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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 SHANGHAI ZHONGXING 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 11 November 2015, in relation to among other things, the proposed application for a quotation and open transfer of the shares of Shanghai Zhongxing Telecom Equipment Technologies Company Limited\* (上海中興通訊技術有限責任公司) (“**Shanghai Zhongxing**” and together with its subsidiaries, the “**Spin-off Group**”), 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 People’s Republic of China (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The board of directors (the “**Board**”) of the Company is pleased to announce that on 29 March 2016, Shanghai Zhongxing has filed an application for the Potential Quotation on the NEEQ.

Shanghai Zhongxing is a company established in the PRC. As at the date of this announcement, it is directly held as to 90% by the Company, 8.26% by Shanghai Poyutong Hang Investment Limited Partnership\* 上海珀瑀彤珩投資合夥企業 (有限合夥) and 1.74% by Shanghai Poyutong Heng Investment Limited Partnership\* 上海珀瑀彤衡投資合夥企業 (有限合夥). It is principally engaged in the business of indoor coverage systems and Angel-care products.

### **LISTING RULES IMPLICATIONS**

As the Potential Quotation does not involve any issue of new shares by Shanghai Zhongxing, immediately upon the completion of the Potential Quotation, the shareholding structure of

Shanghai Zhongxing will remain the same. Accordingly, the Potential Quotation will not constitute a deemed disposal under Chapter 14 of the Listing Rules.

The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) has on 13 January 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 Shanghai Zhongxing, 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 Shanghai Zhongxing and the Company should comply with the requirements under PRC law and Shanghai Zhongxing 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 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  
**Hou Weigui**  
*Chairman*

Shenzhen, the PRC  
29 March 2016

*As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Shi Lirong, Yin Yimin and Zhao Xianming; six non-executive directors, Hou Weigui, Zhang Jianheng, Luan Jubao, Wang Yawen, Tian Dongfang and Zhan Yichao; and five independent non-executive directors, Tan Zhenhui, Richard Xike Zhang, Chen Shaohua, Lü Hongbing and Bingsheng Teng.*

*\* For identification purposes only*