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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF LAND USE RIGHTS IN SHENZHEN

The Board is pleased to announce that on 27 June 2017, the Company entered into the Confirmation with Shenzhen Land & Real Estate Exchange Center, which confirms that the Company had succeeded in the bid for the land use rights of the Land located in the Shenzhen Bay Super Headquarters Base, Nanshan District, Shenzhen, the PRC through the Tender for the consideration of RMB3,542,000,000 (equivalent to approximately HK\$4,044,964,000).

As a result of the successful bidding, the Land Use Rights Transfer Agreement is expected to be entered into between the Company and Nanshan Land Bureau within 15 business days after entering into the Confirmation.

As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 27 June 2017, the Company entered into the Confirmation with Shenzhen Land & Real Estate Exchange Center, which confirms that the Company had succeeded in the bid for the land use rights of the Land located in the Shenzhen Bay Super Headquarters Base, Nanshan District, Shenzhen, the PRC through the Tender for the consideration of RMB3,542,000,000 (equivalent to approximately HK\$4,044,964,000).

As a result of the successful bidding, the Land Use Rights Transfer Agreement is expected to be entered into between the Company and Nanshan Land Bureau within 15 business days after entering into the Confirmation.

THE ACQUISITION OF LAND USE RIGHTS

The principal terms of the Acquisition are as follows:

Date of the Confirmation

27 June 2017

Parties to the Confirmation

- (1) Shenzhen Land & Real Estate Exchange Center; and
- (2) the Company.

Subject Matter

The parcel of Land with lot no. T208-0049 to be acquired by the Company is located in Shenzhen Bay Super Headquarters Base, west to the intersection of Binhai Avenue and Shenwan 5th Road, Nanshan District, Shenzhen, the PRC with a site area of approximately 47,730.83 sq.m. (with a construction site area of 43,167.36 sq.m. and a road area of 4,563.47 sq.m.).

The Land shall be used for commercial purposes. The term of the land use rights shall be 30 years.

Consideration and Deposit

The total consideration of RMB3,542,000,000 (equivalent to approximately HK\$4,044,964,000) was the bidding price offered by the Company through the Tender for the Acquisition, which was determined by the Company with reference to, among other things, the initial Tender price as specified in the Tender Notice and the market prices of the properties adjacent to the Land.

The Company opted to settle the consideration by way of instalments pursuant to the terms of the Tender Notice, thus the Company shall settle an amount of not less than 50% of the total consideration within 15 business days from the date of the Land Use Rights Transfer Agreement (part of which has been satisfied by the deposit of RMB710,000,000 (equivalent to approximately HK\$810,820,000) paid by the Company for the Tender) and settle the remaining balance within one year without interest.

The total consideration will be funded by the internal resources of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company currently intends to develop the Land into commercial complex buildings for the office premises of the Group or for investment purposes. The Acquisition could satisfy the business development needs of the Group. Based on the above, the Directors

(including the independent non-executive Directors) are of the view that the terms of the Acquisition and the transactions contemplated thereunder are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Group

The Company is a joint stock limited company incorporated in the PRC and the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange respectively.

The Group is principally engaged in the design, development, production, distribution and installation of a broad range of advanced ICT-related systems, equipment and terminals, including carriers' networks, government and corporate business and consumer business.

Information on Shenzhen Land & Real Estate Exchange Center and the Nanshan Land Bureau

Shenzhen Land & Real Estate Exchange Center is a working unit under Urban Planning, Land & Resources Commission of Shenzhen Municipality (深圳市規劃和國土資源委員會).

Nanshan Land Bureau is an institution under Urban Planning, Land & Resources Commission of Shenzhen Municipality (深圳市規劃和國土資源委員會) and is responsible for urban planning and management of land and resources of Nanshan District, Shenzhen, the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Shenzhen Land & Real Estate Exchange Center, Nanshan Land Bureau and their respective ultimate beneficial owners (if any) is third party independent of the Company and its connected persons.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this announcement shall have the meanings as follows:

“Acquisition”	the acquisition of land use rights of the Land through the Tender by the Company
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“Company”	ZTE Corporation (中興通訊股份有限公司), a joint stock limited company incorporated in the PRC and the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 0763) and the Shenzhen Stock Exchange (stock code: 000063), respectively
“Confirmation”	the Confirmation (成交確認書) entered into between the Company and Shenzhen Land & Real Estate Exchange Center and the Company on 27 June 2017
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Land”	the parcel of land with lot no. T208-0049 and a site area of 47,730.83 sq.m. (with a construction site area of 43,167.36 sq.m. and a road area of 4,563.47 sq.m.)
“Land Use Rights Transfer Agreement”	the land use rights transfer agreement to be entered into between the Company and Nanshan Land Bureau in respect of the transfer of the land use rights of the Land
“Nanshan Land Bureau”	Nanshan Bureau of Shenzhen Urban Planning Land and

Resources Commission of the Shenzhen Municipality* (深圳市規劃和國土資源管理委員會南山管理局)

“Online System”	Transaction	the online transaction system used by the Company to submit the Tender Application for the acquisition of land use rights of the Land pursuant to the Tender Notice
“PRC”		the People’s Republic of China
“RMB”		Renminbi, the lawful currency of the PRC
“Shareholder(s)”		holder(s) of H share(s) and A share(s) of the Company
“Shenzhen Land & Real Estate Exchange Center”		Shenzhen Land & Real Estate Exchange Center (深圳市土地房產交易中心)
“sq.m.”		square meters
“Tender”		the tender for the land use rights of the Land pursuant to the Tender Notice pursuant to which the land use rights of Land were offered for sale
“Tender Application”		the tender application for the Tender submitted by the Company through the Online Transaction System on 27 June 2017
“Tender Notice”		Notice in Relation to the Assignment of Land Use Rights in Shenzhen* (深圳市土地使用權出讓公告) dated 26 May 2017 published by Shenzhen Land & Real Estate Exchange Center
“%”		per cent

By order of the Board
Yin Yimin
Chairman

Shenzhen, the PRC
27 June 2017

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of RMB1.00 equal to HK\$1.1420. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

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.

* *For identification purpose only.*