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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  
Report on the repurchase of the Company's A shares**

***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 announcement is true, accurate and complete and that there is no false and misleading statement or material omission in this announcement.***

**Highlights:**

- ZTE Corporation (the “**Company**”) has proposed to repurchase its A shares by way of centralised price bidding using internal funds (the “**Repurchase**”), which A shares will be allotted for the implementation the Company’s employee share ownership schemes or share incentives. The total amount of the Repurchase shall be not less than RMB100 million and not more than RMB120 million. Based on the maximum repurchase amount of RMB120 million and the cap of the A share repurchase price of RMB62.48 per share, the number of shares to be taken up by the Company under the Repurchase is estimated at 1,920,600 shares approximately, accounting for approximately 0.04% of the current total share capital of the Company, subject to the actual number of shares repurchased upon the conclusion of the repurchase period. The Repurchase may be conducted within 12 months from the date on which the plan for the Repurchase is considered and approved by the Board of Directors.
- On 14 August 2020, the plan for the Repurchase has been considered and passed at the Twenty-first Meeting of the Eighth Session of the Board of Directors of the Company.
- The Company has opened a special securities account for repurchase in the China Securities Depository and Clearing Corporation Limited Shenzhen Branch.
- Risk reminder

The repurchase plan is subject to the following risk of uncertainty:

- (1) The risk of failure to implement the repurchase plan in the event of the share price of the Company consistently exceeding the price cap set out in the repurchase plan during the repurchase period;
- (2) The risk of adopting the procedure for the cancellation of shares not transferred if the Company fails to apply the repurchased shares for the implementation of the Company’s employee share ownership schemes or share incentives as proposed within the timeframe stipulated under laws and regulations;
- (3) The risk of failure to effectively implement the repurchase plan or having to alter or terminate the

repurchase plan in accordance with rules as a result of the occurrence of significant events having a material impact on the trading price of the Company's shares or significant changes in the Company's production and operations, financial position or external conditions, or other events that result in the decision of the Board of Directors of the Company to terminate the Repurchase;

(4) The repurchase plan does not constitute an undertaking of the Company to repurchase its shares in the secondary market. The Company will make decisions to repurchase and implement accordingly during the repurchase period as and when opportune based on market conditions. Investors should beware of investment risks.

In accordance with the pertinent provisions of laws and regulations and regulatory documents, including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Measures for the Administration of the Repurchase of Public Shares by Listed Companies (For Trial Implementation), Supplementary Regulations on Share Repurchase by Listed Companies By Way of Centralised Price Bidding, Notice on Encouraging Mergers, Acquisitions and Reorganisation, Cash Dividend and Share Repurchase by Listed Companies, Opinions on Supporting Share Repurchase by Listed Companies, Implementation Rules of Shenzhen Stock Exchange for Share Repurchase by Listed Companies, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") and the Articles of Association of ZTE Corporation (the "Articles"), the Company has drawn up a repurchase plan, the details of which are set out as follows:

## **I. Principal terms of the repurchase plan**

### **(I) Purpose of the share repurchase**

The share repurchase is aimed at sustaining the Company's operation and development, safeguarding and protecting the long-term interests of investors and procuring the maximisation of shareholders' value. At the same time, it will further rationalise and improve the Company's long-term incentive and restraint mechanism to ensure the sustainable and healthy development of the Company's operations.

### **(II) The share repurchase fulfills relevant conditions**

The Company's share repurchase fulfills the following conditions:

1. The Company's shares have been listed for at least one year;
2. The Company will be solvent and able to operate as an ongoing concern after the share repurchase;
3. The distribution of the Company's shareholdings after the share repurchase is in compliance with listing conditions;
4. Other conditions stipulated by the China Securities Regulatory Committee (the "CSRC").

Accordingly, the share repurchase is in compliance with conditions under Article 10 of the Implementation Rules of Shenzhen Stock Exchange for Share Repurchase by Listed Companies.

### **(III) Method and price range of the share repurchase**

The share repurchase shall be conducted by way of centralised price bidding repurchase via the stock trading system of Shenzhen Stock Exchange.

The share price for the repurchase of A shares shall not be more than RMB62.48 per share, which repurchase price shall not exceed 150% of the average traded price of the Company's A shares for the 30 trading days before the approval of the resolution on the Repurchase by the Board of Directors. The actual repurchase price shall be the actual price at which the repurchase is conducted upon the conclusion of the repurchase period.

In the event of any profit distribution, bonus share issue, capitalisation of capital reserve, share placing and other ex-right or ex-dividend events of the Company during the share repurchase period, the cap of the share repurchase price shall be adjusted in accordance with relevant provisions of the CSRC and Shenzhen Stock Exchange effective from the date of ex-right or ex-dividend trading of the shares.

