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

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 first grant of 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 JLC3 and the code of share option is 037099. Other details are 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 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. Details of the grant of share options under the 2020 Share Option Incentive Scheme

1. Date of first grant: 6 November 2020 (Friday).
2. Grantees: a total of 6,123 grantees, comprising Directors, senior management personnel and 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 first granted: 158,472,000.

4. Exercise price of the share options first granted: RMB34.47 / share.

5. Source of shares: A shares of the Company issued to Participants by way of placing.

6. Exercise arrangements:

The exercise of the share options under the first grant is subject to a vesting period of one year from the date of grant. Subject to the fulfillment of the exercise conditions, the share options under the first grant can be exercised in batches in the manner set forth below:

Exercise period	Duration	Proportion of share options exercisable to the total number of share options granted
First exercise period	Commencing on the first trading day after the expiry of the 12-month period from the date of first grant and ending on the last trading day of the 24-month period from the date of first grant	1/3
Second exercise period	Commencing on the first trading day after the expiry of the 24-month period from the date of first grant and ending on the last trading day of the 36-month period from the date of first grant	1/3
Third exercise period	Commencing on the first trading day after the expiry of the 36-month period from the date of first grant and ending on the last trading day of the 48-month period from the date of first grant	1/3

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.

7. Conditions of exercise:

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

(2) Conditions for the exercise of share options first granted:

Exercise period	Percentage of exercise	Conditions of exercise
First exercise period	1/3	Net profit for 2020 shall be no less than RMB3.0 billion.
Second exercise period	1/3	Total net profit for 2020 and 2021 shall be no less than RMB6.47 billion.
Third exercise period	1/3	Total net profit for 2020, 2021 and 2022 shall be no less than RMB10.23 billion.

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

1. Abbreviated name of the share option: 中興JLC3

2. Code of the share option: 037099

3. List of registered grantees:

There are a total of 6,123 Participants under the 2020 Share Option Incentive Scheme, including 10 Directors and senior management personnel and 6,113 other Participants. The allocation of the share options under the current grant is 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 initially	As a percentage of the total share capital in issue on the date of the first grant 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	Secretary to the Board of Directors	12	0.08%	0.0026%
Other key personnel	6,113	15,712.20	99.15%	3.4057%

Total options under the First Grant	6,123	15,847.20	100.00%	3.4350%
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4. The Participants and number of share options granted set out above are consistent with those disclosed by the Company on 6 November 2020 and no adjustments have been made. For details, please refer to the “Overseas Regulatory Announcement” published on 6 November 2020.

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

30 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.