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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 Subscription for Shares in Hongtu Zhanlu Fund Tranche II**

*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 information disclosure is true, accurate and complete and that there is no false and misleading statement or material omission in this information disclosure.*

**I. General information on the investment**

1. ZTE Corporation (“ZTE” or the “Company”) has proposed to subscribe for shares in Shenzhen Hongtu Zhanlu Tranche II Equity Investment Partnership Enterprise (Limited Partnership) (深圳市紅土湛盧二期股權投資合夥企業(有限合夥)) (tentative title subject to the final approval of the industrial and commercial registration authorities, hereinafter the “Hongtu Zhanlu Fund Tranche II”) as limited partner with a capital contribution of not more than RMB400 million (the “Investment”).

2. At the Second Meeting of the Ninth Session of the Board of Directors of the Company held on 25 April 2022, the “Resolution on the Subscription for Shares in Shenzhen Hongtu Zhanlu Tranche II Equity Investment Partnership Enterprise (Limited Partnership)” was considered and approved. Pursuant to the “Articles of Association of ZTE Corporation”, “Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange”, “Shenzhen Stock Exchange Self-Discipline Supervision Guide for Listed Companies No.7 – Transactions and Connected Transactions” (《深圳證券交易所上市公司自律監管指引第7號——交易與關聯交易》) and other pertinent rules and regulations, the Investment is not required to be tabled at the general meeting for consideration. The Investment does not involve any connected transaction, nor does it constitute a significant asset reorganisation of a listed company under the “Measures for the Administration of Significant Asset Reorganizations of Listed Companies” (《上市公司重大資產重組管理辦法》).

3. The Company’s controlling shareholder, shareholders interested more than 5% of the Company’ shares, Directors, Supervisors and senior management will not participate in the subscription for shares in, nor does any of them hold offices at, Hongtu Zhanlu Fund Tranche II.

**II. General information on partners**

## **(I) Huizhou Hongtu Investment Management Company Limited (“Huizhou Hongtu”)**

1. Name of company: Huizhou Hongtu Investment Management Company Limited (惠州紅土投資管理有限公司)
2. Date of incorporation: 1 July 2013
3. Registered address: No. 1605, Unit 1, Huamao Building, No. 7 Wenchang Road I, Jiangbei, Huizhou
4. Registered capital: RMB20 million
5. Legal representative: Li Shouyu (李守宇)
6. Shareholding structure: 100% held by Shenzhen Capital Group Hongtu Private Equity Investment Fund Management (Shenzhen) Company Limited (深創投紅土私募股權投資基金管理(深圳)有限公司)
7. Scope of operations: venture investment; venture investment agent on behalf of other entities such as venture investment enterprises or individuals; venture investment consultation; provision of venture management service to venture enterprises. (including projects requiring pre-approval and subject to prohibition under laws, administrative regulations and State Council decisions; projects of which operation require certain qualifications shall be operated on the basis of valid certificates for such qualifications) (projects requiring approval in accordance with the law shall not commence operations unless duly approved by relevant authorities)
8. Registration details: Huizhou Hongtu is the fund manager and has completed the registration of private fund manager in Asset Management Association of China. The registration number is P1009290.

## **(II) Shenzhen Capital Group Company Limited (“Shenzhen Capital”)**

1. Name of company: Shenzhen Capital Group Company Limited
2. Date of incorporation: 25 August 1999
3. Registered address: Zone B, Level 11, Investment Building, 4009 Shennan Avenue, Futian District, Shenzhen
4. Registered capital: RMB10 billion
5. Legal representative: Ni Zewang (倪澤望)
6. Shareholding structure: Shenzhen Municipal People’s Government State-owned Assets Supervision and Administration Commission holds 28.1952% of shares, Shenzhen Xinghe Real Estate Development Company Limited(深圳市星河房地產開發有限公司) holds 20.0001% of shares, Shenzhen Capital Holdings Co.,Ltd. holds 12.7931% of shares, ZTE Corporation holds 0.2334% of shares, and other shareholders hold 38.7782% of shares in total.
7. Scope of operations: venture investment; venture investment agent on behalf of other entities such as venture investment enterprises or individuals; venture investment consultation; provision of venture management service to venture enterprises; participation in the establishment of venture investment enterprises and venture investment management and advisory institutions; equity investment; investment in equity investment funds; equity investment fund management, entrusted management of investment fund (subject to prohibition from securities investment; investing activities by way of fund raising through public issuance; and management of publicly issued funds); entrusted asset management, investment management (subject to prohibition from trust, financial asset management, securities asset management and other restricted items); investment consultation (projects requiring approval in accordance with the law, administrative regulations and State Council

decisions shall not commence operations unless relevant approval documents have been obtained in accordance with the law); corporate management consultation; corporate management planning; market-making on NEEQ; real estate property development and operation on land sites with legally acquired rights of use.

