u>	<u>2,364,563</u>	<u>694,747</u>
Analysed by continuity of operations				
Net profit from continuing operations	2,136,671	794,164	2,364,563	694,747
Analysed by ownership				
Attributable to holders of ordinary shares of the parent	2,173,957	794,164	2,369,013	694,747
Non-controlling interests	(37,286)	-	(4,450)	-
5. Other comprehensive income, net of tax	(263,051)	(346,838)	(21)	7,564
Other comprehensive income attributable to holders of ordinary shares of the parent, net of tax	(261,956)	(346,838)	780	7,564
Other comprehensive income that will be reclassified to profit and loss				
Effective portion of hedge instruments	(6,434)	(6,434)	2,055	2,055
Exchange differences on translation of foreign operations and others	(255,522)	(340,404)	(1,275)	5,509
	<u>(261,956)</u>	<u>(346,838)</u>	<u>780</u>	<u>7,564</u>
Other comprehensive income item, net of tax	<u>(261,956)</u>	<u>(346,838)</u>	<u>780</u>	<u>7,564</u>
Other comprehensive income attributable to non-controlling interests, net of tax	(1,095)	-	(801)	-
6. Total comprehensive income	<u>1,873,620</u>	<u>447,326</u>	<u>2,364,542</u>	<u>702,311</u>
Attributable to holders of ordinary shares of the parent	1,912,001	447,326	2,369,793	702,311
Attributable to non-controlling interests	(38,381)	-	(5,251)	-
7. Earnings per share (RMB/share)				
(1) Basic earnings per share	RMB0.45		RMB0.5	
(2) Diluted earnings per share	RMB0.45		RMB0.5	

ZTE CORPORATION

CASH FLOW STATEMENT

RMB in thousands

Item	Nine months ended 30 September 2024		Nine months ended 30 September 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	95,892,062	111,058,201	93,639,500	107,161,301
Tax refunds received	4,701,642	2,790,638	3,757,918	2,289,164
Cash received relating to other operating activities	4,769,167	1,404,330	8,770,460	1,751,319
Sub-total of cash inflows	<u>105,362,871</u>	<u>115,253,169</u>	<u>106,167,878</u>	<u>111,201,784</u>
Cash paid for goods and services	56,955,913	97,409,703	55,482,407	93,837,839
Cash paid to and on behalf of employees	23,256,447	7,292,716	22,854,587	7,048,589
Cash paid for various types of taxes	5,889,688	874,713	6,280,905	1,023,542
Cash paid relating to other operating activities	11,211,758	5,116,148	12,287,964	5,466,241
Sub-total of cash outflows	<u>97,313,806</u>	<u>110,693,280</u>	<u>96,905,863</u>	<u>107,376,211</u>
Net cash flows from operating activities	<u>8,049,065</u>	<u>4,559,889</u>	<u>9,262,015</u>	<u>3,825,573</u>
2. Cash flows from investing activities				
Cash received from sale of investments	56,036,186	48,952,328	7,133,946	4,928,609
Cash received from return on investment	1,582,890	5,728,642	918,908	3,371,106
Net cash received from the disposal of property, plant and equipment, intangible assets and other long-term assets	455,837	460,156	97,658	45,333
Net cash received from the disposal of subsidiaries and other operating units	-	-	32,000	-
Cash received relating to other investing activities	61,551	2,369,439	-	1,642,385
Sub-total of cash inflows	<u>58,136,464</u>	<u>57,510,565</u>	<u>8,182,512</u>	<u>9,987,433</u>
Cash paid for acquisition of property, plant and equipment, intangible assets and other long-term assets	2,660,929	1,222,771	2,940,824	1,275,113
Cash paid for acquisition of investments	76,872,711	60,999,713	9,560,986	7,444,068
Cash paid relating to other investing activities	-	6,102,222	205	311,621
Sub-total of cash outflows	<u>79,533,640</u>	<u>68,324,706</u>	<u>12,502,015</u>	<u>9,030,802</u>
Net cash flows from investing activities	<u>(21,397,176)</u>	<u>(10,814,141)</u>	<u>(4,319,503)</u>	<u>956,631</u>
3. Cash flows from financing activities				
Cash received from capital injection	364,559	4	1,655,725	1,622,733
Including: Capital injection into subsidiaries by minority shareholders	364,559	4	33,000	-
Cash received from borrowings	155,607,595	77,771,524	205,888,085	104,302,544
Other cash paid in relation to investing activities	-	1,716,478	1,900	24,217
Sub-total of cash inflows	<u>155,972,154</u>	<u>79,488,006</u>	<u>207,545,710</u>	<u>105,949,494</u>
Cash repayment of borrowings	156,571,960	93,539,199	198,872,089	98,023,762
Cash payments for distribution of dividends or for interest expenses	5,056,652	4,357,070	4,153,120	3,175,020
Including: Distribution of dividends and profits by subsidiaries to minority shareholders	145,407	-	385,875	-
Cash paid relating to other financing activities	340,467	1,785,124	303,097	137,176
Sub-total of cash outflows	<u>161,969,079</u>	<u>99,681,393</u>	<u>203,328,306</u>	<u>101,335,958</u>
Net cash flows from financing activities	<u>(5,996,925)</u>	<u>(20,193,387)</u>	<u>4,217,404</u>	<u>4,613,536</u>
4. Effect of changes in foreign exchange rate on cash and cash equivalents	<u>(92,073)</u>	<u>7,025</u>	<u>268,452</u>	<u>94,190</u>
5. Net increase in cash and cash equivalents	<u>(19,437,109)</u>	<u>(26,440,614)</u>	<u>9,428,368</u>	<u>9,489,930</u>
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	<u>31,576,058</u>	<u>10,423,356</u>	<u>56,500,097</u>	<u>40,386,771</u>

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
21 October 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, Fang Rong, Zhu Weimin, Zhang Hong; and three independent non-executive directors, Zhuang Jiansheng, Wang Qinggang, Tsui Kei Pang.