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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)

2023 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 Fifteenth Meeting of the Ninth Session of the Board of Directors of the Company held on 23 October 2023. Mr. Zhuang Jiansheng, Independent Non-executive Director, was unable to attend the Meeting due to work reasons and has authorized Ms. Cai Manli, Independent Non-executive Director, to vote on his behalf.

- 1.3 Mr. Li Zixue, Chairman of the Company, Ms. Li Ying, Chief Financial Officer of the Company and Mr. Xu Jianrui, 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 2023	Change compared with the same period last year	Nine months ended 30 September 2023	Change compared with the same period last year
Operating revenue (<i>RMB in thousands</i>)	28,688,649	(12.38%)	89,393,443	(3.42%)
Net profit attributable to holders of ordinary shares of the listed company (<i>RMB in thousands</i>)	2,369,013	5.09%	7,841,166	14.97%
Net profit after extraordinary items attributable to holders of ordinary shares of the listed company (<i>RMB in thousands</i>)	2,191,944	20.08%	7,101,273	27.93%
Net cash flows from operating activities (<i>RMB in thousands</i>)	2,836,118	1,169.63%	9,262,015	148.78%
Basic earnings per share (<i>RMB/share</i>)	0.50	4.17%	1.65	14.58%
Diluted earnings per share (<i>RMB/share</i>) ^{Note}	0.50	4.17%	1.65	14.58%
Weighted average return on net assets (%)	3.67%	Decreased by 0.29 percentage point	12.60%	Increased by 0.08 percentage point

Item	As at the end of the reporting period (30 September 2023)	As at the end of last year (31 December 2022)	Change as at the end of the reporting period compared with the end of last year
Total assets <i>(RMB in thousands)</i>	189,057,761	180,953,574	4.48%
Owners' equity attributable to holders of ordinary shares of the listed company <i>(RMB in thousands)</i>	66,272,222	58,641,187	13.01%

Note: As the share options granted by the Company have given rise to 0 and 107,742 potentially dilutive ordinary shares for the nine months ended 30 September 2023 and nine months ended 30 September 2022, respectively, dilutive earnings per share has been calculated on the basis of basic earnings per share taking into account the said factor.

2.2 Extraordinary items and amounts

Unit: RMB in thousands

Extraordinary item	Amount	
	Three months ended 30 September 2023	Nine months ended 30 September 2023
Gain from disposal of non-current assets	3,839	20,301
Investment gain from disposal of long-term equity investment	(1,212)	(2,248)
Gain/loss from fair-value change of derivative financial assets and derivative financial liabilities held and investment gain from disposal of derivative financial assets and derivative financial liabilities excluding the effective value protection hedge relating to the Company's ordinary business operations	(62,226)	(297,043)
Write-back of provision for individually tested receivable impairment	1,358	10,994
Gain/loss from fair-value change of investment properties	—	(1,650)
Other gains other than income from software VAT rebate and income from refund of handling charge for withholding personal tax	92,824	257,757
Net of other non-operating income and expenditure other than the above	(12,099)	(55,486)
Other gains/losses falling under the definition of extraordinary gain/loss	186,517	934,601
Less: Effect of income tax	31,350	130,084
Effect of non-controlling interest (after tax)	582	(2,751)
Total	177,069	739,893

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” (CSRC Announcement [2008] No. 43). 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 2023	Reasons
Income from VAT rebate for software products	1,184,680	Occurring on an ongoing basis
Income from refund of handling charge for withholding personal tax	31,131	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	(62,892)	Operating business

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 2023	31 December 2022	Change	Analysis of reasons for changes
Trading financial assets	291,247	513,784	(43.31%)	Attributable mainly to the disposal of listed equities held by subsidiary fund partnership enterprises under ZTE Capital for the period
Derivative financial assets	220,132	132,125	66.61%	Attributable mainly to the increase in gain on fair-value remeasurement at the end of the period of certain derivative contracts for the period
Factored trade receivables	11,404	81,525	(86.01%)	Attributable mainly to the repayment of factored trade receivables upon maturity for the period
Receivable financing	2,492,888	3,712,142	(32.85%)	Attributable mainly to the decrease in bills after discounting for the period
Prepayments	120,400	278,724	(56.80%)	Attributable mainly to the write-off of prepayments for the period
Other current assets	9,994,461	7,624,795	31.08%	Attributable mainly to the reclassification of long-term receivables due within one year as other current assets
Long-term receivables	781,731	2,562,213	(69.49%)	Attributable mainly to the reclassification of long-term receivables due within one year as other current assets
Factored long-term receivables	—	186,025	(100.00%)	Attributable mainly to the maturity of factored long-term receivables for the period

