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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 of Adjustments to the List of Participants and the Number of Share Options to be Granted 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.

Pursuant to the “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” considered and passed at the Eleventh Meeting of the Sixth Session of the Board of Directors of ZTE Corporation (the “Company” or “ZTE”), it was approved that the list of Participants and the number of share options to be granted would be adjusted. Following the adjustments, the number of Participants was adjusted from 1,531 persons to 1,528 persons. The number of share options to be granted was adjusted from 103.2 million to 102.989 million. Matters pertaining to the adjustments are hereby announced as follows:

I. Brief description of the Share Option Incentive Scheme

Pursuant to the “ZTE Corporation Share Option Incentive Scheme (Revised Draft)” (“Share Option Incentive Scheme (Revised Draft)”) considered and passed at the Third Extraordinary General Meeting of 2013, the First A Shareholders’ Class Meeting of 2013 and the First H Shareholders’ Class Meeting of 2013 of the Company, it was resolved that a total of 103,200,000 share options shall be granted to the Directors, senior management and key business 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, subject to the conditions of exercise. The source of shares under the scheme shall be shares of the Company issued to the Participants by the Company by way of placing. Share options to be granted shall account for 3% of the total share capital of 3,440.08 million shares of the Company as at the date of announcement of the Share Option Incentive Scheme (Revised Draft). The exercise price shall be RMB13.69 / share.

II. Reasons for the adjustments and status following the adjustments

(I) Reasons for the adjustments

As 2 Participants, Hua Rusong and Chi Xun, have left the Company and 1 Participant, Hua Jianbin, has deceased, the number of Participants shall be adjusted from 1,531 persons to 1,528 persons. Pursuant to the provisions of the Share Option Incentive Scheme (Revised Draft) and pertinent laws and regulations, the Company shall disqualify the 3 persons aforesaid from the Share Option Incentive Scheme and cancel a total of 211,000 share options to be granted. The number of share options to be granted under the Share Option Incentive Scheme shall be adjusted from 103.2 million to 102.989 million, which shall account for 3% of the Company' current total share capital of 3,437.54 million^① shares.

(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 102.989 million, which shall account for 3% of the current total share capital of the Company. There shall be a total of 1,528 Participants, comprising 18 Directors and senior management personnel of the Company and 1,510 other Participants. Details of the allocation of the share options granted are set out as follows:

^① It was proposed that a total of not more than 103,200,000 share options will be granted to Participants under the Share Option Incentive Scheme, with underlying shares accounting for approximately 3% of the total share capital of the Company at the time of the announcement of the Share Option Incentive Scheme (Revised Draft). Subsequently, the Company completed formalities for the repurchase, transfer and cancellation of approximately 2.54 million restricted shares not qualifying for unlocking under the Phase I Share Incentive Scheme of the Company with China Securities Depository & Clearing Corporation Limited, Shenzhen Branch, and the total share capital of the Company was changed from 3,440.08 million shares to 3,437.54 million shares.

Number	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 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 President	Ye Weimin	40	0.39%	0.012%
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 persons	9,763.9	94.81%	2.840%
	Total	1,528 persons	10,298.9	100%	3%

For details, please refer to the Overseas Regulatory Announcement 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 Share Option Incentive Scheme (Revised 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 Share Option Incentive Scheme effected by the Company are in compliance with relevant provisions of the “Measures Governing Equity Incentive Plans of Listed Companies (Trial)” (《上市公司股權激勵管理辦法（試行）》) (the “Measures”), “Memorandum on Equity Incentives No. 1” (《股權激勵有關備忘錄 1 號》), “Memorandum on Equity Incentives No. 2” (《股權激勵有關備忘錄 2 號》), “Memorandum on Equity Incentives No. 3” (《股權激勵有關備忘錄 3 號》) and the Share Option Incentive Scheme (Revised 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 adjusted 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 number of share options under the Share Option Incentive Scheme effected by the Company are in compliance with relevant provisions of the Measures, “Memorandum on Equity Incentives No. 1” (《股權激勵有關備忘錄 1 號》), “Memorandum on Equity Incentives No. 2” (《股權激勵有關備忘錄 2 號》), “Memorandum on Equity Incentives No. 3” (《股權激勵有關備忘錄 3 號》) and the Share Option Incentive Scheme (Revised 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 on Equity Incentives No. 1” (《股權激勵有關備忘錄 1 號》), “Memorandum on Equity Incentives No. 2” (《股權激勵有關備忘錄 2 號》), “Memorandum on Equity Incentives No. 3” (《股權激勵有關備忘錄 3 號》) and other laws, regulations and governing documents, and with the scope of Participants provided for in the Share Option Incentive Scheme (Revised Draft), and their qualifications as Participants under the Share Option Incentive Scheme are legal and valid; other than certain Participants who have ceased to qualify as Participants by reason of resignation or decease and therefore have not been granted any share options, the list of Participants to be granted share options by the Company is consistent with the Participants set out in the Share Option Incentive Scheme approved at the Third Extraordinary General Meeting of 2013, the First A Shareholders’ Class Meeting of 2013 and the First H Shareholders’ Class Meeting of 2013.

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 Share Option Incentive Scheme of the Company (the “Adjustments”) and matters pertaining to the grant of share options to the Participants following the Adjustments (the “Grant”) have received requisite authorisations and approvals and fulfilled procedures required at this stage; the Adjustments to the Participants, the number of share options to be granted and other pertinent matters under the Share Option Incentive Scheme of the Company effected by the Board of Directors of the Company pursuant to the mandate granted by the general meeting and relevant provisions of the Share Option Incentive Scheme (Revised Draft) are 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, “Memorandum on Equity Incentives No. 1” (《股權激勵有關備忘錄 1 號》), “Memorandum on Equity Incentives No. 2” (《股權激勵有關備忘錄 2 號》) and “Memorandum on Equity Incentives No. 3” (《股權激勵有關備忘錄 3 號》). The Adjustments are legal and valid.

By Order of the Board

Hou Weigui
Chairman

Shenzhen, the PRC
31 October 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.