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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 announcement is true, accurate and complete and that there is no false and misleading statement or material omission in this announcement.

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 USD150 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	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	84.64%	0.9	2.09%	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	70.50%	0.2	0.47%	No
Netaş Bilişim	Netaş	Netaş directly holds 100% equity interests in Netaş Bilişim	69.67%	0.3	0.70%	No
Netaş	Netas Telecom Limited Liability Partnership (“Netas Kazakhstan”)	Netaş directly holds 100% equity interests in Netaş Kazakhstan	78.26%	0.1	0.23%	No

Based on the exchange rate of USD1: 6.705RMB of the Company’s statements denominated in foreign currencies as at 31 October 2020.

The aforesaid matter has been considered and passed at the Twenty-ninth Meeting of the Eighth Session of the Board of Directors of the Company held on 21 December 2020. The guarantee amount may be applied on a revolving basis for an effective period commencing on 1 January 2021 and ending on 31 December 2021.

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, Xiangyang Jiang, Minzhongxia Ding, Ming Li, Özer Karabulut, Cemil Müjdat Altay, Mehmet İlker Çalışkan, Adalet Yasemin Akad, Kamil Orman, Emre Şehsuvaroğlu
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:

In ten thousands

Key financial indicator	2019 ^{Note 1}		October 2020 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Operating revenue	23,412	163,486	18,276	122,541
Total profit	-3,143	-21,948	-378	-2,534
Net profit	-2,624	-18,323	-80	-536
Key financial indicator	31 December 2019 ^{Note 1}		31 October 2020 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Total assets	33,773	235,837	29,285	196,356
Total liabilities	24,746	172,801	20,402	136,795
Net assets	9,027	63,036	8,883	59,561
Gearing ratio	73.27%		74.08%	

Note 1: Based on the exchange rate of USD1: 6.983RMB of the Company's statements denominated in foreign currencies as at 31 December 2019;

Note 2: Based on the exchange rate of USD1: 6.705RMB of the Company's statements denominated in foreign currencies as at 31 October 2020.

(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: Cemil Müjdat Altay, Mehmet İlker Çalışkan, Adalet Yasemin Akad

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, and production of data processing, 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	2019 ^{Note 1}		October 2020 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Operating revenue	13,543	94,571	2,496	17,479
Total profit	1,226	8,561	639	4,284
Net profit	-1,112	-7,765	183	1,281
Key financial indicator	31 December 2019 ^{Note 1}		31 October 2020 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Total assets	10,020	69,970	8,676	58,173
Total liabilities	11,953	83,468	7,343	49,235
Net assets	-1,933	-13,498	1,333	8,938
Gearing ratio	119.29%		117.26%	

In ten thousands

Note 1: Based on the exchange rate of USD1: 6.983RMB of the Company's statements denominated in foreign currencies as at 31 December 2019;

Note 2: Based on the exchange rate of USD1: 6.705RMB of the Company's statements denominated in foreign currencies as at 31 October 2020

(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: Otakçılar Cad. No.78 Kat.-1 Zemin-1. Kat D Blok No.70 Eyup, Istanbul

4. Authorised representative: Cemil Müjdat Altay, Mehmet İlker Çalışkan, Adalet Yasemin Akad, Hakkı Koray Otyam, Melih Taner Güner, Teoman Bahadır, Murat Baran Korukluoğlu

5. Registered capital: TRY5,800,000

6. Scope of business: engineering work, construction, consultation and other servicing operations, such as production and installation of computer software and hardware, and production of data processing, 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:

Key financial indicator	In ten thousands			
	2019 ^{Note 1}		October 2020 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Operating revenue	5,044	35,222	3,625	24,306
Total profit	-370	-2,584	225	1,509
Net profit	-287	-2,004	208	1,395
Key financial indicator	31 December 2019 ^{Note 1}		31 October 2020 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
	Total assets	1,717	11,990	2,319
Total liabilities	1,060	7,402	1,635	10,963
Net assets	657	4,588	684	4,586
Gearing ratio	61.73%		55.34%	

Note 1: Based on the exchange rate of USD1: 6.983RMB of the Company's statements denominated in foreign currencies as at 31 December 2019;

Note 2: Based on the exchange rate of USD1: 6.705RMB of the Company's statements denominated in foreign currencies as at 31 October 2020.

(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:

In ten thousands

Key financial indicator	2019 ^{Note 1}		October 2020 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Operating revenue	96	670	181	1,214
Total profit	-13	-91	2	13
Net profit	-15	-105	2	13
Key financial indicator	31 December 2019 ^{Note 1}		31 October 2020 ^{Note 2}	
	USD	RMB equivalent	USD	RMB equivalent
Total assets	102	712	115	771
Total liabilities	71	496	90	603
Net assets	31	216	25	168
Gearing ratio	69.61%		78.26%	

Note 1: Based on the exchange rate of USD1: 6.983RMB of the Company's statements denominated in foreign currencies as at 31 December 2019;

Note 2: Based on the exchange rate of USD1: 6.705RMB of the Company's statements denominated in foreign currencies as at 31 October 2020.

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 USD150 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 subsidiaries reported in the consolidated statements of ZTE, 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 balance of the aggregate amount of third-party guarantees provided by the Company and its subsidiaries is approximately RMB4,101,178,500 (of which guarantees provided for subsidiaries by the Company amounted to approximately RMB2,803,642,800), representing 14.23% 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 China Securities Regulatory Commission. 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 Twenty-ninth Meeting of the Eighth Session of the Board of Directors of the Company

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
21 December 2020

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.