Item	30 September 2023	31 December 2022	Change	Analysis of reasons for changes
Bank advances on factored trade receivables	12,004	84,550	(85.80%)	Attributable mainly to the repayment of factored trade receivables upon maturity for the period
Derivative financial liabilities	123,003	201,717	(39.02%)	Attributable mainly to the decrease in loss on fair-value remeasurement at the end of the period of certain derivative contracts for the period
Short-term bonds payable	3,000,000	—	N/A	Attributable mainly to the Super and Short-term Commercial Papers newly issued and outstanding for the period
Provision	1,526,831	2,549,490	(40.11%)	Attributable mainly to the decrease in contract loss provision for the period
Non-current liabilities due within one year	1,945,551	661,744	194.00%	Attributable mainly to the increase in long-term borrowings due within one year for the period
Bank advances on factored long-term trade receivables	—	195,210	(100.00%)	Attributable mainly to the maturity of factored long-term receivables for the period
Deferred income	3,118,259	2,322,076	34.29%	Attributable mainly to the increase in deferred income received but not yet qualified for recognition for the period
Special reserves	67,555	26,553	154.42%	Attributable mainly to the provision of safe production fees with an account balance for the period
Non-controlling interests	523,227	902,036	(41.99%)	Attributable mainly to the profit distribution by certain subsidiaries in which the Group had a higher percentage of shareholding for the period

Income statement

Item	Nine months ended 30 September 2023	Nine months ended 30 September 2022	Change	Analysis of reasons for changes
Taxes and surcharges	966,836	591,392	63.48%	Attributable mainly to the increase in urban construction tax and education surcharge for the period
Finance costs	(887,295)	304,475	(391.42%)	Attributable mainly to the exchange gain due to exchange rate fluctuations for the period versus loss for the same period last year
Investment income	(789,355)	1,121,609	(170.38%)	Attributable mainly to the loss on settlement of derivative contracts for the period versus gain for the same period last year
Gains/(losses) from changes in fair values	(178,657)	(1,120,320)	84.05%	Attributable mainly to the decrease in loss from fair-value change of listed equities held by subsidiary fund partnership enterprises under ZTE Capital for the period
Asset impairment losses (loss indicated by negative value)	(816,540)	(432,481)	88.80%	Attributable mainly to the increase in inventory impairment provision for the period
Gain from asset disposal	20,301	7,602	167.05%	Attributable mainly to the increase in gain from disposal of non-current assets for the period
Non-controlling interests	(84,351)	(129,746)	34.99%	Attributable mainly to the profit reported by certain subsidiaries with a higher level of shareholdings by the Group for the period versus net loss for the same period last year

Item	Nine months ended 30 September 2023	Nine months ended 30 September 2022	Change	Analysis of reasons for changes
Effective portion of hedging instruments	11,500	—	N/A	Attributable mainly to the gain on fair-value remeasurement at the end of period of new hedging instruments for the period
Exchange differences on translation of foreign operations	(58,877)	(31,736)	(85.52%)	Attributable mainly to increase in the Group's loss on translation of statements in foreign currency due to exchange rate fluctuations for the period

Cash Flow Statement

Item	Nine months ended 30 September 2023	Nine months ended 30 September 2022	Change	Analysis of reasons for changes
Net cash flows from operating activities	9,262,015	3,723,015	148.78%	Attributable mainly to the decrease in cash paid for the purchase of goods and labour services for the period
Net cash flows from investing activities	(4,319,503)	(6,968,438)	38.01%	Attributable mainly to the decrease in cash paid for investment for the period
Net cash flows from financing activities	4,217,404	119,102	3,441.00%	Attributable mainly to the increase in net borrowings 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 2023, 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 2023 There were 314,858 shareholders in total (comprising 314,551 holders of A shares and 307 holders of H shares)

Shareholdings of 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)	Type 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 2,038,000 <i>Note 1</i>	A share H share	—	Nil
2. HKSCC Nominees Limited <i>Note 2</i>	Foreign shareholder	15.73%	752,318,170	H share	—	Unknown
3. Hong Kong Securities Clearing Company Limited <i>Note 3</i>	Foreign corporation	3.02%	144,219,006	A share	—	Nil
4. NSF Portfolio #113	Others	0.95%	45,468,889	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. China Merchants Bank Co., Ltd. — Xingquan Herun Hybrid Securities Fund	Others	0.69%	32,919,631	A share	—	Nil
8. Basic Pension Fund Portfolio #802	Others	0.66%	31,500,045	A share	—	Nil
9. Basic Pension Fund Portfolio #15012	Others	0.56%	26,944,000	A share	—	Nil
10. Shenzhen Investment Holding Capital Co., Ltd. — Shenzhen Investment Holding Win-Win Equity Investment Fund Partnership (Limited)	Others	0.45%	21,412,108	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 the 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).

