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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 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 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 under the 2017 Share Option Incentive Scheme” considered and approved at the Thirty-sixth Meeting of the Eighth Session of the Board of Directors of ZTE Corporation (the “Company”), the adjustment of participants and number of share options under the 2017 Share Option Incentive Scheme (the “Adjustment”) was approved. Following the Adjustment, the number of participants of the 2017 Share Option Incentive Scheme will be adjusted from 1,687 to 1,583, for the third exercise period, the number of participants entitled to exercise share options will be adjusted from 1,687 to 1,573, and the number of exercisable share options will be adjusted from 39,726,486 to 37,289,056. Matters pertaining to the Adjustment are announced as follows:

I. Overview of the 2017 Share Option Incentive Scheme

On 24 April 2017, the “Resolution on ‘ZTE Corporation 2017 Share Option Incentive Scheme (Draft)’ (the ‘Draft Scheme’) and its summary”, “Resolution on the ‘ZTE Corporation 2017 Share Option Incentive Scheme Performance Appraisal System’” and “Resolution on a mandate granted to the Board of Directors by the General Meeting of ZTE Corporation to deal with matters pertaining to the 2017 Share Option Incentive Scheme” were considered and passed at the Seventeenth Meeting of the Seventh Session of the Board of Directors and Fourteenth Meeting of the Seventh 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 Draft Scheme and the Independent Non-executive Directors and legal advisor of the Company have furnished opinions on matters relating to share option incentives, respectively.

The Company published the “Public Notice of the List of Participants for the 2017 Share Option Incentive Scheme of the Company” on the Company’s website (www.zte.com.cn) on 24 April 2017 to give public notice of the names and positions of the aforesaid participants. The public notice period commenced on 24 April 2017 and ended on 4 May 2017. 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 5 days prior to the general meeting held to consider the 2017 Share Option Incentive Scheme.

The 2017 Share Option Incentive Scheme was approved pursuant to the “Resolution on the ‘ZTE Corporation 2017 Share Option Incentive Scheme (Draft)’ and its Summary”, “Resolution on the ‘ZTE Corporation 2017 Share Option Incentive Scheme Performance Appraisal System’” and “Resolution on a mandate granted to the Board of Directors by the General Meeting of ZTE Corporation to deal with matters pertaining to the 2017 Share Option Incentive Scheme” considered and approved at the 2016 Annual General Meeting, the First A Shareholders’ Class Meeting of 2017 and the First H Shareholders’ Class Meeting of 2017 (together, the “Shareholders’ Meetings”) on 20 June 2017.

Under the 2017 Share Option Incentive Scheme, share options are employed as an incentive means. Upon satisfaction of specific conditions by the Company and the participants, the Company may grant share options to the participants in accordance with the provisions of the Draft Scheme. All share options shall be subject to a vesting period of 24 months from the date of grant, during which the rights are not exercisable. Thereafter upon each exercise period, it will be determined, on the basis of whether the Company and the participants have satisfied the exercise conditions, whether the share options corresponding to such period are exercisable.

Pursuant to the “Resolution on Matters pertaining to the Grant of Shares Options under the 2017 Share Option Incentive Scheme” and “Resolution on the Adjustment to the List of Participants and Number of Share Options to be Granted under the 2017 Share Option Incentive Scheme” considered and passed at the Twentieth Meeting of the Seventh Session of the Board of Directors on 6 July 2017, the date of grant for the 2017 Share Option Incentive Scheme of the Company was set for 6 July 2017 (Thursday), and share options were granted to participants according to the adjusted list of participants and the number of share options to be granted; the Independent Non-executive Directors have furnished an unequivocal affirmative independent opinion on adjustments to the list of participants and the number of share options to be granted and the grant of share options to participants as adjusted; The “Resolution on Matters pertaining to the Grant of Shares Options under the 2017 Share Option Incentive Scheme” and “Resolution on the Adjustment to the List of Participants and Number of Share Options to be Granted under the 2017 Share Option Incentive Scheme” were considered and passed at the Seventeenth Meeting of the Seventh Session of the Supervisory Committee on 6 July 2017, and the Seventh Session of the Supervisory Committee of the Company has furnished an unequivocal affirmative examination opinion on the adjusted list of participants and number of share options to be granted. The registration of the grant under the 2017 Share Option Incentive Scheme was completed on 20 July 2017. The initial exercise price was RMB17.06 per share.

