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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 a Guarantee Amount for Contract Performance for
Overseas Wholly-owned 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.

At the Forty-sixth Meeting of the Seventh Session of the Board of Directors of ZTE Corporation (the "Company") held on 27 March 2019, it was considered and approved that 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 guarantees) of not exceeding USD200 million in aggregate for 7 wholly-owned subsidiaries incorporated and operating businesses in territories other than Mainland China ("Overseas Wholly-owned Subsidiaries"). 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 provision of a guarantee amount for contract performance for Overseas Wholly-owned Subsidiaries by the Company is required to be submitted to the general meeting of the Company for consideration.

I. Principal terms of the guarantee

(I) General information

To facilitate the Company's overseas business development persistently, the Company has proposed to 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 guarantees) of not exceeding USD200 million in aggregate for 7 Overseas Wholly-owned Subsidiaries.

1. Companies to be covered by the guarantee: 7 Overseas Wholly-owned Subsidiaries of which gearing ratio is over 70%. For general information and financial data of the parties to be covered by the guarantee, please refer to the Annex. The 7 Overseas Wholly-owned Subsidiaries are not discredited parties subject to enforcement.

2. Scope of guarantee: Excluding financing guarantees.

3. The aforesaid guarantee amount will be applied on a revolving basis during an effective period commencing on the date on which the provision of a guarantee amount for contract performance for Overseas Wholly-owned Subsidiaries by the Company is considered and approved at the Company's 2018 Annual General Meeting and ending on the date of the Company's 2019 Annual General Meeting. Any unused amount outstanding upon the expiry of the effective period will be cancelled by the Company. During the effective period, if the total amount of guarantee provided to third parties by the Company has exceeded 50% of its latest audited net asset value, no guarantee for contract performance provided to such Overseas Wholly-owned Subsidiaries within the aforesaid guarantee limit shall thereafter be submitted to the general meeting for consideration.

4. After the 2018 Annual General Meeting of the Company has considered and approved provision of a guarantee amount for contract performance for Overseas Wholly-owned Subsidiaries by the Company, the Board of Directors of the Company shall be responsible for the approval of specific guarantees within the limit, and shall fulfill obligations in information disclosure.

(II) 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 RMB3,481,623,200 (of which guarantees provided for subsidiaries by the Company amounted to approximately RMB3,219,045,200), representing 15.21% 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 CSRC. There are no guarantees provided in violation of relevant regulations.

The Company has no overdue guarantees and no guarantees is subject to litigation.

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

The Board of Directors is of the view that the aforesaid guarantee will allow the Company's Overseas Wholly-owned Subsidiaries to conduct business development with greater efficiency and provide support as the Company competes in the overseas market. Therefore, it is in the interests of the Company as a whole.

The Independent Non-executive Directors of the Company are of the view that the provision of a guarantee amount for contract performance for its Overseas Wholly-owned Subsidiaries by the Company set out in this announcement 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.

III. Documents for inspection

1. Resolutions of the Forty-sixth 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

27 March 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.

Annex:**1. General information of Overseas Wholly-owned Subsidiaries under the guarantee**

No.	Name of company	Date of incorporation	Registered capital	Place of registration	Principal business
1	ZTE Ukraine Ltd. (中興通訊(烏克蘭)有限責任公司)	August 2008	UAH1,666,842.5	Kiev, Ukraine	Sales of equipment, software, services and terminals; project work installation, maintenance, technical support, consultation and training
2	ZTE SINGAPORE PTE. LTD. (中興通訊(新加坡)有限公司)	April 2006	SGD4.5 million	Singapore	Sales of equipment, software and services; project work installation, maintenance, technical support, consultation and training
3	ZTE PHILIPPINES INC. (中興通訊(菲律賓)有限公司)	March 2007	PHP40,388,000	Manila, the Philippines	Sales of equipment, software, services and terminals; project work installation, maintenance, technical support, consultation and training
4	ZTE (Malaysia) Corporation SDN. BHD (中興通訊馬來西亞有限責任公司)	February 2004	MYR750,000	Kuala Lumpur, Malaysia	Sales of systems, software and services; project work installation, maintenance and technical support
5	ZTE Deutschland GmbH (中興通訊(德國)有限公司)	August 2005	EUR150,000	Dusseldorf, Germany	Sales of systems, software, services and terminals; project work installation, maintenance and technical support
6	ZTE Hungary Kft. (中興通訊(匈牙利)有限公司)	July 2010	HUF10 million	Budapest, Hungary	Sales of systems, software, services and terminals; project work installation, maintenance and technical support
7	ZTE Corporation DE Mexico,S De R.L. DE C.V. (中興通訊(墨西哥)可變資本有限責任公司)	April 2008	USD50,000	Mexico City	Sales and installation of communication products

2. Headline financial data of Overseas Wholly-owned Subsidiaries under the guarantee:

Unit: RMB in ten thousands

No.	Name of Company	Total assets (31 December 2018)	Total liabilities (31 December 2018)	Net assets (31 December 2018)	Operating revenue (12 months ended 31 December 2018)	Net profit (12 months ended 31 December 2018)	Total assets (31 December 2017)	Total liabilities (31 December 2017)	Net assets (31 December 2017)	Operating revenue (12 months ended 31 December 2017)	Net profit (12 months ended 31 December 2017)
1	ZTE Ukraine Ltd. (中興通訊(烏克蘭)有限責任公司)	5,418	15,521	(10,103)	4,369	94	3,903	13,480	(9,577)	3,486	(4,233)
2	ZTE SINGAPORE PTE. LTD. (中興通訊(新加坡)有限公司)	5,248	5,653	(405)	7,298	(624)	13,406	15,153	(1,747)	11,040	(84)
3	ZTE PHILIPPINES INC. (中興通訊(菲律賓)有限公司)	5,437	10,600	(5,163)	1,166	(1,435)	6,685	10,601	(3,916)	2,522	(761)
4	ZTE (Malaysia) Corporation SDN. BHD (中興通訊馬來西亞有限責任公司)	115,139	111,804	3,335	68,231	(1,155)	84,005	90,402	(6,397)	78,817	(6,591)
5	ZTE Deutschland GmbH (中興通訊(德國)有限公司)	130,085	138,532	(8,447)	28,110	(12,742)	24,558	11,631	4,263	49,950	(223)
6	ZTE Hungary Kft. (中興通訊(匈牙利)有限公司)	11,794	11,423	371	4,980	128	13,543	13,037	507	6,392	434
7	ZTE Corporation DE Mexico,S De R.L. DE C.V. (中興通訊(墨西哥)可變資本有限責任公司)	101,995	152,566	101,933	90,131	(10,440)	78,325	116,879	72,390	103,458	6,411