3.2 The Company had no preferential shares.

§ 4 QUARTERLY FINANCIAL STATEMENTS

BALANCE SHEET

RMB in thousands

Asset	30 September 2023		31 December 2022	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Audited)	Company (Audited)
Current assets:				
Cash	66,958,331	48,841,009	56,346,367	38,079,828
Trading financial assets	291,247	24,161	513,784	—
Derivative financial assets	220,132	217,484	132,125	127,765
Trade receivables	17,306,941	27,487,600	17,751,390	29,741,726
Factored trade receivables	11,404	11,404	81,525	82,430
Receivable financing	2,492,888	2,444,427	3,712,142	3,448,350
Prepayments	120,400	11,374	278,724	51,015
Other receivables	1,291,061	27,755,692	1,346,935	32,289,047
Inventories	45,162,529	14,269,683	45,234,990	16,414,551
Contract assets	3,916,776	3,454,718	4,851,066	3,769,504
Other current assets	9,994,461	4,811,721	7,624,795	2,015,773
	147,766,170	129,329,273	137,873,843	126,019,989
Non-current assets:				
Long-term receivables	781,731	3,805,903	2,562,213	5,422,831
Factored long-term receivables	—	—	186,025	191,551
Long-term equity investments	1,840,299	17,868,542	1,754,030	17,342,618
Other non-current financial assets	856,351	662,100	1,028,262	614,422
Investment properties	2,008,977	1,609,500	2,010,627	1,611,000
Fixed assets	12,800,635	5,821,590	12,913,313	5,748,004
Construction in progress	1,006,197	444,578	964,004	549,962
Right-of-use assets	1,120,379	580,882	1,079,521	529,228
Intangible assets	7,105,769	2,649,912	7,341,866	2,912,146
Development costs	2,133,130	224,231	2,584,570	223,784
Deferred tax assets	3,952,456	1,204,775	3,718,544	1,417,731
Other non-current assets	7,685,667	5,347,669	6,936,756	4,668,062
	41,291,591	40,219,682	43,079,731	41,231,339
Total non-current assets	41,291,591	40,219,682	43,079,731	41,231,339
Total assets	189,057,761	169,548,955	180,953,574	167,251,328

Legal Representative:
Li Zixue

Chief Financial Officer:
Li Ying

Head of Finance Division:
Xu Jianrui

RMB in thousands

Liabilities and shareholders' equity	30 September 2023		31 December 2022	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Audited)	Company (Audited)
Current liabilities:				
Short-term loans	8,302,155	3,366,063	9,962,315	5,500,000
Bank advances on factored trade receivables	12,004	12,004	84,550	84,550
Derivative financial liabilities	123,003	101,213	201,717	201,697
Short-term bonds payable	3,000,000	3,000,000	—	—
Bills payable	10,029,814	14,537,223	10,629,852	13,950,730
Trade payables	17,274,994	23,222,862	19,074,746	30,639,060
Contract liabilities	12,958,486	11,246,835	17,699,861	14,273,269
Taxes payable	1,211,403	135,807	1,447,082	172,074
Other payables	3,103,408	8,503,064	2,889,964	6,633,041
Salary and welfare payables	14,529,882	8,378,427	13,222,179	7,345,309
Provisions	1,526,831	922,686	2,549,490	1,891,295
Non-current liabilities due within one year	1,945,551	1,043,796	661,744	148,185
Total current liabilities	74,017,531	74,469,980	78,423,500	80,839,210
Non-current liabilities:				
Long-term loans	39,924,091	34,665,650	35,125,988	30,478,854
Bank advances on factored long-term trade receivables	—	—	195,210	195,210
Lease liabilities	797,086	458,023	788,649	412,934
Provision for retirement benefits	140,479	140,479	144,874	144,874
Deferred income	3,118,259	152,027	2,322,076	107,174
Deferred tax liabilities	79,467	—	87,144	—
Other non-current liabilities	4,185,399	1,707,638	4,322,910	1,883,469
Total non-current liabilities	48,244,781	37,123,817	42,986,851	33,222,515
Total liabilities	122,262,312	111,593,797	121,410,351	114,061,725
Shareholders' equity:				
Share capital	4,783,249	4,783,249	4,736,113	4,736,113
Capital reserves	27,537,787	27,618,677	25,892,832	25,943,902
Other comprehensive income	(2,400,120)	779,664	(2,352,743)	747,247
Surplus reserves	3,029,811	2,368,055	3,029,811	2,368,055
Special reserves	67,555	46,555	26,553	11,044
Retained profits	33,253,940	22,358,958	27,308,621	19,383,242
Total equity attributable to holders of ordinary shares of the parent	66,272,222	57,955,158	58,641,187	53,189,603
Non-controlling interests	523,227	—	902,036	—
Total shareholders' equity	66,795,449	57,955,158	59,543,223	53,189,603
Total liabilities and shareholders' equity	189,057,761	169,548,955	180,953,574	167,251,328

