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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

Progress of External Investments

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.

As disclosed in the “Announcement of Resolutions of the Seventeenth Meeting of the Sixth Session of the Board of Directors” and the “Overseas Regulatory Announcement” published by ZTE Corporation (the “Company”) on 17 April 2014, Shenzhen ZTE Capital Management Company Limited (“ZTE Capital”), a subsidiary of the Company, or a wholly-owned subsidiary of ZTE Capital (as the case may be), the Company and Mr. Yin Yimin subscribed for 深圳市中和春生貳號股權投資基金合夥企業 (Shenzhen Zhonghe Chunsheng Partnership Private Equity Fund II*) (tentative name subject to the final approval of industrial and commercial registration authorities) with capital contributions in cash of RMB10 million, RMB100 million and RMB10 million, respectively. The Company hereby announces the progress of the aforesaid matter as follows:

I. Establishment of Jiaxing Xinghe Equity Investment Partnership (Limited Partnership)*

嘉興市興和創業投資管理有限公司 (Jiaxing Xinghe Capital Management Company Limited*) (“Xinghe Capital”), a wholly-owned subsidiary of ZTE Capital, established 嘉興

市興和股權投資合夥企業(有限合夥)¹ (Jiaxing Xinghe Equity Investment Partnership (Limited Partnership)*) (“Xinghe Partnership”) as the sole general partner by way of promotion. A total of 31 partners, including Xinghe Capital, the Company and Mr. Yin Yimin, subscribed for Xinghe Partnership with capital contributions in cash. The purpose of the partnership is focused on the equity investment of unlisted companies within the TMT industry (technology, media and telecommunication). Recently, the registration as a partnership of Xinghe Partnership was completed with the approval of Jiaxing Nanhu District Administration Bureau of Industry and commerce.

II. Key terms of the partnership agreement

The key terms of the partnership agreement executed by the partners of Xinghe Partnership are set out as follows:

1. Establishment of the partnership: the partnership is known as “嘉興市興和股權投資合夥企業(有限合夥)” (Jiaxing Xinghe Equity Investment Partnership (Limited Partnership)*). Its registered address is Room 227, Building No. 2, 3339 Linggongtang Road (Jiaxing Technology Park), Nanhu District, Jiaxing, Zhejiang Province, the PRC. The partnership is focused on the equity investment of unlisted companies within the TMT industry (technology, media and telecommunication). The term of operation for Xinghe Partnership is five years. If there are any investments yet to be withdrawn upon the expiry of five years, the term of operation may be extended in accordance with provisions under the partnership agreement.

2. Partners and their capital contributions: As at the date of this announcement, funds with a total amount of RMB346 million were raised, of which: Xinghe Capital has contributed RMB10 million in cash as general partner, the Company and Mr. Yin Yimin, each as a limited partner, have contributed RMB100 million and RMB10 million in cash, respectively (such contribution having been considered and approved at the Seventeenth Meeting of the

¹ At the time when the “Resolution on the Proposed Capital Contributions to and Subscriptions for Zhonghe Chunsheng Fund II” was considered at the Seventeenth Meeting of the Sixth Session of the Board of Directors of the Company held on 17 April 2014, the fund was tentatively named “深圳市中和春生貳號股權投資基金合夥企業” (Shenzhen Zhonghe Chunsheng Partnership Private Equity Fund II*) pending registration with and approval by the industrial and commercial authorities. The title of the fund is now finalised as “嘉興市興和股權投資合夥企業 (有限合夥)” (Jiaxing Xinghe Equity Investment Partnership (Limited Partnership)*).

Sixth Session of the Board of Directors of the Company), and other limited partners have contributed in cash RMB226 million in aggregate as agreed in the partnership agreements executed by them. Following the establishment by way of promotion, Xinghe Partnership will remain open to capital contributions by the public until 31 August 2014 or the date on which the total amount of subscription and capital contribution reaches RMB500 million, whichever is earlier, upon which the subscription will close. The general partner shall undertake unlimited joint liability in respect of the debts of the partnership, while the limited partners shall each undertake liability in respect of the debts of the partnership to the extent of the respective capital contribution amounts they have each subscribed for.

3. Allocation of profit: profit from the disposal of projects shall first and foremost be applied to the returning of all investment principal amounts to the partners. After the full repayment of the investment principal, the remaining profit (after setting aside the carried interest payable to the fund manager) shall be distributed to the fund investors in proportion to their respective paid-up capital contributions.

4. Management fee: All partners shall pay an annual management fee to the general partner (namely Xinghe Capital) equivalent to 2.5% of their capital contribution amounts.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
23 June 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.

** For identification purposes only*