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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 the Exercise Price of Share Options under
the 2017 Share Option Incentive Scheme Pursuant to the Rules**

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.

At the Second Meeting of the Ninth Session of the Board of Directors of the ZTE Corporation (the "Company") held on 25 April 2022, the "Resolution on Adjustment of the Exercise Price of Share Options under the 2017 Share Option Incentive Scheme Pursuant to the Rules" was considered and passed, pursuant to which the adjustment of the exercise price of share options under the 2017 Share Option Incentive Scheme pursuant to the rules (the "Adjustment") was approved. Details of the Adjustment are set out as follows:

I. Overview of the 2017 Share Option Incentive Scheme

On 24 April 2017 and 20 June 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, the Fourteenth Meeting of the Seventh Session of the Supervisory Committee of the Company and 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") respectively. 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 has published the names and positions of the participants, no instances of participants' non-fulfillment of relevant qualifications had been identified upon the expiry of the public notice period. The Supervisory Committee furnished a description of the result of the verification of the list of participants and the result of the public notice.

Pursuant to the consideration and approval by the Twentieth Meeting of the Seventh Session of the Board of Directors and the Seventeenth Meeting of the Seventh Session of the Supervisory Committee 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 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.

Pursuant to the consideration and approval by the Fifth Meeting of the Eighth Session of the Board of Directors and the Fifth Meeting of the Eighth Session of the Supervisory Committee on 1 July 2019, 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; 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.

Pursuant to the consideration and approval by the Twenty-second Meeting of the Eighth Session of the Board of Directors and the Sixteenth Meeting of the Eighth Session of the Supervisory Committee on 28 August 2020, the cancellation of 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; 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.

Pursuant to the consideration and approval by the Thirty-sixth Meeting of the Eighth Session of the Board of Directors and the Twenty-seventh Meeting of the Eighth Session of the Supervisory Committee on 29 June 2021, 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; 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.

Pursuant to the consideration and approval by the Thirty-eighth Meeting of the Eighth Session of the Board of Directors and the Twenty-ninth Meeting of the Eighth Session of the Supervisory

Committee on 24 August 2021, the exercise price of share options under the 2017 Share Option Incentive Scheme shall be adjusted to RMB16.66 per share was approved; the Independent Non-executive Directors have furnished an unequivocal affirmative independent opinion on the adjustment of the exercise price of share options under the 2017 Share Option Incentive Scheme pursuant to the rules; the Supervisory Committee has furnished an unequivocal affirmative examination opinion on the adjustment of the exercise price of share options under the 2017 Share Option Incentive Scheme pursuant to the rules.

Pursuant to the consideration and approval by the Second Meeting of the Ninth Session of the Board of Directors and the Second Meeting of the Ninth Session of the Supervisory Committee on 25 April 2022, the exercise price of share options under the 2017 Share Option Incentive Scheme shall be adjusted to RMB16.36 per share was approved; the Independent Non-executive Directors have furnished an unequivocal affirmative independent opinion on the adjustment of the exercise price of share options under the 2017 Share Option Incentive Scheme pursuant to the rules; the Supervisory Committee has furnished an unequivocal affirmative examination opinion on the adjustment of the exercise price of share options under the 2017 Share Option Incentive Scheme pursuant to the rules.

II. Reasons for and method of the adjustment of the exercise price under the Share Option Incentive Scheme

Pursuant to the “Proposal of Profit Distribution for 2021” considered and approved at the 2021 Annual General Meeting of the Company on 21 April 2022, distribution of RMB3 in cash (before tax) for every 10 shares to all shareholders based on the total share capital (including A shares and H shares) as at the record date for profit distribution and dividend payment was considered and approved.

Pursuant to the “Resolution on a mandate granted to the Board by the General Meeting of ZTE Corporation to deal with matters pertaining to the 2017 Share Option Incentive Scheme” considered and passed at the general meeting of the Company held on 20 June 2017 and in accordance with relevant rules and the provisions of the Draft Scheme, the Board of Directors has resolved to make a corresponding adjustment to the exercise price of the share options, the details of which are as follows:

$$P=P_0-V$$

Where: P_0 represents the exercise price prior to adjustment; V represents the dividend per share; P represents the exercise price after adjustment.

According to the formula, the adjusted share option exercise price shall be $RMB16.66-0.3=RMB16.36$ per share. Following the implementation of the 2021 A share profit distribution plan, the Company will adjust the exercise price of the share options under the 2017 Share Option Incentive Scheme, the number of share options under the 2017 Share Option Incentive Scheme will remain unchanged.

III. Independent opinion of the Independent Non-executive Directors on the adjustment of the exercise price of share options under the 2017 Share Option Incentive Scheme pursuant to the rules

The Independent Non-executive Directors are of the view that: the Adjustment has been duly authorised and approved and conducted according to currently required procedures. The Adjustment is in compliance with relevant provisions of “Administrative Measures on Share Incentives of Listed Company” (《上市公司股權激勵管理辦法》), the Articles of Association and the Draft Scheme. We agree to adjust the exercise price of share options under 2017 Share Option Incentive Scheme.

IV. Examination Opinion of the Supervisory Committee on the adjustment of the exercise price of share options under the 2017 Share Option Incentive Scheme pursuant to the rules

On 25 April 2022, the “Resolution on Adjustment of the Exercise Price of Share Options under the 2017 Share Option Incentive Scheme Pursuant to the Rules” was considered and approved at the Second Meeting of the Ninth Session of the Supervisory Committee, the Supervisory Committee has furnished an unequivocal affirmative examination opinion on the adjustment of the exercise price of share options under the 2017 Share Option Incentive Scheme. The Supervisory Committee is of the view that pursuant to the “Proposal of Profit Distribution for 2021” considered and approved by the 2021 Annual General Meeting of the Company, we agree the Board of Directors to adjust the exercise price of share options under the 2017 Share Option Incentive Scheme in accordance with the Draft Scheme. The Adjustment has been duly authorised and approved and conducted according to currently required procedures, it is in compliance with relevant provisions of the “Administrative Measures on Share Incentives of Listed Company”, the Articles of Association and the Draft Scheme of the Company.

V. 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 conducted according to currently required procedures; and the adjustment to the exercise price of share options under the 2017 Share Option Incentive Scheme by the Board of Directors of the Company in accordance with the mandate granted by the general meeting of the Company and pertinent rules of the Draft Scheme is in compliance with relevant provisions of the “Company Law of the People’s Republic of China”, “Securities Law of the People’s Republic of China”, “Administrative Measures on Share Incentives of Listed Company” and “Shenzhen Stock Exchange Self-Discipline Regulatory Guidelines for Listed Companies No. 1 - Business Handling”(《深圳證券交易所上市公司自律監管指南第1號——業務辦理》). As such, the Adjustment is legal and valid.

VI. Documents for inspection

1. Resolution of the Second Meeting of the Ninth Session of the Board of Directors;
2. Resolution of the Second Meeting of the Ninth Session of the Supervisory Committee;
3. Independent Opinions of Independent Non-Executive Directors on the Adjustment of the Exercise Price of share options under the 2017 Share Option Incentive Scheme Pursuant to the Rules;
4. Examination Opinion of the Supervisory Committee on the Adjustment of the Exercise Price of share options under the 2017 Share Option Incentive Scheme Pursuant to the Rules;
5. “Legal Opinion on matters pertaining to the Adjustment of the Exercise Price of 2017 Share Option Incentive Scheme Pursuant to the Rules” furnished by Beijing Jun He Law Offices (Shenzhen Office).

By Order of the Board

Li Zixue
Chairman

Shenzhen, the PRC

25 April 2022

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.