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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: 00763)**

**PROPOSED ISSUE OF RMB3,584 MILLION USD SETTLED  
ZERO COUPON CONVERTIBLE BONDS DUE 2030  
UNDER GENERAL MANDATE**

***Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners***

**CITIC Securities**

**China Securities International**

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

On 28 July 2025 (after trading hours), the Company and the Managers entered into the Subscription Agreement, pursuant to which, the Company has agreed to issue to the Managers or as it may direct, and the Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in a principal amount of RMB3,584 million, subject to certain conditions set out in the Subscription Agreement.

A book-building exercise has been conducted by the Managers, after which the terms of the Bonds, including but not limited to, the principal amount and the initial Conversion Price, have been determined.

The Bonds are convertible in the circumstances set out in the Terms and Conditions into H Shares at an initial Conversion Price of HK\$30.25 per H Share (subject to adjustments).

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$30.25 per H Share, the Bonds will be convertible into approximately 129,726,464 H Shares, representing approximately 17.17% of the total issued H share capital of the Company and approximately 2.71% of the total issued share capital of the Company as at the date of this announcement, and approximately 14.65% of the enlarged total issued H share capital of the Company and approximately 2.64% of the enlarged total issued share capital of the Company resulting from the full conversion of the Bonds. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the H Shares then in issue on the relevant registration date.

Subject to completion of the issue of the Bonds, the Company intends to apply the net proceeds from the issue of the Bonds for enhancing the Company's R&D investments in computility product.

The Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted to the Board by the Shareholders at the annual general meeting of the Company held on 28 March 2025. The Subscription of the Bonds and the issue of the Conversion Shares by the Company are not subject to further Shareholders' approval.

The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds and the Conversion Shares to be allotted and issued upon conversion of the Bonds.

**Completion of the transactions under the Subscription Agreement is subject to the satisfaction and/or waiver of certain conditions precedents therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “SUBSCRIPTION AGREEMENT” in this announcement for further information.**

**As the issue and subscription of the Bonds under the Subscription Agreement may or may not proceed to completion, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are summarized as follows:

Date: 28 July 2025

Parties: (1) the Company, as the issuer; and  
(2) the Managers.

Subscription: The Company has agreed to issue to the Managers or as it may direct, and the Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds, on the Closing Date on the terms of the Subscription Agreement.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Managers and their respective ultimate beneficial owner(s) is a third party independent from the Company and is not a connected person of the Company.

Listing: The Company confirms that it will make, or cause to be made, an application of the Bonds and the Conversion Shares to be listed on the Hong Kong Stock Exchange in accordance with the terms of the Subscription Agreement.

Conditions Precedent to the Subscription: The obligations of the Managers to subscribe and pay for the Bonds are conditional on:

(1) **Other Contracts:** the execution and delivery (on or before the Closing Date) of the Contracts, each in a form reasonably satisfactory to the Managers, by the respective parties;

- (2) **Due Diligence:** the Managers being satisfied with the results of its due diligence investigations with respect to the Company and its subsidiaries and the Offering Circular shall have been prepared in form and content satisfactory to the Managers;
- (3) **Auditors' Letters:** there having been delivered to the Managers comfort letters from Ernst & Young Hua Ming LLP, the Company's auditor, in form and substance satisfactory to the Managers and addressed to the Managers, (i) on the date of the Subscription Agreement; and (ii) on the Closing Date;
- (4) **Compliance:** at the Closing Date:
  - (i) the representations and warranties of the Company in the Subscription Agreement being true and accurate at, and as if made on such date;
  - (ii) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before such date; and
  - (iii) there having been delivered to the Managers a certificate in the form attached to the Subscription Agreement, dated as of such date, of a duly authorised officer of the Company to such effect;
- (5) **Material Adverse Change:** after the date hereof or, if earlier, the dates as of which information is given in the Offering Circular up to and at the Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change), in the financial condition, prospects, results of operations or general affairs of the Company or of the Group as a whole, which, in the opinion of the Managers, is material and adverse in the context of the issue and offering of the Bonds;
- (6) **Listing:** the Hong Kong Stock Exchange having agreed to list the Conversion Shares upon conversion of the Bonds and the Hong Kong Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Managers, to list the Bonds (or, in each case, the Managers being reasonably satisfied that such listing will be granted);

