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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 of Adjustments to the List of Participants and the Number of Share Options to be Granted 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 announcement is true, accurate and complete and that there is no false or misleading statement or material omission in this announcement.

Pursuant to 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” considered and passed at the Twenty-seventh Meeting of the Eighth Session of the Board of Directors of ZTE Corporation (the “Company” or “ZTE”), it was approved that the list of participants of the 2020 Share Option Incentive Scheme (the “Participants”) and the number of share options to be granted would be adjusted. Following the adjustments, the number of Participants of the first grant has been adjusted from not more than 6,124 persons to 6,123 persons, and the number of share options to be granted has been adjusted from not more than 163,492,000 to 163,472,000, of which the number of share options to be granted initially has been adjusted from not more than 158,492,000 to 158,472,000 and the number of share options to be reserved remains 5,000,000 (the “Adjustment”). Matters pertaining to the adjustments are hereby announced as follows:

I. Brief description 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’) 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. 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 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” were 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, 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, the exercise price under the first grant shall be RMB34.47 / share.

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 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

first grant of share options to Participants as adjusted; and 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 to be granted.

II. Reasons for the adjustments and status following the adjustments

(I) Reasons for the adjustments

As 1 Participant has waived participation in the 2020 Share Option Incentive Scheme due to personal reasons, the number of Participants of the first grant shall be adjusted from not more than 6,124 persons to 6,123 persons. Pursuant to the provisions of the 2020 Share Option Incentive Scheme (Draft) and pertinent laws and regulations, the Company shall disqualify the 1 person aforesaid from the first grant under the 2020 Share Option Incentive Scheme and cancel a total of 20,000 share options to be granted. Accordingly, the number of share options to be granted under the 2020 Share Option Incentive Scheme shall be adjusted from not more than 163,492,000 to 163,472,000, of which the number of share options to be granted initially has been adjusted from not more than 158,492,000 to 158,472,000, which shall account for approximately 3.44% of the Company's current total share capital, and the number of share options to be reserved remains 5,000,000, which shall account for approximately 0.11% of the Company's current total share capital.

(II) Status following the adjustments

Following adjustments to the Participants and the number of share options to be granted, the number of share options to be granted under the 2020 Share Option Incentive Scheme shall be adjusted from not more than 163,492,000 to 163,472,000, of which the number of share options to be granted initially has been adjusted from not more than 158,492,000 to 158,472,000, which shall account for approximately 3.44% of the Company's current total share capital, and the number of share options to be reserved remains 5,000,000, which shall account for approximately 0.11% of the Company's current total share capital. There shall be a total of 6,123 Participants of the first grant, comprising 10 Directors and senior management personnel of the Company and 6,113 members of other core personnel. Details of the allocation of the share options granted are set out as follows:

Name	Position	Number of share options proposed to be allocated	As a percentage of the total number of share options to be granted	As a percentage of the total share capital in issue of the Company
		(Unit: in ten thousands)	Percentage (%)	Percentage (%)
Li Zixue	Chairman	18	0.11%	0.0039%
Xu Ziyang	Director and president	18	0.11%	0.0039%
Li Buqing	Director	5	0.03%	0.0011%
Gu Junying	Director and executive vice president	18	0.11%	0.0039%
Zhu Weimin	Director	5	0.03%	0.0011%
Fang Rong	Director	5	0.03%	0.0011%

Wang Xiyu	Executive vice president	18	0.11%	0.0039%
Li Ying	Executive vice president and chief financial officer	18	0.11%	0.0039%
Xie Junshi	Executive vice president	18	0.11%	0.0039%
Ding Jianzhong	Board secretary	12	0.07%	0.0026%
Other key personnel	6,113	15,712.20	96.12%	3.4057%
Total options under the first grant	6,123	15,847.20	96.94%	3.4350%
Options under the reserved grant	-	500	3.06%	0.1084%
Total		16,347.20	100%	3.5434%

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

III. Other pertinent matters

The adjustments to the Participants and the number of share options to be granted have been effected in accordance with the relevant contents of the 2020 Share Option Incentive Scheme (Draft) and its summary and other relevant documents.

IV. Opinion of Independent Non-executive Directors

The Independent Non-executive Directors of the Company are of the unanimous view that the adjustments to the Participants and the number of share options to be granted under the 2020 Share Option Incentive Scheme effected by the Company are in compliance with relevant provisions of the “the Administrative Measures on Share Incentives of Listed Company” (《上市公司股權激勵管理辦法》) (the “Measures”), “Guidelines for Business Handling of Listed Companies in Shenzhen Stock Exchange No. 9 – Share Option Incentive” (“Business Handling Guidelines No. 9”) and the 2020 Share Option Incentive Scheme (Draft) of the Company, and unanimously approve the conduct of the aforesaid adjustments to the Participants and the number of share options to be granted by the Board of Directors of the Company.

V. Verification of the list of Participants by the Supervisory Committee

Having conducted verification of the list of Participants, the Supervisory Committee of the Company is of the view that: adjustments to the Participants and the number of share options under the 2020 Share Option Incentive Scheme effected by the Company are in compliance with relevant provisions of the Measures, Business Handling Guidelines No. 9 and the 2020 Share Option Incentive Scheme (Draft); Participants to be granted share options of the first grant as confirmed by the Company following the adjustments are in compliance with the conditions for Participants set out in the Measures, Business Handling Guidelines No. 9 and other laws, regulations and governing documents, and within the scope of Participants

provided for in the 2020 Share Option Incentive Scheme, and their qualifications as Participants under the 2020 Share Option Incentive Scheme are legal and valid; other than 1 Participant who waiving participation in the 2020 Share Option Incentive Scheme due to personal reasons, the list of Participants to be granted share options by the Company is consistent with the Participants set out in the 2020 Share Option Incentive Scheme approved at the Second Extraordinary General Meeting of 2020.

VI. Conclusive views of the legal opinion

Beijing Jun He Law Offices (Shenzhen Office) is of the view that, the adjustments to the list of Participants and the number of share options to be granted under the 2020 Share Option Incentive Scheme of the Company have received requisite authorisations and approvals and fulfilled procedures required at this stage; the adjustment to the list of Participants for and the number of options to be granted under the 2020 Share Option Incentive Scheme by the Board of Directors of the Company pursuant to the mandate of the general meeting and relevant provisions of the 2020 Share Option Incentive Scheme (Draft) has been in compliance with relevant provisions of the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the Measures and Business Handling Guidelines No. 9, and the Adjustments are legal and valid.

By Order of the Board

Li Zixue

Chairman

Shenzhen, the PRC

6 November 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.