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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)

INFORMATION ON PAYMENT OF FINAL DIVIDEND

Reference is made to the circular of the Company dated 9 April 2014 (the “**Circular**”) in relation to final dividend and the announcement of the Company dated 29 May 2014 on the voting results of the annual general meeting of the Company held on 29 May 2014. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

In addition to the above resolutions approved at the AGM, the Board announces the following information relating to the payment of the final dividend:

The Company will distribute a final dividend of RMB0.03 (before taxation) per Share. The final dividend is payable to H Shareholders whose names appeared on the H Shares register of members of the Company on Monday, 9 June 2014 (the “**Record Date**”). Dividend on A Shares shall be paid in Renminbi and dividend on H Shares shall be paid in Hong Kong dollar. The following conversion formula shall apply to the calculation of the dividend payable to H Shareholders:

$$\begin{array}{l} \text{Final dividend per H} \\ \text{Share in Hong Kong} \\ \text{dollar} \end{array} = \frac{\text{Final dividend per Share in Renminbi}}{\text{the average median of exchange rates of Hong Kong} \\ \text{dollar against RMB published by The People's Bank of} \\ \text{China for the 5 business days up to and including the} \\ \text{AGM date}}$$

The average median of exchange rates of Hong Kong dollar against RMB published by The People's Bank of China for the 5 business days up to and including 29 May 2014 was HK\$100 to RMB79.5694. Accordingly, the final dividend payable for each H Share is HK\$0.03770 (before taxation).

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent (the “**Receiving Agent**”) in Hong Kong which will receive the final dividend declared from the Company on behalf of H Shareholders. The final dividend will be paid by the Receiving Agent and the dividend warrants will be posted by the H share

registrar of the Company, Computershare Hong Kong Investor Services Limited, by ordinary mail to H Shareholders who are entitled to receive the dividend at their own risk on Thursday, 24 July 2014.

Withholding of Income Taxes on Dividends Paid to Non-Resident Corporate Shareholders and Individual Shareholders

Under the relevant tax rules and regulations of the PRC (collectively the “**PRC Tax Law**”), the Company is required to withhold corporate income tax at the rate of 10% when distributing the final dividend to non-resident enterprises (such term shall have the meaning as defined under the PRC Tax Law) whose names appear on the H Shares register of members of the Company on Record Date.

In accordance with the PRC Tax Law, the Company is also required to withhold individual income tax when distributing the final dividend to individual shareholders whose names appeared on the H Shares register of members of the Company on Record Date. The Company will determine the country of domicile of the individual H Shareholders based on the registered addresses as recorded in the H Shares register of members of the Company on the Record Date with details as follows:

- For individual H Shareholders who are Hong Kong and Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them.
- For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them. The Company would make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)).
- For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of higher than 10% but lower than 20%, the Company would withhold and pay the individual income tax at the agreed-upon effective tax rate on behalf of them.
- For individual H Shareholders who are residents of those countries without any tax treaties with the PRC or having tax treaties with the PRC stipulating a dividend tax rate of 20% and other situations, the Company would withhold and pay the individual income tax at a tax rate of 20% on behalf of them.

Shareholders of the Company should read this item carefully, if anyone would like to change the identity of shareholder, please enquire about the relevant procedures with the nominees or trustees. The Company is neither obligated nor responsible for ascertaining the identity of shareholders and will strictly comply with the relevant laws on withholding and paying income taxes in accordance with the records of the H Shares register of members as at the Record Date, and will not entertain any requests in relation to any delay or error in ascertaining the identity of shareholders.

By Order of the Board

Hou Weigui

Chairman

Shenzhen, the PRC

16 July 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 Zhancheng, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Richard Xike Zhang.