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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)

**Preliminary Results Announcement
For the Year Ended 31 December 2015**

This announcement is made by ZTE Corporation (the “Company” or “listed company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Company and all the members of the Board of Directors confirm that all the information contained in this announcement is true, accurate and complete and that there is no false and misleading statement or material omission in this announcement.

Important: The financial data for the year ended 31 December 2015 contained in this announcement have been prepared in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China (“PRC ASBEs”) and have not been audited by an accountant firm, and may differ from the finalised financial data to be announced. Investors should beware investment risks.

**I. Major financial data and indicators for the year ended 31 December 2015
(prepared in accordance with PRC ASBEs)**

Unit: RMB in thousands

Item	Year ended 31 December 2015	Year ended 31 December 2014	Percentage of change (%)
Operating revenue	100,825,351	81,471,275	23.76%
Operating profit	1,044,324	60,328	1,631.08%
Total profit	5,233,002	3,538,222	47.90%
Net profit attributable to holders of ordinary shares of the listed company ^{Note 2}	3,778,570	2,633,571	43.48%
Basic earnings per share (RMB/share) ^{Note 2}	0.92	0.64	43.75%
Weighted average return on net assets ^{Note 3}	14.16%	11.10%	Increased by 3.06 percentage points

Item	31 December 2015	31 December 2014	Percentage of change (%)
Total assets	122,324,607	106,214,196	15.17%
Owners' equity attributable to holders of ordinary shares of the listed company ^{Note 4}	30,720,151	24,878,574	23.48%
Share capital (thousand shares) ^{Note 5}	4,150,791	3,437,541	20.75%
Net asset per share attributable to holders of ordinary shares of the listed company (RMB/share) ^{Note 4}	7.40	6.03	22.72%

Note 1: The above figures are based on figures of the consolidated financial statements.

Note 2: The Company completed the issue of 2015 Tranche I Perpetual Medium Term Notes for an amount of RMB6 billion on 27 January 2015, the issue of 2015 Tranche II Perpetual Medium Term Notes for an amount of RMB1.5 billion on 6 February 2015 and the issue of 2015 Tranche III Perpetual Medium Term Notes for an amount of RMB1.5 billion on 20 November 2015, which were presented under "Other Equity Instruments" under "Shareholders' equity" in the balance sheet in the annual report. Net profit attributable to holders of ordinary shares of the listed company has been stated after deduction of accrued interests attributable to holders of the perpetual medium term notes amounting to RMB416,627,000. Basic earnings per share has been arrived at by dividing net profit attributable to holders of ordinary shares of the listed company by the weighted average number of ordinary shares in issue, and the basic earnings per share for 2014 has been restated to reflect the implementation of the 2014 plan for profit distribution and conversion of capital reserve of the Company;

Note 3: Weighted average return on net assets for 2015 has been arrived at by dividing net profit attributable to holders of ordinary shares of the listed company by weighted average net assets, which has been stated after deduction of equity of RMB8,904,700,000 and accrued interests of RMB416,627,000 attributable to holders of the perpetual medium term notes;

Note 4: Owners' equity attributable to holders of ordinary shares of the listed company as at 31 December 2015 has been stated after deduction of equity of RMB8,904,700,000 and accrued interests of RMB416,627,000 attributable to holders of the perpetual medium term notes; net asset per share attributable to holders of ordinary shares of the listed company has been arrived at by dividing owners' equity attributable to holders of ordinary shares of the listed company by the number of ordinary shares in issue as at the end of the period; net asset per share attributable to holders of ordinary shares of the listed company as at 31 December 2014 has been restated to reflect the implementation of the 2014 plan for profit distribution and conversion of capital reserve of the Company;

Note 5: The 2014 plan for profit distribution and conversion of capital reserve of the Company was implemented during the reporting period, whereby the total share capital of the Company increased from 3,437,541,278 shares to 4,125,049,533 shares as a result. The first exercise period under the share incentive option scheme of the Company commenced on 2 November 2015. As at 31 December 2015, a total of 25,741,682 share options had been exercised, and the total share capital increased from 4,125,049,533 shares to 4,150,791,215 shares.

II. Operating results and financial conditions

1. For 2015, the Group reported operating revenue of RMB100,825,351,000, representing growth of 23.76% as compared to the previous year. Operating profit amounted to RMB1,044,324,000, representing growth of 1,631.08% as compared to the previous year. Total profit amounted to RMB5,233,002,000, representing growth of 47.90% as compared to the previous year. Net profit attributable to holders of ordinary shares of the listed company amounted to RMB3,778,570,000, representing growth of 43.48% as compared to the previous year. Significant factors affecting the operating profit and net profit for the reporting period are as follows:

(1) The Group reported growth in both operation revenue and gross profit for the reporting period. In connection with carriers' networks, the Group's operation revenue and gross profit from 4G systems equipment increased in line with the construction of 4G projects in the domestic and international markets. Moreover, the Group also recorded growth in operation revenue and gross profit from optical access and optical transmission products as the leading carriers in China increased their investments in optical access systems and 100G optical transmission. The Group reported growth in operation revenue and gross profit from high-end routers due to greater scale of commercial distribution of high-end routers achieved in overseas markets. In connection with the government and corporate sector, growth in operation revenue and gross profit was underpinned by the increase in the number of Smart City contracts signed, ongoing growth in the data centre business and the ICT business, as well as the steady increase in operation revenue from the railway transport sector. For the consumers' business, in addition to continual increase in income from international sales of 4G handsets, operation revenue and gross profit from home terminal products increased in tandem with the continuous development of our domestic and international markets.

(2) During the reporting period, the Central Bank of China announced interest rate cuts, while there were significant fluctuations in the respective exchange rates of RMB and USD against a number of major currencies. The Group strengthened control over financial expenses and adopted effective measures to lower interest outlays, while mitigating the impact of exchange rate volatility on its operations by combined managing its foreign exchange exposures through business planning, consolidated hedging and financial instruments. The consolidated financial expenses of the Group for the reporting period decreased substantially as a result compared to the previous year.

2. As at the end of 2015, the Group's total assets amounted to RMB122,324,607,000, representing growth of 15.17% compared to that as at the end of the previous year. Owners' equity attributable to holders of ordinary shares of the listed company amounted to RMB30,720,151,000, representing growth of 23.48% compared to that as at the end of the previous year. The gearing ratio at the end of 2015 was 63.90%, which was 11.35

percentage points lower compared to 75.25% as at the end of the previous year, reflecting mainly the combined effect of the issue of the perpetual medium term notes by the Group, continuous improvement in profitability, optimised management of the asset and liability structure, and introduction of strategic investments by certain subsidiaries.

3. The Group strengthened cash flow management by enhancing its efforts in the collection of sales proceeds during the reporting period. Cash received for the sales of goods and rendering of services exceeded RMB105 billion and substantial growth was reported in cash inflows from operating activities and net cash flows from operating activities, as compared to the previous year.

III. Other information

For details of the 2015 Annual Report of the Company, please refer to the 2015 Annual Report Summary and Results Announcement to be published by the Company on 23 March 2016.

IV. Documents for inspection

Comparative balance sheet and income statement prepared in accordance with PRC ASBEs signed by the Legal representative, Chief Financial Officer and Head of Finance Division of the Company with the company seal affixed.

By Order of the Board

Hou Weigui

Chairman

Shenzhen, the PRC

19 January 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.