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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**

### **Performance of guarantee obligation in respect of Benin Telecoms S.A.**

*The Company and all the members of the Board of Directors confirm that the information disclosed in this announcement is true, accurate and complete and that there are no false and misleading statements contained herein or material omissions herefrom.*

#### **I. Background**

ZTE Corporation ("ZTE" or the "Company") has provided a guarantee for ZTE (H.K.) Limited ("ZTE HK"), a wholly-owned subsidiary of the Company, in respect of a US\$3 million banking facility.

To facilitate its business development, ZTE HK has applied to Societe Generale (Hong Kong Branch) for a standby letter of credit in favour of the lending bank which has extended loans for a project of Benin Telecoms S.A. ("Benin Telecoms") undertaken by ZTE HK as guarantee for a 30% of the 15% upfront loan for the said project of Benin Telecoms. The amount of guarantee shall be no more than US\$3 million.

For detailed arrangements of the two guarantees described above, please refer to the "Announcement of External Guarantee" published by the Company on 23 July 2007. The two guarantees have been considered and approved at the Sixth Meeting of the Fourth Session of the Board of Directors and the Third Extraordinary General Meeting of 2007 of the Company.

#### **II. Current progress and implications for the Company**

Owing to intense competition in Benin's telecommunications market with the presence of foreign-based multinational carriers, the business operations of Benin Telecoms has not met

the expected levels. As at the date of this announcement, Benin Telecoms has only made repayments to the lending bank of XOF342,638,821.00 (equivalent to approximately USD634,719.92<sup>1</sup>), and the balance of XOF4,969,731,486.00 (equivalent to approximately USD9,121,369.03) is due immediately.

ZTE HK, the wholly-owned subsidiary of the Company, has received an electronic message from Societe Generale (Hong Kong Branch), notifying that ZTE HK is required to make a payment of USD2,803,925.46 to Societe Generale (Hong Kong Branch) in compensation, on the grounds that Benin Telecoms, the guaranteed party, had failed to honour repayments as scheduled and Societe Generale (Hong Kong Branch) was required to undertake the guarantee obligation under the said standby letter of credit. ZTE HK has made the payment, after which the guarantee obligations of the Company and ZTE HK shall be released.

ZTE HK, the wholly-owned subsidiary of the Company, will demand compensation from Benin Telecoms and Ministry of Finance of Benin to reduce loss. In the judgement of the Company, the compensation will not have any material adverse impact on the financial conditions and operating results of the Company for the current period.

By Order of the Board  
**Hou Weigui**  
Chairman

Shenzhen, the PRC  
21 August 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 Shiyou; 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.*

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<sup>1</sup> Translated at the exchange rate adopted at the time of contract execution.