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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 Guarantee for a Wholly-owned Subsidiary**

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 information disclosure 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

ZTE (H.K.) Limited (“ZTE HK”), a wholly-owned subsidiary of ZTE Corporation (“ZTE” or the “Company”), entered into a USD450 million syndicate loan agreement with 12 international banks led by Bank of China (Hong Kong) Limited in July 2014. The said syndicate loan agreement will expire in July 2018.

With a view to optimising the mix of long/short-term liabilities of the Company and the subsidiaries included in its consolidated financial statements (collectively the “Group”), reduce exposures to assets and liabilities denominated in foreign currencies, and meet the additional working capital requirements of the Company’s medium/long-term development at appropriate finance costs, ZTE proposes to seek medium/long-term debt financing (including but not limited to syndicate loans, bank facilities and the issuance of corporate bonds) with ZTE HK, its wholly-owned subsidiary, as the principal. Proceeds received by ZTE HK from such debt financing will primarily be applied to replace debts due for payment, facilitate payments for purchases and finance expenses incurred in operations and development in the international market.

In view of the current financial conditions and credit rating of ZTE HK, ZTE will provide guarantee by way of joint liability assurance for an amount of not more than USD600 million in relation to the aforesaid debt financing of ZTE HK, in order to secure debt financing at favourable costs.

As ZTE HK is a wholly-owned subsidiary of ZTE, ZTE HK has not provided any counter-guarantee to ZTE in respect of the aforesaid guarantee.

The aforesaid guarantee was considered and approved at the Twenty-eighth Meeting of the Seventh Session of the Board of Directors of the Company held on 15 March 2018. Pursuant to the provisions of pertinent regulatory documents, including the [2005] No. 120 “Notice on Regulating Third-party Guarantees of Listed Companies” of the China Securities Regulatory Commission (“CSRC”) and “Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange” and of the Articles of Association of ZTE Corporation, the aforesaid guarantee shall be tabled at the general meeting of the Company for consideration following consideration at the Board meeting of the Company.

II. Information of the guaranteed party

1. Name: ZTE (H.K.) Limited
2. Year of incorporation: 2000
3. Place of incorporation: Hong Kong
4. Registered capital: HKD995 million
5. Scope of business: sales of communication products, purchase of components and ancillary equipment; technology R&D and transfers; training and consultant services; and investment in the international market.
6. Relationship with the Company: wholly-owned subsidiary 100% held by ZTE.
7. Operating and financial conditions of parent company of the guaranteed party:

Item	2017 ^{Note 1} (Unaudited)		2016 ^{Note 2} (Audited)	
	HKD (in 100 million)	RMB equivalent (in 100 million)	HKD (in 100 million)	RMB equivalent (in 100 million)
Operating revenue	142.86	119.24	81.80	73.26
Total profit	1.78	1.49	4.43	3.97
Net profit	1.66	1.39	0.24	0.21
Item	31 December 2017 (Unaudited)		31 December 2016 (Audited)	
	HKD (in 100 million)	RMB equivalent (in 100 million)	HKD (in 100 million)	RMB equivalent (in 100 million)
Total assets	126.98	105.98	126.00	112.85
Total liabilities	77.31	64.53	77.67	69.57
Net assets	49.67	41.46	48.33	43.29
Gearing ratio	60.88%		61.65%	

Note 1: Based on an exchange rate of HKD1: RMB0.83465 adopted for the translation of the Company’s financial statements expressed in foreign currencies as at 31 December 2017;

Note 2: Based on an exchange rate of HKD1: RMB0.89565 adopted for the translation of the Company’s financial statements expressed in foreign currencies as at 31 December 2016.

III. Principal terms of the guarantee

ZTE proposes to provide guarantee with an amount of not more than USD600 million by way of joint liability assurance in relation to the aforesaid debt financing for ZTE HK:

1. Guarantor: ZTE
2. Guarantee: ZTE HK
3. Amount guaranteed: not more than USD600 million
4. Term of guarantee: not more than 66 months (from the date on which the individual debt financing agreement concerned comes into effect)
5. Type of guarantee: joint liability assurance

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

The Board of Directors is of the view that, ZTE's conduct of debt financing, with ZTE HK as principal guaranteed by ZTE, is conducive to optimising the mix of long/short-term liabilities, reducing exposures to assets and liabilities denominated in foreign currencies, and meeting the additional working capital requirements of the Company's medium/long-term development at appropriate finance costs, and is in line with the overall long-term interests of the Company. As a wholly-owned subsidiary of the Company, ZTE HK is centrally managed by the Company in terms of treasury operations and financial accounting, and the risk of the guarantee is under control.

The Independent Non-executive Directors of the Company are of the view that the aforesaid guarantee 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.

V. Cumulative 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 (including the aforesaid guarantees and guarantees provided by the Company for overseas wholly-owned subsidiaries 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.

VI. 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.