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ZTE

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 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 negotiation, 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 for the Company and entered into a letter of intent (“LOI”) with Vanke on 25 December 2017.

1. Principal Terms of the LOI

(1) Vanke has agreed that Vanke shall complete the payment of RMB1,771 million to the Company as deposit within 5 days from the execution of the LOI (not later than 31 December 2017).

(2) Within 30 days from the date of execution of the LOI, both parties shall negotiate and enter into the definitive agreement, and the deposit shall be converted into the contract price under the definitive agreement. If the parties fail to enter into the definitive agreement, the Company shall refund relevant payment in accordance with the provisions of the LOI.

(3) Any dispute arising from the performance of the LOI shall be resolved by both parties through friendly negotiation. If the dispute fails to be resolved through

negotiation, it shall be referred to the people's court with competent jurisdiction at the location of land site No. T208-0049 for resolution through litigation.

(4) The LOI becomes effective from the date of signing and affixing of corporate seals by both parties.

2. Basic Information of Vanke

(1) Company name: Shenzhen Vanke Real Estate Co., Ltd. (深圳市萬科房地產有限公司)

(2) Legal representative: Gu Qingyong

(3) Registered capital: RMB 600,000,000

(4) Domicile: 5/F, Vanke Center, 33 Huanmei Road, Dameisha, Yantian District, Shenzhen

(5) Scope of business: real estate development and operation with land use rights lawfully obtained; domestic supply and sale of commercial commodities and materials (not including commodities sold in specialty stores, under special control and sold in exclusive stores); hotel management; conference service; food and beverage service (operated through branches); real estate development consulting; operation of cultural and sports stadiums; real estate brokerage.

(6) Credit standing: upon inquiry, it is found that Vanke is not listed in the List of Enterprises with Serious Illegal and Dishonest Acts.

Vanke is not the connected party of the Company.

The Company will negotiate with Vanke in due course 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

26 December 2017

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.