

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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**

*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 announcement.*

**I. General information on the investment**

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

2. At the Twenty-fourth Meeting of the Eighth Session of the Board of Directors of the Company held on 25 September 2020, the “Resolution on the Subscription for Shares in Zhuhai Hongtu Zhanlu 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”, “Guideline for Information Disclosure by Companies Listed on the Shenzhen Stock Exchange No. 5 – Transactions and Connected Transactions” (《深圳證券交易所上市公司信息披露指引第5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. The Company has no de facto controller.

**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: RMB1 million
5. Legal representative: Li Shouyu (李守宇)
6. Shareholding structure: 100% held by Shenzhen Capital Hongtu Equity Investment Management (Shenzhen) Company Limited (深創投紅土股權投資管理(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: RMB5,420,901,882
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. 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

**1. Name of fund:** Zhuhai Hongtu Zhanlu Equity Investment Partnership Enterprise (Limited Partnership) (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	6.67%
Shenzhen Capital Group Company Limited	Limited partner	1.8	60.00%
ZTE Corporation	Limited partner	1.0	33.33%
<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) 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%.

Capital contributions made by all limited partners during the initial and subsequent subscription periods shall be paid in two instalments. The first and second instalments shall be equivalent to 60% and 40%, respectively, of the paid-up capital contribution. The general partner shall issue a notice for the payment of capital contributions to the limited partners based on the progress of investments and status of fund utilisation. The ratio of paid-up capital contribution for the general partner should be consistent with that for the limited partners (other than limited partners who have defaulted in capital contribution).

**3. Organisation of the fund:** Hongtu Zhanlu Fund 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 shall be focused on technological enterprises in growth stage and maturity 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: ① securities transactions which might occur in connection with withdrawal of the partnership enterprise from investment portfolios; ② 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 STAR-listed companies and other means permitted under PRC laws and by relevant securities regulatory authorities and entrusted management, in each case after 14 February 2021);

(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 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 and 2 by ZTE. 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.

#### **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.

#### **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 “Zhuhai Hongtu Zhanlu Equity Investment Partnership Enterprise (Limited Partnership) Partnership Agreement” (《珠海市紅土湛盧股權投資合夥企業(有限合夥)合夥協議》) on 25 September 2020.

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**

Hongtu Zhanlu Fund 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.

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

The subscription for Hongtu Zhanlu Fund 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 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 Twenty-fourth Meeting of the Eighth Session of the Board of Directors

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

Shenzhen, the PRC  
25 September 2020

*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.*