Huizhou Hongtu, an indirect wholly-owned subsidiary of Shenzhen Capital, is the manager of Hongtu Zhanlu Fund Tranche II. Huizhou Hongtu is a concerted party of Shenzhen Capital. Neither Huizhou Hongtu nor Shenzhen Capital is a discredited party subject to enforced actions. ZTE holds 0.2334% equity interests in Shenzhen Capital. Neither Huizhou Hongtu nor Shenzhen Capital is related to, or a party to arrangements of interests with, the controlling shareholder, Directors, Supervisors and senior management of the Company, and does not directly or indirectly hold any shares of the Company.

### III. Information on Hongtu Zhanlu Fund Tranche II

**1. Name of fund:** Shenzhen Hongtu Zhanlu Equity Investment Partnership Enterprise (Limited Partnership) Tranche II (tentative title subject to the final approval of the industrial and commercial registration authorities)

**2. Size of fund and method and schedule of capital contribution:** the fund size shall be not more than RMB1,000 million (subject to the finalised amount of proceeds raised).

(1) The initial issue amount shall be RMB300 million. Huizhou Hongtu, Shenzhen Capital and ZTE shall jointly contribute capital of RMB300 million in cash. The respective amounts of capital to be contributed by the partners are set out in the following table:

RMB: 100 million

Name of partner	Corporate type	Capital contribution	Percentage of capital contribution
Huizhou Hongtu Investment Management Company Limited	General partner / executive partner	0.2	6.6667%
Shenzhen Capital Group Company Limited	Limited partner	1.8	60.00%
ZTE Corporation	Limited partner	1.0	33.3333%
<b>Total</b>	-	<b>3.0</b>	<b>100.00%</b>

(2) The 6-month period following the first closing date (the effective date for the partnership agreement or other date determined by the general partner) shall be the subsequent subscription period, during which new limited partners and existing limited partners may participate in the capital contribution, until the total contributed capital of the partnership enterprise reaches RMB1,000 million. The total amount of capital contribution to be made by ZTE shall be not more than RMB400 million, for a capital contribution ratio not exceeding 40%.

Each partner shall pay the capital in accordance with the agreement and the notice for the payment of capital contributions issued by the general partner.

**3. Organisation of the fund:** Hongtu Zhanlu Fund Tranche II shall be in the form of limited partnership and established under the Law of the People's Republic of China on Partnership Enterprises and other pertinent laws and regulations.

**4. Duration:** The partnership enterprise shall operate for a period of 6 years, including an investment period of 3 years and a withdrawal period. The general partner may extend, at its discretion, the period of operation for a maximum of not more than one year; further extensions shall require the unanimous approval of all partners.

**5. Investment direction:** Hongtu Zhanlu Fund Tranche II shall mainly invest in projects in the growth stage, and shall be focused on ICT enterprises in growth stage.

**6. Other than cash management, the fund shall not engage in the following investment activities:**

- (1) Publicly listed tradable securities, futures, options, forward contracts, securities investment funds, corporate bonds, trust products, insurance plans, entrusted fund management and other financial derivatives (save for the following: i. securities transactions which might occur in connection with withdrawal of the partnership enterprise from investment portfolios; ii. investment in equity interests in companies listed and traded on NEEQ and various regional equity exchanges, investment in the non-public issuance of shares of listed companies, transfer through block trade or agreement, securities trading conducted to facilitate the privatisation of a listed company, purchase of shares in listed companies through participation in the strategic placing of listed companies, new issue by way of private placing and other means permitted under PRC laws and by relevant securities regulatory authorities and entrusted management;
- (2) Loans, entrusted loans or call loans provided to any third parties guarantee (save for debt investment provided for under the partnership agreement);
- (3) Sponsorships and donations to any third parties (save for charitable donations approved by way of unanimous consent at the partners' meeting);
- (4) Acceptance or disguised acceptance of public deposits;
- (5) Guarantees, mortgage or real estate business (including the purchase of properties for self-use);
- (6) Issue of trust or collective wealth management products for the raising of funds;
- (7) External investments that might incur unlimited liability or unlimited joint liability for the partnership enterprise;
- (8) Real estate business and businesses restricted under national policies;
- (9) Activities involving loan disguised as share subscription that effectively increase the debt of the government;
- (10) Other businesses prohibited under applicable laws;
- (11) Unless unanimously approved at the partners' meeting, the partnership enterprise shall not borrow any financing debt as a borrower;
- (12) Unless unanimously approved at the partners' meeting, the partnership enterprise shall not provide guarantees to third parties.

**7. Fund management mode:** Hongtu Zhanlu Fund Tranche II shall establish an investment decision committee (the "Investment Committee"). The general partner and manager has agreed to delegate decision making in respect of matters such as investment and withdrawal from investment by the partnership enterprise. The Investment Committee shall comprise 5 members, 3 of which shall be designated and appointed by the general partner, 1 by ZTE and 1 of which shall be designated and appointed by the subsequent limited partner and by the general partner on a temporary basis during the subsequent subscription period, provided if the limited partner waives its right to designate and appoint a committee member in future, such member shall be designated and appointed by the general partner. The directors and senior management of the general partner and / or connected parties may concurrently serve as

members of the Investment Committee. Members of the Investment Committee shall not receive any remuneration from the partnership enterprise. Voting of the Investment Committee shall be conducted by way of open ballot. Each committee member shall have one vote and members who are entitled to vote shall also have the right to express their voting opinions, which should be clearly stated as an opinion in favour of or against the matter concerned. The convening of meetings of the Investment Committee shall require the attendance of all members. Investment decisions to be made by the Investment Committee shall require at least 4 members voting in favour thereof in order to be valid. ZTE shall not be entitled to a veto vote in respect of the proposed investment targets of Hongtu Zhanlu Fund II.

