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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

On 6 December 2016, ZTE Cooperatief U.A. (“ZTE Cooperatief”), a wholly-owned subsidiary of ZTE Corporation (“ZTE” or 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”) 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.

On 5 May 2017, ZTE Cooperatief entered into relevant supplemental agreements (the transactions contemplated by the Share Purchase Agreement and supplemental agreements are referred to as the “Transaction”) with OEP and OEP Network Integration Services Cooperatief U.A. (“OEP Cooperatief”). In accordance with the supplemental agreements, ZTE Cooperatief has made a payment of USD10 million to OEP as deposit. For details, please refer to the “Announcement - Updates on the Acquisition of 48.04% Equity Interests in Netaş, a Listed Turkish Company” published by the Company on 8 May 2017.

As at 28 July 2017 (Turkey time), the conditions precedent to completion of the Transaction stipulated under the Share Purchase Agreement have been satisfied in full. ZTE Cooperatief and OEP have completed the transaction on 28 July 2017 (Turkey time) in accordance with the terms and conditions of the Share Purchase Agreement

and the supplemental agreements entered into by the two parties. The Company is of the view that the acquisition of Netaş will enable the Company to drive its business expansion in Turkey.

ZTE Cooperatief will initiate a Mandatory Tender Offer (“MTO”) pursuant to the supplemental agreements and Turkish laws and regulations. MTO payment obligations undertaken by ZTE Cooperatief in relation to shareholders accepting the offer during the offer period shall be subject to a cap of USD51 million, and any MTO payment obligations in excess thereof shall be borne by OEP (MTO payment obligations in relation to A shareholders accepting the offer during the offer period undertaken by ZTE Cooperatief shall be subject to a cap of USD21 million, and any amounts payable in excess thereof shall be borne by OEP; MTO payment obligations in relation to B shareholders accepting the offer during the offer period undertaken by ZTE Cooperatief shall be subject to a cap of USD30 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 and conditions as identical to those applicable during the MTO offer period.

By Order of the Board

Yin Yimin

Chairman

Shenzhen, the PRC

28 July 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; six non-executive directors, Zhang Jianheng, Luan Jubao, Wang Yawen, Tian Dongfang, Zhan Yichao and Zhai Weidong; and five independent non-executive directors, Richard Xike Zhang, Chen Shaohua, Lü Hongbing, Bingsheng Teng and Zhu Wuxiang.