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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)

Announcement on the Cancellation of Certain Share Options

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.

Pursuant to the “Resolution of ZTE Corporation on the Cancellation of Certain Share Options” considered and approved at the Thirty-second Meeting of the Sixth Session of the Board of Directors of ZTE Corporation (the “Company”), it is approved that a total of 6,973,800 share options previously granted to the following original participants who no longer fulfill the conditions as participants of the Scheme, including 96 persons who have departed the Company, 1 person who has deceased and 2 persons who have been terminated by the Company due to material violations of regulations, as well as 5 persons who do not fulfill the exercise conditions having not passed the annual performance appraisal corresponding to the first exercise period under the Scheme, will be cancelled. Matters pertaining to the cancellation of such share options are announced as follows:

I. Reasons for the cancellation of certain share options and number of share options to be cancelled

In accordance with relevant provisions of the Administrative Measures on Share Incentives of Listed Company (Trial), Memorandum on Share Incentives Nos. 1-3 and ZTE Corporation Share Option Incentive Scheme (Revised Draft) (the “Scheme”), the “Resolution on the Cancellation of Certain Share Options” was considered and approved at the Thirty-second Meeting of the Sixth Session of the Board of Directors of the Company held on 27 October 2015, pursuant to which 99 original participants who no longer fulfill the conditions as participants of the Scheme, including 96 persons who have departed the Company, 1 person who has deceased and 2 persons who have been terminated by the Company due to material violations of regulations, will be disqualified by the Company from participation in the Scheme and a total of 6,831,600 share options previously granted to such persons will be

cancelled; while a total of 142,200 original shares options to be exercisable in the first exercise period and previously granted to 5 persons who do not fulfill the exercise conditions having not passed the annual performance appraisal corresponding to the first exercise period under the Scheme will be withdrawn and cancelled by the Company without compensation.

As a result, a total of 6,973,800 share options previously granted to aforesaid original participants have been cancelled by the Company.

The said cancellation of certain share options will not affect the implementation of the Scheme.

II. Details of the cancellation of share options

Content	Remark
Type of stock cancelled	Share options
Number of share options cancelled	6,973,800
Cancelled share options as a percentage of adjusted number of share options granted	5.98%

III. Effect on the Company's results

The said cancellation of certain share options will not have any material impact on the operating results of the Company, nor will it affect the proper dispensation of duties by the staff and management team of the Company, who will continue to perform their duties meticulously and use their best endeavor to add value for shareholders.

IV. Independent opinion of the Independent Non-executive Directors on the cancellation of certain share options

For details, please refer to the Overseas Regulatory Announcement published by the Company on the same date as this announcement.

V. Opinion of the Supervisory Committee on the cancellation of certain share options

At the Twenty-fourth Meeting of the Sixth Session of the Supervisory Committee held on 27 October 2015, the "Resolution on the Cancellation of Certain Share Options" was considered and approved. For details, please refer to the Overseas Regulatory Announcements published by the Company on the same date as this announcement.

VI. Conclusion of the legal opinion

Beijing Jun He Law Offices (Shenzhen Office) is of the view that, as at the date of issue of its “Legal Opinion on Matters pertaining to the Exercise of Share Options for the First Exercise Period of ZTE Corporation,” the cancellation of certain share options by the Company was in compliance with relevant provisions of the Administrative Measures on Share Incentives of Listed Company (Trial), Memorandum on Share Incentives Nos. 1-3, the Scheme and the Articles of Association of ZTE Corporation.

VII. Documents for inspection

1. Resolution of the Thirty-second Meeting of the Sixth Session of the Board of Directors;
2. Resolution of the Twenty-fourth Meeting of the Sixth Session of the Supervisory Committee;
3. Examination Opinion of the Supervisory Committee on Matters pertaining to the Exercise of Share Options for the First Exercise Period under the Share Option Incentive Scheme;
4. Independent Opinion of the Independent Non-executive Directors on Matters pertaining to the Exercise of Share Options for the First Exercise Period under the Share Option Incentive Scheme;
5. “Legal Opinion on Matters pertaining to the Exercise of Share Options for the First Exercise Period of ZTE Corporation” furnished by Beijing Jun He Law Offices (Shenzhen Office).

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
27 October 2015

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Shi Lirong, Yin Yimin and He Shiyong; six non-executive directors, Hou Weigui, Zhang Jianheng, Xie Weiliang, Wang Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Tan Zhenhui, Richard Xike Zhang, Chen Shaohua, Lü Hongbing and Bingsheng Teng.