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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)

**INSIDE INFORMATION - UPDATED INFORMATION IN RELATION
TO THE EXPORT RESTRICTIONS BY THE U.S. COMMERCE
DEPARTMENT**

This announcement is made by ZTE Corporation (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 9 March 2016, 23 March 2016, 28 March 2016, 6 April 2016, 28 June 2016, 19 August 2016 and 18 November 2016, in relation to the decisions of the Bureau of Industry and Security of the Department of Commerce of the United States of America and relevant updates (the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Announcements.

The Company has been actively cooperating and communicating with relevant U.S. government departments in order to reach a conclusion of the investigation as disclosed in the Announcements. Currently, the Company is negotiating with the U.S. Commerce Department, the U.S. Department of Justice and the U.S. Department of Treasury on the settlement issues, the outcome of which is expected to result in penalties (including but not limited to a fine and other relevant liabilities under U.S. laws) imposed on the Company by relevant U.S. government departments. The outcome of the settlement issues still remains uncertain but will likely have a material impact on the financial conditions and operating results of the Company. The Company will make announcements of material development of the above matters as soon as practicable. Shareholders and potential investors of the Company are advised to pay attention to further announcements made by the Company and investment risks.

By Order of the Board
Zhao Xianming
Chairman

Shenzhen, the PRC
14 February 2017

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Zhao Xianming, Yin Yimin and Wei Zaisheng; six non-executive directors, Zhang Jianheng, Luan Jubao, Shi Lirong, 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.