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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 the Provision of Guarantee Between Subsidiaries**

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 information disclosure.

I. Overview of the guarantee

To meet the actual requirements of day-to-day operations and business development, NETAŞ TELEKOMÜNİKASYON A.Ş. (“Netaş”), a subsidiary of ZTE Corporation (“ZTE” or the “Company”) listed in Turkey, and its subsidiaries have proposed the reciprocal provision of joint-liability guarantee in respect of composite credit facilities sought from financial institutions for an amount of not more than USD120 million. The guaranteed parties shall apply to financial institutions for credit facilities such as, among others, loans, guarantee letters and reverse supply-chain financing.

The guarantee amounts among Netaş and its subsidiaries are set out in the following:

Guarantor	Guaranteed party	Equity relationship between guarantor and guaranteed party	Gearing ratio of guaranteed party for the latest financial period	Limit of guarantee amount (USD100 million)	Limit of guarantee amount as a percentage of listed company's audited owners' equity attributable to holders of ordinary shares of listed company for the latest financial period ^{Note}	Whether a connected guarantee
Netaş and BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret. A.Ş. (“BDH”)	Netaş Bilişim Teknolojileri A.Ş (“Netaş Bilişim”)	Netaş directly holds 100% equity interests in Netaş Bilişim; Netaş Bilişim directly holds	90.58%	0.65	0.96%	No

		100% equity interests in BDH				
Netaş and Netaş Bilişim	BDH	Netaş indirectly holds 100% equity interests in BDH; Netaş Bilişim directly holds 100% equity interests in BDH	81.10%	0.15	0.22%	No
Netaş Bilişim	Netaş	Netaş directly holds 100% equity interests in Netaş Bilişim	79.78%	0.3	0.44%	No
Netaş	Netas Telecom Limited Liability Partnership (“Netas Kazakhstan”)	Netaş directly holds 100% equity interests in Netaş Kazakhstan	91.97%	0.1	0.15%	No

Note: Based on the exchange rate of USD1: 6.3918RMB of the Company’s statements denominated in foreign currencies as at 31 October 2021.

The aforesaid matter has been considered and passed at the Forty-third Meeting of the Eighth Session of the Board of Directors of the Company held on 16 December 2021. The guarantee amount may be applied on a revolving basis for an effective period commencing on 1 January 2022 and ending on 31 December 2022.

II. Information on the guaranteed party

(I) NETAŞ TELEKOMÜNİKASYON A.Ş.

1. Name of the guaranteed party: NETAŞ TELEKOMÜNİKASYON A.Ş.
2. Date of incorporation: 3 March 1967
3. Registered address: Yenisehir Mah. Osmanli Bulvari No: 11 34912 Kurtkoy-Pendik / Ist, Istanbul
4. Authorised representative: AiGuang Peng, Şuay Alpay, Ali Zülfü Tigrel, Bowen Mei, Minzhongxia Ding, Ming Li, Özer Karabulut
5. Registered capital: TRY64,864,800
6. Scope of business: manufacturing and sales of telecommunication equipment; project installation, technical support and maintenance services; IT outsourcing services; project delivery and related services.
7. Relationship with the guarantor: Netaş directly holds 100% equity interests in Netaş Bilişim.
8. Key financial data:

Key financial indicator	In ten thousands			
	Year ended 31 December 2020 ^{Note 1}		Ten months ended 31 October 2021 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent

Operating revenue	24,728	161,235	20,049	128,150
Total profit	(984)	(6,416)	(2,292)	(14,651)
Net profit	(1,012)	(6,599)	(1,961)	(12,534)
Key financial indicator	31 December 2020 ^{Note 1}		31 October 2021 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Total assets	32,846	214,172	29,089	185,930
Total liabilities	24,866	162,139	23,206	148,325
Net assets	7,980	52,033	5,883	37,605
Gearing ratio	75.71%		79.78%	

Note 1: Based on the exchange rate of USD1: 6.5204RMB of the Company's statements denominated in foreign currencies as at 31 December 2020;

Note 2: Based on the exchange rate of USD1: 6.3918RMB of the Company's statements denominated in foreign currencies as at 31 October 2021.

(II) Netaş Bilişim Teknolojileri A.Ş.

1. Name of the guaranteed party: Netaş Bilişim Teknolojileri A.Ş.
2. Date of incorporation: 9 August 1989
3. Registered address: Orhanlı Mahallesi, İrfan Caddesi, No: 28, Tuzla, İstanbul
4. Authorised representative: Sinan Dumlu, Alper Acindi, Borgehan Koksall
5. Registered capital: TRY11,000,000
6. Scope of business: engineering work, construction, consultation and other servicing operations, such as production and installation of computer software and hardware, data processing and production of communication and multi-media products.
7. Relationship with the guarantor: Netaş directly holds 100% equity interests in Netaş Bilişim; Netaş Bilişim directly holds 100% equity interests in BDH.
8. Key financial data:

Key financial indicator	In ten thousands			
	Year ended 31 December 2020 ^{Note 1}		Ten months ended 31 October 2021 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Operating revenue	16,717	109,001	9,902	63,294
Total profit	514	3,353	215	1,374
Net profit	(205)	(1,338)	165	1,057
Key financial indicator	31 December 2020 ^{Note 1}		31 October 2021 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Total assets	9,010	58,748	6,168	39,423
Total liabilities	8,566	55,853	5,587	35,708
Net assets	444	2,895	581	3,715
Gearing ratio	95.07%		90.58%	

Note 1: Based on the exchange rate of USD1: 6.5204RMB of the Company's statements denominated in foreign

currencies as at 31 December 2020;

Note 2: Based on the exchange rate of USD1: 6.3918RMB of the Company's statements denominated in foreign currencies as at 31 October 2021.

