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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 proposed participation in subscription for fund units by the controlling shareholder using shares of the Company held by the controlling shareholder**

*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.*

*Zhongxingxin Telecom Company Limited, the controlling shareholder, confirms that all information provided to the Company is true, accurate and complete and that there is no false and misleading statement or material omission.*

*The Company and all the members of the Board of Directors confirm that the contents of this announcement are consistent with the information provided by the responsible party for information disclosure.*

On 12 March 2019, ZTE Corporation (the “Company”) received a “Letter of Notification concerning the Proposed Participation in Subscription for Fund Units Using Shares of ZTE Corporation” from Zhongxingxin Telecom Company Limited (“Zhongxingxin”), its controlling shareholder, regarding the proposed participation in subscription for units in ICBCCS Shanghai-Shenzhen 300 Traded Open-ended Index Securities Investment Fund (“ICBCCS SHSZ 300 ETF”) by Zhongxingxin using A shares in the Company held by Zhongxingxin (i.e., by way of offline share subscription). Relevant details are announced as follows:

**I. General information on the participating principal**

1. Name of shareholder: Zhongxingxin Telecom Company Limited

2. Total number of shares held by the shareholders and as a percentage of the Company’s total share capital:

As at the date of this announcement, Zhongxingxin holds a total of 1,271,314,633 shares in the Company (comprising 1,269,276,633 A shares and 2,038,000 H shares), accounting for approximately 30.32% of the Company’s total share capital.

**II. Principal terms of the proposed participation in offline shares subscription for ICBCCS Shanghai-Shenzhen 300 Traded Open-ended Index Securities Investment Fund by Zhongxingxin**

1. Purpose of participation in subscription for fund units: to meet the requirements of Zhongxingxin's operations and to optimize asset allocation.

2. The number and source of shares used by Zhongxingxin for the subscription of fund units: Zhongxingxin has proposed to apply not more than 41,926,718 A shares in the Company (accounting for approximately 1% of the Company's total share capital) held by it to subscribe for units in ICBCCS SHSZ 300 ETF, in such number as is corresponding to the value of not more than 41,926,718 A shares in the Company (the "Fund Unit Subscription"). A shares used by the Fund Unit Subscription shall be shares held by Zhongxingxin as a promoter of the Company prior to the Company's initial public offering and shares issued to Zhongxingxin in respect of such A shares following the Company's implementation of equity distribution plans.

3. Timing of the subscription of fund units: within 6 months after a period of 15 trading days has lapsed from the date of this announcement, save for periods during which Zhongxingxin is not allowed to sell down shares in the Company under pertinent laws, regulations and regulatory documents. The number of shares in the Company sold down by Zhongxingxin in any period of 90 consecutive natural days by way of centralised auction via the stock exchange (including shares of the Company sold down in connection with the Fund Unit Subscription) shall not exceed 1% of the total number of the Company's shares.

In addition, Zhongxingxin plans to sell down A shares in the Company through block trade, and the total number of shares sold down through block trade in any period of 90 consecutive natural days shall not exceed 2% of the total number of the Company's shares.

### **III. Shareholders' undertaking and performance**

On 10 December 2007, Zhongxingxin gave an undertaking that it shall disclose any intention in future to dispose of shares in the Company which have been released from lock-up restrictions and held via the securities trading system in an amount equivalent to 5% or more within six months after the first sell-down, by way of an indicative announcement to be published by the Company within two trading days before the first sell-down.

As at the date of this announcement, there has not been any breach of the aforesaid undertaking by Zhongxingxin.

### **IV. Risk reminder**

The Fund Unit Subscription proposed to be undertaken by Zhongxingxin is subject to uncertainties. Zhongxingxin shall decide whether or not to proceed with the Fund Unit Subscription based on market conditions.

### **V. Documents available for inspection**

1. "Letter of Notification concerning the Proposed Participation in Subscription for Fund Units Using Shares of ZTE Corporation"

By Order of the Board  
**Li Zixue**  
*Chairman*

Shenzhen, the PRC  
12 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.*