- (7) **Chief Financial Officer's Certificates:** on the date of the Subscription Agreement and the Closing Date, there having been delivered to the Managers a certificate substantially in the form attached to the Subscription Agreement dated as of such date and signed by the chief financial officer of the Company;
- (8) **Legal Opinions:** on or before the Closing Date, there having been delivered to the Managers opinions, in form and substance satisfactory to the Managers, dated the Closing Date, as the case may be, of:
- (i) legal advisers to the Managers and the Trustee as to Hong Kong law;
  - (ii) legal advisers to the Managers and the Trustee as to English law;
  - (iii) legal advisers to the Company as to PRC law;
  - (iv) legal advisers to the Managers as to PRC law,
- and such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as the Managers may reasonably require;
- (9) **CSRC Filing:** on or prior to the Issue Date, the agreed and final or substantially complete drafts of the following documents in relation to the CSRC Filings, in form and substance satisfactory to the Managers, having been delivered to the Managers:
- (i) the CSRC Filing Report (including the letter of undertaking from the Company);
  - (ii) legal opinions (including the letter of undertaking) of legal advisers to the Company as to PRC law, to be submitted to the CSRC; and
  - (iii) any other CSRC Filings required by the CSRC.

- (10) **NDRC Approval:** the NDRC having issued the Registration Certificate of Foreign Debt Borrowed by Enterprise (《企業借用外債審核登記證明》) in respect of the issue of the Bonds and such certificate remaining in full force and effect, and not altering the terms of any Contracts, on the Closing Date, and written evidence of such certificate having been given to the Managers.

The Managers may, at its discretion and upon such terms as they think fit, waive compliance with the whole or any part of the above conditions (other than the condition (1) above).

As at the date of this announcement, certain of the above conditions precedent to the completion of the Subscription Agreement are yet to be satisfied and/or waived (as the case may be). It is the intention of the Company to satisfy or procure the satisfaction of all of the above conditions by the Closing Date.

Termination:

Notwithstanding anything contained in the Subscription Agreement, the Managers may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

- (1) if there shall have come to the notice of the Managers any breach of, or any event rendering untrue or inaccurate in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform, or breach of any of the Company's undertakings or agreements in the Subscription Agreement;
- (2) if any of the conditions precedent set out in the Subscription Agreement has not been satisfied or waived by the Managers on or prior to the Closing Date;

(3) if, on or prior to the Closing Date:

- (i) there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (ii) there shall have occurred any of the following events:
  - (a) a suspension or a material limitation in trading in securities generally on Shenzhen Stock Exchange, the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded;
  - (b) a suspension or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange, Shenzhen Stock Exchange and/or any other stock exchange on which the Company's securities are traded;
  - (c) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong, Singapore, the European Union (or any member thereof) and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong, Singapore, the European Union (or any member thereof) or the United Kingdom; or
  - (d) a change or development involving a prospective change in taxation affecting the Company, the Bonds and the H Shares to be issued upon conversion of the Bonds or the transfer thereof; or

- (iii) there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

Lock-up:

Neither the Company nor any person acting on its behalf will:

- (a) issue, offer, sell, pledge, encumber, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them;
- (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares;
- (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise; or
- (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date hereof and the date which is 90 days after the Closing Date (both dates inclusive); except for (i) the Bonds and the Conversion Shares issued on conversion of the Bonds, or (ii) any Shares or other securities (including rights or options) which are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of employees (including directors) of the Company or any of its subsidiaries pursuant to any employee share scheme or plan existing as at the date of the Subscription Agreement.

For the purposes of the above lock-up, “**Shares**” means (i) ordinary shares with a nominal value of RMB1.00 issued by the Company to investors which are traded in HK dollars on the Hong Kong Stock Exchange; (ii) ordinary shares with a par value of RMB1.00 each issued by the Company and which are traded in Renminbi on the Shenzhen Stock Exchange and (iii) any other fully-paid and non-assessable shares of any class or classes of the ordinary shares of the Company authorised after the date hereof which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company.

