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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)

**Overseas Regulatory Announcement
Announcement on the Completion of Cancellation of Certain Share Options**

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 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.

On 1 July 2019, ZTE Corporation (the “Company”) issued the “Overseas Regulatory Announcement Announcement on the Cancellation of Certain Share Options”.

1. As 301 original participants under the 2017 Share Option Incentive Scheme have departed, 7 have retired and 1 has become a Supervisor of the Company, they are no longer eligible as participants under the 2017 Share Option Incentive Scheme and the Company cancelled a total of 30,424,810 share options previously granted to the 309 aforesaid persons.
2. As 3 participants was punished by the Company with a demerit during the valid period of the 2017 Share Option Incentive Scheme, they did not meet the exercise conditions for the first exercise period and the Company cancelled a total of 60,799 of their granted share options for the first exercise period.
3. As the exercise conditions for the second exercise period under the 2017 Share Option Incentive Scheme have not been fulfilled, share options that cannot be exercised owing to the non-fulfillment of conditions pertaining to business results will lapse with immediate effect and will be withdrawn and cancelled by the Company without compensation in accordance with the ZTE Corporation 2017 Share Option Incentive Scheme (Draft) (the “Draft Scheme”). For the second exercise period, 1,687 participants have previously been granted a total of 39,724,952 share options and the aforesaid 39,724,952 share options with unfulfilled exercise conditions were cancelled by the Company.

On 5 July 2019, as confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company has completed the cancellation of the aforesaid 70,210,561 share options granted. Such cancellation does not have impact on the share capital of the Company and there is no change to the shareholding structure of the Company.

The cancellation of certain share options is in compliance with relevant provisions of pertinent laws and regulations and relevant provisions of the Draft Scheme and the Articles of Association of ZTE Corporation.

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
5 July 2019

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Li Zixue, Xu Ziyang, Gu Junying; three non-executive directors, Li Buqing, Zhu Weimin, Fang Rong; and three independent non-executive directors, Cai Manli, Yuming Bao, Gordon Ng.