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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 Updates on the Guangxing Yunhe Industrial Fund**

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. General information

At the Ninth Meeting of the Seventh Session of the Board of Directors of ZTE Corporation (the “Company”) held on 27 October 2016, the “Resolution on the Participation in the Establishment of Guangxing Yunhe Industrial Equity Investment Fund (Limited Partnership) considered and passed to approve the execution of, among others, the Partnership Agreement for Guangxing Yunhe Industrial Equity Investment Fund (Limited Partnership) (廣興雲合股權投資產業基金 (有限合夥)) (tentative name) (the “Partnership Agreement”) by ZTE Group Financial Holdings (Hangzhou) Limited (中興通訊集團金融控股(杭州)有限公司) (“ZTE FH”, a wholly-owned subsidiary of the Company), ZTE Xingyun Industrial Investment Management (Hangzhou) Company Limited (中興興雲產業投資管理(杭州)有限公司) (a subsidiary of ZTE FH) and Guangfa Hexin Industrial Investment Management Company Limited (廣發合信產業投資管理有限公司) for the joint establishment of an industrial fund. For details, please refer to the “Announcement Resolutions of the Ninth Meeting of the Seventh Session of the Board of Directors” and the “Announcement on the participation in the establishment of Guangxing Yunhe Industrial Equity Investment Fund (Limited Partnership)” published by the Company on 27 October 2016.

As at the date of this announcement, the industrial fund has completed registration with authorities for industrial and commercial administration as Guangyun Hexing Equity

Investment Fund (Hangzhou) Partnership Enterprise (Limited Partnership) (廣雲和興股權投資基金(杭州)合夥企業(有限合夥)). The fund has yet to commence the issue of fund shares and its filing procedures, nor has it started any other businesses.

In the consideration of the Company's strategic development, the "Resolution on the Dissolution, Liquidation and Cancellation of Guangyun Hexing Equity Investment Fund (Hangzhou) Partnership Enterprise (Limited Partnership)" was considered and approved at the Twenty-fifth Meeting of the Seventh Session of the Board of Directors of the Company on 29 December 2017, pursuant to which approval was granted to the dissolution, liquidation and cancellation of Guangyun Hexing Equity Investment Fund (Hangzhou) Partnership Enterprise (Limited Partnership). The parties to the Partnership Agreement have agreed following negotiations to dissolve Guangyun Hexing Equity Investment Fund (Hangzhou) Partnership Enterprise (Limited Partnership).

II. Documents available for inspection

1. Resolutions of the Twenty-fifth Meeting of the Seventh Session of the Board of Directors of the Company

By Order of the Board
Yin Yimin
Chairman

Shenzhen, the PRC
29 December 2017

As at the date of this announcement, the Board of Directors of the Company comprises two executive directors, Yin Yimin and Zhao Xianming; seven non-executive directors, Zhang Jianheng, Luan Jubao, Wang Yawen, Tian Dongfang, Zhan Yichao, Wei Zaisheng and Zhai Weidong; and five independent non-executive directors, Richard Xike Zhang, Chen Shaohua, Lü Hongbing, Bingsheng Teng and Zhu Wuxiang.