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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)

**VOLUNTARY ANNOUNCEMENT -
POTENTIAL QUOTATION OF ZTEsoft ON THE
NATIONAL EQUITIES EXCHANGE AND QUOTATIONS**

The board of directors (the “**Board**”) of ZTE Corporation (the “**Company**”) and together with its subsidiaries, the “**Group**”) is pleased to announce that on 6 April 2016, the Board has approved the proposed application for a quotation and open transfer (“**Potential Quotation**”) of the shares of ZTEsoft Technology Co., Ltd* (中興軟創科技股份有限公司) (“**ZTEsoft**” 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 “**PRC**”). The NEEQ is also known as the “New Third Board”, is an equity trading platform for the sale of existing shares or private placing of new shares by small and medium sized enterprises in the PRC and is managed by National Equities Exchange and Quotations Co. Ltd.* (全國中小企業股份轉讓系統有限責任公司) (“**NEEQ Co. Ltd.**”).

ZTEsoft is a company established in the PRC. As at the date of this announcement, it is directly held as to 89% by the Company and 11% by Jiaying Oula Investment Limited Partnership (嘉興歐拉投資合夥企業(有限合夥)). It is principally engaged in the business of provision of business & operation support system, smart city transport support system and customized production and system integration of public affairs software. The Company believes that the Potential Quotation will be beneficial for the following reasons:

- (i) The Potential Quotation will provide ZTEsoft with an independent platform to position itself as an independent listed group with direct access to the debt and equity capital markets to finance its future growth and enhancing financial flexibility for ZTEsoft for its future development and expansion of business operations;
- (ii) The Potential Quotation will create a more defined business focus for both the Group and the Spin-off Group, which will focus on the further development of their respective

businesses;

(iii) The Potential Quotation will allow the management of both the Company and ZTEsoft to focus more effectively on their respective businesses and improve efficiency and standard of management and operation as a result of specialization of the respective groups; and

(iv) The Potential Quotation can potentially enhance the future returns from the Company's investment in ZTEsoft.

As the Potential Quotation does not involve any issue of new shares by ZTEsoft, immediately upon the completion of the Potential Quotation, the shareholding structure of ZTEsoft will remain the same. As the Potential Quotation involves a separate listing of assets within the Group, the Company has submitted an application in relation to the Potential Quotation to The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for approval pursuant to Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The implementation of the Potential Quotation will be subject to, among other things, approvals from NEEQ Co. Ltd. and the Stock Exchange. As at the date of this announcement, no application for the Potential Quotation has been made to NEEQ Co. Ltd. by ZTEsoft.

The Company will make such further announcement(s) in relation to the Potential Quotation as and when appropriate and/or required pursuant to the Listing Rules.

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
6 April 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*