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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

Amendments to the terms of the proposed A-Share Option Incentive Scheme

Reference is made to the announcement of the Company dated 22 July 2013 in relation to the proposed adoption of the A-Share Option Incentive and the proposed grant thereunder (the "**Previous Announcement**"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed thereto in the Previous Announcement.

AMENDMENTS

The Company hereby announces that on 26 August 2013, the Board passed a resolution to approve certain amendments to the proposed terms of the Scheme in view of the requests of the regulators. The major amendments are set out below:

1. Adjustment procedures

In relation to the procedures for adjustment of the number and the exercise price of the Options under the Scheme, the first draft of the Scheme stipulates that:

"The Board will be authorised by the Shareholders at a general meeting of the Company to adjust the exercise price and the number of Options under the Scheme upon occurrence of any of the abovementioned circumstances. The Company shall engage a legal adviser to advise the Board whether such adjustment, if any, is in compliance with the Incentive Measures, the Articles of Association and the Scheme. Any adjustment to the exercise price, number of Options or other terms due to other reasons, after being reviewed by the Board, shall be submitted to a general meeting of the Company for approval before implementation."

It is proposed to add the following provision regarding the adjustment procedures of the number and the exercise price of the Options under the Scheme:

"Any adjustments upon occurrence of any of the abovementioned circumstances or required under the Rule 17.03(13) of the Hong Kong Listing Rules must give Participant the same proportion of the share capital as that to which that person was previously entitled, but no adjustments may be made to the extent that the Share would be issued at less than its nominal value. In respect of any adjustments upon occurrence of any of the abovementioned

circumstances or required under the Rule 17.03(13) of the Hong Kong Listing Rules, other than any adjustments made on a capitalisation issue, an independent financial adviser or the Company's auditors will confirm to the Directors in writing that the adjustments satisfy the requirements set out in the note of Rule 17.03(13) of the Hong Kong Listing Rules."

2. Amendments to the Scheme

In relation to the amendments to the Scheme, the first draft of the Scheme stipulates that:

"If certain amendments to the Scheme under the requirements of laws, regulations, agreements, the Shenzhen Stock Exchange or the Hong Kong Stock Exchange require the approval of a general meeting or of the CSRC or the Shenzhen Stock Exchange or the Hong Kong Stock Exchange, the Board must obtain such approval for the amendments to the Scheme. Any material amendments to other terms of the Scheme or amendments to the power of the Board to amend the terms of the Scheme are subject to prior approvals at a general meeting of the Company."

It is proposed that the above provision be amended to:

"Amendments to the Scheme shall be approved at the general meeting if (i) certain amendments to the Scheme under the requirements of laws, regulations, agreements, the Shenzhen Stock Exchange or the Hong Kong Stock Exchange require the approval of a general meeting or of the CSRC or the Shenzhen Stock Exchange or the Hong Kong Stock Exchange; (ii) the amendments relate to matters provided in Rule 17.03 of the Hong Kong Listing Rules and are to the advantage of the Participants; (iii) the amendments to the provisions of the Scheme or the terms of the Options granted are of a material nature; or (iv) the amendments relate to the power of the Board in amending the terms of the Scheme."

GENERAL

The revised draft of the Scheme has been examined and approved by the SASAC and filed with the CSRC with no objection. The Scheme shall be effective upon approval of the Scheme at the general meeting of the Company. The Proposed Grant of Options and its effectiveness are also subject to the satisfaction of the conditions stipulated under the Scheme.

A circular containing, inter alia, the terms of the revised draft of the Scheme and the Proposed Grant, will be despatched to the Shareholders on or before 30 August 2013 in accordance with the Hong Kong Listing Rules.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC

26 August 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.