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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

Completion of Registration of the Grant of Share Options under the Share Option Incentive Scheme

The Company and all the members of the Board of Directors confirm that the contents of this announcement are true, accurate and complete. It does not contain any false information or misleading statements, nor are there any material omissions therefrom.

As confirmed by the Shenzhen Stock Exchange and China Securities Depository & Clearing Corporation Limited, Shenzhen Branch, ZTE Corporation (the "Company") has completed registration of the grant of share options under the Share Option Incentive Scheme of ZTE Corporation (Revised Draft) (the "Share Option Incentive Scheme" or "Scheme"). The abbreviated name of the share option is 中興JLC1 and the code of share option is 037032.

Other details are announced as follows:

I. Brief description of the Share Option Incentive Scheme

Pursuant to the Company's Share Option Incentive Scheme and "Resolution on Adjustments to the List of Participants and the Number of Share Options to be Granted under the Share Option Incentive Scheme of the Company," a total of 102,989,000 share options have been granted to the Participants of the Company. Each share option shall entitle its holder to purchase one share of the Company (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 Scheme comprises shares of the Company issued to the

Participants by the Company by way of placing. The share options granted account for 3% of the existing total share capital of 3,437.54 million shares of the Company. The date of grant was 31 October 2013 (Thursday). The exercise price shall be RMB13.69.

II. Details of the grant of share options under the Share Option Incentive Scheme

1. Date of grant: 31 October 2013.
2. Grantees: a total of 1,528 grantees, comprising Directors, senior management personnel and key employees who have a direct impact on, or made outstanding contributions to, the Company's overall results and sustainable development (excluding Independent Non-executive Directors and substantial shareholders interested in 5% or above of the Company's shares or the de facto controller, or their respective spouses and immediate or close family members).
3. Number of share options granted: 102,989,000.
4. Exercise price: RMB13.69.
5. Source of shares: A shares of the Company issued to Participants by way of placing.

6. Exercise arrangements:

Share options granted shall be valid for a term of 5 years commencing on the date of grant. After a vesting period of 2 years, there will be 3 exercise periods. During the first, second and third exercise periods, 30%, 30% and 40% of the share options granted may be exercised, respectively, subject to the fulfillment of performance-based conditions. Share options not exercisable as a result of non-fulfillment of the performance-based conditions or not exercised during the relevant exercise periods shall lapse with immediate effect and reclaimed and cancelled by the Company without compensation.

Phase	Timing	Percentage of exercise
Date of grant	Within 30 days following approval of the Scheme at the general meeting	
Vesting period	Commencing from the date of grant and ending on the last trading day within the 24-month period starting from the date of grant	
First exercise period	Commencing from the first trading day after expiry of the 24-month period from the date of grant and ending on the	30%

Phase	Timing	Percentage of exercise
	last trading day of the 36-month period from the date of grant	
Second exercise period	Commencing from the first trading day after expiry of the 36-month period from the date of grant and ending on the last trading day of the 48-month period from the date of grant	30%
Third exercise period	Commencing from the first trading day after expiry of the 48-month period from the date of grant and ending on the last trading day of the 60-month period from date of grant	40%

7. Conditions of exercise:

A. Performance indicators for the exercise of share options shall include:

- (1) Weighted average return on net assets (“ROE”);
- (2) Growth rate of net profit attributable to shareholders of the listed company (“Net Profit Growth”).

For the purpose of calculating the aforesaid performance indicators under the Scheme, “net profit” shall refer to the lower value of net profit and net profit after extraordinary items and “net assets” shall refer to the net assets attributable to shareholders of the listed company.

B. Conditions for the exercise of share options:

- (1) During the effective period of the Scheme, net profit attributable to shareholders of the listed company and net profit attributable to shareholders of the listed company after extraordinary items for each year must not be lower than the average level of the three accounting years immediately preceding the date of grant and must not be a negative value;
- (2) Conditions for the exercise of share options granted for various exercise periods:

Exercise period	Percentage of exercise	Conditions of exercise
First exercise period	30%	ROE for 2014 shall be no less than 6% and Net Profit Growth for 2014 versus 2013 shall be no less than 20%
Second exercise period	30%	ROE for 2015 shall be no less than 8% and Net Profit Growth for 2015 versus 2014 shall be no less than 20%

Exercise period	Percentage of exercise	Conditions of exercise
Third exercise period	40%	ROE for 2016 shall be no less than 10% and Net Profit Growth for 2016 versus 2014 shall be no less than 44%

III. Completion of registration of the grant of share options under the Share Option Incentive Scheme

1. Abbreviated name of the share option: 中興JLC1

2. Code of the share option: 037032

3. List of registered grantees:

There are a total of 1,528 Participants under the Share Option Incentive Scheme, including 18 Directors and senior management personnel and 1,510 other Participants. The allocation of the share options under the current grant is set out as follows:

Number	Position	Name	Number of options allocated	As a percentage of the total number of share options granted	As a percentage of the current total share capital
			(Unit: in ten thousands)		
1	Director	Zhang Jianheng	3	0.03%	0.001%
2	Director	Xie Weiliang	3	0.03%	0.001%
3	Director	Wang Zhanchen	3	0.03%	0.001%
4	Director	Zhang Junchao	3	0.03%	0.001%
5	Director	Dong Lianbo	3	0.03%	0.001%
6	Executive Vice President	Tian Wenguo	20	0.19%	0.006%
7	Executive Vice President	Qiu Weizhao	50	0.49%	0.015%
8	Executive Vice President	Fan Qingfeng	50	0.49%	0.015%
9	Senior Vice President	Zhao Xianming	50	0.49%	0.015%
10	Senior Vice President	Pang Shengqing	45	0.44%	0.013%
11	Senior Vice President	Zeng Xuezhong	45	0.44%	0.013%
12	Senior Vice President	Xu Huijun	35	0.34%	0.010%
13	Senior Vice	Ye Weimin	40	0.39%	0.012%

Number	Position	Name	Number of options allocated	As a percentage of the total number of share options granted	As a percentage of the current total share capital
			(Unit: in ten thousands)		
	President				
14	Senior Vice President	Zhu Jinyun	45	0.44%	0.013%
15	Senior Vice President	Zhang Renjun	35	0.34%	0.010%
16	Senior Vice President	Chen Jianzhou	45	0.44%	0.013%
17	Senior Vice President	Cheng Lixin	20	0.19%	0.006%
18	Secretary to the Board of Directors	Feng Jianxiong	40	0.39%	0.012%
19	Other Participants	1,510	9,763.9	94.81%	2.840%
	Total	1,528	10,298.9	100%	3%

4. The Participants and number of share options granted set out above are consistent with those disclosed by the Company on 31 October 2013 and no adjustments have been made. For details, please refer to the “Overseas Regulatory Announcement” published on 31 October 2013.

IV. Impact of the implementation of the Share Option Incentive Scheme on the Company’s development

The implementation of the Share Option Incentive Scheme is conducive to the Company’s efforts to: foster a performance-based culture oriented towards the creation of value; attract, motivate and retain senior management personnel and key staff; improve and perfect the Company’s remuneration and incentive regime; build a long-term incentive and binding mechanism; and enhance the Company’s competitiveness, so as to constantly enhance value for the Company and its shareholders.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
12 November, 2013

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, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Richard Xike Zhang.