On 1 July 2019, the “Resolution on the adjustments to the participants and number of share options granted under the 2017 Share Option Incentive Scheme”, “Resolution on the fulfillment of exercise conditions for the first exercise period under the 2017 Share Option Incentive Scheme”, “Resolution on the Non-fulfillment of exercise conditions for the second exercise period under the 2017 Share Option Incentive Scheme” and “Resolution on the cancellation of certain share options”, among others, were considered and passed at the Fifth Meeting of the Eighth Session of the Board of Directors of the Company, pursuant to which the adjustments to participants and number of share options granted under the 2017 Share Option Incentive Scheme, confirmation of the fulfillment of exercise conditions for the first exercise period and non-fulfillment of exercise conditions for the second exercise period under the 2017 Share Option Incentive Scheme 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 and non-fulfillment of exercise conditions for the second exercise period under the 2017 Share Option Incentive Scheme and cancellation of certain share options; at the Fifth Meeting of

the Eighth Session of the Supervisory Committee, the “Resolution on the adjustments to the participants and number of share options granted under the 2017 Share Option Incentive Scheme”, “Resolution on the fulfillment of exercise conditions for the first exercise period under the 2017 Share Option Incentive Scheme”, “Resolution on the Non-fulfillment of exercise conditions for the second exercise period under the 2017 Share Option Incentive Scheme” and “Resolution on the cancellation of certain share options”, among others, were considered and passed, and 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 and non-fulfillment of exercise conditions for the second exercise period under the 2017 Share Option Incentive Scheme and cancellation of certain share options.

On 28 August 2020, the “Resolution on the Cancellation of Certain Share Options” and “Resolution on the Adjustment of the Exercise Price of Share Options under the 2017 Share Option Incentive Scheme Pursuant to the Rules” were considered and passed at the Twenty-second Meeting of the Eighth Session of the Board of Directors of the Company, pursuant to which the cancellation of 66 unexercised share options as at the end of the exercisable period of the first exercise period was approved, and it was approved that the exercise price of share options under the 2017 Share Option Incentive Scheme shall be adjusted to RMB16.86 per share; the Independent Non-executive Directors have furnished an unequivocal affirmative independent opinion on the cancellation of certain share options and the adjustment of the exercise price of share options under the 2017 Share Option Incentive Scheme pursuant to the rules; at the Sixteenth Meeting of the Eighth Session of the Supervisory Committee, the “Resolution on the Cancellation of Certain Share Options” and “Resolution on the Adjustment of the Exercise Price of Share Options under the 2017 Share Option Incentive Scheme Pursuant to the Rules” were considered and passed, and the Supervisory Committee has furnished an unequivocal affirmative examination opinion on the cancellation of certain share options and the adjustment of the exercise price of share options under the 2017 Share Option Incentive Scheme pursuant to the rules.

On 29 June 2021, the “Resolution on the adjustments of participants and number of share options under the 2017 Share Option Incentive Scheme”, “Resolution on the fulfillment of exercise conditions for the third exercise period under the 2017 Share Option Incentive Scheme” and “Resolution on the cancellation of certain share options”, among others, were considered and passed at the Thirty-sixth Meeting of the Eighth Session of the Board of Directors of the Company, pursuant to which the adjustments to participants and number of share options under the 2017 Share Option Incentive Scheme, confirmation of the fulfillment of exercise conditions for the third 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 third exercise period under the 2017 Share Option Incentive Scheme and cancellation of certain share options; at the Twenty-seventh Meeting of the Eighth Session of the Supervisory Committee, the “Resolution on the adjustments to the participants and number of share options under the 2017 Share Option Incentive Scheme”, “Resolution on the fulfillment of exercise conditions for the third exercise period under the 2017 Share Option Incentive Scheme” and “Resolution on the cancellation of certain share options”, among others, were considered and passed, and 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 third exercise period 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

A total of 149,601,200 share options have been granted to 1,996 participants under the 2017 Share Option Incentive Scheme. Prior to the exercise of options in the first exercise period, the number of

participants had been adjusted to 1,687 and the total number of share options had been adjusted to 119,115,591. For the first exercise period, 39,664,087 share options were exercised by participants, and 66 unexercised share options were cancelled upon expiry; for the second exercise period, 39,724,952 share options were cancelled as a result of non-fulfilment of exercise conditions; for the third exercise period, 39,726,486 share options have been granted but unexercised.