**(IV) Share type, use and volume of the proposed share repurchase; as a percentage of the Company's total share capital and total amount of funds to be committed to the repurchase**

The shares to be repurchased are RMB ordinary shares (A shares) issued by the Company.

The repurchased shares shall be used for the implementation of the Company's employee share ownership schemes or share incentives.

The total amount of funds committed to the Repurchase shall be not less than RMB100 million and not more than RMB120 million. Based on the minimum total repurchase amount of RMB100 million and the cap of the A share repurchase price of RMB62.48 per share, the number of shares to be repurchased is estimated at 1,600,500 shares approximately, accounting for approximately 0.03% of the current total share capital of the Company; based on the maximum total repurchase amount of RMB120 million and the cap of the A share repurchase price of RMB62.48 per share, the number of shares to be repurchased is estimated at 1,920,600 shares approximately, accounting for approximately 0.04% of the current total share capital of the Company. The actual number of shares to be repurchased and such number as a percentage of the Company's total share capital shall be subject to the actual number of numbers repurchased by the Company and such number as a percentage of the Company's total share capital upon the conclusion of the repurchase period or the completion of the repurchase.

Use after repurchase	Estimated number of repurchased A shares (10,000 shares)	Total amount of proposed repurchase funds (RMB100 million)	As a percentage of the Company's total share capital
Employee share ownership schemes or share incentives	160.05 - 192.06	1.00 - 1.20	0.03% - 0.04%

**(V) Source of funds for the share repurchase**

The share repurchase will be financed by the Company's internal funds.

**(VI) Implementation period of the share repurchase**

1. The share repurchase shall be implemented within 12 months from the date on which the repurchase plan is considered and approved by the Board of Directors of the Company.

2. The repurchase period shall end prematurely if the following conditions are triggered:

(1) The repurchase plan shall be deemed completed and the repurchase period shall end prematurely if and when the amount of fund application reaches its maximum limit during the repurchase period;

(2) The Company's management has decided to terminate the repurchase plan pursuant to the delegation of Board of Directors during the repurchase period, provided the amount of funds already applied is not lower than the stipulated minimum amount;

(3) The repurchase period shall end prematurely from the date on which a resolution to terminate the repurchase plan is passed by the Board of Directors of the Company if the Board of Directors has decided to terminate the repurchase for sufficiently justifiable causes.

The Company will make decisions to repurchase and implement accordingly during the repurchase period as and when opportune based on market conditions.

3. The Company shall not conduct any share repurchase during the following periods:

(1) The period of 10 trading days prior to the announcement of the Company's regular reports, preliminary results announcement or snapshots of results;

(2) The period from the date on which a significant event that might have a material impact on the trading price of the Company's shares has occurred or become the subject of decision-making to 2 trading days following statutory disclosure;

(3) No share repurchase may be conducted after the Company becomes aware of inside information until the announcement of the relevant information; in particular, no share repurchase shall be conducted within the period of one month prior to the earlier of the following : (a) the date of the meeting of the Board of Directors held for the purpose for approving any annual, semi-annual, quarterly or any other interim results; (b) the date by which the Company is required under applicable listing rules to announce any annual or semi-annual results, or quarterly or any other interim results;

(4) Other conditions stipulated by the CSRC and Shenzhen Stock Exchange or The Stock Exchange of Hong Kong Limited.

4. If trading in the Company's shares is suspended consecutively for more than 10 trading days during the implementation of the repurchase plan pending the announcement of significant events, the implementation of the repurchase plan shall be extended accordingly after trading in the Company's shares resumes and an announcement shall be made in a timely manner.

#### **(VII) Prospective change in the Company's share capital structure following the repurchase**

Assuming the completion of the implementation of the repurchase plan in full and based on the latest shareholding structure of the Company, based on the minimum volume of repurchase of 1,600,500 shares, the repurchased shares will account for approximately 0.03% of the Company's total share capital; based on the maximum volume of repurchase of 1,920,600 shares, the repurchased shares will account for approximately 0.04% of the Company's total share capital.

The share repurchased shall be allocated in full for the implementation of the Company's employee share ownership schemes or share incentives. The prospective change in the Company's shareholding following the repurchase is illustrated as follows:

Nature of shares	Before repurchase		After repurchase (Based on estimated minimum repurchase)		After repurchase (Based on estimated maximum repurchase)	
	Volume (10,000 shares)	Percentage	Volume (10,000 shares)	Percentage	Volume (10,000 shares)	Percentage
Tradable A shares subject selling restrictions	38,167.86	8.27%	38,327.91	8.30%	38,359.92	8.31%
Tradable A shares not subject selling restrictions	347,625.38	75.35%	347,465.33	75.32%	347,433.32	75.31%
Tradable H shares not subject selling restrictions	75,550.25	16.38%	75,550.25	16.38%	75,550.25	16.38%
Total number of shares	461,343.49	100.00%	461,343.49	100.00%	461,343.49	100.00%

Note: Estimated figures for reference only. Actual changes in shareholding are subject to subsequent announcements on the implementation.

