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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 Adjustment of Participants and Number of Share Options of the First Grant under the 2020 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 all the information contained in this information disclosure is true, accurate and complete and that there is no false and misleading statement or material omission in this information disclosure.

Pursuant to the “Resolution on the Adjustment of Participants and Number of Share Options of the First Grant under the 2020 Share Option Incentive Scheme” considered and approved at the Forty-second Meeting of the Eighth Session of the Board of Directors of ZTE Corporation (the “Company”), the adjustment of participants and number of share options of the first grant under the 2020 Share Option Incentive Scheme (the “Adjustment”) was approved. Matters pertaining to the Adjustment are announced as follows:

I. Overview of the 2020 Share Option Incentive Scheme

On 12 October 2020, the “Resolution on ‘ZTE Corporation 2020 Share Option Incentive Scheme (Draft)’ (the ‘2020 Share Option Incentive Scheme (Draft)’ and its summary”, “Resolution on the ‘ZTE Corporation 2020 Share Option Incentive Scheme Performance Appraisal System’” and “Resolution on a mandate granted to the Board of Directors by the General Meeting to deal with matters pertaining to the 2020 Share Option Incentive Scheme” were considered and passed at the Twenty-fifth Meeting of the Eighth Session of the Board of Directors and the Eighteenth Meeting of the Eighth Session of the Supervisory Committee of the Company. The Supervisory Committee of the Company has verified the list of participants to be granted share options as confirmed under the 2020 Share Option Incentive Scheme (Draft) and the Independent Non-executive Directors and legal advisor of the Company have furnished opinions on matters relating to share option incentives, respectively.

On 12 October 2020, the “Resolution on the Verification of the List of Participants under the 2020 Share Option Incentive Scheme” was considered and passed at the Eighteenth Meeting of the Eighth Session of the Supervisory Committee of the Company. The Company published the “List of Participants for the ZTE Corporation 2020 Share Option Incentive Scheme (Draft)” on www.cninfo.com.cn. The Company gave public notice of the names and positions of the aforesaid participants on the Company’s website (www.zte.com.cn), the public notice period commenced on 13 October 2020 and ended on 22 October 2020. No instances of participants’ non-fulfillment of relevant qualifications had been identified upon the expiry of the public notice period. The Company disclosed

the result of the verification of the list of participants by the Supervisory Committee and the result of the public notice on 28 October 2020.

The 2020 Share Option Incentive Scheme was approved by the general meeting pursuant to the “Resolution on the ‘ZTE Corporation 2020 Share Option Incentive Scheme (Draft)’ and its Summary”, “Resolution on the ‘ZTE Corporation 2020 Share Option Incentive Scheme Performance Appraisal System’” and “Resolution on a mandate granted to the Board of Directors by the General Meeting to deal with matters pertaining to the 2020 Share Option Incentive Scheme” considered and approved at the Second Extraordinary General Meeting of 2020 on 6 November 2020.

Pursuant to the 2020 Share Option Incentive Scheme (Draft), it is proposed that a total of not more than 163,492,000 share options shall be granted to participants by the Company, of which 158,492,000 share options will be granted initially, 5,000,000 share options will be reserved. Each share option shall entitle its holder to purchase one ZTE ordinary A share on any exercise date during the effective period of the 2020 Share Option Incentive Scheme at the exercise price and subject to the conditions of exercise. The source of shares under the Scheme is the issuance of shares of the Company to the participants.

On 6 November 2020, the “Resolution on the Adjustment to the List of Participants and Number of Share Options to be Granted under the 2020 Share Option Incentive Scheme” and “Resolution on Matters pertaining to the Grant of Shares Options under the 2020 Share Option Incentive Scheme” were considered and passed at the Twenty-seventh Meeting of the Eighth Session of the Board of Directors and the Twentieth Meeting of the Eighth Session of the Supervisory Committee of the Company, pursuant to which the adjustments to participants and number of share options granted under the 2020 Share Option Incentive Scheme were approved, and the date of first grant for the 2020 Share Option Incentive Scheme of the Company was set for 6 November 2020 (Friday). The registration of the first grant of share options under the 2020 Share Option Incentive Scheme was completed on 30 November 2020. A total of 158,472,000 share options had been granted to 6,123 participants, the initial exercise price was RMB34.47 per share.