#### **8. Distribution of main income of the fund:**

Cash available for distribution derived from the investment income of projects and operating income of investments shall be allocated by the general partner based on the actual operating conditions of the partnership enterprise in accordance with the principle of separate income accounting for individual investment portfolios in the following order:

(1) It shall first and foremost be distributed to all partners investing in such investment portfolio according to the percentage of equity interests in project investment (the percentage of paid-up capital contribution), until the cumulative amount of distribution received by each partner hereunder is equivalent to the amount of investment cost for such investment portfolio allocated to such partner (amount of investment cost for such investment portfolio allocated to a partner = investment cost of the investment portfolio x percentage of equity interests in project investment of the partner).

(2) Secondly, the balance, if any, shall be distributed to all partners investing in such investment portfolio according to the proportion for distribution stipulated in the partnership agreement, until the cumulative amount of distribution received by each partner hereunder is equivalent to 6%, the project threshold income of such partner.

(3) Thirdly, the balance, if any, shall be distributed to the general partner and ZTE in the proportion of 60%: 40%, until (i) the cumulative amount of distribution received by the general partner hereunder is equivalent to: the cumulative amount of distribution received by all partners under the preceding paragraph (2)  $\div$  80%  $\times$  12%, and (ii) the cumulative amount of distribution received by ZTE hereunder is equivalent to: the cumulative amount of distribution received by all partners under the preceding paragraph (2)  $\div$  80%  $\times$  8%.

(4) Finally, the balance after distribution described in the foregoing, if any, shall be distributed as to 80% to all partners according to the percentage of equity interests in project investment, 12% to the general partner as profit sharing for the general partner, and 8% to ZTE as special distribution.

#### **9. Major expenses of the fund:**

Management fee payable to the fund manager: the annual management fee payable by the limited partners to the general partner shall be computed on the basic combined annual rate of the total amount of paid-up capital contribution less the principal amount of investments in divested projects.

#### **10. Withdrawal from the fund:**

Upon the conclusion of the period of operation, withdrawal will be facilitated through the liquidation of the fund; during the period of operation, limited partners may withdraw by retiring from the partnership or transferring their equity interests.

In the event of any transfer of the partnership interests by the limited partner to its associates, the general partner and other partners shall not be entitled to any first right of refusal.

#### **11. Fund accounting:**

The general partner shall maintain accounting books reflecting the transaction items of the partnership enterprise in compliance with applicable laws during the statutory period as the basis for the submission of financial statements to the limited partners.

#### **12. Effectiveness of agreement:**

From the date on which the agreement has been signed by all partners under the seal.

**13. Date of execution of the agreement:** Huizhou Hongtu, Shenzhen Capital and ZTE sign the “Shenzhen Hongtu Zhanlu Equity Investment Partnership Enterprise Tranche II (Limited Partnership) Partnership Agreement” (《深圳市紅土湛盧二期股權投資合夥企業（有限合夥）合夥協議》) on 25 April 2022.

The information set out above is subject to the finalised partnership agreement signed by the partners and approved by the industrial and commercial administration authorities.

#### **IV. Statement on possible competition in the same business or connection transaction arising from the investment in Hongtu Zhanlu Fund Tranche II and other statement**

Hongtu Zhanlu Fund Tranche II is principally engaged in equity investments. It is not involved in competition in the same business or connected transaction at the current stage. In the event of any changes in the future, due procedures shall be performed in accordance with pertinent laws and regulations.

During the 12 months immediately preceding the Investment, ZTE does not have any over-raised funds, and there is no case where the over-raised funds are used for permanent replenishment of working capital.

#### **V. Effect on the Company and inherent risks**

The subscription for Hongtu Zhanlu Fund Tranche II by ZTE with capital contributions will gain more investment income with the benefit of the experience and financial strength of professional investment institutions.

Hongtu Zhanlu Fund Tranche II has yet to be established and is required to complete registration as a private fund following its establishment. Hence, it is subject to the risks of not obtaining approval for registration or failure to raise sufficient funds. In addition, it has the risk of failing to achieve the expected income. The Company will pay close attention to the establishment and filing progress of the fund, and urge the management personnel to formulate a complete investment process and a strict risk control process to reduce the risk of the

investment.

## **VI. Documents for inspection**

Resolutions of the Second Meeting of the Ninth Session of the Board of Directors

By Order of the Board

**Li Zixue**

*Chairman*

Shenzhen, the PRC

25 April 2022

*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, Gordon Ng, Zhuang Jiansheng.*