(III) BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret. A.Ş.

1. Name of the guaranteed party: BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret. A.Ş.
2. Date of incorporation: 23 February 2006
3. Registered address: Otakcılar Cad. No.78 Kat.-1 Zemin-1. Kat D Blok No.70 Eyup, Istanbul
4. Authorised representative: Sinan Dumlu, Alper Acindi, Borgehan Koksak
5. Registered capital: TRY11,600,000
6. Scope of business: engineering work, construction, consultation and other servicing operations, such as production and installation of computer software and hardware, and data processing, mobile phone refurbishment and production of communication and multi-media products
7. Relationship with the guarantor: Netaş indirectly holds 100% equity interests in BDH; Netaş Bilişim directly holds 100% equity interests in BDH.

8. Key financial data:

In ten thousands

Key financial indicator	Year ended 31 December 2020 ^{Note 1}		Ten months ended 31 October 2021 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Operating revenue	4,975	32,439	4,178	26,702
Total profit	324	2,112	(169)	(1,082)
Net profit	148	964	(146)	(933)
Key financial indicator	31 December 2020 ^{Note 1}		31 October 2021 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Total assets	2,496	16,278	2,401	15,348
Total liabilities	1,876	12,235	1,923	12,294
Net assets	620	4,043	478	3,054
Gearing ratio	75.16%		80.10%	

Note 1: Based on the exchange rate of USD1: 6.5204RMB of the Company's statements denominated in foreign currencies as at 31 December 2020;

Note 2: Based on the exchange rate of USD1: 6.3918RMB of the Company's statements denominated in foreign currencies as at 31 October 2021.

(IV) Netas Telecom Limited Liability Partnership

1. Name of the guaranteed party: Netas Telecom Limited Liability Partnership
2. Date of incorporation: 25 June 2012

3. Registered address: Ken Dala Business Center, 9th Floor Block A, 38 Dostyk Ave., Almaty / Kazakhstan

4. Authorised representative: Zeki Yagci; Country Manager, Kazakhstan

5. Registered capital: KZT161,800

6. Scope of business: Telecommunication equipment manufacturing and sales and leasing, project installation, technical support, computing solutions, integration and operation services.

7. Relationship with the guarantor: Netaş directly holds 100% equity interests in Netas Kazakhstan.

8. Key financial data:

Key financial indicator	Year ended 31 December 2020 ^{Note 1}		Ten months ended 31 October 2021 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Operating revenue	1,567	10,220	359	2,293
Total profit	56	368	(10)	(65)
Net profit	56	366	(11)	(68)
Key financial indicator	31 December 2020 ^{Note 1}		31 October 2021 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Total assets	1,077	7,022	123	786
Total liabilities	848	5,529	113	722
Net assets	229	1,493	10	64
Gearing ratio	78.74%		91.97%	

Note 1: Based on the exchange rate of USD1: 6.5204RMB of the Company's statements denominated in foreign currencies as at 31 December 2020;

Note 2: Based on the exchange rate of USD1: 6.3918RMB of the Company's statements denominated in foreign currencies as at 31 October 2021.

None of the aforesaid guaranteed parties are included by PRC courts in the list of discredited parties subject to enforcement.

III. Principal terms of the guarantee

1. Subject matter of guarantee: To meet the actual requirements of day-to-day operations and business development, Netaş and its subsidiaries have proposed the reciprocal provision of joint-liability guarantee in respect of composite credit facilities sought from financial institutions for an amount of not more than USD120 million. The guaranteed parties shall apply to financial institutions for credit facilities such as, among others, loans, guarantee letters and reverse supply-chain financing.

2. Type of guarantee: joint-liability guarantee

3. Amount and term of guarantee: the actual amount and term of guarantee shall be confirmed

by Netaş and its subsidiaries based on negotiations with the financial institutions and actual conditions, subject to the authorised limit of guarantee.

4. Counter-guarantee: The guaranteed parties are companies reported in the consolidated statements of Netaş and subsidiaries reported in the consolidated statements of ZTE, and have not provided counter-guarantees.

IV. Opinion of the Board of Directors

The aforesaid guarantee is conducive to the business development and ongoing operation of Netaş and its subsidiaries. Given that the guaranteed parties are companies reported in the consolidated statements of Netaş and subsidiaries reported in the consolidated statements of ZTE, no counter-guarantee is provided. The risk of the aforesaid guarantee is under control.

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 RMB10,060,118,500. The actual balance of the aggregate amount of third-party guarantees provided by the Company and its subsidiaries is approximately RMB4,849,982,800, representing 11.20% 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 2020. 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 0.05% 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 2020. 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 or guarantees subject to litigation.

VI. List of documents available for inspection

Resolutions of the Forty-third Meeting of the Eighth Session of the Board of Directors of the Company

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
16 December 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.