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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 and misleading statement or material omission in this announcement.

I. Brief description of the guarantee

ZTE Corporation (hereinafter referred to as "ZTE" or the "Company") has recently proposed to tender for the Phase II GPON Project of the Ministry of Communications of Kuwait (hereinafter referred to as "GPON Phase II") through Zena Technologies & Telecommunication Systems Co. WLL (hereinafter referred to as "Zena"), the Company's agent in Kuwait. GPON Phase II comprises GPON active / passive equipment, exterior engineering (laying of optical cables) and the provision of maintenance services for a period of 5 years, with a total budget of approximately USD145 million. In the event that the Company makes a successful bid through Zena, a contract will be entered into between the Company as the main contractor and the Ministry of Communications of Kuwait as the owner.

To facilitate its participation in the tender, ZTE proposes to provide a Letter of Guarantee for Tender with an amount of KWD0.82 million (equivalent to approximately USD2.90 million¹) for Zena in respect of the bidding and evaluation process of GPON Phase II, for a term commencing on the date of submission of the tender for GPON Phase II and ending on the date of announcement of the tender award for the project.

¹ According to the international exchange rate prevailing on 30 November 2013, 1KWD=3.540USD.

In respect of the aforesaid guarantee, Zena has provided a counter-guarantee with an amount of USD0.25 million, for a term commencing on the date of submission of the tender for GPON Phase II and ending on the date of announcement of the tender award for the project.

The aforesaid guarantee has been considered and approved at the Twelfth Meeting of the Six Session of the Board of Directors of the Company. According to relevant provisions set out in the Notice regarding Third-party Guarantees Provided by Listed Companies issued by the China Securities Regulatory Commission and the China Banking Regulatory Commission, the Articles of Association of ZTE Corporation and other pertinent regulatory documents, the aforesaid guarantee is not required to be submitted to the general meeting of the Company for consideration.

II. Information on the guaranteed party

1. Name: Zena Technologies & Telecommunication Systems Co. WLL
2. Date of incorporation: April 2010
3. Place of registration: Qibla, Kuwait City, Kuwait
4. Shareholder: Ali Abdullah Abdul Aziz Al-Zaben, Zaben Ali Abdulla Al Zaben
5. Registered capital: KWD10,000
6. Scope of business: Sales of communications systems, software, services and terminals (Materials, System & Device of Communication)
7. Relationship with the Company: agent of the Company in respect of GPON Phase II, with which the Company has entered into an agency agreement which has been filed with the Ministry of Commerce and Industry of Kuwait.
8. Operating and financial conditions:

Zena's accounts are denominated in KWD, the currency of Kuwait. Translated at 1KWD=23.2RMB, the international exchange rate prevailing on 31 December 2011, the operating revenue of Zena for 2011 amounted to approximately RMB1.41 million and its total profit and net profit amounted to approximately RMB-1.81 million. Total assets, total liabilities and net assets of Zena as at 31 December 2011 amounted to approximately RMB1.83 million, RMB3.41 million and RMB-1.58 million, respectively, with a gearing

ratio of 186%. Translated at 1KWD=21.5RMB, the international exchange rate prevailing on 31 December 2012, the operating revenue of Zena for 2012 amounted to approximately RMB1.69 million and its total profit and net profit amounted to approximately RMB-0.59 million. Total assets, total liabilities and net assets of Zena as at 31 December 2012 amounted to approximately RMB1.20 million, RMB0.73 million and RMB0.47 million, respectively, with a gearing ratio of 61%.

III. Principal terms of the guarantee

The provision of a Letter of Guarantee for Tender by the Company for Zena in respect of GPON Phase II in favour of the Central Tenders Committee of Kuwait.

1. Guarantor: ZTE Corporation
2. Guaranteed: Zena Technologies & Telecommunication Systems Co. WLL
3. Amount guaranteed: KWD0.82 million (equivalent to approximately USD2.90 million)
4. Term of guarantee: from the date of submission of the tender for GPON Phase II to the date of announcement of the tender award for the project
5. Type of guarantee: guarantee by pledge

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

1. The Board of Directors approves the provision of the Letter of Guarantee for Tender by the Company for Zena, with a view to facilitating the Company's participation in the tender for GPON Phase II, advancing its business development in Kuwait and driving its overseas business expansion.

2. The Company has entered into an agency agreement with Zena and Zena has provided a counter-guarantee in respect of the aforesaid guarantee.

The Board of Directors of the Company is of the view that the aforesaid guarantee is conducive to the Company's business development in Kuwait and its overseas business expansion, 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” (Notice [2005] No. 120) of the China Securities Regulatory Commission 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 RMB6,029.8607 million, representing 28.04% 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 the China Securities Regulatory Commission and no guarantee has been provided in violation of the regulations.

The Company has no overdue guarantees.

VI. Documents for inspection

1. Letter of Guarantee for Tender
2. Resolutions of the Twelfth 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

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
17 December 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.