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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 Completion of Registration of the Grant of Share Options
under the 2017 Share Option Incentive Scheme**

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 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 2017 Share Option Incentive Scheme of ZTE Corporation (Draft) (the “2017 Share Option Incentive Scheme” or “Scheme”). The abbreviated name of the share option is 中興JLC2 and the code of share option is 037050. Other details are announced as follows:

I. Brief description of the 2017 Share Option Incentive Scheme

Pursuant to the Company’s 2017 Share Option Incentive Scheme and “Resolution on Adjustments to the List of Participants and the Number of Share Options to be Granted under the 2017 Share Option Incentive Scheme of the Company,” a total of 149,601,200 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 approximately 3.5703% of the total share capital of the Company on the date of grant. The date of grant was 6 July 2017 (Thursday). The exercise price shall be RMB17.06. For details of approval procedures performed in respect of the Scheme, please refer to the “Announcement of Matters relating to the Grant of 2017 Share Options” published by the Company on 6 July 2017.

II. Details of the grant of share options under the 2017 Share Option Incentive Scheme

1. Date of grant: 6 July 2017 (Thursday).

2. Grantees: a total of 1,996 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, Supervisors, substantial shareholders individually or collectively interested in 5% or above of the Company's shares or the de facto controller, and their respective spouses, parents or children).

3. Number of share options granted: 149,601,200.

4. Exercise price: RMB17.06.

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 each of the first, second and third exercise periods, 1/3 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 withdrawn and cancelled by the Company without compensation.

Phase	Timing	Percentage of exercise
Date of grant	Within 60 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 last trading day of the 36-month period from the date of grant	1/3
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	1/3
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	1/3

7. Conditions of exercise:

(1) 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 holders of ordinary shares 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 net profit attributable to holders of ordinary shares of the listed company and “net assets” shall refer to the net assets attributable to holders of ordinary shares of the listed company.

(2) Conditions for the exercise of share options:

1) Performance-based conditions for the exercise of share options during various exercise periods:

Exercise period	Percentage of exercise	Conditions of exercise
First exercise period	1/3	ROE for 2017 shall be no less than 10% and Net Profit Growth for 2017 shall be no less than 10% on a base amount of RMB3,825 million
Second exercise period	1/3	ROE for 2018 shall be no less than 10% and Net Profit Growth for 2018 shall be no less than 20% on a base amount of RMB3,825 million
Third exercise period	1/3	ROE for 2019 shall be no less than 10% and Net Profit Growth for 2019 shall be no less than 30% on a base amount of RMB3,825 million

2) Conditions relating to individual Participants for the exercise of share options, further to the fulfillment of performance-based conditions

① The Participant not falling under circumstances described in Paragraph 2 under Article 20 of the 2017 Share Option Incentive Scheme during the effective period of the Scheme up to the current exercise period;

② The Participant having passed the performance appraisal for the previous year in accordance with the Performance Appraisal System of the Company.

III. Completion of registration of the grant of share options under the 2017 Share Option Incentive Scheme

1. Abbreviated name of the share option: 中興JLC2

2. Code of the share option: 037050

3. List of registered grantees:

There are a total of 1,996 Participants under the 2017 Share Option Incentive Scheme, including 11 Directors and senior management personnel and 1,985 other Participants. The

allocation of the share options under the current grant is set out as follows:

Position	Name	Number of share options allocated	As a percentage of the total number of share options granted	As a percentage of the total share capital in issue on the date of grant of the Company
		(Unit: in ten thousands)	Percentage (%)	Percentage (%)
Vice chairman	Zhang Jianheng	5	0.0334%	0.0012%
Vice chairman	Luan Jubao	5	0.0334%	0.0012%
Director and President	Zhao Xianming	80	0.5348%	0.0191%
Director	Wang Yawen	5	0.0334%	0.0012%
Director	Tian Dongfang	5	0.0334%	0.0012%
Director	Zhan Yichao	5	0.0334%	0.0012%
Executive Vice President	Xu Huijun	55	0.3676%	0.0131%
Executive Vice President	Zhang Zhenhui	55	0.3676%	0.0131%
Executive Vice President	Pang Shengqing	45	0.3008%	0.0107%
Executive Vice President	Xiong Hui	45	0.3008%	0.0107%
Board Secretary	Cao Wei	20	0.1337%	0.0048%
Other core personnel	1,985	14,635.12	97.8277%	3.4928%
Total	1,996	14,960.12	100.0000%	3.5703%

4. The Participants and number of share options granted set out above are consistent with those disclosed by the Company on 6 July 2017 and no adjustments have been made. For details, please refer to the “Overseas Regulatory Announcement List of Participants for the 2017 Share Option Incentive Scheme (Adjusted) of ZTE Corporation” published on 6 July 2017.

IV. Impact of the implementation of the 2017 Share Option Incentive Scheme on the Company’s development

The implementation of the 2017 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

Yin Yimin

Chairman

Shenzhen, the PRC

20 July 2017

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Yin Yimin, Zhao Xianming and Wei Zaisheng; six non-executive directors, Zhang Jianheng, Luan Jubao, Wang Yawen, Tian Dongfang, Zhan Yichao and Zhai Weidong; and five independent non-executive directors, Richard Xike Zhang, Chen Shaohua, Lü Hongbing, Bingsheng Teng and Zhu Wuxiang.