## **PRINCIPAL TERMS OF THE BONDS**

The principal terms of the Bonds are summarized as follows:

Issuer:	the Company
Bonds:	RMB3,584 million USD settled zero coupon convertible bonds due 2030, convertible at the option of the holder thereof into fully paid H Shares at the initial Conversion Price of HK\$30.25 per H Share
Maturity Date:	5 August 2030
Issue Price:	100% of the principal amount of the Bonds
Interest:	The Bonds are zero coupon and do not bear interest.
Status:	The Bonds constitute direct, unsubordinated, unconditional and (subject to negative pledge as set out in the Terms and Conditions) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to negative pledge as set out in the Terms and Conditions, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.
Form and Domination:	The Bonds are issued in registered form in the specified denomination of RMB2,000,000 each and integral multiples of RMB1,000,000 in excess thereof.

Upon issue, the Bonds will be represented by a global certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A.

**Conversion Right:** Subject to and upon compliance with the Terms and Conditions, each Bondholder has the right to convert their Bond(s) into the Conversion Share(s).

The number of Conversion Shares will be determined by dividing the principal amount of the Bond to be converted (translated into HK dollars at the fixed rate of RMB0.9133 = HK\$1.00) by the Conversion Price in effect on the Conversion Date.

**Conversion Period:** Subject to and upon compliance with the Terms and Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after the 41st day after the Issue Date up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling seven working days prior to the Maturity Date (both days inclusive) or if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than seven working days (at the place aforesaid) prior to the date fixed for redemption thereof, provided that no Conversion Right may be exercised in respect of a Bond where the holder shall have exercised its right to require the Company to redeem or repurchase such Bond pursuant to the Terms and Conditions or during a Restricted Conversion Period (both dates inclusive); provided further that the Conversion Right is exercised subject to any applicable fiscal or other laws or regulations or as provided in the Terms and Conditions.

Conversion Price: The price at which H Shares will be issued upon conversion will initially be HK\$30.25 per H Share but will be subject to adjustments for: (i) consolidation, subdivision or re-classification of H Shares; (ii) capitalization of profits or reserves; (iii) capital distributions to the holders of H Shares; (iv) rights issues of shares or options over Shares at less than 95% of the Current Market Price per H Share; (v) rights issues of other securities; (vi) issues at less than 95% of the Current Market Price per H Share; (vii) other issues at less than 95% of the Current Market Price per H Share; (viii) modification of rights of conversion etc. at less than 95% of the Current Market Price per H Share; (ix) other offers to ordinary Shareholders of H Share; and (x) other events, as further described in the Terms and Conditions.

Adjustment upon Change of Control: If a Change of Control shall have occurred, the Company shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) and to the Trustee and the agents in writing within 14 days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant conversion date in respect of a Bond (the “**Conversion Date**”) falls within the period of 30 days following the later of (i) the occurrence of the relevant Change of Control and (ii) the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} / (1 + (\text{CP} \times \text{c} / \text{t}))$$

Where:

“NCP” = the Conversion Price after such adjustment;

“OCP” = the Conversion Price before such adjustment. For the avoidance of doubt, OCP shall be the Conversion Price applicable on the relevant Conversion Date;

Conversion Premium (“CP”) = 22% expressed as a fraction;

“c” = the number of days from and including the first day of the Change of Control Conversion Period to but excluding the Maturity Date; and

“t” = the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced below the level permitted by applicable laws and regulations from time to time (if any).

No adjustment will be made to the Conversion Price when ordinary Shares or other securities (including rights or options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees (including directors) of the Company or any of its Subsidiaries pursuant to any employee share scheme or plan (and which employee share scheme or plan is in compliance with, if applicable, the Listing Rules or, if applicable, the Stock Listing Rules of the Shenzhen Stock Exchange or, if relevant, the listing rules of the Alternative Stock Exchange (“**Share Scheme Options**”) unless any issue or grant of Share Scheme Options would result in the total number of ordinary Shares which may be issued upon exercise of all Share Scheme Options granted during the 12-month period up to and including the date of such issue or grant representing, in aggregate, more than 2% of the average of the issued and outstanding ordinary Shares during such 12-month period.

