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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)

**Overseas Regulatory Announcement
Announcement on Third-party Guarantee**

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 announcement.

I. Brief description of the guarantee

(I) Guarantees to be provided for ZTE Indonesia by the Company

(i) In 2021, PT. ZTE INDONESIA (“ZTE Indonesia”), the wholly-owned subsidiary of ZTE Corporation (“ZTE” or the “Company”), has proposed to enter into the “New Telkomsel Ultimate Radio Solution Rollout Agreement” and “New Telkomsel Radio Ultimate Solution Technical Support Agreement” with PT. Telekomunikasi Selular (“Telkomsel”), a mobile carrier of Indonesia, pursuant to which ZTE Indonesia has proposed to provide wireless network construction and technical support services to Telkomsel.

(ii) In 2018, ZTE Indonesia entered into the “Ultimate Radio Network Infrastructure Rollout Agreement” and “Ultimate Radio Network Infrastructure Technical Support Agreement” with Telkomsel, pursuant to which ZTE Indonesia provided 4G network construction and maintenance services to Telkomsel.

The “New Telkomsel Ultimate Radio Solution Rollout Agreement” and “Ultimate Radio Network Infrastructure Rollout Agreement” mentioned in (i) and (ii) are collectively called the “Equipment Purchase Contract”. The “New Telkomsel Radio Ultimate Solution Technical Support Agreement” and “Ultimate Radio Network Infrastructure Technical Support Agreement” mentioned in (i) and (ii) are collectively called the “Technical Support Contract”.

The Company has proposed to provide joint-liability guarantee in respect of the performance obligations of ZTE Indonesia under the Equipment Purchase Contract and the Technical

Support Contract for an amount of USD40 million, with a term commencing on the date of issuance of a letter of guarantee by the Company and ending on the date on which the performance obligations of ZTE Indonesia under the “Equipment Purchase Contract” and the “Technical Support Contract” are completed in full (“Guarantee by Assurance”).

At the same time, the Company has proposed to apply to the relevant bank for the issuance of a bank letter of guarantee to provide guarantee with an amount of IDR400 billion (equivalent to approximately USD28.36 million) in respect of the performance obligations of ZTE Indonesia under the Equipment Purchase Contract” and the “Technical Support Contract”, effective from the date of issuance of the bank letter of guarantee for a period of 3 years and 6 months or until the date on which the performance obligations of ZTE Indonesia under the “Equipment Purchase Contract” and the “Technical Support Contract” are completed in full, whichever is later (“Guarantee Letter”).

(II) Consideration Procedure

The aforesaid guarantee in (I) was considered and approved at the Thirty-second Meeting of the Eighth Session of the Board of Directors of the Company held on 10 February 2021. As the gearing ratio of ZTE Indonesia exceeds 70%, the aforesaid guarantee is required to be submitted to the general meeting of the Company for consideration in accordance with requirements of relevant laws and regulations and the Articles of Association of ZTE Corporation.

(III) Other Descriptions

(i) As ZTE Indonesia is a wholly-owned subsidiary of ZTE, ZTE Indonesia has not provided any counter-guarantee in favour of ZTE in respect of the aforesaid guarantee in (I).

(ii) The Company had provided joint-liability guarantee and applied to the bank for the issuance of a bank letter of guarantee in respect of the performance obligations under the “Ultimate Radio Network Infrastructure Rollout Agreement” and “Ultimate Radio Network Infrastructure Technical Support Agreement” signed by ZTE Indonesia in 2018 (for details, please refer to the “Overseas Regulatory Announcement Announcement on Third-party Guarantee” published by the Company on 15 October 2018). After the aforesaid guarantee in (I) takes effect and the guarantee documents are provided to Telkomsel, the guarantee described in the “Overseas Regulatory Announcement Announcement on Third-party Guarantee” published by the Company on 15 October 2018 will be invalid accordingly.

II. Information on the guaranteed party

1. Name: PT. ZTE INDONESIA
2. Date of incorporation: 23 June 2004
3. Place of registration: Jakarta, Indonesia
4. Authorised representatives: Liang Weiqi (梁瑋琦), Zhang Yafei(張亞飛), Yang Zhiwei(楊志偉)
5. Registered capital: IDR20.4 billion (equivalent to approximately USD1.45 million)

6. Scope of business: Sales of systems, software and services; project installation, repair and maintenance and technical support.

7. Relationship with the Company: ZTE Indonesia is a wholly-owned subsidiary of the Company, held as to 99.9952% by ZTE (H.K.) Limited and 0.0048% by ZTE Cooperatief U.A, wholly-owned subsidiaries of ZTE.

