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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 2013

This announcement is made by ZTE Corporation (the “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.

I. Preliminary results for the period

1. Period to which the preliminary results relate: 1 January 2013 to 31 December 2013
2. Preliminary results: turnaround to profit
3. Table of preliminary results announcement

Item	Current period	Same period last year	Increase /decrease
Net profit attributable to shareholders of the listed company (RMB'000)	Profit: 1,200,000 – 1,500,000	Loss: 2,840,962	Increase: 142.24% – 152.80%
Basic earnings per share (RMB/share)	Profit: 0.35 – 0.44	Loss: 0.83	Increase: 142.17% – 153.01%

II. Preliminary audit of the preliminary results announcement

The preliminary results announcement has not been pre-audited by certified public accountants.

III. Reasons for the change in results

The Group reported net profit attributable to shareholders of the listed company of RMB-2.84 billion for the year ended 31 December 2012. The Group expects a turnaround to profit for the year under review primarily for the following reasons:

1. The Group has strengthened its management over contract profitability and exercised stringent control over the execution of low gross margin contracts, resulting in improved gross margin for international projects and an increase in the operating revenue from domestic systems projects as a percentage of total operating revenue;

2. The Group has strengthened its control over costs and expenses with enhanced efficiency. Total expenses (selling and distribution costs, administrative expenses and research and development costs) for the reporting period were significantly lower as compared to the same period last year.

IV. Other relevant information

1. The Company reported net cash inflow from operating activities for 2013 as it enhanced cash flow management with increased efforts in the collection of sales receipts, while exercising stringent control over various costs and expenses.

2. The Company's gearing ratio as at the end of 2013 is expected to be lower than that as at the end of the previous year, reflecting the increase in owners' equity attributable to shareholders of the listed company in line with the expected profitability for 2013 on the one hand and, on the other, the reduction in interest-bearing liabilities as a result of the Company's measures to enhance cash flow management.

The financial data set out above have been arrived at through preliminary computations of the financial department of the Company based on information as of now. The finalised figures will be disclosed in detail in the 2013 Annual Report. Investors are advised to beware of any investment risks associated therewith.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
20 January 2014

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.