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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 Completion of Registration of the Grant of Reserved
Share Options 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 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 or material omission in this information disclosure.

As confirmed by the Shenzhen Stock Exchange and China Securities Depository & Clearing Corporation Limited, Shenzhen Branch, ZTE Corporation (the “Company”) has completed registration of the grant of reserved share options under the 2020 Share Option Incentive Scheme of ZTE Corporation (Draft) (the “2020 Share Option Incentive Scheme” or “Scheme”). The abbreviated name of the share option is 中興 JLC4 and the code of share option is 037180. Other details are announced as follows:

I. Brief description of the 2020 Share Option Incentive Scheme

The “Resolution on ‘ZTE Corporation 2020 Share Option Incentive Scheme (Draft)’ (the ‘2020 Share Option Incentive Scheme’) 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 Eighteenth Meeting of the Eighth Session of the Supervisory Committee of the Company held on 12 October 2020 and at the Second Extraordinary General Meeting of 2020 held on 6 November 2020.

Pursuant to the 2020 Share Option Incentive Scheme, 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. As 1 participant has waived participation in the 2020 Share Option Incentive Scheme due to personal reasons, the Company shall disqualify the aforesaid person from participation in the 2020 Share Option Incentive Scheme and a total of 26,000 share options granted to but unexercised by the aforesaid person shall be withdrawn and cancelled by the Company without compensation. After the adjustment, the number of participants for the initial grant was adjusted from 6,123 to 6,122, the number of share options to be granted was adjusted from 163,472,000 to 163,446,000, of which the number of share options to be granted initially was adjusted from 158,472,000 to 158,446,000 and the number of reserved share options remained 5,000,000 under the share option incentive scheme. The Independent Non-executive Directors have furnished an unequivocal affirmative independent opinion on the aforesaid adjustments and cancellation; the Eighth 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 and cancellation of certain share options.

On 23 September 2021, the “Resolution on Matters pertaining to the Grant of Reserved Share Options under the 2020 Share Option Incentive Scheme” were 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 Independent Non-executive Directors have furnished an unequivocal affirmative independent opinion on the grant of reserved share options to participants; and the Eighth Session of the Supervisory Committee of the Company has furnished an unequivocal affirmative examination opinion on the list of participants and number of reserved share options to be granted.

II. Details of the grant of reserved share options under the 2020 Share Option Incentive Scheme

1. Date of the grant of reserved share options: 23 September 2021 (Thursday).
2. Participants of share options under the reserved grant: 410 key employees who have a direct impact on, or made outstanding contributions to, the Company's overall results and sustainable development (excluding Independent Non-executive Directors, Supervisors, substantial shareholders individually or collectively interested in 5% or above of the Company's shares or the de facto controller, and their respective spouses, parents or children).
3. Number of share options under the reserved grant: 5,000,000.
4. Exercise price of share options under the reserved grant: RMB34.92 per share.
5. Source of shares under the reserved grant: A shares of the Company issued to participants by way of placing.

6. Exercise arrangements:

The share options to be granted under the reserved grant shall be effective for three years from 23 September 2021, being the date of reserved grant. The exercise of the share options under the reserved grant is subject to a vesting period of one year, during which period the share options are not exercisable. The exercise period shall commence after a 1-year vesting period from the date of reserved grant. 1/2 of the options shall become exercisable in each of the two exercise periods, namely, the first and second exercise periods, subject to the fulfilment of conditions relating to business performance.

Exercise period	Duration	Proportion of share options exercisable to the total number of share options granted
Vesting period	Commencing on the date of reserved grant and ending on the last trading day of the 12-month period from the date of reserved grant	
First exercise period	Commencing on the first trading day after the expiry of the 12-month period from the date of reserved grant and ending on the last trading day of the 24-month period from the date of reserved grant	1/2
Second exercise period	Commencing on the first trading day after the expiry of the 24-month period from the date of reserved grant and ending on the last trading day of the 36-month period from the date of reserved grant	1/2

7. Conditions of exercise:

(1) Performance indicators for the exercise of share options under the reserved grant: net profit attributable to holders of ordinary shares of the listed company.

(2) Conditions for the exercise of share options under the reserved grant:

Exercise period	Performance target
First exercise period	Total Net Profit for 2020 and 2021 shall be no less than RMB6.47 billion.
Second exercise period	Total Net Profit for 2020, 2021 and 2022 shall be no less than RMB10.23 billion.

Share options not exercisable as a result of non-fulfillment of the performance-based conditions or not exercised during the relevant exercise periods shall lapse with immediate effect and withdrawn and cancelled by the Company without compensation.

III. Completion of registration of the grant of reserved share options under the 2020 Share Option Incentive Scheme

1. Abbreviated name of the share option: 中興JLC4

2. Code of the share option: 037180

3. List of registered grantees:

There are a total of 410 participants under the grant of reserved share under the 2020 Share Option Incentive Scheme, the allocation of the share options under the current grant is set out as follows:

Participants	Number of the participants	Number of share options proposed to be allocated (Unit: in ten thousands)	As a percentage of the total number of reserved share options to be granted	As a percentage of the total share capital in issue of the Company
Key personnel of the Company	410	500	100%	0.1077%

None of the participants is a director or senior management.

4. The participants and number of share options granted set out above are consistent with those disclosed by the Company on 23 September 2021 and no adjustments have been made. For details, please refer to the “Overseas Regulatory Announcement” published on 23 September 2021.

IV. Impact of the implementation of the 2020 Share Option Incentive Scheme on the Company’s development

The implementation of the 2020 Share Option Incentive Scheme is conducive to the Company’s efforts to: foster a performance-based culture oriented towards the creation of value; attract, motivate and retain senior management personnel and key

staff; improve and perfect the Company's remuneration and incentive regime; build a long-term incentive and binding mechanism; and enhance the Company's competitiveness, so as to constantly enhance value for the Company and its shareholders.

By Order of the Board

Li Zixue

Chairman

Shenzhen, the PRC

22 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.