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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**

*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 Twenty-eighth Meeting of the Seventh Session of the Board of Directors of ZTE Corporation (the "Company") held on 15 March 2018, 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 9 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, 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 Overseas Wholly-owned Subsidiaries.

1. Companies to be covered by the guarantee: 9 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.
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 2017 Annual General Meeting and ending on the date of the Company's 2018 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 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**

As at 31 December 2017, the aggregate amount of third-party guarantees (including the guarantees described under (I) above and guarantees provided by the Company for ZTE (H.K.) Limited in respect of debt financing submitted at the same time to the Twenty-eighth Meeting of the Seventh Session of the Board of Directors for consideration) provided by the Company is approximately RMB11,753,754,500 (of which guarantees provided for subsidiaries amounted to approximately RMB11,354,038,400), representing 37.14% of the owners' equity attributable to holders of ordinary shares of the listed company as set out in the audited consolidated financial statements of the Company as at 31 December 2017. 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.

## **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. Documents for inspection**

1. Resolutions of the Twenty-eighth Meeting of the Seventh 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

By Order of the Board

**Yin Yimin**

*Chairman*

Shenzhen, the PRC

15 March 2018

*As at the date of this announcement, the Board of Directors of the Company comprises two executive directors, Yin Yimin and Zhao Xianming; seven non-executive directors, Zhang Jianheng, Luan Jubao, Wang Yawen, Tian Dongfang, Zhan Yichao, Wei Zaisheng and Zhai Weidong; and five independent non-executive directors, Richard Xike Zhang, Chen Shaohua, Lü Hongbing, Bingsheng Teng and Zhu Wuxiang.*

**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	PT. ZTE Indonesia (中興通訊印尼有限責任公司)	June 2004	USD2.20 million	Jakarta, Indonesia	Sales of systems, software, services and terminals; project work installation, maintenance and technical support
2	ZTE (Australia) Pty Ltd. (中興通訊(澳大利亞)有限公司)	August 2004	AUD277,123	Melbourne, Australia	Distribution, sales and marketing of systems and terminals products and the provision of, among others, related project work, after-sales services, technical support, consultation and training
3	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
4	ZTE Telecom India Private Ltd. (中興電信印度私有有限公司)	December 2003	INR2,250 million	New Delhi, India	Sales of equipment, software, services and terminals; project work installation, maintenance, technical support, consultation and training
5	ZTE Portugal – Projectos de Telecomunicacoes, Unipessoal, Lda (中興通訊(葡萄牙)有限責任公司)	September 2003	EUR500,000	Lisbon, Portugal	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 (UK) Ltd. (中興通訊(英國)有限責任公司)	August 2001	GBP12,768,444	London, the United Kingdom	Sales of systems, software, services and terminals; project work installation, maintenance and technical support
8	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
9	ZTE Belgium N.V. (中興通訊(比利時)有限公司)	May 2010	EUR1,511,500	Brussels	Sales of systems, software, services and terminals; integrated delivery, 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 2017)	Total liabilities (31 December 2017)	Net assets (31 December 2017)	Operating revenue (12 months ended 31 December 2017)	Net profit (12 months ended 31 December 2017)	Total assets (31 December 2016)	Total liabilities (31 December 2016)	Net assets (31 December 2016)	Operating revenue (12 months ended 31 December 2016)	Net profit (12 months ended 31 December 2016)
1	PT. ZTE Indonesia (中興通訊印度尼西亞有限責任公司)	261,137	259,797	1,340	201,695	(2,741)	270,562	266,127	4,435	211,790	(11,263)
2	ZTE (Australia) Pty Ltd. (中興通訊(澳大利亞)有限公司)	12,264	9,761	2,503	53,263	(1,548)	16,055	12,066	3,989	69,221	720
3	ZTE (Malaysia) Corporation SDN. BHD (中興通訊馬來西亞有限責任公司)	84,005	90,402	(6,397)	78,817	(6,591)	50,614	50,427	187	56,410	(1,441)
4	ZTE Telecom India Private Ltd. (中興電信印度私有有限公司)	347,727	441,344	(93,618)	62,552	10,903	346,633	450,824	(104,191)	159,160	29,292
5	ZTE Portugal – Projectos de Telecomunicacoes, Unipessoal, Lda (中興通訊(葡萄牙)有限責任公司)	19,149	18,745	404	4,655	181	16,374	16,164	210	6,783	(365)
6	ZTE Hungary Kft. (中兴通讯(匈牙利)有限公司)	13,376	12,033	1,343	6,331	502	9,474	9,402	72	5,170	(149)
7	ZTE (UK) Ltd. (中興通訊(英國)有限責任公司)	10,193	18,896	(8,703)	2,370	(3,507)	7,629	12,514	(4,885)	6,666	(4,076)

<b>No.</b>	<b>Name of Company</b>	<b>Total assets (31 December 2017)</b>	<b>Total liabilities (31 December 2017)</b>	<b>Net assets (31 December 2017)</b>	<b>Operating revenue (12 months ended 31 December 2017)</b>	<b>Net profit (12 months ended 31 December 2017)</b>	<b>Total assets (31 December 2016)</b>	<b>Total liabilities (31 December 2016)</b>	<b>Net assets (31 December 2016)</b>	<b>Operating revenue (12 months ended 31 December 2016)</b>	<b>Net profit (12 months ended 31 December 2016)</b>
8	ZTE Deutschland GmbH (中興通訊(德國)有限公司)	129,470	117,035	12,435	68,189	27,175	33,696	19,479	14,217	82,347	1,145
9	ZTE Belgium N.V. (中興通訊比利時有限責任公司)	34,353	33,008	1,345	79,282	1,336	38,284	36,402	1,882	24,618	171