On 2 August 2021, the “Resolution on the adjustments of participants and number of share options under the 2020 Share Option Incentive Scheme” and “Resolution on the cancellation of certain share options”, among others, were considered and passed at the Thirty-seventh Meeting of the Eighth Session of the Board of Directors of the Company and the Twenty-eighth Meeting of the Eighth Session of the Supervisory Committee of the Company, pursuant to which the adjustments to participants and number of share options under the 2020 Share Option Incentive Scheme and cancellation of share options previously granted to participants who no longer fulfilled the conditions to be a participant were approved. Following the adjustments, the number of participants of the first grant has been adjusted from 6,123 persons to 6,122 persons, and the number of share options to be granted has been adjusted from 163,472,000 to 163,446,000, of which the number of share options to be granted initially has been adjusted from not more than 158,472,000 to 158,446,000 and the number of share options to be reserved remains 5,000,000.

On 23 September 2021, the “Resolution on Matters pertaining to the Grant of Reserved Share Options under the 2020 Share Option Incentive Scheme” was considered and passed at the Fortieth Meeting of the Eighth Session of the Board of Directors and the Thirty-first Meeting of the Eighth Session of the Supervisory Committee of the Company, pursuant to which the date of reserved grant for the 2020 Share Option Incentive Scheme of the Company was set for 23 September 2021 (Thursday). The registration of the reserved grant of share options under the 2020 Share Option Incentive Scheme was completed on 22 October 2021. A total of 5,000,000 share options had been granted to 410 participants, the initial exercise price was RMB34.92 per share.

On 4 November 2021, the “Resolution on the Adjustment of Participants and Number of Share Options of the First Grant under the 2020 Share Option Incentive Scheme”, “Resolution on the Fulfillment of Exercise Conditions for the First Exercise Period of the First Grant under the 2020

Share Option Incentive Scheme” and “Resolution on the cancellation of certain share options”, among others, were considered and passed at the Forty-second Meeting of the Eighth Session of the Board of Directors and the Thirty-third Meeting of the Eighth Session of the Supervisory Committee of the Company, pursuant to which the adjustments to participants and number of share options of the first grant under the 2020 Share Option Incentive Scheme, confirmation of the fulfillment of exercise conditions for the first exercise period and cancellation of share options previously granted to participants who no longer fulfilled the conditions to be a participant or share options that did not meet the exercise conditions were approved; the Independent Non-executive Directors have furnished an unequivocal affirmative independent opinion on the adjustments to participants and number of share options granted, fulfillment of exercise conditions for the first exercise period for the first grant under the 2020 Share Option Incentive Scheme and cancellation of certain share options; the Supervisory Committee has furnished an unequivocal affirmative examination opinion on the adjusted list of participants and number of share options, fulfillment of exercise conditions for the first exercise period for the first grant under the 2020 Share Option Incentive Scheme and cancellation of certain share options.

II. Reasons for and method of the Adjustments

(I) Reasons for the Adjustments and comparison of particulars before and after the Adjustment

Before the commencement of the first exercise period of the first grant under the 2020 Share Option Incentive Scheme, the details of the adjustment of participants are as follows:

1. As 151 of the original participants have departed, they are no longer eligible as participants under the 2020 Share Option Incentive Scheme. Pursuant to the 2020 Share Option Incentive Scheme (Draft), the Company shall disqualify the 151 aforesaid persons from participation in the 2020 Share Option Incentive Scheme and a total of 3,601,000 share options granted to but unexercised by the 151 aforesaid persons shall be withdrawn and cancelled by the Company without compensation;
2. As 15 of the participants were subjected to demerit or more serious disciplinary actions by the Company during the effective period of the 2020 Share Option Incentive Scheme, they have not fulfilled the exercise conditions for the first exercise period of the first grant under the 2020 Share Option Incentive Scheme. Pursuant to the 2020 Share Option Incentive Scheme (Draft), a total of 169,661 of their granted but unexercised share options for the first exercise period shall be withdrawn and cancelled by the Company without compensation.

Following the Adjustment, the number of participants for the first exercise period of the first grant under the 2020 Share Option Incentive Scheme will be adjusted from 6,122 to 5,956 and the number of exercisable share options will be adjusted from 52,812,695 to 51,442,763; the number of share options of the first grant will be adjusted from 158,446,000 to 154,675,339. Details of the Adjustments are set out as follows:

Item	Before Adjustment	After Adjustment
Number of share options for the first grant	158,446,000	154,675,339
As a percentage of the existing total share capital of the Company	3.41%	3.33%
Number of participants of the first grant	6,122 persons	5,971 persons
Number of share options exercisable during the first exercise period	52,812,695	51,442,763
As a percentage of the existing total share capital of the Company	1.14%	1.11%
Number of persons entitled to exercise the share options during the first exercise period	6,122 persons	5,956 persons

(II) Exercisable share options during the first exercise period after the Adjustment

Following the Adjustment, the number of exercisable share options of the Company for the first exercise period shall be 51,442,763, accounting for 1.11% of the existing total share capital of the Company. There shall be a total of 5,956 participants entitled to exercise the share options, comprising 10 Directors and senior management of the Company and 5,946 other participants, the details of which are set out as follows:

