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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 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 Corporation (“ZTE” or the “Company”) has formed a joint entity (“Joint Entity”) with Beijing Fuhua Yuqi Information Technology Co., Ltd. *(北京富華宇祺信息技術有限公司) (“Fuhua Yuqi”) to cooperate and bid for the Daliuta Coal 4G “One Net One Station” project in technological R&D and specialised services(大柳塔礦 4G 通信 “一網一站” 技術研發和專業化服務項目) (“Shendong Daliuta Coal 4G Project”) of Shendong Coal Branch Company of China Shenhua Energy Company Limited*(中國神華能源股份有限公司神東煤炭分公司) (“Shenhua Shendong Company”). The parties to the Joint Entity have proposed to enter into the “Contract for Shendong Daliuta Coal 4G ‘One Net One Station’ Project in Technology Development (Entrustment)” (“神東大柳塔礦 4G‘一網一站’項目---技術開發 (委託) 合同”)(“Technology Development (Entrustment) Contract”) with a term of 5 years. In accordance with the Technology Development (Entrustment) Contract, parties to the Joint Entity shall jointly accept the appointment of Shenhua Shendong Company for technological development to conduct project R&D and to ensure relevant qualifications for project R&D.

ZTE has proposed to provide guarantee by way of joint liability assurance for Fuhua Yuqi’s performance of obligations under the Technology Development (Entrustment) Contract for a guarantee amount of not more than RMB21,019,250 for a term commencing on which the Technology Development (Entrustment) Contract comes into effect upon execution and ending on the completion of Fuhua Yuqi’s performance of obligations under the Technology Development (Entrustment) Contract.

Uroica Mining Safety Engineering Co., Ltd. (尤洛卡礦業安全工程股份有限公司) (“Uroica”), the controlling shareholder of Fuhua Yuqi, has provided a counter-guarantee to the Company for Fuhua Yuqi in respect of the aforesaid guarantee by way of joint liability assurance for an amount of RMB21,019,250.

The aforesaid guarantee was considered and passed at the Tenth Meeting of the Seventh Session of the Board of Directors of the Company held on 30 November 2016. 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 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: Beijing Fuhua Yuqi Information Technology Co., Ltd.* (北京富華宇祺信息技術有限公司)
2. Date of incorporation: 6 March 2008
3. Registered address: Unit 403, Jia 4 Hangfeng Road, Science City, Fengtai District, Beijing (北京市豐台區科學城航豐路甲4號403室)
4. Legal representative: Huang Ziwei (黃自偉)
5. Registered capital: RMB20 million
6. Scope of business: passive optical network equipment for use in processing mines; manufacturing and operation of communication products for use at mines; technological promotion services; economic and trade consultation; advertising design, production, agency and publication; computer system services; infrastructure software services; computer systems integration; sales of electronic products, communications equipment, instruments and apparatuses and computer software; import and export of commodities and technologies and import /export agency.
7. Relationship with the Company: The Company and Fuhua Yuqi has formed a Joint Entity to cooperate and bid for the Shendong Daliuta Coal 4G Project.
8. Operating and financial conditions:

Unit: RMB

Item	Nine months ended 30 September 2016	Year ended 31 December 2015
Operating revenue	45,041,579.75	98,103,132.63
Total profit	7,133,094.74	24,911,619.27
Net profit	7,132,923.14	24,649,092.39
Item	As at 30 September 2016	As at 31 December 2015
Total assets	166,035,013.43	164,860,717.78

Item	Nine months ended 30 September 2016	Year ended 31 December 2015
Total liabilities	93,737,454.41	99,696,081.90
Net assets	72,297,559.02	65,164,635.88
Gearing ratio	56.5%	60.5%

III. Principal terms of the guarantees

ZTE proposes to provide joint liability assurances for the performance obligations of Fuhua Yuqi under the Technology Development (Entrustment) Contract.

1. Guarantor: ZTE
2. Guarantee: Fuhua Yuqi
3. Amount guaranteed: not more than RMB21,019,250
4. Term of guarantee: commencing on the date on which the Technology Development (Entrustment) Contract comes into effect upon execution and ending on the completion of Fuhua Yuqi's performance of obligations under the Technology Development (Entrustment) Contract
5. Type of guarantee: joint liability assurance

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

The Board of Directors is of the view that the aforesaid guarantee is conducive to enhancing the business cooperation between the Company and China Shenhua Energy Company Limited, providing reasonable returns for the Company and driving the expansion of the Company's government and corporate service business in China. Fuhua Yuqi is a subsidiary of Uroica, which has provided a counter-guarantee to the Company for Fuhua Yuqi in respect of the aforesaid guarantee.

The Independent Non-executive Directors of the Company are of the view that the aforesaid guarantees are in compliance with pertinent provisions including the [2005] No. 120 "Notice on Regulating Third-party Guarantees of Listed Companies" of 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) provided by the Company is approximately RMB5,792,197,200 (of which guarantees provided for subsidiaries amounted to approximately RMB5,350,436,000), representing 19.53% of the net asset value of the

Company as set out in the audited consolidated accounting statement of the Company as at 31 December 2015. 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 Tenth 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
Zhao Xianming
Chairman

Shenzhen, the PRC
30 November 2016

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

**for identification purposes only*