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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: 00763)

CONTINUING CONNECTED TRANSACTIONS
PURCHASES OF RAW MATERIALS FROM ZHONGXINGXIN

At the Eighteenth Meeting of the Tenth Session of the Board held on 23 December 2025, the Board approved the terms of the Zhongxingxin Purchase Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for such transactions for the year ending 31 December 2026.

As at the date of this announcement, Zhongxingxin holds approximately 20.09% interest in the Company and is the controlling Shareholder and therefore a connected person of the Company under the Hong Kong Listing Rules. Therefore, the entering into the Zhongxingxin Purchase Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios of the proposed annual caps for the year ending 31 December 2026 of the Zhongxingxin Purchase Framework Agreement exceed 0.1% but are all below 5%, the entering into the Zhongxingxin Purchase Framework Agreement and the proposed annual caps for such transactions for the year ending 31 December 2026 are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Rule 6.3.6, Rule 6.3.7 and other requirements of the Shenzhen Listing Rules, the entering into of the Zhongxingxin Purchase Framework Agreement and the proposed annual caps for such transactions for the year ending 31 December 2026 are exempt from the approval of the independent Shareholders.

1. INTRODUCTION

At the Eighteenth Meeting of the Tenth Session of the Board held on 23 December 2025, the Board approved the terms of the Zhongxingxin Purchase Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for such transactions for the year ending 31 December 2026.

2. PURCHASES OF RAW MATERIALS BY THE GROUP FROM THE ZHONGXINGXIN GROUP

Major terms of Purchase Framework Agreement are listed as follows.

Date

23 December 2025

Contractor
(1) the Company; and
(2) Zhongxingxin.

Term of contract

Commencing on 1 January 2026 and ending on 31 December 2026.

Nature of transactions

The Group has in the ordinary and usual course of its business purchased certain raw materials required for the manufacturing of its products from the Zhongxingxin Group from time to time. These raw materials are in great variety and primarily comprise wiring equipment, optical patch cord, optical cable components, laser component flange, opto-isolator, cabinet, cabinet accessories, antenna rod, metal alloy stamp and mould, solar spare parts, flexible printed circuit (FPC), rigid-flexible printed circuit (R-FPC) and components, robot, industrial camera, industrial light source, graphic processing controller, industrial light source controller, LiFePO4 battery, battery accessories which are to be used in different business segments of the Group.

Pricing

In accordance with the terms of the Zhongxingxin Purchase Framework Agreement, members of the Zhongxingxin Group and other potential suppliers must pass the Group's internal qualification procedures based on qualifications, product quality and price in order to become a qualified supplier of the Group. The Group reviews the status of qualified suppliers on an annual basis.

Typically, based on the Group's forecasts for the relevant year, the Group invites at least three qualified suppliers to bid for the supply of each type of raw materials for such year before making purchases. The purchase department and bidding department of the Group will jointly conduct an assessment on the product price, product quality, service quality and qualifications of the qualified suppliers. Qualified suppliers will be selected under a tender based on the seniority of their rankings by assessment score. Depending on the volume of raw materials required by the Group, the Group will select one or more qualified supplier(s), provided that prices quoted by the successful qualified supplier(s) shall not be higher than those quoted by the unsuccessful qualified supplier(s). During the bidding process, the Group should have already determined the types, estimated volumes and prices of raw materials to be purchased from each successful qualified supplier by the Group in the coming year. Successful qualified suppliers will supply raw materials to the Group in the coming year based on the bidding results. The Group will issue purchase orders to the successful qualified suppliers according to the volume and timing of its actual requirements in the ordinary course of business, and the actual purchase volume will generally not exceed the estimated volume determined at the selection. In the event that the actual purchase volume exceeds the estimated volume, the Group will invite new bids in respect of the required volume in excess according to the aforesaid bidding procedure. The Group's bidding procedure is the same for qualified suppliers who are the Group's connected persons and qualified suppliers who are independent third parties, and no special favours will be given to connected persons.

In accordance with the terms of the Zhongxingxin Purchase Framework Agreement, the Group will purchase raw materials from the Zhongxingxin Group during 2026 only if members of the Zhongxingxin Group become qualified suppliers and are selected as successful bidder for the year through the Group's qualification and bidding procedures.

Pursuant to the terms of the Zhongxingxin Purchase Framework Agreement and the bidding results, the Group will enter into definitive agreements with members of the Zhongxingxin Group by way of issuing purchase orders specifying, among other things, product types, agreed quantities and prices, delivery times, places and modes, payment method, package, acceptance, liabilities for breach of

contract, quality specifications, and after-sale service terms. The prices shall be determined in compliance with the pricing policies under the Zhongxingxin Purchase Framework Agreement.

