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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 Zhongtou 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 Zhongchuang (Xi'an) Investment Management Company Limited (中興眾創(西安)投資管理有限公司) ("ZTE Zhongtou"), a wholly-owned subsidiary of ZTE Corporation ("ZTE" or the "Company") has proposed to subscribe for Shaanxi Zhongtou Zhanlu Tranche II Equity Investment Partnership Enterprise (Limited Partnership) (陝西眾投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 "Zhongtou Zhanlu Fund Tranche II") as general partner with a capital contribution of RMB2.50 million. ZTE has proposed to subscribe for Zhongtou Zhanlu Fund Tranche II as limited partner with a capital contribution of RMB78 million (the "Investment").

2. At the Ninth Meeting of the Ninth Session of the Board of Directors of the Company held on 15 December 2022, the "Resolution on the Participation in the Establishment of Shaanxi Zhongtou 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's shares, Directors, Supervisors and senior management will not participate in the subscription for shares in, nor does any of them hold offices at, Zhongtou Zhanlu Fund Tranche II.

II. General information on partners

(I) ZTE Zhongchuang (Xi'an) Investment Management Company Limited

1. Name of company: ZTE Zhongchuang (Xi'an) Investment Management Company Limited
2. Date of incorporation: 15 September 2017
3. Registered address: C201, Main Complex, ZTE Industrial Park, 10 Bantang Yannan Road, Zhangba Street, Gaoxin District, Xi'an, Shaanxi Province (陝西省西安市高新區丈八街辦唐延南路 10 號中興產業園主樓 C201)
4. Registered capital: RMB30 million
5. Legal representative: Wang Xiang (王翔)
6. Shareholding structure: 100% held by ZTE
7. Scope of operation: equity investment, investment management, investment consultation, fund investment (using internal funds only; fund raising through public issuance not allowed); fund management (excluding securities investment fund); asset management (other than financial institution) (projects requiring approval in accordance with the law shall not commence operations unless duly approved by relevant authorities)
8. Registration details: ZTE Zhongchuang (Xi'an) Investment Management Company Limited has completed registration of private fund manager with the Asset Management Association of China on 11 June 2019. The registration number is P1069857.

(II) Xi'an Innovative Investment Fund Partnership Enterprise (Limited Partnership) (西安市創新投資基金合夥企業(有限合夥)) ("Xi'an Innovative Fund")

1. Name of company: Xi'an Innovative Investment Fund Partnership Enterprise (Limited Partnership)
2. Nature of corporation: Limited partnership fund
3. Date of incorporation: 31 March 2022
4. Registered address: A2502, Block B, Kairui, 166 Mingguang Road, Xi'an Economic and Technology Development Zone, Shaanxi Province (陝西省西安市經濟技術開發區明光路 166 號凱瑞 B 座 A2502 號)
5. Partners:

Unit: RMB ten thousand			
Name of partner	Type of partner	Amount of capital contribution	Percentage of capital contribution
Xi'an Caijing Investment Management Company Limited (西安財金投資管理有限公司)	Limited partner	600,000	59.70%
Xixian New District Two Chain Industry Area Innovative Investment Partnership Enterprise (Limited Partnership) (西咸新區兩鏈產業創新投資合夥企業(有限合夥))	Limited partner	100,000	9.95%
Xi'an Gaoxin Financial Holdings Group Company Limited (西安高新金融控股集團有限公司)	Limited partner	100,000	9.95%
Xi'an Jingkai Financial Holdings Company Limited (西安經開金融控股有限公司)	Limited partner	100,000	9.95%
Xi'an City Infrastructure Construction and Investment Group Company Limited (西安城市基礎設施建設投資集團有限公司)	Limited partner	50,000	4.98%
Xi'an City Development (Group) Company Limited (西安城市發展(集團)有限公司)	Limited partner	50,000	4.98%
Xi'an Caijing Investment Private Fund Management Company Limited (西安財金投資私募基金管理有限公司)	General partner	5,000	0.49%
Total	-	1,005,000	100.00%

6. Scope of operation: equity investment, investment management and asset management, among others, by way of private fund.

7. Registration details: Xi'an Innovative Fund has completed fund product registration with the Asset Management Association of China. The registration number is SVR224.