8. Operating and financial conditions

Item	Year ended 31 December 2020 ^{Note 1} (Unaudited)		Year ended 31 December 2019 ^{Note 2} (Audited)	
	(IDR '0000)	(CNY '0000)	(IDR '0000)	(CNY '0000)
Operating revenue	666,579,328.28	308,143.61	519,963,188.68	261,197.47
Total profit	-142,963.10	-66.09	-3,424,651.63	-1,720.33
Net profit	9,732,368.26	4,499.04	-16,828,982.68	-8,453.84
Item	31 December 2020 ^{Note 1} (Unaudited)		31 December 2019 ^{Note 2} (Audited)	
	(IDR '0000)	(CNY '0000)	(IDR '0000)	(CNY '0000)
Total assets	647,125,084.60	299,150.38	785,726,501.20	394,700.58
Total liabilities	699,037,037.98	323,148.02	847,370,822.85	425,666.89
Net assets	-51,911,953.38	-23,997.64	-61,644,321.65	-30,966.31
Gearing ratio	108.0%		107.8%	

Note 1: Based on the Company's foreign currency statement book exchange rate (RMB1: IDR2,163.21) on 31 December 2020.

Note 2: Based on the Company's foreign currency statement book exchange rate (RMB1: IDR1,990.69) on 31 December 2019.

9. ZTE Indonesia is not a discredited party subject to enforcement.

III. Principal terms of the guarantee

ZTE has proposed to provide joint-liability guarantee in respect of ZTE Indonesia's performance of obligations under the "Equipment Purchase Contract" and the "Technical Support Contract" and to apply to the relevant bank for a bank letter of guarantee.

1. Guarantor: ZTE

2. Guarantee: ZTE Indonesia

3. Amount guaranteed: (1) Guarantee by Assurance: USD40 million; (2) Guarantee Letter: IDR400 billion (equivalent to approximately USD28.36 million).

4. Term of guarantee: (1) Guarantee by Assurance: commencing on the date of issuance of a letter of guarantee by the Company and ending on the date on which the performance obligations of ZTE Indonesia under the "Equipment Purchase Contract" and the "Technical Support Contract" are completed in full; (2) Guarantee Letter: effective from the date of issuance of the bank letter of guarantee for a period of 3 years and 6 months or until the date on which the performance obligations of ZTE Indonesia under the "Equipment Purchase Contract" and the "Technical Support Contract" are completed in full, whichever is later.

5. Type of guarantee: joint liability

6. Counter-guarantee: As ZTE Indonesia is a wholly-owned subsidiary of ZTE, ZTE Indonesia has not provided any counter-guarantees in favour of ZTE in respect of the aforesaid guarantee.

IV. Opinion of the Board of Directors and Independent Non-executive Directors

The aforesaid guarantee is conducive to the business development and ongoing operation of ZTE Indonesia and will generate reasonable returns for the Company and facilitate its overseas business expansion. The risk of providing guarantees for ZTE Indonesia, a wholly-owned subsidiary of the Company, is under control.

The Independent Non-executive Directors of the Company are of the view that the aforesaid guarantee is in compliance with the “Notice on Regulating Third-party Guarantees of Listed Companies (Zhengjianfa [2005] No. 120)” and the Articles of Association of ZTE Corporation, and the decision making procedures have been legal and valid.

V. Cumulative amount of outstanding third-party guarantees and overdue guarantees of the Company

Following the provision of the said guarantee, the total amount of third-party guarantees approved by the Company and its subsidiaries is approximately RMB9,019,784,000. The balance of the aggregate amount of third-party guarantees provided by the Company and its subsidiaries is approximately RMB3,445,826,200, representing 11.95% of the owners’ equity attributable to holders of ordinary shares of the listed company set out in the audited consolidated accounting statement of the Company as at 31 December 2019. The balance of the aggregate amount of guarantees provided by the Company and its subsidiaries to parties not reported in the consolidated statements is approximately RMB21,019,300, representing 0.07% of the owners’ equity attributable to holders of ordinary shares of the listed company set out in the audited consolidated accounting statement of the Company as at 31 December 2019. The aforesaid guarantees are in compliance with relevant provisions of CSRC. There are no guarantees provided in violation of relevant regulations.

The Company has no overdue guarantees and no guarantees is subject to litigation.

VI. Opinion of the Sponsor

China Securities Co., Ltd. (“China Securities”), the sponsor, is of the view that:

The provision of performance guarantee by ZTE for ZTE Indonesia is conducive to the business development and ongoing operation of ZTE Indonesia and will generate reasonable returns for the Company and facilitate its overseas business expansion. Hence it is in the interest of the Company as a whole. The matter has been considered and passed at the Thirty-second Meeting of the Eighth Session of the Board of Directors of the Company and an independent opinion has been furnished by the Independent Non-executive Directors. The matter is subject to consideration by the general meeting, and the relevant procedures are in compliance with the requirements of pertinent regulations including the “Notice on the Regulation of Third-party Guarantees Provided by Listed Companies”, “Rules Governing the Listing of Stocks on Shenzhen Stock Exchange”, “Shenzhen Stock Exchange Guide to the Regulated Operation of Listed Companies” and “Articles of Association of ZTE Corporation”, among others. China Securities has no disagreement to the provision of performance

guarantee by ZTE for ZTE Indonesia, the wholly-owned subsidiary.

VII. List of documents available for inspection

1. Resolutions of the Thirty-second Meeting of the Eighth Session of the Board of Directors of the Company
2. Opinion of the Independent Non-executive Directors
3. The opinion on the provision of third-party guarantee by ZTE Corporation furnished by China Securities Co., Ltd.

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
18 February 2021

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.