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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 Third-party Guarantee**

*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**

P.T. ZTE Indonesia (hereinafter referred to as “ZTE Indonesia”), a wholly-owned subsidiary of ZTE Corporation (hereinafter referred to as “ZTE” or the “Company”), has entered into the “Ultimate Radio Network Infrastructure Rollout Agreement” and the “Ultimate Radio Network Infrastructure Technical Support Agreement” (hereinafter referred to as the “Equipment Purchase Contract” and the “Technical Support Contract”, respectively) with P.T. Telekomunikasi Selular (hereinafter referred to as “Telkomsel”), a mobile carrier of Indonesia, pursuant to which ZTE Indonesia has proposed to provide 4G network construction and maintenance services to Telkomsel.

The Company has proposed to provide joint-liability guarantee in respect of the performance obligations of ZTE Indonesia under the Equipment Purchase Contract and the Technical Support Contract for an amount of USD40 million, with a term commencing on the date of issuance of a letter of guarantee by the parent company and ending on the date on which the obligations of assurance under the guarantee of the parent company are discharged in full (hereinafter referred to as the “Guarantee by Assurance”).

At the same time, the Company has proposed to apply to the relevant bank for the issuance of a bank letter of guarantee to provide guarantee with an amount of IDR300 billion (equivalent to approximately USD20.10 million) in respect of the performance obligations of ZTE Indonesia under the Equipment Purchase Contract and the Technical Support Contract, effective from the date of issuance of the bank letter of guarantee for a period of 3 years and 6 months or until the date on which the performance obligations of ZTE Indonesia under the

Equipment Purchase Contract and the Technical Support Contract are completed in full, whichever is later (hereinafter referred to as the “Guarantee Letter”).

As ZTE Indonesia is a subsidiary of ZTE, ZTE Indonesia has not provided any counter-guarantee in favour of ZTE in respect of the aforesaid guarantee.

As considered and passed at the Twenty-eighth Meeting of the Seventh Session of the Board of Directors of the Company and the 2017 Annual General Meeting, 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 letters of guarantee) of not exceeding USD200 million in aggregate for Wholly-owned Overseas Subsidiaries including ZTE Indonesia. The aforesaid guarantee amount may be applied on a revolving basis during an effective period commencing on the date on which the aforesaid matter is considered and approved at the general meeting of the Company and ending on the date on which the Company’s 2018 Annual General Meeting is convened, subject to the approval of the Board of Directors of the Company for specific guarantees. The aforesaid guarantee falls within the limit considered and approved at the general meeting and was considered and approved at the Thirty-ninth Meeting of the Seventh Session of the Board of Directors of the Company held on 15 October 2018. Hence, it is not required to be submitted to the general meeting for consideration.

## II. Information on the guaranteed party

1. Name: P.T. ZTE INDONESIA
2. Date of incorporation: 23 June 2004
3. Place of registration: Jakarta, Indonesia
4. Authorised representatives: Liang Weiqi (梁瑋琦), Su Peidong (蘇培棟), Yang Zhiwei(楊志偉)
5. Registered capital: IDR20.4 billion (equivalent to approximately USD1.37 million)
6. Scope of business: Sales of systems, software and services; project installation, repair and maintenance and technical support.
7. Relationship with the Company: ZTE Indonesia is a subsidiary of ZTE, held as to 99.95% by ZTE and 0.05% by ZTE (H.K.) Limited, a wholly-owned subsidiary of ZTE.
8. Operating and financial conditions

| Item                   | Year ended 31 December 2017 <sup>Note 1</sup><br>(Audited) |               | Year ended 31 December 2016 <sup>Note 2</sup><br>(Audited) |               |
|------------------------|--|---------------|--|---------------|
|                        | (IDR)  | (CNY)         | (IDR)  | (CNY)         |
| Operating revenue      | 4,183,032,458,007  | 2,027,655,228 | 4,105,630,686,222  | 2,130,360,464 |
| Profit before taxation | 8,946,009,684  | 4,336,429     | -203,028,438,898   | -105,348,920  |
| Net profit             | -60,107,089,757  | -29,135,909   | -220,210,384,382   | -114,264,417  |
| Item                   | 31 December 2017 <sup>Note 1</sup><br>(Audited)            |               | 31 December 2016 <sup>Note 2</sup><br>(Audited)            |               |
|                        | (IDR)  | (CNY)         | (IDR)  | (CNY)         |
| Total assets           | 5,413,884,230,332  | 2,624,290,099 | 5,244,941,296,436  | 2,721,534,504 |
| Total liabilities      | 5,388,022,762,786  | 2,611,754,183 | 5,158,972,739,133  | 2,676,926,494 |

|               |                |            |                |            |
|---------------|----------------|------------|----------------|------------|
| Net assets    | 25,861,467,546 | 12,535,915 | 85,968,557,303 | 44,608,010 |
| Gearing ratio | 99.52%         |            | 98.36%         |            |

Note 1: Based on the Company's foreign currency statement book exchange rate (RMB1: IDR2,062.99) on 31 December 2017.

Note 2: Based on the Company's foreign currency statement book exchange rate (RMB1: IDR1,927.2) on 31 December 2016.

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

### III. Principal terms of the guarantee

ZTE has proposed to provide joint-liability guarantee in respect of ZTE Indonesia's performance of obligations under the Equipment Purchase Contract and the Technical Support Contract and to apply to the relevant bank for a bank letter of guarantee.

1. Guarantor: ZTE

2. Guarantee: ZTE Indonesia

3. Amount guaranteed: (1) Guarantee by Assurance: USD40 million; (2) Guarantee Letter: IDR300 billion (equivalent to approximately USD20.10 million).

4. Term of guarantee: (1) Guarantee by Assurance: commencing on the date of issuance of a letter of guarantee by the parent company and ending on the date on which the obligations of assurance under the guarantee of the parent company are discharged in full; (2) Guarantee Letter: effective from the date of issuance of the bank letter of guarantee for a period of 3 years and 6 months or until the date on which the performance obligations of ZTE Indonesia under the Equipment Purchase Contract and the Technical Support Contract are completed in full, whichever is later.

5. Type of guarantee: joint liability

6. Counter-guarantee: As ZTE Indonesia is a subsidiary of ZTE, ZTE Indonesia has not provided any counter-guarantees in favour of ZTE in respect of the aforesaid guarantee.

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

The aforesaid guarantee is conducive to the business development and ongoing operation of ZTE Indonesia and will generate reasonable returns for the Company and facilitate its overseas business expansion. The risk of providing guarantees for ZTE Indonesia, a wholly-owned subsidiary of the Company, is under control.

The Independent Non-executive Directors of the Company are of the view that the aforesaid guarantee is in compliance with the "Notice on Regulating Third-party Guarantees of Listed Companies (Zhengjianfa [2005] No. 120)" 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

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 RMB2,931,261,700 (of which guarantees provided for subsidiaries by the Company amounted to approximately RMB2,564,286,200), representing 9.26% of the net asset value set out in the audited consolidated accounting statement of the Company as at 31 December 2017. 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 RMB28,784,800, representing 0.09% of the net asset value set out in the audited consolidated accounting statement 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.

Following the provision of the said guarantee, the balance of the limit of guarantees provided for Wholly-owned Overseas Subsidiaries considered and approved at the 2017 Annual General Meeting is approximately USD140 million.

The Company has no overdue guarantees.

## **VI. List of documents available for inspection**

1. Resolutions of the Thirty-ninth 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  
**Li Zixue**  
*Chairman*

Shenzhen, the PRC  
15 October 2018

*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.*