(III) Wuxi Taclink Optoelectronic Technology Co., Ltd. (“Taclink”)

1. Name of company: Wuxi Taclink Optoelectronic Technology Co., Ltd. (無錫市德科立光電子技術股份有限公司)

2. Nature of corporation: joint stock limited company (listed company)

3. Date of incorporation: 31 January 2000

4. Registered address: Site 93-C New District Technology Industry Park, Wuxi (無錫市新區科技產業園 93 號-C 地塊)

5. Registered capital: RMB97.28 million

6. Legal representative: Gui Sang (桂桑)

7. Top ten shareholders (as at 30 September 2022):

Shareholder	Number of shares held (share)	Shareholding percentage
Wuxi Taike Lingke Industrial Investment Partnership Enterprise (Limited Partnership) (無錫泰可領科實業投資合夥企業(有限合夥))	24,741,405	25.43%
Qian Mingying (錢明穎)	10,870,740	11.17%
Pingtang Deduotai Investment Partnership Enterprise (Limited Partnership) (平潭德多泰投資合夥企業(有限合夥))	5,478,570	5.63%
Lan Yichao (蘭憶超)	4,218,499	4.34%
Caitong Innovative Investment Company Limited (財通創新投資有限公司)	3,863,094	3.97%
Wuxi Debo Enterprise Management Partnership Enterprise (Limited Partnership) (無錫市德博企業管理合夥企業(有限合夥))	3,755,000	3.86%
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))	3,107,910	3.19%
SSF Portfolio 17011	2,627,046	2.70%
Shen Liang (沈良)	2,603,725	2.68%
Suzhou Kaihui Growth Investment Fund Partnership Enterprise (Limited Partnership) (蘇州凱輝成長投資基金合夥企業(有限合夥))	2,395,119	2.46%

8. Scope of operation: technological development, technical services, manufacturing and sales in relation to opto-electronic products, optical amplifier, optical module, sub-system, optical component and high-speed optical transceiver; systems integration and contract engineering work for communication and data centre with testing and technical consultation service; import and export of various commodities and technologies as proprietor or agent (other than commodities and technologies to be traded by State-designated companies only or prohibited from import and export by the State); processing of import materials and “processing, OEM, assembly and compensatory trade”; lease of owned properties.

Xi'an Innovative Fund and Taclink are not concerted parties nor discredited parties subject to enforced actions, and are not related to, or a party to arrangements of interests with, the Company or the controlling shareholder, Directors, Supervisors and senior management of the

Company, and does not directly or indirectly hold any shares of the Company.

III. General information on Zhongtou Zhanlu Fund Tranche II

1. Name of fund: Shaanxi Zhongtou Zhanlu Tranche II 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 RMB200 million (subject to the finalised amount of proceeds raised).

ZTE Zhongtou, ZTE, Taclink and Xi'an Innovative Fund shall in aggregate subscribe for a capital contribution of RMB200 million by way of cash. All partners shall pay up the capital contribution in two tranches, with the actual amount of capital contribution accounting for 60% and 40%, respectively, of the total subscription amount. The respective capital contribution amounts to be subscribed for by the partners are set out in the following table:

Unit: RMB ten thousand				
Name of partner	Type of partner	Amount of capital contribution subscribed for	Percentage of capital contribution	Type
ZTE Zhongtou	Limited liability company	250	1.25%	General partner
ZTE	Joint stock limited company	7,800	39.00%	Limited partner
Taclink	Joint stock limited company	6,000	30.00%	Limited partner
Xi'an Innovative Fund	Limited partnership enterprise	5,950	29.75%	Limited partner
Total	-	20,000	100.00%	-

3. Organisation of the Fund: Zhongtou 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 7 years from the date of the issuance of the business license, including an investment period of 3 years (from the date of registration of the Fund). The remaining period after the conclusion of the investment period is the divestment period. The parties have unanimously agreed that the period of operation may be extended twice, each for a period of not more than 1 year.

5. Investment direction and stage: no less than 60% of the total subscribed capital contribution amount of the Fund shall be invested in projects along the communication and electronic information industry chains; in terms of project stage, investment shall primarily be focused on projects in early or intermediary stages, although investment could also be made in projects in advanced stages.