INCOME STATEMENT

RMB in thousands

Item	Nine months ended 30 September 2023		Nine months ended 30 September 2022	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Unaudited)	Company (Unaudited)
1. Operating revenue	89,393,443	97,328,987	92,559,013	90,567,973
Less: Operating costs	50,354,035	78,378,639	57,918,023	74,431,811
Taxes and surcharges	966,836	353,470	591,392	165,915
Selling and distribution costs	6,900,289	4,149,588	6,864,248	3,916,129
Administrative expenses	3,808,210	3,073,800	3,901,599	3,346,594
Research and development costs	19,060,762	5,768,997	16,107,980	4,163,772
Finance costs	(887,295)	(854,278)	304,475	(1,199,339)
Including: Interest expenses	2,537,450	1,722,013	1,478,481	988,604
Interest income	2,980,876	1,994,494	1,749,837	1,318,991
Add: Other income	1,473,568	123,230	1,503,729	260,831
Investment income	(789,355)	(809,578)	1,121,609	261,206
Including: Gains from investment in associates and joint ventures	41,513	23,969	(34,151)	(58,881)
Loss on derecognition of financial assets at amortised cost	(182,223)	(81,591)	(154,532)	(68,366)
Gains/(Losses) from changes in fair values	(178,657)	204,432	(1,120,320)	(242,064)
Credit impairment losses	(383,061)	(208,514)	(396,516)	(469,050)
Asset impairment losses	(816,540)	(582,038)	(432,481)	(227,052)
Gains from asset disposal	20,301	1,570	7,602	4,521
2. Operating profit	<u>8,516,862</u>	<u>5,187,873</u>	<u>7,554,919</u>	<u>5,331,483</u>
Add: Non-operating income	104,889	55,638	145,271	174,533
Less: Non-operating expenses	<u>160,375</u>	<u>44,739</u>	<u>188,604</u>	<u>131,393</u>
3. Total profit	<u>8,461,376</u>	<u>5,198,772</u>	<u>7,511,586</u>	<u>5,374,623</u>
Less: Income tax	<u>704,561</u>	<u>327,207</u>	<u>821,341</u>	<u>221,562</u>

RMB in thousands

Item	Nine months ended 30 September 2023		Nine months ended 30 September 2022	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Unaudited)	Company (Unaudited)
4. Net profit	<u>7,756,815</u>	<u>4,871,565</u>	<u>6,690,245</u>	<u>5,153,061</u>
Analysed by continuity of operations				
Net profit from continuing operations	7,756,815	4,871,565	6,690,245	5,153,061
Analysed by ownership				
Attributable to holders of ordinary shares of the parent	7,841,166	4,871,565	6,819,991	5,153,061
Non-controlling interests	(84,351)	—	(129,746)	—
5. Other comprehensive income, net of tax	(51,452)	32,417	(37,788)	14,225
Other comprehensive income attributable to holders of ordinary shares of the parent, net of tax	(47,377)	32,417	(31,736)	14,225
Other comprehensive income that will be reclassified to profit and loss				
Effective portion of hedging instruments	11,500	11,500	—	—
Exchange differences on translation of foreign operations	(58,877)	20,917	(31,736)	14,225
	<u>(47,377)</u>	<u>32,417</u>	<u>(31,736)</u>	<u>14,225</u>
Other comprehensive income item net of tax	<u>(47,377)</u>	<u>32,417</u>	<u>(31,736)</u>	<u>14,225</u>
Other comprehensive income attributable to non-controlling interests, net of tax	<u>(4,075)</u>	<u>—</u>	<u>(6,052)</u>	<u>—</u>
6. Total comprehensive income	<u>7,705,363</u>	<u>4,903,982</u>	<u>6,652,457</u>	<u>5,167,286</u>
Attributable to holders of ordinary shares of the parent	7,793,789	4,903,982	6,788,255	5,167,286
Attributable to non-controlling interests	(88,426)	—	(135,798)	—
7. Earnings per share				
(1) Basic earnings per share	RMB1.65		RMB1.44	
(2) Diluted earnings per share	RMB1.65		RMB1.44	