Name	Position	Number of share options granted for the first grant after the adjustment (Unit: in ten thousands)	Number of exercisable share options for the first exercise period (Unit: in ten thousands) ^{Note 1}	As a percentage of the number of share options for the first grant after the adjustment	As a percentage of the existing total share capital of the Company
Li Zixue	Chairman	18	6	0.0388%	0.0013%
Xu Ziyang	Director and President	18	6	0.0388%	0.0013%
Li Buqing	Director	5	1.6666	0.0108%	0.0004%
Gu Junying	Director and Executive Vice President	18	6	0.0388%	0.0013%
Zhu Weimin	Director	5	1.6666	0.0108%	0.0004%
Fang Rong	Director	5	1.6666	0.0108%	0.0004%
Sub-total of Directors ^{Note2}		69	22.9998	0.1488%	0.0051%
Wang Xiyu	Executive Vice President	18	6	0.0388%	0.0013%
Li Ying	Executive Vice President, Chief Financial Officer	18	6	0.0388%	0.0013%
Xie Junshi	Executive Vice President	18	6	0.0388%	0.0013%
Ding Jianzhong	Secretary to the Board of Directors and Company Secretary	12	4	0.0259%	0.0009%
Sub-total of senior management		66	22	0.1423%	0.0048%
Other key personnel of the Company		15,332.5339	5,099.2765	32.9674%	1.0980%
Total		15,467.5339	5,144.2763	33.2585%	1.1079%

Note1: In the first exercise period, the participants are entitled to exercise 1/3 of the share options granted, rounded down to the nearest unit;

Note2: To avoid repetition in counting, the numbers of share options of Mr. Xu Ziyang, Director and President and Mr. Gu Junying, Director and Executive Vice President were included in the sub-total of Directors.

For details, please refer to the “Overseas Regulatory Announcement” published on the same date as this announcement.

III. Opinion of the Remuneration and Evaluation Committee in respect of the adjustment of participants and number of share options for the first grant under the 2020 Share Option Incentive Scheme

For details, please refer to the “Overseas Regulatory Announcement” published on the same date as this announcement.

IV. Independent opinion of the Independent Non-executive Directors in respect of the adjustment of participants and number of share options for the first grant under the 2020 Share Option Incentive Scheme

For details, please refer to the “Overseas Regulatory Announcement” published on the same date as this announcement.

V. Examination of the adjustment of participants and number of share options for the first grant under the 2020 Share Option Incentive Scheme by the Supervisory Committee

On 4 November 2021, the “Resolution on the Adjustment of Participants and Number of Share Options of the First Grant under the 2020 Share Option Incentive Scheme” was considered and approved at the Thirty-third Meeting of the Eighth Session of the Supervisory Committee, the Supervisory Committee furnished an examination opinion on the adjustment of participants and number of share options for the first grant under the 2020 Share Option Incentive Scheme. For details, please refer to the “Overseas Regulatory Announcement” published on the same date as this announcement.

VI. Conclusion of the legal opinion

Beijing Jun He Law Offices (Shenzhen Office) is of the view that the Adjustment has been duly authorised and approved and has fulfilled necessary procedures for the current stage; and the participants and number of share options of the Company, as adjusted by the Board of Directors of the Company pursuant to the mandate of general meeting of the Company and relevant provisions of the 2020 Share Option Incentive Scheme (Draft), are in compliance with relevant provisions of pertinent laws and regulations, the 2020 Share Option Incentive Scheme (Draft) and the Articles of Association.

VII. Documents for inspection

1. Resolution of the Forty-second Meeting of the Eighth Session of the Board of Directors;
2. Resolution of the Thirty-third Meeting of the Eighth Session of the Supervisory Committee;
3. Opinion of the Remuneration and Evaluation Committee of the Board of Directors on Matters pertaining to the 2020 Share Option Incentive Scheme;
4. Independent Opinion of the Independent Non-executive Directors on Matters pertaining to the 2020 Share Option Incentive Scheme;
5. Examination Opinion of the Supervisory Committee on Matters pertaining to the 2020 Share Option Incentive Scheme;
6. “Legal opinion on matters pertaining to adjustments to the participants and number of share options, fulfillment of exercise conditions for the first exercise period for the first grant and cancellation of certain share option previously granted under the 2020 Share Option Incentive Scheme of ZTE Corporation” furnished by Beijing Jun He Law Offices (Shenzhen Office).

By Order of the Board

Li Zixue

Chairman

Shenzhen, the PRC

4 November 2021

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, Gordon Ng, Zhuang Jiansheng.