6. Other than cash management, the Fund shall not be invested in the following:

- (1) Loans (loan deposits), guarantees, mortgages or entrusted loans;
- (2) Stocks in the secondary market (other than new issue by way of private placing, share placing and convertible bond issue by listed companies), futures, real estate properties,

securities investment funds, corporate bonds with a debt rating below AAA or an issuer rating below AAA, trust products, financial products other than principal preservation products, insurance plans and other financial derivatives;

(3) Sponsorships and donations to any third parties (save for charitable donations approved at the partners' meeting);

(4) Acceptance or disguised acceptance of deposits or provision of loans and lending to third parties (other than convertible bonds intended as equity investments, provided that investment in debt packaged as equity stocks is prohibited);

(5) External investment that might incur unlimited joint liability;

(6) Issue of trust or collective wealth management products for the raising of funds;

(7) Borrowing of external loans;

(8) Other private funds (other than projects of joint investment or alternative investment in the invested enterprise through the establishment of project companies or other forms of investing principals or investment instruments with the unanimous approval of all partners);

(9) Other businesses prohibited under national laws and regulations or competent regulatory authorities.

7. Fund management mode: Zhongtou Zhanlu Fund Tranche II shall establish an investment decision committee (the "Investment Committee"). The Investment Committee shall comprise 5 members, all of which shall be appointed by the general partner. Investment matters shall be voted upon at the Investment Committee by way of open ballot with each member being entitled to one vote and approved with at least three members voting in favour. Xi'an Innovative Fund and Taclink shall each appoint 1 observer to the Investment Committee who may attend the meetings of the Investment Committee and voice their opinions on the projects but shall not take part in voting.

The fund manager shall submit full information on projects proposed for investment to Xi'an Innovative Fund, and the resolution document for the investment decision shall only be valid if Xi'an Innovative Fund furnishes a reply of approval in writing, provided that the absence of any reply by the end of the stipulated period shall be deemed as approval. Xi'an Innovative Fund shall not participate in any market-based judgements in relation to projects, nor shall it interfere with any market-based decisions in relation to investment projects. Nevertheless, it can exercise a veto vote in respect of investment projects that violate regulations pertaining to the management of Xi'an Innovative Fund and requirements under the partnership agreement.

8. Profit distribution of the Fund:

Profit distribution for Zhongtou Zhanlu Fund Tranche II shall be conducted on the bases of "instant distribution upon divestment" and "recoup of principal followed by profit distribution" in the following order:

(1) Recoup of paid-up capital contribution: limited partners shall first and foremost recoup their paid-up capital contribution according to their respective percentages of paid-up capital contribution, until all limited partners have recouped their paid-up capital contribution amounts in full; any balance shall be recouped by the general partner to the extent of the full amount of its paid-up capital contribution;

(2) Priority in the distribution of returns: after all partners have recouped their paid-up capital contribution in full, any balance shall be first distributed to the limited partners, until their annualised return rate reaches 6% on a simple rate basis. Any balance shall then be distributed to the general partner until its annualised return rate reaches 6% on a simple rate basis;

(3) Distribution of excess income: the balance after the distributions described in the two foregoing paragraphs, if any, shall be distributed between the general partner and the limited partners in the proportion of 20%: 80%, which 80% shall be distributed among the limited partners according to the percentages of their paid-up capital contribution.

9. Major expenses:

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 basis of the total amount of paid-up capital contribution less the divested investment principal amounts at an annual rate of 2% applicable to both the investment period and the divestment period. No management fees shall be payable for the extended periods.

10. Divestment mechanism:

Equity interests in invested enterprises held by the Fund may be divested by way of transfer to third parties, acquisition by or merger with other companies and principals, repurchase, listing, liquidation or designated capital reduction of the enterprise and other means permissible under laws and regulations.

11. Fund accounting: the Fund shall be the accounting subject with standalone books, independent audit and standalone financial reports.

12. Effectiveness of agreement: effective from the date on which the agreement has been signed by all partners under seal.

13. Date of execution of the agreement: 15 December 2022

The information set out above is subject to the finalised terms of the partnership agreement as 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 Zhongtou Zhanlu Fund Tranche II and other statement

Zhongtou 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, the Company does not have any over-subscribed funds, and there is no application of over-subscribed funds as permanent replenishment of working capital.

V. Effect on the Company and inherent risks

The capital contribution made by ZTE Zhongtou and ZTE to subscribe for Zhongtou Zhanlu Fund Tranche II is conducive to the investment in and assistance for a broader scope of innovative businesses and enterprises along upstream and downstream sectors with lower costs and diverted risks, thereby facilitating the execution and implementation of the Company's strategy in a more effective manner.

Zhongtou 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 is also subject to the risk of failing to achieve the expected income. ZTE Zhongtou as general partner shall enhance its internal control system and risk control system and ensure adequate assessment of investment project risks by reference to the rules and regulations of the investment sector.

VI. Documents for inspection

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

By Order of the Board

Li Zixue

Chairman

Shenzhen, the PRC

15 December 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.