Assuming an extreme case in which the Company fails to commit all repurchased shares to the aforesaid use within the legally stipulated timeframe, the shares not transferred shall be subject to the risk of cancellation (“Cancellation”).

**(VIII) Management analysis of how the share repurchase would affect the Company's operations, finances, R&D, solvency, future development and the maintenance of its listing status, and undertaking of all Directors that the share repurchase will not prejudice the listed company's solvency and ability to operate as an ongoing concern**

As at 31 March 2020, the Company's total assets, equity attributable to holders of ordinary shares of the listed company and cash on hand amounted to RMB145.654 billion, RMB41.266 billion and RMB37.912 billion, respectively. The maximum repurchase amount represents 0.08%, 0.29% and 0.32% of the Company's total assets, equity attributable to holders of ordinary shares of the listed company and cash on hand, respectively, which are relatively small percentages. The Company has sufficient funds to pay for the share repurchase.

Based on the Company's operations, finances, R&D, solvency and future development, the Company's management is of the view that the Repurchase will not result in any material adverse impact on the Company's operations, finances, R&D, solvency and future development. Following the completion of the Repurchase, there will be no change in the control of the Company or its listing status, and the distribution of shareholdings will comply with the relevant conditions for listed companies.

All Directors undertake that they will act with integrity and diligence to safeguard the interests of the Company and the lawful rights of the shareholders and creditors, and that the share repurchase will not prejudice the Company's solvency and ability to operate as an ongoing concern.

**(IX) Dealings in the Company's shares by Directors, Supervisors, senior management and controlling shareholders of the listed company during the six months prior to the resolution of the Board of Directors on the share repurchase, statement of whether they have been engaged in inside trading and market manipulation alone or in association with other parties, plan to increase or reduce shareholdings during the repurchase period; plans of shareholders holding 5% shares or above and their concerted parties to reduce shareholdings in the coming six months (if applicable).**

During the six months prior to the resolution of the Board of Directors approving the Repurchase, according to the self-inspection of the Company, Mr. Xu Ziyang, Director and President, Mr. Wang Xiyu, Executive Vice President, and Ms. Li Ying, Executive Vice President and Chief Financial Officer, of the Company exercised 42,000, 45,966 and 26,800 A share options under the share option incentive scheme on a voluntary basis. They were not aware of any information pertaining to the repurchase plan prior to the exercise, and the exercise of share options by the aforesaid Directors and senior management is not deemed as inside trading or market manipulation; the Company's controlling shareholder Zhongxingxin Telecom Company Limited completed a sell-down of 113,369,400 A shares of the Company by way of block trading via the stock exchange. It was not aware of any information pertaining to the repurchase plan prior to the sell-down, and there were no acts of inside trading or market manipulation alone or in association with other parties; save as aforesaid, there were no other dealings in the shares of the Company by the Company's Directors, Supervisors, senior management or controlling shareholders, nor any acts of inside trading or market manipulation alone or in association with other parties.

As at the date when the Board of Directors make the resolution on the Repurchase, neither of the Company's Directors, Supervisors, senior management or controlling shareholder has plans to increase or reduce shareholdings during the repurchase period. If the aforesaid personnel subsequently have plans to increase or reduce their shareholdings, the Company will fulfill its obligation in information

disclosure in a timely manner in accordance with the laws, regulations and regulatory documents.

Save for the controlling shareholder, the Company currently has no other shareholders holding 5% shares or above.

**(X) Arrangements for cancellation or transfer according to the law after the share repurchase and arrangements to prevent infringement upon creditors' interests.**

The Company will conduct procedures for consideration required for the implementation of employee share ownership schemes or share incentives in accordance with laws and regulations and the Articles if shares under the Repurchase are used in future in the employee share ownership schemes or share incentives. If the transfer (including transfer to participants in the employee share ownership scheme or participants of share incentive) of shares under the Repurchase is not completed within the timeframe stipulated under laws and regulations, the Company shall conduct relevant procedures for consideration to cancel such shares in accordance with the laws and regulations, the Articles and other pertinent provisions.

In the event of Cancellation, the Company shall perform statutory procedures, including the notification of creditors, in accordance with the Company Law of the People's Republic China and other pertinent provisions, in order to sufficiently protect the lawful interests of the creditors.