Ranking of Conversion Shares:	The H Shares issued upon exercise of the Conversion Rights will be fully paid up and will in all respects rank <i>pari passu</i> with, and within the same class as, the H Shares in issue on the relevant registration date except for any right excluded by mandatory provisions of applicable law.
Redemption at maturity:	Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Company will redeem each Bond at the US Dollar equivalent of its outstanding principal amount on the Maturity Date.
Redemption at the Option of the Company:	On giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice will be irrevocable), the Trustee and the Principal Agent, the Bonds may be redeemed by the Company in whole, but not in part, at the US Dollar equivalent of their outstanding principal amount as at the date fixed for redemption if at any time the aggregate principal amount of the Bonds outstanding, is less than 10% of the aggregate principal amount originally issued (including any Bonds further issued pursuant to the Terms and Conditions).

Redemption for Taxation Reasons:	At any time the Company may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Agent and the Bondholders (which notice shall be irrevocable) redeem all but not some only of the Bonds at the US Dollar equivalent of their outstanding principal amount as at the date fixed for redemption, if the Company satisfies the Trustee immediately prior to the giving of such notice that (i) the Company has or will become obliged to pay additional tax amounts as stated in the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 28 July 2025, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due. If the Company exercises its tax redemption right, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed. Upon a Bondholder electing not to have his Bonds redeemed in such circumstances, any payments due after the relevant date of redemption shall be made subject to any deduction or withholding of any taxation required to be deducted or withheld.
Redemption at the Option of the Bondholders:	The Company will, at the option of the holder of any Bond, redeem all or some only of that holder's Bonds on 5 August 2028 (the " <b>Put Option Date</b> ") at the US Dollar equivalent of their outstanding principal amount on the Put Option Date.
Redemption for Relevant Events:	<p>Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on the Relevant Event put date at the US Dollar equivalent of their outstanding principal amount as at the Relevant Event put date.</p> <p><b>"Relevant Event"</b> means the occurrence of either (a) a Change of Control in the Company; (b) a Delisting; or (c) an H Share Suspension in Trading.</p>

Negative Pledge: So long as any Bond remains outstanding, the Company will not create or permit to subsist, and the Company will procure that no Subsidiary, will create, or have outstanding, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital), present or future, to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an extraordinary resolution of the Bondholders.

## CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price is HK\$30.25 per H Share (subject to adjustments), which represents:

- (a) a premium of approximately 15.90% over the closing price of HK\$26.1 per H Share as quoted on the Hong Kong Stock Exchange on 28 July 2025 (being the day on which the Subscription Agreement was entered into); and
- (b) a premium of approximately 16.12% over approximately HK\$26.05 per H Share, being the average closing price per H Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days up to and including 28 July 2025.

The Conversion Price was determined with reference to the prevailing market price of the H Shares and the Terms and Conditions (including the redemption options) and was negotiated on an arm's length basis between the Company and the Managers after a book-building exercise. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$30.25 per H Share, the Bonds will be convertible into approximately 129,726,464 H Shares, representing approximately 17.17% of the total issued H share capital of the Company and approximately 2.71% of the total issued share capital of the Company as at the date of this announcement, and approximately 14.65% of the enlarged total issued H share capital of the Company and approximately 2.64% of the enlarged total issued share capital of the Company resulting from the full conversion of the Bonds. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the H Shares then in issue on the relevant registration date.

The aggregate nominal amount of the Conversion Shares is RMB129,726,464. The number of H Shares that would be issued pursuant to the Bonds is within the maximum number of H Shares that the Company can issue under the General Mandate (as defined and detailed in the section headed “General Mandate” in this announcement).

## SUBSCRIBERS

The Managers have informed the Company that the Bonds will be offered to no less than six independent subscribers (who will be independent individual, corporate and/or institutional professional investors). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the subscribers (and their respective ultimate beneficial owners) is not a connected person of the Company before and immediately after the completion of the issuance of the Bonds.