In accordance with the Zhongxingxin Purchase Framework Agreement, the estimated price of the raw materials purchased by the Group from the Zhongxingxin Group is determined by the measurement, level of sophistication, materials used and functional features of the raw materials. The specific price is confirmed when the two parties sign definitive agreements. The estimated prices of raw materials purchased by the Group from the Zhongxingxin Group are as follows: wiring equipment: RMB0.5-5,000 per unit; optical patch cord: RMB0.5-3,000 per unit; optical cable components: RMB0.5-1,000 per piece; laser component flange and opto-isolator: RMB0.1-4,000 per piece; cabinet: RMB1-50,000 per unit; cabinet accessories: RMB1-10,000 per unit; antenna rod: RMB100-2,000 per unit; metal alloy stamp and mould: RMB0.1-500,000 per set; solar spare parts: RMB10-120,000 per set; flexible printed circuit (FPC), rigid-flexible printed circuit (R-FPC) and components: RMB0.5-100 per piece; robot: RMB10,000-300,000 per set; industrial camera: RMB5,000-200,000 per unit; industrial light source: RMB1,000-100,000 per set; graphic processing controller: RMB5,000-150,000 per set; industrial light source controller: RMB500-50,000 per set; LiFePO4 battery: RMB1,000-8,000 per unit; battery accessories: RMB500-1,000 per unit.

Payment Method

The payable of the raw materials purchased by the Group from the Zhongxingxin Group shall be paid off within 210 days after the goods are accepted, and the payment shall be made through commercial acceptance bill.

Historical transaction amounts

The following table sets out the historical transaction amounts of raw materials purchased by the Group from the Zhongxingxin Group for each of the year ended 31 December 2023 and 2024 and the 11 months ended 30 November 2025 and the annual cap for the year ending 31 December 2025:

	For the year ended 31 December 2023 (RMB million) (Excluding VAT)	**For the year ended 31 December 2024 (RMB million) (Excluding VAT)**	**For the 11 months ended 30 November 2025 (RMB million) (Excluding VAT)**	**Annual cap for the year ending 31 December 2025 (RMB million) (Excluding VAT)**
Purchases of raw materials by the Group from the Zhongxingxin Group	268	225	226	400

As far as the Directors are aware, transaction amounts has not exceeded the annual cap for the year ending 31 December 2025 as at the date of this announcement.

Proposed Annual Caps

The Group estimates that the aggregate transaction amounts (excluding VAT) of purchase of raw materials by the Group from the Zhongxingxin Group will not exceed RMB400 million for the year ending 31 December 2026.

The Directors noted a difference amounting to RMB174 million between the actual purchase amounts of raw materials for the 11 months ended 30 November 2025 and the annual cap for the year ending 31 December 2025, mainly because the maximum transaction amount is usually estimated based on the upper limit of the maximum winning bid share, while the actual execution amount is determined

in accordance with the actual winning bid results.

The Directors have determined the proposed annual caps with reference to:

(i) the historical transactions conducted and transaction amounts in respect of purchases of raw materials by the Group from the Zhongxingxin Group for the year ending 31 December 2023, 2024 and for the 11 months ended 30 November 2025;

(ii) historical and current prices of raw materials and potential changes in the future; and

(iii) the Group's expectation of the demand for raw materials from the Zhongxingxin Group in view of business requirements.

Reasons for and benefits of the Zhongxingxin Purchase Framework Agreement

Members of the Zhongxingxin Group have been selected as long-term suppliers after going through the Group's qualification and bidding procedures, as the Zhongxingxin Group has been able to consistently manufacture products to meet the needs of the Group and provide quality products at competitive prices. The Group believes that having reliable and cooperative suppliers is very important for and beneficial to the Group. The purchase of raw materials required by the products of the Group from the Zhongxingxin Group gives assurance to the Group in terms of the quality and timely delivery of such components.

3. INTERNAL CONTROL

The Group has adopted and implemented the following internal procedures to monitor and check the terms of future transactions:

(i) upon selecting the successful bidder who offered the most favourable terms based on the Group's qualification and bidding procedures above, the Group will enter into a framework agreement/contract specifying such terms with the successful bidder accordingly; and

(ii) before issuing any purchase order, it is the duty of the bidding department of the Group to review and compare whether every purchase order issued to that successful bidder is of such terms in accordance with those specified in its relevant framework agreement/contract.

The Directors believe that the Group's qualification and bidding procedures and the "review and compare" measures mentioned above can effectively safeguard that every purchase by the Group from the Zhongxingxin Group under the Zhongxingxin Purchase Framework Agreement is on fair and reasonable terms.

The Directors have confirmed that the qualification and bidding procedures and pricing bases under the Zhongxingxin Purchase Framework Agreement and the internal procedures of the Group can effectively ensure that prices at which the Group conducts purchases from the Zhongxingxin Group are determined after arm's length negotiations and on normal commercial terms without compromising the interests of the Group and the Shareholders as a whole.

4. BOARD APPROVAL

At the Second Independent Non-executive Directors Meeting of the Tenth Session of the Board held on 16 December 2025, all three Independent Non-executive Directors agreed to the aforementioned transactions and consented to submit the continuing connected transaction for deliberation at the Eighteenth meeting of the Tenth Session of the Board.

