

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

ZTE

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 on Adjustments to the Share Issue Price and Issue Volume of the Issuance of Shares for Asset Acquisition following the Implementation of the 2020 Equity Distribution Plan

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 or misleading statement in or material omission from this information disclosure.

References are made to the announcements of ZTE Corporation (“ZTE” or the “Company”) respectively dated 28 October 2020, 16 November 2020, 25 March 2021, 30 March 2021, 31 March 2021 and 26 April 2021 and the circulars of the Company dated 4 December 2020 (the “Announcements and Circulars”) in relation to, amongst others, the acquisition of assets by issuance of shares and ancillary fund-raising by the Company. Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements and Circulars.

Special reminder: As the implementation of the 2020 equity distribution plan of the Company was completed on 20 August 2021, whereby a cash dividend of RMB2 (before tax) per 10 shares was distributed to all shareholders on the basis of the number of total share capital (including A share and H share) as at the record date for profit and dividend distribution, the A share issue price for the Company’s issuance of shares for asset acquisition has been adjusted from RMB30.80 per share to RMB30.60 per share, and the volume of A shares to be issued has been adjusted from 84,767,110 shares to 85,321,143 shares.

I. Overview of the acquisition of assets by issuance of shares and ancillary fund-raising

ZTE has proposed to acquire 18.8219% equity interests in ZTE Microelectronics Technology Company Limited, a subsidiary of the Company, held in aggregate by Guangdong Hengjian Xinxin Investment Partnership Enterprise (Limited Partnership) (“Hengjian Xinxin”) and Shenzhen Huitong Rongxin Investment Co., Ltd (“Huitong Rongxin”) (the “Target Assets”) at a price of RMB2,610,827,000 by way of share issuance; and meanwhile to raise ancillary funds by the non-public issuance of shares to not more than 35 specific investors (the “Transaction”).

The pricing benchmark date for the issuance of shares for asset acquisition is the date of the announcement on the resolution of the Twenty-sixth Meeting of the Eighth Session of the Board of Directors of the Company published on the Shenzhen Stock Exchange (i.e. 29 October 2020). Based on sufficient and equal negotiations with the counterparties of the Transaction and taking into full account the interests of all parties, the Company has set the issue price at RMB30.80 per share, which is not lower than 90% of the average trading price of A Shares for the 20 trading days immediately prior to the pricing benchmark date. During the period from the pricing benchmark date to the issuance date, in case of any ex-rights or ex-dividends events of the Company, such as distribution of dividends, bonus shares, capitalization issue and allotment of shares, the issue price will be adjusted in accordance with relevant rules and regulations of the China Securities Regulatory Commission (“CSRC”) and the Shenzhen Stock Exchange.

On 26 April 2021, the Company received the “Approval in Relation to the Acquisition of Assets by Issuance of Shares and Ancillary Fund-raising by ZTE Corporation” (Zheng Jian Xu Ke [2021] No. 1399) from the CSRC, pursuant to which the Transaction was approved by the CSRC and approval was granted to the Company for the acquisition of relevant assets by way of the issuance of 45,643,828 A shares to Hengjian Xinxin and 39,123,282 A shares to Huitong Rongxin. For details, please refer to the “Announcement on the Approval in Relation to the Acquisition of Assets by Issuance of Shares and Ancillary Fund raising by the CSRC” published by the Company on 26 April 2021.

II. The 2020 profit distribution plan of the Company and its implementation

Pursuant to the “2020 Profit Distribution Proposal” considered and approved at the Thirty-third Meeting of the Eighth Session of the Board of Directors and 2020 Annual General Meeting of the Company on 16 March 2021 and 25 June 2021, respectively, a cash dividend of RMB2 (before tax) per 10 shares shall be distributed to all shareholders on the basis of the number of total share capital (including A share and H share) as at the record date for profit and dividend distribution. The implementation of the profit distribution plan was completed on 20 August 2021.

III. Adjustments to the issue price and issue volume

In accordance with the transaction plan, the A share issue price and issue volume for the issuance of shares for asset acquisition are adjusted accordingly as follows:

(I) Adjustment to the issue price

In accordance with the Company’s “Report on acquisition of assets by issuance of shares and ancillary fund raising (Draft) (Revised)” and agreements pertaining to the Transaction, the A share issue price for the issuance of shares for asset acquisition shall be adjusted in accordance with the following formula after the completion of the implementation of the Company’s 2020 equity distribution:

$$P1 = P0 - D$$

Where: P0 is the issue price prior to the adjustment; D is the dividend amount per share; P1 is the adjusted issue price.

In accordance with the formula, the A share issue price for issuance of shares for asset acquisition as adjusted is $30.80 - 0.2 = \text{RMB}30.60$ per share.

(II) Adjustment to the issue volume

The volume of A shares to be issued by the Company to the counterparties of the Transaction shall be computed according to the following formula: volume of shares issued = transaction price of the Target Assets under the Transaction \div issue price of the new shares.

The transaction price for the Target Assets under the Transaction of the Company is RMB2,610,827,000. Based on the adjusted issue price of RMB30.60 per share as set out above, the details of the volume of shares to be issued to the counterparties to the transaction before and after the adjustment are as follows:

Name of counterparty	Transaction prices (RMB10,000)	Volume of A shares to be issued prior to adjustment (share)	Volume of A shares to be issued after adjustment (share)
Hengjian Xinxin	140,582.99	45,643,828	45,942,154
Huitong Rongxin	120,499.71	39,123,282	39,378,989
Total	261,082.70	84,767,110	85,321,143

IV. Opinions of independent advisors on the adjustments

China Securities Co., Ltd., our independent financial advisor, is of the view that: the adjustments to the share issue price and issue volume for the issuance of shares for asset acquisition under the Transaction made by ZTE in accordance with the 2020 equity distribution plan are in compliance with the provisions of pertinent laws and regulations and the agreements signed by the parties to the transaction and without violation of the “Administrative Measures for the Major Asset Restructuring of Listed Companies” and other pertinent laws and regulations and relevant provisions contained in the regulatory documents of CSRC.

Beijing Jun He Law Offices, our legal advisor, is of the view that: the adjustments to the share issue price and issue volume for the issuance of shares for asset acquisition under the Transaction made by ZTE in accordance with the 2020 equity distribution plan are in compliance with the provisions of pertinent laws and regulations and the agreements signed by the parties to the transaction and without violation of the “Administrative Measures for the Major Asset Restructuring of Listed Companies” and other pertinent laws and regulations and relevant provisions contained in the regulatory documents of CSRC.

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
27 October 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.