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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 Between 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.

I. Brief description of the guarantee

ZTE ICT Company Limited (深圳中興網信科技有限公司) (“ZTE ICT”) is a 90%-owned subsidiary of ZTE Corporation (“ZTE” or the “Company”). Shenzhen Zhongxing Zhiping Technology Company Limited (深圳中興智坪科技有限公司) (“Zhongxing Zhiping”) is a wholly-owned subsidiary of ZTE ICT. ZTE ICT has proposed to a RMB80 million borrowing from China Minsheng Banking Corp., Ltd., Shenzhen Branch, to be secured by project trade receivables of Zhongxing Zhiping under a maximum guarantee by way of pledge. The maximum principal amount of creditor rights is RMB80 million.

The aforesaid matter has been considered and passed at the Third Meeting of the Eighth Session of the Board of Directors of the Company held on 27 May 2019.

II. Information on the guaranteed party

1. Name: ZTE ICT Company Limited (深圳中興網信科技有限公司)
2. Date of incorporation: 25 May 2009
3. Registered address: 8th Floor, Block C, Huihai Plaza, Chuangye Road, Longhua Street, Longhua District, Shenzhen (深圳市龍華區龍華街道創業路匯海廣場C棟8樓)
4. Authorised representative: Yu Yifang (俞義方)
5. Registered capital: RMB100 million

6. Scope of business: Design, development, sales of corporate management software and hardware and related technical consultation, technical upgrade and maintenance; exports and imports; air ticket agency; design, integration, operation and maintenance of information systems; information technology consultation; consultation, design and implementation relating to intelligent engineering for building construction; technical development, service, transfer, consultation and sales relating to information security products and computer software and hardware; R&D and sales of wireless data terminals (in respect of the above, save for items prohibited by law, administrative regulations and State Council decisions and subject to the obtaining of licenses in case of restricted items); aviation accident insurance, travel safety insurance and information services (limited to mobile network information services only); production and sales of medical equipment; production of wireless data terminals.

7. Relationship with the guaranteed party: Zhongxing Zhiping is a wholly-owned subsidiary of ZTE ICT, which is in turn a 90%-owned subsidiary of ZTE.

8. Key financial data:

RMB in ten thousands

Item	Year ended 31 December 2018	Three months ended 31 March 2019
Operating revenue	136,822.66	11,414.65
Total profit	6,097.65	(2,717.13)
Net profit	3,799.29	(2,871.34)
Item	31 December 2018	31 March 2019
Total assets	332,867.21	322,214.43
Total liabilities	227,836.39	220,162.72
Net assets	105,030.82	102,051.72
Gearing ratio	68.45%	68.33%

9. ZTE ICT is not a discredited party subject to enforcement.

III. Principal terms of the guarantee

1. Guarantor: Zhongxing Zhiping

2. Guarantee: ZTE ICT

3. Amount guaranteed: RMB80 million

4. Type of guarantee: Guarantee by way of pledge

5. Collateral to be pledged: All trade receivables under the “Smart Pingshan Project” incurred by Zhongxing Zhiping

6. Counter-guarantee: As ZTE ICT is the parent company of Zhongxing Zhiping, ZTE ICT has not provided any counter-guarantees in favour of Zhongxing Zhiping in respect of the aforesaid guarantee.

IV. Opinion of the Board of Directors

The aforesaid guarantee is conducive to the business development of ZTE ICT. As ZTE ICT is the parent company of Zhongxing Zhiping, ZTE ICT has not provided any counter-guarantees in favour of Zhongxing Zhiping in respect of the aforesaid guarantee. The risk of the aforesaid guarantees is under control.

V. 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 RMB1,992,099,000 (of which guarantees provided for subsidiaries by the Company amounted to approximately RMB1,650,069,600), representing 8.70% of the net asset value set out in the audited consolidated accounting statement of the Company as at 31 December 2018. 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 0.09% of the net asset value set out in the audited consolidated accounting statement of the Company as at 31 December 2018. The aforesaid guarantees are in compliance with relevant provisions of China Securities Regulatory Commission. There are no guarantees provided in violation of relevant regulations.

The Company has no overdue guarantees or guarantees subject to litigation.

VI. List of documents available for inspection

1. Resolutions of the Third 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.

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
27 May 2019

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.