

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 execution of the “Memorandum of Understanding on the Termination of the Framework Agreement for Cooperation and Related Matters” with Shenzhen Investment Holdings Co., Ltd.

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

I. Project overview

On 19 September 2018, ZTE Corporation (the “Company”) entered into the Framework Agreement for Cooperation with Shenzhen Investment Holdings Co., Ltd. (“SIHC”) in relation to the proposed transaction with SIHC in respect of land and property assets located in North Zone, Xili Industrial Park of Nanshan District of Shenzhen and Buji Sub-district of Longgang District of Shenzhen, respectively, held directly or indirectly by the Company (the “Project”). On the same date, the Company entered into the relevant Mortgage Contract and Contract for the Pledge of Equity with SIHC to provide guarantee in respect of the Company’s obligations under the Project secured by 90% equity interest in Shenzhen Guoxin Electronics Development Company Limited (“Guoxin Electronics”), a subsidiary of the Company, and land blocks and buildings thereon in North Zone, Xili Industrial Park of Nanshan District of Shenzhen held by the Company; Shenzhen ZTE Kangxun Telecom Company Limited (“ZTE Kangxun”), a subsidiary of the Company, entered into the Contract for the Pledge of Equity with SIHC to provide guarantee in respect of ZTE Kangxun’s obligations under the Project secured by 10% equity interests in Guoxin Electronics held by ZTE Kangxun; Guoxin Electronics entered into the Mortgage Contract with SIHC to provide guarantee in respect of the Company’s obligations under the Project secured by land blocks and buildings thereon in Buji Sub-district of Longgang District of Shenzhen held by Guoxin Electronics. For details of the aforesaid matter, please refer to the “Overseas Regulatory Announcement Announcement of execution of contracts including Framework Agreement for Cooperation with Shenzhen Investment Holdings Co., Ltd. and matters pertaining to Third-party Guarantee” published by the Company on 19 September 2018.

At the Forty-fifth Meeting of the Seventh Session of the Board of Directors held by 19 March 2019, a resolution on the execution of the “Memorandum of Understanding on the Termination

of the Framework Agreement for Cooperation and Related Matters” with Shenzhen Investment Holdings Co., Ltd. was considered and approved. In respect of arrangements for the termination of the Framework Agreement for Cooperation and related matters, the Company and SIHC entered into the “Memorandum of Understanding on the Termination of the Framework Agreement for Cooperation and Related Matters” (“MOU”) on 19 March 2019.

II. Principal terms of the MOU

1. As stipulated under the Framework Agreement for Cooperation, since the two parties have not been able to agree on the consideration for acquisition within 180 days after the SIHC payment of the first instalment (RMB2,200 million), the Framework Agreement for Cooperation shall terminate automatically on an as-is basis on the date on which the MOU comes into effect and the Company settles in full all amounts due the Framework Agreement for Cooperation in accordance with the MOU (the relevant arrangements for mortgage and pledge effective under the Framework Agreement for Cooperation and the corresponding mortgage contract and pledge contract shall terminate upon the completion of cancellation of the mortgage registration and / or pledge registration).

2. The settlement date on which the Company shall settle in full all amounts (containing the first instalment of RMB2,200 million, compensatory amount, relevant costs and expense) due to SIHC under the Framework Agreement for Cooperation is set at 20 March 2019.

3. Within 5 days following the receipt by SIHC in full of all due amounts, SIHC and the Company shall procure the Company, ZTE Kangxun and Guoxin Electronics to apply to the registration authorities for the cancellation of mortgage registration and / or pledge registration relating to the subject assets (including the signing of all requisite documents). Upon the completion of cancellation of the aforesaid mortgage registration and / or pledge registration, the mortgage contract and pledge contract shall terminate accordingly.

4. The Company and SIHC may continue to carry out negotiations and enter into separate agreements in the future in respect of the subject matter for cooperation under this Project.

5. The MOU shall come into effect on the date on which it is signed by the two parties with seals affixed.

III. Documents available for inspection

1. Resolutions of the Forty-fifth Meeting of the Seventh Session of the Board of Directors
2. “Memorandum of Understanding on the Termination of the Framework Agreement for Cooperation and Related Matters”

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
19 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.