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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 Completion of 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.

Reference is made to the “Announcement on the Cancellation of Certain Share Options” published by ZTE Corporation (the “Company”) on 27 October 2016.

As 17 participants under the Share Option Incentive Scheme of the Company (the “Scheme”) had certain unexercised options outstanding as at the end of the exercisable period of the first exercise period and 2 original participants were terminated by the Company and disqualified as participants under the Scheme during the first exercise period due to material violations of regulations, a total of 327,690 share options which had previously been granted to the 19 aforesaid persons but remained unexercised for the first exercise period were cancelled by the Company.

As 65 original participants under the Scheme had departed, 1 had become a Supervisor, 2 had been deceased, 1 had been subject to action by judiciary authorities due to material violations of discipline and 3 had been terminated by the Company due to material violations of regulations, they no longer qualified as participants under the Scheme and a total of 4,105,080 share options granted to the 72 aforesaid persons for the second exercise period and the third exercise period were cancelled by the Company.

As 1 participant had been punished by the Company with a demerit owing to his dereliction of duty or malfeasance damaging the interests or reputation of the Company and 6 participants had not passed the annual performance appraisal for the second exercise period, such 7 persons did not meet the exercise conditions for the second exercise period and a total of 165,600 of their granted share options for the second exercise period were cancelled by the Company.

The Company has completed the cancellation of an aggregate of 4,598,370 granted share options as described above with China Securities Depository & Clearing Corporation Limited, Shenzhen Branch. The share capital of the Company has not been affected by the cancellation and the share capital structure of the Company has remained unchanged.

The cancellation of certain share options by the Company was in compliance with relevant provisions of pertinent laws and regulations, ZTE Corporation Share Option Incentive Scheme (Revised Draft) and the Articles of Association of ZTE Corporation.

By Order of the Board

Zhao Xianming

Chairman

Shenzhen, the PRC

4 November 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.