RMB in thousands

Item	Three months ended 30 September 2023		Three months ended 30 September 2022	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Unaudited)	Company (Unaudited)
1. Operating revenue	28,688,649	31,287,361	32,740,713	34,661,675
Less: Operating costs	15,884,825	25,448,202	20,255,129	26,756,460
Taxes and surcharges	283,447	53,979	203,985	58,488
Selling and distribution costs	2,284,052	1,596,310	2,440,700	1,433,514
Administrative expenses	1,292,439	1,084,017	1,368,903	1,182,175
Research and development costs	6,269,730	2,233,079	5,956,480	2,228,628
Finance costs	(73,543)	(44,612)	730	(710,569)
Including: Interest expenses	888,837	558,475	528,901	363,795
Interest income	1,141,175	694,962	608,350	447,380
Add: Other income	479,651	69,581	602,143	178,423
Investment income	(325,098)	(385,534)	450,386	176,081
Including: Gains from investment in associates and joint ventures	(33,854)	(51,043)	22,413	(5,428)
Loss on derecognition of financial assets at amortised cost	(75,443)	(39,083)	(46,367)	(15,568)
Gains/(Losses) from changes in fair values	252,333	378,198	(728,086)	(271,108)
Credit impairment losses	(204,893)	(104,835)	(279,604)	(320,337)
Asset impairment losses	(539,394)	(193,698)	(271,710)	(94,514)
Gains from asset disposal	3,839	(2)	—	—
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2. Operating profit	<u>2,414,137</u>	<u>680,096</u>	<u>2,287,915</u>	<u>3,381,524</u>
Add: Non-operating income	29,286	8,565	45,958	106,479
Less: Non-operating expenses	41,385	8,826	33,996	91,031
	<hr/>	<hr/>	<hr/>	<hr/>
3. Total profit	<u>2,402,038</u>	<u>679,835</u>	<u>2,299,877</u>	<u>3,396,972</u>
Less: Income tax	37,475	(14,912)	156,284	212,310
	<hr/>	<hr/>	<hr/>	<hr/>
4. Net profit	<u><u>2,364,563</u></u>	<u><u>694,747</u></u>	<u><u>2,143,593</u></u>	<u><u>3,184,662</u></u>
Analysed by continuity of operations				
Net profit from continuing operations	2,364,563	694,747	2,143,593	3,184,662
Analysed by ownership				
Attributable to holders of ordinary shares of the parent	2,369,013	694,747	2,254,165	3,184,662
Non-controlling interests	(4,450)	—	(110,572)	—

RMB in thousands

Item	Three months ended 30 September 2023		Three months ended 30 September 2022	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Unaudited)	Company (Unaudited)
5. Other comprehensive income, net of tax	(21)	7,564	(33,331)	10,891
Other comprehensive income attributable to holders of ordinary shares of the parent, net of tax	780	7,564	(29,090)	10,891
Other comprehensive income that will be reclassified to profit or loss				
Effective portion of hedging instruments	2,055	2,055	—	—
Exchange differences on translation of foreign operations	(1,275)	5,509	(29,090)	10,891
	780	7,564	(29,090)	10,891
	780	7,564	(29,090)	10,891
Other comprehensive income item net of tax	780	7,564	(29,090)	10,891
Other comprehensive income attributable to non-controlling interests, net of tax	(801)	—	(4,241)	—
6. Total comprehensive income	2,364,542	702,311	2,110,262	3,195,553
Attributable to holders of ordinary shares of the parent	2,369,793	702,311	2,225,075	3,195,553
Attributable to non-controlling interests	(5,251)	—	(114,813)	—
7. Earnings per share				
(1) Basic earnings per share	RMB0.5		RMB0.48	
(2) Diluted earnings per share	RMB0.5		RMB0.48	