Before the commencement of the third exercise period under the 2017 Share Option Incentive Scheme, the details of the adjustment of participants are as follows:

1. As 99 of the original participants under the 2017 Share Option Incentive Scheme have departed, 3 have retired, 2 hold the position of Caltta Technologies Co., Ltd., former controlled subsidiary, which has been disposed of the entire equity interests held by the Company, they are no longer eligible as participants under the 2017 Share Option Incentive Scheme. Pursuant to the Draft Scheme, the Company shall disqualify the 104 aforesaid persons from participation in the 2017 Share Option Incentive Scheme and a total of 2,200,490 share options granted to but unexercised by the 104 aforesaid persons shall be withdrawn and cancelled by the Company without compensation;

2. As 9 of the participants under the 2017 Share Option Incentive Scheme were subjected to demerit or more serious disciplinary actions by the Company during the effective period of the 2017 Share Option Incentive Scheme, 1 participant failed to pass the performance appraisal for the previous year, they have not fulfilled the exercise conditions for the third exercise period. Pursuant to the Draft Scheme, a total of 236,940 of their granted but unexercised share options for the third exercise period shall be withdrawn and cancelled by the Company without compensation.

Following the Adjustment, the number of participants under the 2017 Share Option Incentive Scheme has been adjusted from 1,687 to 1,583, out of which 10 participants have not fulfilled the exercise conditions for the third exercise period for personal reasons, the number of participants for the third exercise period will be adjusted from 1,687 to 1,573 and the number of exercisable share options will be adjusted from 39,726,486 to 37,289,056.

Adjustments to the number of exercisable options and number of scheme participants for the third exercise period are set out as follows:

Item	Before Adjustment	After Adjustment
Number of share options exercisable during the third exercise period	39,726,486	37,289,056
As a percentage of the existing total share capital of the Company	0.8611%	0.8083%
Number of persons entitled to exercise the share options during the third exercise period	1,687 persons	1,573 persons

(II) Exercise of share options during the third exercise period after the adjustment

Following the Adjustment, the number of exercisable share options of the Company in the third exercise period shall be 37,289,056, accounting for 0.8083% of the existing total share capital of the Company. There shall be a total of 1,573 participants entitled to exercise the share options, comprising 5 Directors and senior management of the Company and 1,568 other participants, the details of which are set out as follows:

No.	Position	Name	Number of exercisable share options for the exercise period (Unit: in ten thousands)	As a percentage of the number of share options granted under the third exercise period after the adjustment	As a percentage of the existing total share capital of the Company
1	Director and President	Xu Ziyang	8.4000	0.2253%	0.0018%
2	Executive Vice President	Wang Xiyu	8.7468	0.2346%	0.0019%
3	Executive Vice President, Chief Financial Officer	Li Ying	5.2800	0.1416%	0.0012%
4	Executive Vice President	Xie Junshi	11.2468	0.3016%	0.0024%
5	Secretary to the Board of Directors and Company Secretary	Ding Jianzhong	3.3160	0.0889%	0.0007%
6	Other participants	1,568 persons	3,691.9160	99.0080%	0.8003%
	Total	1,573 persons	3,728.9056	100%	0.8083%

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 under the 2017 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 under the 2017 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 of the 2017 Share Option Incentive Scheme by the Supervisory Committee

On 29 June 2021, the “Resolution on the Adjustment of Participants and Number of Share Options under the 2017 Share Option Incentive Scheme” was considered and approved at the Twenty-seventh 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 of the 2017 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 for the current exercise 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 Draft Scheme, are in compliance with relevant provisions of pertinent laws and regulations, the Draft Scheme and the Articles of Association.

VII. Documents for inspection

1. Resolution of the Thirty-sixth Meeting of the Eighth Session of the Board of Directors;
2. Resolution of the Twenty-seventh 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 2017 Share Option Incentive Scheme;
4. Independent Opinion of the Independent Non-executive Directors on Matters pertaining to the 2017 Share Option Incentive Scheme;
5. Examination Opinion of the Supervisory Committee on Matters pertaining to the 2017 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 third exercise period and cancellation of certain share option previously granted under the 2017 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

29 June 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.