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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 Signing of Letter of Intent with Shenzhen Vanke
Real Estate 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.

On 27 June 2017, ZTE Corporation (“ZTE” or the “Company”) acquired the land use rights of land site No. T208-0049 located in the Shenzhen Bay Super Headquarters Base, Nanshan District, Shenzhen through a successful bid. For details, please refer to the “DISCLOSEABLE TRANSACTION ACQUISITION OF LAND USE RIGHTS IN SHENZHEN” published by the Company on 27 June 2017.

Through competitive negotiations, the Company has tentatively selected Shenzhen Vanke Real Estate Co., Ltd. (深圳市萬科房地產有限公司) (“Vanke”) to provide development, construction, sales and operational services in respect of land site No. T208-0049 to the Company. On 25 December 2017, the Company entered into a letter of intent (“LOI”) with Vanke. For details, please refer to the “Overseas Regulatory Announcement on the Signing of Letter of Intent with Shenzhen Vanke Real Estate Co., Ltd.” published by the Company on 26 December 2017.

In accordance with the LOI, the two parties should negotiate, finalise and sign a definitive agreement within 30 days from the execution of LOI. As of now, there remain certain terms of the definitive agreement that require further confirmation by the two parties. The two parties have entered into a “Supplemental Agreement on the Letter of Intent” on 25 January 2018, stipulating that the definitive agreement should be signed no later than 9 February 2018 or such other dates as may be mutually agreed in writing.

The Company will conduct further negotiations with Vanke in respect of the details of the development, construction, sales and operational services for land site No. T208-0049. As negotiations involve uncertainty, investors are advised to beware of investment risks. The Company will go through relevant internal review procedures

and fulfill its obligations in information disclosure in accordance with the requirements of the applicable laws and regulations.

By Order of the Board

Yin Yimin

Chairman

Shenzhen, the PRC

25 January 2018

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