At the Eighteenth Meeting of the Tenth Session of the Board held on 23 December 2025, the Board

approved the terms of the Zhongxingxin Purchase Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for such transactions for the year ending 31 December 2026.

Mr. Zhu Weimin, a Non-executive Director who is also a director of Zhongxingxin, and Mr. Zhang Hong, a Non-executive Director who is also a supervisor of Zhongxingxin, abstained from voting on the resolutions in respect of the Zhongxingxin Purchase Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the year ending 31 December 2026. Other than as stated above, none of the Directors have a material interest in the Zhongxingxin Purchase Framework Agreement, nor are they required to abstain from voting on the relevant Board resolutions.

The Directors (including the Independent Non-executive Directors) are of the view that the Zhongxingxin Purchase Framework Agreement has been entered into in the ordinary and usual course of business of the Group on normal commercial terms, and such terms and the proposed annual caps for the transactions contemplated under the Zhongxingxin Purchase Framework Agreement for the year ending 31 December 2026 are fair and reasonable and in the interests of the Group and its Shareholders as a whole.

5. GENERAL INFORMATION

The Group is dedicated to the provision of ICT products and solutions that satisfy the needs of customers, integrating design, development, production, sales and services with a special focus on carriers' networks, government and corporate business and consumer business.

As at the date of this announcement, Zhongxingxin holds a 20.09% interest in the Company and is the controlling Shareholder and a connected person of the Company under the Hong Kong Listing Rules. Zhongxingxin is primarily engaged in R&D of machine vision systems integration; design and production of optical instruments, industrial cameras and instruments and high-end mechanical equipment; computer systems integration; R&D, technology development, technology transfer, technical services, technical consultation and import and export of technologies in relation to software, hardware, electronic components and raw materials of computer vision data processing systems; leasing of owned housing properties; industrial investment; import and export business. (Commencement of operation of enterprises requiring prerequisite administrative approvals shall be subject to the obtaining of documents for such prerequisite administrative approvals.)

The four shareholders of Zhongxingxin, the controlling Shareholder of the Company, are Xi'an Microelectronics Technology Research Institute, Shenzhen Aerospace Guangyu Industrial Company Limited, Shenzhen Zhongxing WXT Equipment Company Limited and Zhuhai Guoxing Ruike Investment Centre (Limited Partnership) and each of them held a 34%, 14.5%, 49% and 2.5% stake in Zhongxingxin, respectively. No shareholder of Zhongxingxin has the right to control the financial and operating decisions of the Company. Therefore, the Company does not have any de facto controller and no party has effective control over the Company, whether by way of trust or other asset management.

6. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Zhongxingxin holds approximately 20.09% interest in the Company and is the controlling Shareholder and therefore a connected person of the Company under the Hong Kong Listing Rules. Therefore, the entering into the Zhongxingxin Purchase Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios of the proposed annual caps for the year ending 31 December 2026 of the Zhongxingxin Purchase Framework Agreement exceed 0.1% but are all below 5%, the entering into the Zhongxingxin Purchase Framework Agreement and the proposed annual

caps for such transactions for the year ending 31 December 2026 are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

7. IMPLICATIONS UNDER THE SHENZHEN LISTING RULES

Pursuant to Rule 6.3.6, Rule 6.3.7 and other requirements of the Shenzhen Listing Rules, the entering into the Zhongxingxin Purchase Framework Agreement and the proposed annual caps for such transactions for the year ending 31 December 2026 are exempt from the approval of the independent Shareholders.

8. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the Board of Directors of the Company
"Company"	ZTE Corporation, a company incorporated in the PRC, whose shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange
"Director(s)"	the Director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of PRC
"Shareholder(s)"	shareholder(s) of the Company
"Shenzhen Listing Rules"	Rules Governing Listing of Stocks on Shenzhen Stock Exchange
"VAT"	value added tax
"Zhongxingxin"	中興新通訊有限公司 (Zhongxingxin Telecom Company Limited), a company established under the laws of the PRC with limited liability and the controlling Shareholder
"Zhongxingxin Group"	Zhongxingxin, its subsidiaries and companies whose equity interests are directly or indirectly owned by Zhongxingxin as to 30% or more
"Zhongxingxin Purchase Framework Agreement"	the framework agreement dated 23 December 2025 between the Company and Zhongxingxin in relation to the purchase of raw materials by the Group from the Zhongxingxin Group for the period from 1 January 2026 to 31 December 2026

By Order of the Board
Fang Rong
Chair

Shenzhen, the PRC
23 December 2025

As at the date of this announcement, the Board of Directors of the Company comprises executive director, Xu Ziyang; non-executive directors, Fang Rong, Yan Junwu, Zhu Weimin, Zhang Hong; independent non-executive directors, Zhuang Jiansheng, Wang Qinggang, Tsui Kei Pang; and employee director, Li Miaona.