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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)

**CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL AGREEMENT IN RESPECT OF
PURCHASES OF RAW MATERIALS FROM ZHONGXINGXIN**

Reference is made to the announcement of ZTE Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 22 September 2015 in respect of the framework agreement dated 22 September 2015 between the Company and Shenzhen Zhongxingxin Telecommunications Equipment Company Limited* (深圳市中興新通訊設備有限公司) (“**Zhongxingxin**”) (the controlling shareholder of the Company), in relation to the purchase of raw materials by the Group from Zhongxingxin and its subsidiaries for the period from 1 January 2016 to 31 December 2018 (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Company has been informed by Zhongxingxin that the increase in share capital of Shenzhen Xinyu Tengyue Electronics Co. Ltd.* (深圳市新宇騰躍電子有限公司) (“**Xinyu Electronics**”) had been approved at the shareholders’ meeting held on 16 November 2016, upon completion of which Xinyu Electronics has ceased to be a subsidiary of Zhongxingxin but the equity interest of which remains to be held as to 32.7273% by Zhongxingxin. Previously, the scope of the Zhongxingxin Purchase Framework Agreement covers transactions between the Group and Zhongxingxin and its subsidiaries only. Since it is contemplated that the Group will continue to purchase raw materials from Xinyu Electronics and the Group may also purchase raw materials from other associated companies of Zhongxingxin during the term of the Zhongxingxin Purchase Framework Agreement, the Company and Zhongxingxin entered into a supplemental agreement to the Zhongxingxin Purchase Framework Agreement on 19 January 2017 (the “**Supplemental Agreement**”) pursuant to which the scope of the Zhongxingxin Purchase Framework Agreement

has been extended to cover Zhongxingxin, its subsidiaries and associated companies (meaning companies which are directly or indirectly held as to 30% or more by Zhongxingxin).

Save for the above amendments, all other terms and conditions of the Zhongxingxin Purchase Framework Agreement as disclosed in the Announcement remain unchanged. The proposed annual caps for the transactions for the three years ending 31 December 2016, 2017 and 2018 as disclosed in the Announcement also remain unchanged.

By Order of the Board

Zhao Xianming

Chairman

Shenzhen, the PRC

19 January 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.

** For identification purposes only*