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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 a Guarantee Amount for Contract Performance for
Overseas Wholly-owned Subsidiaries for 2020**

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.

At the Fifteenth Meeting of the Eighth Session of the Board of Directors of ZTE Corporation (the "Company" or "ZTE") held on 27 March 2020, it was considered and approved that the Company would provide a guarantee amount for contract performance (including but not limited to the execution of guarantee agreements by the parent company and the provision of bank guarantees) of not exceeding USD200 million in aggregate for 7 wholly-owned subsidiaries incorporated and operating businesses in territories other than Mainland China ("Overseas Wholly-owned Subsidiaries"). Pursuant to the provisions of regulatory documents, including the [2005] No. 120 "Notice on Regulating Third-party Guarantees of Listed Companies" of the China Securities Regulatory Commission ("CSRC"), and the Articles of Association of ZTE Corporation, the provision of a guarantee amount for contract performance for Overseas Wholly-owned Subsidiaries by the Company is required to be submitted to the general meeting of the Company for consideration.

I. Principal terms of the guarantee

(I) General information

To facilitate the Company's overseas business development persistently, the Company has proposed to provide a guarantee amount for contract performance (including but not limited to the execution of guarantee agreements by the parent company and the provision of bank guarantees) of not exceeding USD200 million in aggregate for 7 Overseas Wholly-owned Subsidiaries for 2020, representing 4.84% ¹of 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 .

¹ Based on the Company's foreign currency statement book exchange rate (USD1: RMB6.983) on 31 December 2019.

1. Companies to be covered by the guarantee: 7 Overseas Wholly-owned Subsidiaries of which gearing ratio is over 70%. For general information and financial data of the parties to be covered by the guarantee, please refer to the Annex. The 7 Overseas Wholly-owned Subsidiaries are not discredited parties subject to enforcement.

2. Scope of guarantee: Excluding financing guarantees.

3. The aforesaid guarantee amount will be applied on a revolving basis during an effective period commencing on the date on which the provision of a guarantee amount for contract performance for Overseas Wholly-owned Subsidiaries by the Company is considered and approved at the Company's 2019 Annual General Meeting and ending on the date of the Company's 2020 Annual General Meeting. Any unused amount outstanding upon the expiry of the effective period will be cancelled by the Company. During the effective period, if the total amount of guarantee provided to third parties by the Company has exceeded 50% of its latest audited net asset value, no guarantee for contract performance provided to such Overseas Wholly-owned Subsidiaries within the aforesaid guarantee limit shall thereafter be submitted to the general meeting for consideration.

4. After the 2019 Annual General Meeting of the Company has considered and approved provision of a guarantee amount for contract performance for Overseas Wholly-owned Subsidiaries by the Company, the Board of Directors of the Company shall be responsible for the approval of specific guarantees within the limit, and shall fulfill obligations in information disclosure.

(II) 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 RMB2,510,164,400 (of which guarantees provided for subsidiaries by the Company amounted to approximately RMB2,238,069,900), representing 8.71% 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 CSRC. There are no guarantees provided in violation of relevant regulations.

The Company has no overdue guarantees and no guarantees is subject to litigation.

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

The Board of Directors is of the view that the aforesaid guarantee will allow the Company's Overseas Wholly-owned Subsidiaries to conduct business development with greater efficiency and provide support as the Company competes in the overseas market. Therefore, it is in the interests of the Company as a whole.

The Independent Non-executive Directors of the Company are of the view that the provision

of a guarantee amount for contract performance for its Overseas Wholly-owned Subsidiaries by the Company set out in this announcement is in compliance with pertinent provisions including the [2005] No. 120 “Notice on Regulating Third-party Guarantees of Listed Companies” of the CSRC and the Articles of Association of ZTE Corporation, and the decision making procedures have been legal and valid.

III. Opinion of the Sponsor

China Securities Co., Ltd. (“China Securities”), the sponsor, is of the view that:

The provision of performance guarantee by ZTE for its overseas wholly-owned subsidiary is conducive to enhancing the efficiency of the Company’s overseas wholly-owned subsidiaries in international business development in support of the Company’s competition in the overseas market. Hence it is in the interest of the Company as a whole. The matter has been considered and passed at the Fifteenth Meeting of the Eighth Session of the Board of Directors of the Company and an independent opinion has been furnished by the Independent Non-executive Directors. The matter is subject to consideration by the general meeting, and the relevant procedures are in compliance with the requirements of pertinent regulations including the “Notice on the Regulation of Thirty-party Guarantees Provided by Listed Companies”, “Rules Governing the Listing of Stocks on Shenzhen Stock Exchange”, “Shenzhen Stock Exchange Guide to the Regulated Operation of Listed Companies” and “Articles of Association of ZTE Corporation”, among others. China Securities has no disagreement to the provision of performance guarantee by ZTE for its overseas wholly-owned subsidiary.

