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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)

Announcement on Execution of Strategic Cooperation Agreement

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. General Information on the Strategic Cooperation Agreement

(I) Execution of the Strategic Cooperation Agreement

On 8 December 2015, ZTE Corporation (the “Company”), 中興九城網絡科技無錫有限公司 (“中興九城”) and Shanghai Oriental Pearl Media Co., Ltd. (上海東方明珠新媒體股份有限公司) (“SOPM”) entered into a strategic cooperation agreement (the “Agreement”) in connection with the establishment of strategic partnership in the areas of cloud computing, CDN, home terminals, value-added television services, video resource cooperation, resource-sharing, etc.

(II) General Information on the Parties to the Agreement

1. 中興九城

Type of corporation: limited liability company

Legal representative: Zeng Xuezhong (曾學忠)

Address: E1-601, China Sensor Network International Innovation Park, 200 Linghu Avenue, Wuxi New District, Wuxi City, Jiangsu Province (江蘇省無錫市無錫新區菱湖大道200號中國傳感網創新園E1-601)

Registered capital: RMB11,111,100

Shanghai Zhongxing Telecom Equipment Technologies Company Limited (上海中興通訊技術有限責任公司) is a subsidiary that the Company holds 90% equity interests. Shanghai

Zhongxing Telecom Equipment Technologies Company Limited (上海中興通訊技術有限責任公司) holds 30.15% equity interests of 中興九城. Incorporated on 7 February 2013, 中興九城 specialized in the business of digital home entertainment. In line with the strategy of “development, cross-over, mutually creation of a new scenario underpinned by the integration of three networks,” 中興九城 is committed to the development of global interactive television value-added services and currently holds a 70% market share of the IPTV and broadcast cloud value-added television service business. It has plans to launch in the next 2-3 years products and terminals that support the integration of value-added services on the three networks (internet, mobile internet and interactive television) and sell them to over 90% of households using interactive television across the nation, with a view to creating a high-quality platform for interactive television entertainment while tapping certain international markets.

Mr. Zeng Xuezhong, a member of the senior management of the Company, is chairman of 中興九城. In accordance with Rule 10.1.3 (III) of the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, 中興九城 is a connected corporation of the Company.

2. SOPM

Type of corporation: joint stock limited company (listed)

Stock code (A Shares): 600637

Legal representative: Ling Gang (凌鋼)

Address: 757 Yishan Road, Xuhui District, Shanghai (上海市徐匯區宜山路757號)

Registered capital: RMB2,626,538,616

SOPM is the unified business platform and capital platform of Radio and Television Shanghai (上海廣播電視台) and Shanghai Media Group (上海文化廣播影視集團有限公司) (SMG). On the back of a strong media business and focusing on internet television as the starting point, it is committed to building an organic media system, business model and structural regime incorporating “contents, platforms and channels and services,” turning viewers into users and cashing in on flow volume in a bid to create an innovative internet media group with a leading position in market value, broadcasting ability, credibility and influence.

The Company is not related to SOPM in any way.

(III) Procedure for considering the execution of the strategic cooperation agreement

The Agreement is a framework agreement for strategic cooperation, the Company should enter into separate contract with the other parties. The Company will comply with relevant approval procedures and its obligations in information disclosure as and when necessary in

accordance with the “Rules Governing the Listing of Stocks on Shenzhen Stock Exchange” and the “Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited”.

II. Principal terms of the Strategic Cooperation Agreement

(I) Background to the cooperation

Through friendly and practical consultation aiming at mutual benefit, the three parties agree to enter into a strategic partnership in connection with cloud computing, CDN, home terminals, value-added television services, video resource cooperation, resource-sharing, etc. The three parties will leverage their respective strengths and bring their products, customer relationships and channel resources into full play through an alliance among strong partners for joint market development and expansion and mutual enhancement of brand value. As the cooperation projects will feature innovative, cross-sector integrated businesses, the three parties will conduct friendly consultation on the basis of co-development, equality and mutual benefit in respect of any issues that might arise in the cooperation.

(II) Details of cooperation

1. The three parties will launch friendly cooperation in cloud computing, big data, CDN and home terminals (4K set-top box and smart gateway, etc) to drive the development of the industry in a joint effort.
2. The three parties will launch cooperation in video contents for smart terminals and multi-media terminals, and the Company and 中興九城 will regard SOPM as an important partner in video resources and assist in the broadcast of SOPM’s video contents.
3. The three parties will integrate their respective strengths in resources and strengthen cooperation in product research and development, business development and applications, striving for innovation in products, business models and new business formats with a view to guiding the development of the industry.
4. SOPM agree to engage in in-depth cooperation with 中興九城 in value-added applications for internet television, aiming at vigorous development of the user base and enlargement of market shares.
5. The Company and SOPM agree to engage in cooperation in video service in the handset terminal segment. Such cooperation will take the forms of SDK output and pre-fabricated customer terminal.
6. The three parties agree to strengthen coordination in products and market promotion and each will provide convenience to companies and product promotions of the other parties.
7. Each of the three parties will actively investigate the possibility of cross-selling the products and services of the other parties through its own channels and e-commerce platforms.

(II) Profit Model

The three parties will share the profit generated from the fee-based business, advertising business and value-added services in the cooperation. The ratio for profit-sharing and method of settlement will be confirmed when specific cooperation projects are launched.

(IV) Term of Cooperation

The Agreement will remain in effect for three years from 8 December 2015 to 7 December 2018. Upon the conclusion of the effective term, the three parties may enter into a supplemental agreement to extend the term of cooperation if they intend to carry on the cooperation.

III. Impact on the Company

The three parties enter into the strategic cooperation agreement in relation to cloud computing, CDN, home terminals, value-added television services, video resource cooperation, etc. based on the principles of voluntary, equality and mutual benefits. As enterprises with strong competitive advantages in their respective sectors, the three parties enjoy sound reputation and access to rich resources. Through the alliance among strong partners, the strengths of their products, customer relationships and channel resources will be brought into full play for joint market development and expansion and mutual enhancement of brand value.

IV. Risk Reminder

The Agreement is a framework agreement for strategic cooperation. The details and schedule of implementation will be subject to specific agreements to be separately executed. Investors should beware of investment risks.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
8 December 2015

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Shi Lirong, Yin Yimin and Zhao Xianming; six non-executive directors, Hou Weigui, Zhang Jianheng, Luan Jubao, Wang Yawen, Tian Dongfang and Zhan Yichao; and five independent non-executive directors, Tan Zhenhui, Richard Xike Zhang, Chen Shaohua, Lü Hongbing and Bingsheng Teng.