## EFFECT ON SHAREHOLDING STRUCTURE

The table below sets out a summary of the shareholdings in the Company (i) as at the date of this announcement, and (ii) upon the exercise in full of the Conversion Rights attached to the Bonds:

Shareholders	Class of Shares	As at the date of this announcement		Upon full conversion of the Bonds into Conversion Shares	
		Number of Shares	Approximate % of the total issued share capital	Number of Shares	Approximate % of the total issued share capital
Zhongxingxin Telecom Company Limited (Note 1)	A Shares	958,940,400	20.05%	958,940,400	19.52%
Xu Ziyang (Note 2)	A Shares	168,000	0.0035%	168,000	0.0034%
Li Ying (Note 2)	A Shares	95,500	0.0020%	95,500	0.0019%
Public holders of A Shares	A Shares	3,068,828,453	64.15%	3,068,828,453	62.46%
Zhongxingxin Telecom Company Limited (Note 1)	H Shares	2,038,000	0.04%	2,038,000	0.04%
Public holders of H Shares	H Shares	753,464,534	15.75%	753,464,534	15.34%
Bondholders	H Shares	—	—	129,726,464	2.64%
Total	—	<u>4,783,534,887</u>	<u>100%</u>	<u>4,913,261,351</u>	<u>100%</u>

*Note 1:* As at the date of this announcement, Zhongxingxin Telecom Company Limited (“**Zhongxingxin**”) is the largest shareholder of the Company directly holding 958,940,400 A shares and 2,038,000 H shares, representing approximately 20.09% of the total issued share capital of the Company. Xi’an Microelectronics Technology Research Institute and Shenzhen Zhongxing WXT Equipment Company Limited held a 34% and 49% stake in Zhongxingxin, respectively. Xi’an Microelectronics Technology Research Institute is a subsidiary of China Aerospace Electronics Technology Research Institute, which is in turn 100% controlled by China Aerospace Science and Technology Corporation.

*Note 2:* Mr. Xu Ziyang is executive Director and President of the Company; Ms. Li Ying is Executive Vice President and Chief Financial Officer of the Company.

## **USE OF PROCEEDS**

Subject to completion of the issue of the Bonds, the net proceeds from the Bonds, after deduction of fees, commissions and certain estimated offering expenses, are estimated to be approximately US\$494.30 million (equivalent to approximately RMB3,543 million), representing a net issue price of approximately HK\$29.90 per Conversion Share based on the initial Conversion Price. The Company intends to apply the net proceeds from the issue of the Bonds for enhancing the Company’s R&D investments in computility product.

## **REASONS FOR AND BENEFITS OF THE ISSUE OF THE BONDS**

The Board considers that the issue of the Bonds represents an opportunity to optimize the capital structure and diversify funding sources of the Group, improving the liquidity position and reducing the financing costs of the Company. The Board currently intends to use the funds as mentioned above and considers it will facilitate the overall development of the Company.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement and the issue of the Bonds are made on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **GENERAL MANDATE**

At the 2024 annual general meeting of the Company held on 28 March 2025, special resolutions were passed to grant a general mandate (the “**General Mandate**”) to the Directors to allot, issue or otherwise deal with, among others, additional H Shares not exceeding 151,100,506 H Shares, equivalent to 20% of the aggregate nominal amount of H Shares of the Company in issue as at the date of the Company’s 2024 annual general meeting, which amounted to 755,502,534 H Shares. As at the date of this announcement and immediately prior to the entering into of the Subscription Agreement, the Company has not issued any H Shares under the General Mandate, and the unutilized portion of the General Mandate available for the proposed issue of the Bonds is 151,100,506 H Shares. The Conversion Shares to be issued upon the conversion of the Bonds will be

allotted and issued pursuant to the General Mandate. The Subscription of the Bonds and the issue of the Conversion Shares by the Company are not subject to further Shareholders' approval.

## **EQUITY FUND-RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS**

The Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable inquiries, the conversion of the Bonds will not result in the Company's non-compliance with the public float requirement under Rule 8.08 of the Listing Rules and will not trigger a mandatory general offer obligation under Rule 26.1 of the Takeovers Code on the part of the Bondholders.

