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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 Updates on the Acquisition of 48.04% Equity Interests in Netaş, a Listed Turkish Company

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. Overview of the transaction

1. On 6 December 2016, ZTE Cooperatief U.A. (“ZTE Cooperatief”), a wholly-owned subsidiary of ZTE Corporation (the “Company”) entered into the “SHARE PURCHASE AGREEMENT related to NETAŞ TELEKOMÜNİKASYON A.Ş.” (the “Share Purchase Agreement”) with OEP Turkey Tech. B. V. (“OEP”, the latest shareholding structure of which is as follows: held as to 79.19% by OEP Network Integration Services Cooperatief U.A. (“OEP Cooperatief”), 19.79% by Rhea Venture Capital Investment Trust and 1.02% by other individual shareholders) in connection with the acquisition of 48.04% equity interests in NETAŞ TELEKOMÜNİKASYON A.Ş. (“Netaş”), a listed Turkish company, by ZTE Cooperatief from OEP. For details, please refer to the “Announcement Acquisition of 48.04% Equity Interests in Netaş, a Listed Turkish Company” published by the Company on 6 December 2016.

2. Pursuant to the Share Purchase Agreement, conditions precedent to completion shall be satisfied no later than 6 p.m. on the date which is three months after the execution of the Share Purchase Agreement (or such later time as may be otherwise agreed between the two parties). As at the date of this announcement, the conditions precedent to completion stipulated under the Share Purchase Agreement have yet to be satisfied in full, and completion by ZTE Cooperatief and OEP has yet to take place.

3. The Company is of the view that the acquisition of Netaş will enable the Company to drive its business expansion in Turkey, and there has been no change to the Company's objective for the acquisition. To ensure the completion of the transaction as soon as possible and procure maximum assurance for the Company's interests, ZTE Cooperatief has proposed to enter into relevant supplemental agreements (the "Supplemental Agreements", collectively referred to as the "Transaction" with the Share Purchase Agreement) with OEP and OEP Cooperatief.

4. In accordance with the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, Measures for the Administration of Significant Asset Restructuring of Listed Companies* (《上市公司重大資產重組管理辦法》), Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other pertinent regulations, the execution of the Supplemental Agreements does not constitute a connected transaction or a significant asset restructuring of the Company. The "Resolution on the Execution of the Supplemental Agreements in connection with the Acquisition of 48.04% Equity Interests in Netaş, a Listed Turkish Company" was considered and approved at the Eighteenth Meeting of the Seventh Session of the Board of Directors of the Company held on 5 May 2017. The said resolution does not require approval at the general meeting.

5. As at the date of this announcement, the Transaction has been approved by the Competition Board of Turkey. The Transaction is required to be filed with the Economy, Trade and Information Commission of Shenzhen Municipality.

II. Brief description of the Supplemental Agreements

Following friendly negotiation, ZTE Cooperatief has proposed to enter into, on the basis of the Share Purchase Agreement, the Completion Date Deed and the Deed of Commitment with OEP, and the Deed of Commitment with OEP Cooperatief ("OEP Cooperatief Deed of Commitment"). The principal terms of the Supplemental Agreements are summarised in the following:

1. ZTE Cooperatief and OEP have agreed that the completion date of the Transaction shall be within 12 weeks following the execution of the Completion Date Deed.

2. On the date of execution of the Completion Date Deed, ZTE Cooperatief shall make a payment of USD10 million to OEP as deposit. In the event that completion has not taken place by the mutually agreed completion date and such non-completion does not occur as a direct result of the default of OEP, the said deposit shall be retained by OEP, otherwise OEP shall return such deposit to ZTE Cooperatief.

3. Where the Transaction is deemed by the Capital Markets Board of Turkey ("CMB") to

have triggered off a Mandatory Tender Offer (“MTO”) or ZTE Cooperatief initiates an MTO pursuant to the Supplemental Agreements and Turkish laws and regulations, MTO payment obligations in relation to shareholders accepting the offer during the offer period undertaken by ZTE Cooperatief shall be subject to a cap of USD51 million, and any amounts payable in excess thereof shall be borne by OEP. Following the performance of MTO obligations by ZTE Cooperatief, OEP shall acquire from ZTE Cooperatief B shares in Netaş fall to be acquired by OEP under its payment obligations at such price and on such terms as identical to those applicable during the MTO offer period.

4. OEP Cooperatief shall procure OEP to perform its obligations under the Deed of Commitment.

III. Subsequent developments

The Transaction is subject to uncertainties and the Company will publish announcements in a timely manner to provide updates on the progress of the Transaction.

IV. Documents for inspection

1. Resolutions of the Eighteenth Meeting of the Seventh Session of the Board of Directors
2. Resolutions of the Fifteenth Meeting of the Seventh Session of the Supervisory Committee
3. The Completion Date Deed, the Deed of Commitment, and the OEP Cooperatief Deed of Commitment

By Order of the Board

Yin Yimin

Chairman

Shenzhen, the PRC

8 May 2017

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

** for identification purposes only*