VI. Documents for inspection

1. Resolutions of the Fifteenth Meeting of the Eighth Session of the Board of Directors of the Company duly signed by the attending Directors to give effect to the same
2. Opinion of the Independent Non-executive Directors
3. The vetting opinion on the provision of performance guarantee for overseas wholly-owned subsidiaries in 2020 by ZTE Corporation furnished by China Securities Co., Ltd.

By Order of the Board

Li Zixue

Chairman

Shenzhen, the PRC

27 March 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, Yuming Bao, Gordon Ng.

Annex:**1. General information of Overseas Wholly-owned Subsidiaries under the guarantee**

No.	Name of company	Date of incorporation	Registered capital	Place of registration	Principal business
1	ZTE (Malaysia) Corporation SDN. BHD (中興通訊馬來西亞有限責任公司)	February 2004	MYR750,000	Kuala Lumpur, Malaysia	Sales of systems, software and services; project work installation, maintenance and technical support
2	ZTE Corporation DE Mexico, S De R.L. DE C.V. (中興通訊(墨西哥)可變資本有限責任公司)	April 2003	USD50,000	Mexico City	Sales and installation of communication products
3	ZTE CZECH, s.r.o. (中興通訊捷克有限公司)	October 2005	CZK70,262,000	Prague	Product, operate and service
4	ZTE Deutschland GmbH (中興通訊(德國)有限公司)	August 2005	EUR150,000	Dusseldorf, Germany	Sales of systems, software, services and terminals; project work installation, maintenance and technical support
5	ZTE Luxembourg S.a.r.l. (中興通訊(盧森堡)有限公司)	November 2017	EUR20,000	Luxembourg	Sales of systems, software, services and terminals; project work installation, maintenance and technical support
6	ZTE Hungary Kft. (中興通訊(匈牙利)有限公司)	July 2010	HUF10 million	Budapest, Hungary	Sales of systems, software, services and terminals; project work installation, maintenance and technical support
7	ZTE ESPAÑA SL (中興通訊(西班牙)有限公司)	October 2007	EUR3,000,000	Madrid	Sales of systems, software, services and terminals; project work installation, maintenance and technical support

2. Headline financial data of Overseas Wholly-owned Subsidiaries under the guarantee:

Unit: RMB in ten thousands

No.	Name of Company	Total assets (31 December 2019)	Total liabilities (31 December 2019)	Net assets (31 December 2019)	Operating revenue (12 months ended 31 December 2019)	Net profit (12 months ended 31 December 2019)	Total assets (31 December 2018)	Total liabilities (31 December 2018)	Net assets (31 December 2018)	Operating revenue (12 months ended 31 December 2018)	Net profit (12 months ended 31 December 2018)
1	ZTE (Malaysia) Corporation SDN. BHD (中興通訊馬來西亞有限責任公司)	90,195	91,868	(1,673)	62,920	8,585	115,139	111,804	3,335	68,231	(1,155)
2	ZTE Corporation DE Mexico,S De R.L. DE C.V. (中興通訊(墨西哥)可變資本有限責任公司)	88,081	136,523	(48,442)	9,590	(1,921)	101,010	152,575	(51,565)	89,685	(11,372)
3	ZTE CZECH,s.r.o. (中興通訊捷克有限公司)	4,049	5,443	(1,394)	2,907	355	5,286	5,463	(177)	517	(177)
4	ZTE Deutschland GmbH (中興通訊(德國)有限公司)	21,882	29,194	(7,312)	36,109	(11,594)	130,085	138,532	(8,447)	28,110	(12,742)
5	ZTE Luxembourg S.a.r.l. (中興通訊(盧森堡)有限公司)	10	685	(675)	(10)	(303)	551	869	(318)	0	(326)
6	ZTE Hungary Kft. (中興通訊(匈牙利)有限公司)	8,551	8,276	275	2,671	95	11,794	11,423	371	4,980	128
7	ZTE ESPAÑA SL (中興通訊(西班牙)有限公司)	38,392	34,285	4,107	33,874	(4,460)	50,889	47,161	3,728	29,500	(1,375)