## **CONCURRENT DELTA PLACEMENT**

Concurrent with the offering of the Bonds, CLSA Limited may facilitate sales of existing H Shares notionally underlying the Bonds by buyers of the Bonds who wish to sell such H Shares in short sales to purchasers procured by CLSA Limited in order to hedge the market risk to which buyers of the Bonds are exposed with respect to the Bonds that they may acquire in the offering of the Bonds. The Company will not conduct any repurchase of H Shares for the purpose of this concurrent delta placement.

## **GENERAL INFORMATION**

The Group is a world-leading provider of ICT solutions, integrating design, development, production, sales and services with a special focus on carriers' networks, consumer business and government and corporate business.

## **CSRC FILINGS**

Upon completion of the issue of the Bonds, the Company shall proceed with the relevant CSRC Filings.

## **APPROVALS RECEIVED AND APPLICATION FOR LISTING**

The Registration Certificate of Foreign Debt Borrowed by Enterprise in relation to the issuance of the Bonds has been obtained from NDRC.

A formal application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to professional investors only under Chapter 37 of the Listing Rules, on the Hong Kong Stock Exchange. The Company will also make an application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

The Company has obtained a letter of eligibility in relation to the listing of the Bonds of the Hong Kong Stock Exchange.

**Completion of the transactions under the Subscription Agreement is subject to the satisfaction and/or waiver of certain conditions precedents therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “SUBSCRIPTION AGREEMENT” above for further information.**

**As the issue and subscription of the Bonds under the Subscription Agreement may or may not proceed to completion, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“A Share(s)”	the ordinary domestic share(s) of RMB1.00 each issued by the Company which are traded in Renminbi on the Shenzhen Stock Exchange
“Agency Agreement”	the paying, conversion and transfer agency agreement (as amended and/or supplemented from time to time) among the Company, the Trustee, China Construction Bank (Asia) Corporation Limited, as the principal paying agent and principal conversion agent and China Construction Bank (Asia) Corporation Limited as registrar and transfer agent, and the other paying agents, transfer agents and conversion agents appointed thereunder dated on or about 5 August 2025
“Alternative Stock Exchange”	at any time, in the case of the H Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which such H Shares are then listed or quoted or dealt in
“Board”	the Board of Directors of the Company
“Bondholders”	holder(s) of the Bond(s) from time to time
“Bonds”	RMB3,584 million USD settled zero coupon convertible bonds due 2030 convertible at the option of the holder thereof into fully paid H Shares at the initial Conversion Price of HK\$30.25 per H Share

“Change of Control”	<p>(i) any person or persons, acting together acquires control of the Company; or</p> <p>(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons acting together, unless the consolidation, merger, sale or transfer will not result in any person acquiring control over the Company or the successor entity</p>
“Closing Date” or “Issue Date”	the date on which the Bonds are issued, which is tentatively scheduled on 5 August 2025, or such later date, not being later than 14 days after 5 August 2025, as the Company and the Managers may agree
“Company”	ZTE Corporation, a company incorporated in the PRC, whose shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Contracts”	the Subscription Agreement, the Trust Deed and the Agency Agreement
“Conversion Price”	the price per Conversion Share (subject to adjustments) at which the Bonds may be converted into the H Shares
“Conversion Right”	means the right of a Bondholder to convert any Bond into H Shares
“Conversion Share(s)”	the H Share(s) to be issued upon conversion of the Bonds pursuant to the Trust Deed and the Terms and Conditions
“CSRC”	the China Securities Regulatory Commission
“CSRC Filing(s)”	any letters, filings, correspondences, communications, documents, responses, undertakings and submissions in any form, including any amendments, supplements and/or modifications thereof, made or to be made to the CSRC, relating to or in connection with the issuance of the Bonds pursuant to the CSRC Filing Rules (including, without limitation, the CSRC Filing Report)
“CSRC Filing Report”	the filing report of the Company in relation to the issuance of the Bonds which will be submitted to the CSRC within three business days in Beijing after the Issue Date pursuant to Articles 13 and 16 of the CSRC Filing Rules