CASH FLOW STATEMENT

RMB in thousands

Item	Nine months ended 30 September 2023		Nine months ended 30 September 2022	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Unaudited)	Company (Unaudited)
1. Cash flows from operating activities				
Cash received from sale of goods or rendering of services	93,639,500	107,161,301	100,718,594	97,910,261
Refunds of taxes	3,757,918	2,289,164	5,675,199	1,833,588
Cash received relating to other operating activities	8,770,460	1,751,319	3,745,489	1,574,761
Sub-total of cash inflows	106,167,878	111,201,784	110,139,282	101,318,610
Cash paid for goods and services	55,482,407	93,837,839	73,042,774	87,279,196
Cash paid to and on behalf of employees	22,854,587	7,048,589	20,457,259	6,283,414
Cash paid for various types of taxes	6,280,905	1,023,542	6,222,220	1,130,155
Cash paid relating to other operating activities	12,287,964	5,466,241	6,694,014	4,917,196
Sub-total of cash outflows	96,905,863	107,376,211	106,416,267	99,609,961
Net cash flows from operating activities	9,262,015	3,825,573	3,723,015	1,708,649
2. Cash flows from investing activities				
Cash received from sale of investments	7,133,946	4,928,609	6,465,791	5,018,298
Cash received from return on investment	918,908	3,371,106	778,943	7,299,057
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	97,658	45,333	16,152	427,485
Net cash received from the disposal of subsidiaries and other operating units	32,000	—	89,100	—
Cash received relating to other investing activities	—	1,642,385	—	255,175
Sub-total of cash inflows	8,182,512	9,987,433	7,349,986	13,000,015
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,940,824	1,275,113	3,631,550	1,670,483
Cash paid for acquisition of investments	9,560,986	7,444,068	10,613,686	12,977,924
Cash paid relating to other investing activities	205	311,621	73,188	3,810,319
Sub-total of cash outflows	12,502,015	9,030,802	14,318,424	18,458,726
Net cash flows from investing activities	(4,319,503)	956,631	(6,968,438)	(5,458,711)

Item	<i>RMB in thousands</i>			
	Nine months ended 30 September 2023		Nine months ended 30 September 2022	
	Consolidated (Unaudited)	Company (Unaudited)	Consolidated (Unaudited)	Company (Unaudited)
3. Cash flows from financing activities				
Cash received from investments	1,655,725	1,622,733	146,231	109,583
Including: Capital injection into subsidiaries by minority shareholders	33,000	—	36,650	—
Cash received from borrowings	205,888,085	104,302,544	102,088,001	73,135,835
Cash received relating to other financing activities	1,900	24,217	—	3,030,670
Sub-total of cash inflows	<u>207,545,710</u>	<u>105,949,494</u>	<u>102,234,232</u>	<u>76,276,088</u>
Cash repayment of borrowings	198,872,089	98,023,762	98,531,365	62,261,367
Cash payments for distribution of dividends or for interest expenses	4,153,120	3,175,020	3,303,792	2,289,240
Including: Distribution of dividends and profits by subsidiaries to minority shareholders	385,875	—	475,023	—
Cash paid relating to other financing activities	303,097	137,176	279,973	3,186,823
Sub-total of cash outflows	<u>203,328,306</u>	<u>101,335,958</u>	<u>102,115,130</u>	<u>67,737,430</u>
Net cash flows from financing activities	<u>4,217,404</u>	<u>4,613,536</u>	<u>119,102</u>	<u>8,538,658</u>
4. Effect of changes in foreign exchange rate on cash and cash equivalents	<u>268,452</u>	<u>94,190</u>	<u>355,049</u>	<u>154,287</u>
5. Net increase in cash and cash equivalents	<u>9,428,368</u>	<u>9,489,930</u>	<u>(2,771,272)</u>	<u>4,942,883</u>
Add: cash and cash equivalents at the beginning of the period	<u>47,071,729</u>	<u>30,896,841</u>	<u>39,070,583</u>	<u>17,381,816</u>
6. Net balance of cash and cash equivalents at the end of the period	<u>56,500,097</u>	<u>40,386,771</u>	<u>36,299,311</u>	<u>22,324,699</u>

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
23 October 2023

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, Li Buqing, Zhu Weimin, Fang Rong; and three independent non-executive directors, Cai Manli, Gordon Ng, Zhuang Jiansheng.