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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 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 Corporation ("ZTE" or the "Company") has recently proposed to team up with Arelis Broadcast SAS of France ("Arelis") as a joint tender partnership to bid for the Digital Migration Project Phase I of Zambian Ministry of Information and Broadcasting Services (the "Phase I Project"). The Phase I Project shall include digital television transmission station and digital television satellite transmission station, with an estimated total contract value of approximately USD15 million.

To facilitate its participation in the tender, ZTE proposes to provide a Letter of Guarantee for Tender with an amount of ZMW1 million (equivalent to approximately USD180,000 based on the book exchange rate of the Company as at 29 January 2014) for the joint tender partnership, namely ZTE and Arelis, in respect of the bidding and evaluation process of the Phase I Project.

The Company and Arelis are expected to account for approximately 90% and 10%, respectively, of the Phase I Project. Therefore, Arelis has provided a counter-guarantee with an amount of USD25,000 in respect of the aforesaid guarantee.

The aforesaid guarantee has been considered and approved at the Fifteenth Meeting of the Six Session of the Board of Directors of the Company held on 10 February 2014. According to relevant provisions set out in the "Notice regarding the Regulation of

Third-party Guarantees made by Listed Companies” (Notice [2005] No. 120) of the China Securities Regulatory Commission, the Articles of Association of ZTE Corporation and other pertinent regulatory documents, the aforesaid guarantee is not required to be submitted to the general meeting of the Company for consideration.

II. Information on the guaranteed party

Arelis Group of France acquired Thomson Broadcast (a French company engaged in the manufacturing of digital TV transmission systems) in December 2012. Upon completion of the acquisition, Arelis Group was renamed Arelis Broadcast SAS. As at the date of this announcement, Arelis Broadcast SAS has not published its financial data for 2013. The financial data in respect of 2012 and 2011 set out below represent financial data of Arelis Group.

1. Name: Arelis Broadcast SAS
2. Date of incorporation: 2013
3. Place of registration: 1 Rue DE L HAUTIL ZONE DES BOUTRIES 78700 CONFLANS STE HONORINE
4. Shareholder: held as to 20% by ACE Investment and 80% by SAS PROSONIC.
5. Registered capital: EUR1,500,000
6. Scope of business: digital and analog electronic equipment, radio frequency, microwave, RFID, test and survey.
7. Relationship with the Company: tendering partner of the Company in respect of the Phase I Project
8. Operating and financial conditions:

The accounts of Arelis are denominated in EUR.

Item	Year ended 31 December 2012		Year ended 31 December 2011	
	EUR	RMB equivalent ^{Note 1}	EUR	RMB equivalent ^{Note 2}
Operating revenue	23,594,660	196,250,944	10,961,352	89,472,036
Net profit	25,235	209,895	209,738	1,711,986
Item	At 31 December 2012		At 31 December 2011	
	EUR	RMB equivalent ^{Note 1}	EUR	RMB equivalent ^{Note 2}
Total assets	17,921,660	149,065,199	7,038,749	57,453,789

Total liabilities	5,988,394	49,809,066	2,532,648	20,672,739
Net assets	11,933,267	99,256,142	4,506,101	36,781,049
Gearing ratio	33.4%		36.0%	

Note 1: Based on the median RMB exchange rate of EUR1: RMB8.3176 quoted by the People's Bank of China on 31 December 2012;

Note 2: Based on the median RMB exchange rate of EUR1: RMB8.1625 quoted by the People's Bank of China on 30 December 2011.

III. Principal terms of the guarantee

The provision of a Letter of Guarantee for Tender by the Company for the joint tender partnership, namely ZTE and Arelis, in respect of the Phase I Project in favour of the Zambian Ministry of Information and Broadcasting Services, the major terms of which are set out as follows:

1. Guarantor: ZTE Corporation
2. Guarantees: ZTE Corporation and Arelis Broadcast SAS
3. Amount guaranteed: ZMW1 million
4. Term of guarantee: commencing on the date of issuance of the Letter of Guarantee for Tender and ending on: (1) the receipt by the guarantor of a copy of contract signed by the joint tender partnership and the issue of a performance guarantee letter in accordance with the instructions of the joint tender partnership in the event of a successful bid by the joint tender partnership; or (2) in the event of an unsuccessful bid by the joint tender partnership, the earlier of: A. the receipt by the guarantor of a notice issued by the beneficiary to the joint tender partnership notifying the names of the successful bidders; and B. 28 days after the expiry of the joint tender partnership's bid; or (3) 10 August 2014, whichever is earlier.
5. Type of guarantee: assurance

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

The benefits and risks of the aforesaid guarantee are briefly described as follows:

1. The Board of Directors approves the provision of the Letter of Guarantee for Tender by the Company for the joint tender partnership, with a view to facilitating the participation in the tender for the Phase I Project by the joint tender partnership between the Company and

Arelis, advancing its business development in digital television projects in Zambia and elsewhere in Africa.

2. Arelis has provided a counter-guarantee in respect of the aforesaid guarantee.

The Board of Directors of the Company is of the view that the aforesaid guarantee is conducive to the Company's business development in digital television projects in Zambia and elsewhere in Africa, and is therefore in the interests of the Company as a whole.

The Independent Non-executive Directors of the Company are of the view that the aforesaid guarantee is in compliance with relevant provisions of the "Notice regarding the Regulation of Third-party Guarantees made by Listed Companies" (Notice [2005] No. 120) of the China Securities Regulatory Commission and the Articles of Association of ZTE Corporation, and the decision-making procedures are legal and valid.

V. Aggregate amount of outstanding third-party guarantees and overdue guarantees of the Company

As at 10 February 2014, the aggregate amount of third-party guarantees provided by the Company is approximately RMB6,177.23 million (inclusive of the aforesaid guarantee and comprising guarantee amounts for its subsidiaries of approximately RMB6,107.30 million), representing 28.73% of the net asset value of the Company as set out in the audited consolidated accounting statement of the Company as at 31 December 2012. The aforesaid guarantees are in compliance with relevant provisions of the China Securities Regulatory Commission and no guarantee has been provided in violation of the regulations

The Company has no overdue guarantees.

VI. Documents for inspection

1. Letter of Guarantee for Tender
2. Resolutions of the Fifteenth Meeting of the Sixth 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
Hou Weigui
Chairman

Shenzhen, the PRC

10 February 2014

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Shi Lirong, Yin Yimin and He Shiyong; six non-executive directors, Hou Weigui, Zhang Jianheng, Xie Weiliang, Wang Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Richard Xike Zhang.