“CSRC Filing Rules”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC on 17 February 2023 and became effective on 31 March 2023, as amended, supplemented or otherwise modified from time to time
“Current Market Price”	subject to the Terms and Conditions, in respect of an ordinary share of a class on a particular date, the average of the daily closing price on each of the 20 consecutive trading days ending on and including the trading day immediately preceding such date and (if necessary) translated into HK dollars at the Prevailing Rate as at the relevant date
“Delisting”	occurs when the H Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share Stock Exchange Business Day(s)”	any day (other than a Saturday or Sunday) on which the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be) is open for the business of dealing in securities
“H Share Suspension in Trading”	the suspension in trading of the H Shares for a period of 30 consecutive H Share Stock Exchange Business Days
“H Share(s)”	the ordinary foreign share(s) with a par value of RMB1.00 each issued by the Company which are listed on the Hong Kong Stock Exchange
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ICT”	information and communications technology
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Managers”	CLSA Limited and China Securities (International) Corporate Finance Company Limited

“Maturity Date”	the date on 5 August 2030
“NDRC”	the National Development and Reform Commission of the PRC
“Offering Circular”	the offering circular to be prepared by the Company in connection with the issue of the Bonds and the listing of the Bonds on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China, which shall for the purpose of this announcement only, exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Prevailing Rate”	in respect of any currency on any day, the spot mid-rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Bloomberg BFIX page (or its successor page) or, if there is no such page, on the relevant Reuters HKDFIX page (or its successor page) or such other information service provider that displays the relevant information, or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined, provided that in the case of any cash capital distribution in respect of the H Shares, the “Prevailing Rate” shall be deemed to be the average benchmark exchange rate between Renminbi and HK dollars, calculated in the manner as announced by the Company on the Hong Kong Stock Exchange from time to time
“Principal Agent”	China Construction Bank (Asia) Corporation Limited
“professional investors”	has the meaning ascribed to it under Chapter 37 of the Listing Rules
“Relevant Indebtedness”	any present or future indebtedness having a maturity of not less than one year incurred outside the PRC in the form of, or represented by, bonds, debentures, notes, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other investment securities which represent indebtedness and are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market, but shall not include any future or present indebtedness denominated in RMB and offered or sold in the PRC

“Restricted Conversion Period”	the period (i) commencing, for an annual shareholders’ general meeting of the Company, on the date falling 20 days prior to that meeting, or, for an extraordinary shareholders’ general meeting of the Company, on the date falling 15 days prior to that meeting and ending on the date of that meeting; or (ii) commencing the date falling five working days prior to the record date set by the Company for the purpose of distribution of any dividend and ending on such record date; or (iii) commencing on such date and for such period as determined by applicable law from time to time that the Company is required to close its register
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC or its local branch
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	A Share(s) and/or H Share(s)
“Subscription”	means the issue and subscription of the Bonds pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 28 July 2025 entered into between the Company and the Managers in relation to the issue and subscription of the Bonds
“Subsidiary”	in relation to any person, (i) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50%. of the registered share capital or issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws of Hong Kong or the PRC, or in accordance with generally accepted accounting principles applicable in the PRC from time to time, should have its accounts consolidated with those of that person
“Takeovers Code”	means The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“Terms and Conditions”	the terms and conditions of the Bonds

“Trust Deed”	the trust deed (as amended and/or supplemented from time to time) constituting the Bonds made between the Company and the Trustee as trustee for the Bondholders to be dated on or about 5 August 2025
“Trustee”	China Construction Bank (Asia) Corporation Limited
“US\$”, “USD” or “US Dollar”	US dollar(s), the lawful currency of the United States of America
“%”	per cent.

By Order of the Board  
**Fang Rong**  
*Chair*

Shenzhen, the PRC  
29 July 2025

*As at the date of this announcement, the Board of Directors of the Company comprises executive director, Xu Ziyang; non-executive directors, Fang Rong, Yan Junwu, Zhu Weimin, Zhang Hong; independent non-executive directors, Zhuang Jiansheng, Wang Qinggang, Tsui Kei Pang; and employee director, Li Miaona.*