

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

Overseas Regulatory Announcement
Announcement of Adjustments to the List of Participants and the Number of Share Options to be Granted under the 2017 Share Option Incentive Scheme

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company and all 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 or misleading statement or material omission in this announcement.

Pursuant to the “Resolution on Adjustments to the List of Participants and the Number of Share Options to be Granted under the 2017 Share Option Incentive Scheme of the Company” considered and passed at the Twentieth Meeting of the Seventh Session of the Board of Directors of ZTE Corporation (the “Company” or “ZTE”), it was approved that the list of participants of the 2017 Share Option Incentive Scheme (the “Participants”) and the number of share options to be granted would be adjusted. Following the adjustments, the number of Participants was adjusted from 2,013 persons to 1,996 persons. The number of share options to be granted was adjusted from 150 million to 149,601,200 (the “Adjustment”). Matters pertaining to the adjustments are hereby announced as follows:

I. Brief description of the 2017 Share Option Incentive Scheme

Pursuant to the “ZTE Corporation 2017 Share Option Incentive Scheme (Draft)” (“2017 Share Option Incentive Scheme (Draft)”) approved at the 2016 Annual General Meeting, the First A Shareholders’ Class Meeting of 2017 and the First H Shareholders’ Class Meeting of 2017, it is proposed that a total of not more than 150 million Share options shall be granted to the Directors, senior management and other core personnel of the Company. Each share option shall entitle its holder to purchase one ZTE share (RMB ordinary A share) on any exercise date during the effective period of the scheme at the exercise price and subject to the conditions of exercise. The source of shares under the 2017 Share Option Incentive Scheme shall be shares of the Company issued to the Participants by the Company by way of placing. Share options proposed to be granted shall account for approximately 3.6% of the total share capital of the Company as at the date of announcement of the 2017 Share Option Incentive Scheme (Draft). The exercise price shall be RMB17.06 / share.

II. Reasons for the adjustments and status following the adjustments

(I) Reasons for the adjustments

As 13 Participants have left the Company and 4 Participants have waived participation in the 2017 Share Option Incentive Scheme due to personal reasons, the number of Participants shall be adjusted from 2,013 persons to 1,996 persons. Pursuant to the provisions of the 2017 Share Option Incentive Scheme (Draft) and pertinent laws and regulations, the Company shall disqualify the 17 persons aforesaid from the 2017 Share Option Incentive Scheme and cancel a total of 398,800 share options to be granted. Accordingly, the number of share options to be granted under the 2017 Share Option Incentive Scheme shall be adjusted from 150 million to 149,601,200, which shall account for approximately 3.5703% of the Company's current total share capital.

(II) Status following the adjustments

Following adjustments to the Participants and the number of share options to be granted, the number of share options granted by the Company shall be 149,601,200, which shall account for 3.5703% of the current total share capital of the Company. There shall be a total of 1,996 Participants, comprising 11 Directors and senior management personnel of the Company and 1,985 members of other core personnel. Details of the allocation of the share options granted are set out as follows:

Position	Name	Number of options proposed to be allocated	As a percentage of the total number of Share Options to be granted	As a percentage of the total share capital in issue of the Company
		(Unit: in ten thousands)	Percentage (%)	Percentage (%)
Vice chairman	Zhang Jianheng	5	0.0334%	0.0012%
Vice chairman	Luan Jubao	5	0.0334%	0.0012%
Director and President	Zhao Xianming	80	0.5348%	0.0191%
Director	Wang Yawen	5	0.0334%	0.0012%
Director	Tian Dongfang	5	0.0334%	0.0012%
Director	Zhan Yichao	5	0.0334%	0.0012%
Executive Vice President	Xu Huijun	55	0.3676%	0.0131%
Executive Vice President	Zhang Zhenhui	55	0.3676%	0.0131%
Executive Vice President	Pang Shengqing	45	0.3008%	0.0107%
Executive Vice President	Xiong Hui	45	0.3008%	0.0107%
Board Secretary	Cao Wei	20	0.1337%	0.0048%
Other core personnel	1,985	14,635.12	97.8277%	3.4928%
Total	1,996	14,960.12	100.0000%	3.5703%

For details, please refer to the "Overseas Regulatory Announcement List of Participants for

the 2017 Share Option Incentive Scheme of ZTE Corporation (Adjusted)” published on the same date as this announcement.

III. Other pertinent matters

The adjustments to the Participants and the number of share options to be granted have been effected in accordance with the relevant contents of the 2017 Share Option Incentive Scheme (Draft) and its summary and other relevant documents.

IV. Opinion of Independent Non-executive Directors

The Independent Non-executive Directors of the Company are of the unanimous view that the adjustments to the Participants and the number of share options to be granted under the 2017 Share Option Incentive Scheme effected by the Company are in compliance with relevant provisions of the “the Administrative Measures on Share Incentives of Listed Company” (《上市公司股權激勵管理辦法》) (the “Measures”), Memorandum on Information Disclosure on the Main Board No. 3 – Share Option Incentives and Staff Shareholding Plan (“Memorandum No. 3”) and the 2017 Share Option Incentive Scheme (Draft) of the Company, and unanimously approve the conduct of the aforesaid adjustments to the Participants and the number of share options to be granted by the Board of Directors of the Company.

V. Verification of the list of Participants by the Supervisory Committee

Having conducted verification of the list of Participants of the Company, the Supervisory Committee is of the view that: adjustments to the Participants and the number of share options under the 2017 Share Option Incentive Scheme effected by the Company are in compliance with relevant provisions of the Measures, Memorandum No. 3 and the 2017 Share Option Incentive Scheme (Draft); Participants to be granted Share options as confirmed by the Company following the adjustments are in compliance with the conditions for Participants set out in the Measures, Memorandum No. 3 and other laws, regulations and governing documents, and within the scope of Participants provided for in the 2017 Share Option Incentive Scheme, and their qualifications as Participants under the 2017 Share Option Incentive Scheme are legal and valid; other than certain Participants who did not receive any grant after leaving the Company or waiving participation in the 2017 Share Option Incentive Scheme due to personal reasons, the list of Participants to be granted Share options by the Company is consistent with the Participants set out in the 2017 Share Option Incentive Scheme approved at the 2016 Annual General Meeting, the First A Shareholders’ Class Meeting of 2017 and the First H Shareholders’ Class Meeting of 2017.

VI. Conclusive views of the legal opinion

Beijing Jun He Law Offices (Shenzhen Office) is of the view that, the adjustments to the list of Participants and the number of Share options to be granted under the 2017 Share Option Incentive Scheme of the Company and matters pertaining to the grant of Share options to the Participants following the Adjustments have received requisite authorisations and approvals and fulfilled procedures required at this stage; the adjustment to the list of Participants for and the number of options to be granted under the 2017 Share Option Incentive Scheme by the Board of Directors of the Company pursuant to the mandate of the

general meeting and relevant provisions of the 2017 Share Option Incentive Scheme (Draft) has been in compliance with relevant provisions of the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the Measures and Memorandum No. 3, and the Adjustments are legal and valid.

By Order of the Board

Yin Yimin

Chairman

Shenzhen, the PRC

6 July 2017

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Yin Yimin, Zhao Xianming and Wei Zaisheng; six non-executive directors, Zhang Jianheng, Luan Jubao, Wang Yawen, Tian Dongfang, Zhan Yichao and Zhai Weidong; and five independent non-executive directors, Richard Xike Zhang, Chen Shaohua, LüHongbing, Bingsheng Teng and Zhu Wuxiang.