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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)

APPLICATION FOR QUOTATION OF ZTE WE LINK ON THE NATIONAL EQUITIES EXCHANGE AND QUOTATIONS

Reference is made to the announcement of ZTE Corporation (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 23 December 2015, in relation to among other things, the proposed application for a quotation and open transfer of the shares of 深圳市中興物聯科技股份有限公司 (previously known as 深圳市中興物聯科技有限公司) (Shenzhen ZTE We Link Technology Company Limited*) (“**ZTE We Link**”), a non-wholly owned subsidiary of the Company, on the National Equities Exchange and Quotations* (全國中小企業股份轉讓系統) (the “**NEEQ**”) in the PRC (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that ZTE We Link has filed an application for the Potential Quotation on the NEEQ on 30 May 2016 and received the acknowledgment of receipt from NEEQ Co. Ltd on 31 May 2016.

ZTE We Link is a company established in the PRC. As at the date of this announcement, it is directly held as to 90% by Nubia Technology Limited (a 90% owned subsidiary of the Company) and the remaining 10% is held by three entities on trust for certain employees of ZTE We Link namely, Zhuhai Yibei Investment Limited Partnerships* (珠海億倍投資合夥企業 (有限合夥)) as to 6.1504%, Zhuhai Yige Investment Limited Partnerships* (珠海億格投資合夥企業 (有限合夥)) as to 3.0880% and Zhuhai Yitai Investment Limited Partnerships* (珠海億泰投資合夥企業 (有限合夥)) as to 0.7616%. It is principally engaged in the business of wireless communication modules for wireless connections, security terminal products and satellite terminal products.

LISTING RULES IMPLICATIONS

As the Potential Quotation does not involve any issue of new shares by ZTE We Link immediately upon the completion of the Potential Quotation, the shareholding structure of ZTE We Link will remain the same. Accordingly, the Potential Quotation will not constitute a deemed disposal under Chapter 14 of the Listing Rules.

The Stock Exchange has on 24 February 2016 confirmed that the Company may proceed with the Potential Quotation pursuant to Practice Note 15 of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH PARAGRAPH 3(F) OF PRACTICE NOTE 15 OF THE LISTING RULES

Paragraph 3(f) of Practice Note 15 of the Listing Rules requires listed issuers carrying out spin-offs to provide existing shareholders with an assured entitlement to shares in the spun-off entity, either by way of distribution in specie of existing shares or by way of preferred application in any offering of existing or new shares in the spun-off entity.

However, according to the advice of the PRC legal counsel of ZTE We Link, foreign natural persons, legal persons or institutions cannot invest in shares quoted on the NEEQ unless they are (i) qualified foreign institutional investors; (ii) Renminbi qualified foreign institutional investors; (iii) strategic investors that are approved by the relevant authority in the PRC; or (iv) foreign natural persons who are permanent residents in the PRC or residents of Hong Kong, Macao or Taiwan who work and live in the PRC, and have more than RMB5 million worth of securities assets and more than two years of experience in securities investment. Compliance with paragraph 3(f) of Practice Note 15 of the Listing Rules in relation to the Potential Quotation will not therefore be feasible. The Company has therefore applied to the Stock Exchange for, and the Stock Exchange has granted the Company, a waiver from strict compliance with paragraph 3(f) of Practice Note 15 of the Listing Rules.

Having considered that ZTE We Link and the Company will comply with the requirements under PRC law and ZTE We Link will remain a subsidiary of the Company and the results of which will continue to be consolidated into the accounts of the Company upon completion of the Potential Quotation, the Board is of the view that the Potential Quotation and the non-provision of assured entitlements in connection with the Potential Quotation are fair and reasonable and in the interests of the Company and its shareholders (the “**Shareholders**”) as a whole.

The implementation of the Potential Quotation will be subject to, among other things, approval from NEEQ Co. Ltd.

Shareholders and potential investors should note that there is no assurance as to whether or when the Potential Quotation will proceed. As the Potential Quotation may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Zhao Xianming
Chairman

Shenzhen, the PRC
31 May 2016

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*