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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)

Announcement on Third-party Guarantee

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 or misleading statement in or material omission from this announcement.

I. Brief description of the guarantee

P.T. ZTE Indonesia (hereinafter referred to as “ZTE Indonesia”), a wholly-owned subsidiary of ZTE Corporation (hereinafter referred to as “ZTE” or the “Company”) has entered into the “Next Generation Radio Network Infrastructure Rollout Agreement” and “Next Generation Radio Network Infrastructure Technical Support Agreement” (each a three-year contract referred to hereinafter respectively as the “Equipment Purchase Contract” and the “Technical Support Contract”) with P.T. Telekomunikasi Selular (hereinafter referred to as “Telkomsel”), the largest mobile carrier of Indonesia. The two parties will perform their respective rights and obligations in accordance with the aforesaid contracts. ZTE Indonesia will provide system equipment installation, engineering services, system expansion and upgrade, on-site technical support and repair and maintenance services to Telkomsel.

ZTE has proposed to provide joint-liability guarantee (hereinafter referred to as the “Guarantee by Assurance”) in respect of the performance obligations of ZTE Indonesia under the Equipment Purchase Contract and the Technical Support Contract for an amount not exceeding US\$40 million, with a term commencing on the date on which the Guarantee by Assurance Agreement takes effect upon execution and ending on the date on which the

performance of ZTE Indonesia's material obligations under the Equipment Purchase Contract and the Technical Support Contract is completed.

At the same time, ZTE applies to the relevant bank for the issuance of a letter of bank guarantee, under the composite credit facility considered and passed by the Board of Directors, to provide guarantee with a maximum accumulated amount of US\$15 million in respect of the performance obligations of ZTE Indonesia under the Equipment Purchase Contract and Technical Support Contract (hereinafter referred to as the "Guarantee Letter"). The term of guarantee shall commence on the date on which the Guarantee Letter takes effect and ending on 5 March 2017 or the date on which the performance obligations of ZTE Indonesia under the Equipment Purchase Contract and Technical Support Contract are fully completed, whichever is later.

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.

The aforesaid guarantee has been considered and approved at the Ninth Meeting of the Six Session of the Board of Directors of the Company. As ZTE Indonesia has a gearing ratio of over 70%, the matter is required to be tabled at the general meeting of the Company for consideration.

II. Information on the guaranteed party

1. Name: ZTE Indonesia
2. Date of incorporation: June 2004
3. Place of registration: Jakarta, Indonesia
4. Legal representative: Mei Zhonghua (梅中華)
5. Registered capital: US\$2.20 million
6. Scope of business: Sales of systems, software, services and terminals; project installation, repair and maintenance and technical support.

7. Relationship with the Company: ZTE Indonesia is a wholly-owned subsidiary of ZTE, held as to 99.95% by ZTE and 0.05% by ZTE (H.K.) Limited, another wholly-owned subsidiary of ZTE.

8. Operating and financial conditions:

ZTE Indonesia's accounts are denominated in IDR, the currency of Indonesia. Translated at 1IDR=0.00065RMB, the exchange rate adopted in the 2012 Annual Report of ZTE, the operating revenue, total profit and net profit of ZTE Indonesia for 2012 amounted to approximately RMB615.42 million, RMB38.74 million and RMB-56.23 million, respectively. Total assets, total liabilities and net assets of ZTE Indonesia as at 31 December 2012 amounted to RMB652.40 million, RMB726.88 million and RMB-74.48 million, respectively, with a gearing ratio of 111%. Translated at 1IDR=0.00063RMB, the exchange rate adopted in the 2013 Interim Report of ZTE, the operating revenue, total profit and net profit of ZTE Indonesia for the six months ended 30 June 2013 amounted to RMB301.50 million, RMB116.96 million and RMB80.22 million, respectively. Total assets, total liabilities and net assets of ZTE Indonesia as at 30 June 2013 amounted to RMB935.41 million, RMB921.33 million and RMB14.07 million, respectively, with a gearing ratio of 98%.

III. Principal terms of the guarantee

1. Guarantor: ZTE

2. Guarantee: ZTE Indonesia

3. Amount guaranteed: (1) Guarantee by Assurance: In the event of ZTE Indonesia's non-performance of the Equipment Purchase Contract and the Technical Support Contract, ZTE shall perform the Equipment Purchase Contract and the Technical Support Contract on behalf of ZTE Indonesia and guarantee the execution of the contracts for an amount not exceeding US\$40 million; (2) Guarantee Letter: for a maximum accumulated amount of US\$15 million.

4. Term of guarantee: (1) Guarantee by Assurance: commencing on the date on which the Guarantee by Assurance Agreement takes effect upon execution and ending on the date on which the performance of ZTE Indonesia's material obligations under the Equipment Purchase Contract and the Technical Support Contract is completed; (2) Guarantee Letter:

commencing on the date on which the Guarantee Letter takes effect and ending on 5 March 2017 or the date on which the performance obligations of ZTE Indonesia under the Equipment Purchase Contract and Technical Support Contract are fully completed, whichever is later.

5. Type of guarantee: joint liability guarantee

IV. Opinion of the Board of Directors and Independent Directors

1. The Board of Directors approves the provision of performance guarantee by the Company for ZTE Indonesia, with a view to advancing ZTE Indonesia's business development and sustained operation, which is set to generate reasonable investment returns for the Company and enhance its overseas business expansion.

2. ZTE Indonesia is a wholly-owned subsidiary of the Company. The Board of Directors of the Company is of the view that the aforesaid guarantee is conducive to the business development and sustained operation of the ZTE Indonesia, and is therefore in the interests of the Company as a whole.

The Independent Non-executive Directors of the Company are of the view that the aforesaid guarantee is in compliance with relevant provisions of the "Notice regarding the Regulation of Third-party Guarantees made by Listed Companies" (關於規範上市公司對外擔保行為的通知) (Notice [2005] No. 120 of China Securities Regulatory Commission ("CSRC")) and the Articles of Association of ZTE Corporation, and the decision-making procedures are legal and valid.

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

As at the date of this announcement, the aggregate amount of third-party guarantees provided by the Company is approximately RMB6,067.2705 million, representing 28.22% of the net asset value of the Company as set out in the audited consolidated accounting statement of the

Company as at 31 December 2012. The aforesaid guarantees are in compliance with relevant provisions of CSRC.

The Company has no overdue guarantees.

VI. Documents for inspection

1. Guarantee by Assurance Agreement
2. Letter of Guarantee issued by the bank
3. Resolutions of the Ninth Meeting of the Sixth Session of the Board of Directors of the Company duly signed by the attending Directors to give effect to the same
4. Opinion of the Independent Non-executive Directors

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
12 September 2013

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Shi Lirong, Yin Yimin and He Shiyong; six non-executive directors, Hou Weigui, Zhang Jianheng, Xie Weiliang, Wang Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Richard Xike Zhang.