**(XI) Mandate for dealing with matters pertaining to the share repurchase**

To facilitate the effective implementation of the Repurchase, the Board of Directors has authorised the Company's management, and the Company's management may delegate such authority to relevant persons insofar as permitted under laws and regulations, to deal with matters pertaining to the share repurchase with full discretion in accordance with the principle of maximum protection in the interests of the Company and its shareholders, which matters shall include but not be limited to:

1. The opening of a designated securities account for the repurchase or other relevant securities accounts;
2. The conduct of share repurchases during the repurchase period as and when opportune, including the timing, price and volume of repurchases;
3. the adjustment of the repurchase plan and continued handling of matters pertaining to the share repurchase in accordance with pertinent laws and regulations and requirements of regulatory authorities taking into consideration market conditions and the actual conditions of the Company in the event of any new requirements for share repurchase policies stipulated under laws and regulations or by the securities regulatory authorities or any change in market conditions, unless a re-voting by the Board of Directors is required under pertinent laws and regulations, requirements of the regulatory authorities or the Articles;
4. making the decision to terminate the repurchase plan based on general considerations of the Company's actual conditions and share price performance during the repurchase period, provided the amount of funds already applied in the repurchase is not lower than the stipulated minimum amount;
5. The drafting, revision, amendment, execution, delivery, submission and implementation of all agreements, contracts and documents, and the reporting thereof as relevant;
6. Notifying and communicating with creditors to reach settlements for debts;
7. Handling any other matters not set out above that are necessary for the share repurchase.

The aforesaid authorisation shall be valid from the date on which the repurchase plan is considered and approved by the Board of Directors of the Company to the date on which the matters of delegation set

out above are completed.

#### **(XII) Risk reminder for the repurchase plan**

The repurchase plan is subject to the following risk of uncertainty:

1. The risk of failure to implement the repurchase plan in the event of the share price of the Company consistently exceeding the price cap set out in the repurchase plan during the repurchase period;
2. The risk of having to adopt the procedure for the cancellation of shares not transferred if the Company fails to apply the repurchased shares for the implementation of the Company's employee share ownership schemes or share incentives as proposed within the timeframe stipulated under laws and regulations;
3. The risk of failure to effectively implement the repurchase plan or having to alter or terminate the repurchase plan in accordance with rules as a result of the occurrence of significant events having a material impact on the trading price of the Company's shares or significant changes in the Company's production and operations, financial position or external conditions, or other events that result in the decision of the Board of Directors of the Company to terminate the Repurchase;
4. The repurchase plan does not constitute an undertaking of the Company to repurchase its shares in the secondary market. The Company will make decisions to repurchase and implement accordingly during the repurchase period as and when opportune based on market conditions. Investors should beware of investment risks.

In the event of the non-implementation of the Company's repurchase plan owing to the materialisation of relevant risks, the Company shall fulfill relevant procedures for consideration and information disclosure and revise or terminate the repurchase plan as and when opportune in a timely manner in accordance with laws and regulations and the Articles.

Investors should conduct their investments in a rational manner and beware of investment risks.

#### **II. Situation on the procedures for the consideration and disclosure obligation of the repurchase plan**

(I) At the Fifteenth Meeting of the Eighth Session of the Board of Directors held on 27 March 2020, the "Resolution on the tabling of the proposed mandate for the repurchase of the Company's A shares at the general meeting for consideration" was considered and approved.

(II) At the 2019 Annual General Meeting of the Company held on 19 June 2020, the "Resolution on the tabling of the proposed mandate for the repurchase of the Company's A shares at the general meeting for consideration" was considered and approved, pursuant to which the Board of Directors was given the mandate to determine the volume of A shares to be repurchased in accordance with pertinent laws and regulation within the scope of mandate of 1% of the Company's A share capital in issue as at the date on which the resolution is considered and approved at the general meeting, and was further authorised to deal with matters pertaining to the share repurchase in accordance with the law.

(III) At the Twenty-first Meeting of the Eighth Session of the Board of Directors held on 14 August 2020, the "Resolution on the plan for the repurchase of the Company's A shares by way of centralised price bidding" was considered and approved. The Company's Independent Non-executive Directors have furnished an unequivocal opinion of approval. The resolution is not required to be tabled at the general meeting for consideration.

(IV) On 14 August 2020 and 20 August 2020, the Company disclosed the "Announcement on the plan for the repurchase of the Company's A shares by way of centralised price bidding" and "Overseas

Regulatory Announcement", respectively.

### **III. Other Issues**

#### **(I) Situation on the opening of special account for repurchase**

In accordance with relevant provisions, the Company has opened a special securities account for repurchase in the China Securities Depository and Clearing Corporation Limited Shenzhen Branch. The special securities account for repurchase shall only be used for repurchase of A shares of the Company.

**(II)** According to the provisions of relevant laws and regulations and normative documents, the Company will timely fulfill the obligation of information disclosure during the period of repurchase and will disclose the progress of repurchase in regular reports.

By Order of the Board

**Li Zixue**

*Chairman*

Shenzhen, the PRC

26 August 2020

*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.*