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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)

NOTICE OF THE 2018 ANNUAL GENERAL MEETING

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.

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting (hereinafter referred to as the “AGM”) of ZTE Corporation (hereinafter referred to as the “Company”) will be convened at 9 a.m., on Thursday, 30 May 2019 at 4th Floor, A Wing, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the People’s Republic of China to consider and if thought fit, approve, the following resolutions (terms defined in this notice shall have the same meanings as those in the circular of the Company dated 11 April 2019, unless otherwise required by the context):

Ordinary Resolutions

- 1. 2018 Annual Report (including 2018 financial report audited by the PRC and Hong Kong auditors);**

That the Group’s provision for asset impairment and credit impairment for 2018 contained in the Full Text of the 2018 Annual Report amounted to RMB6,415 million. For details, please refer to the note V. 22 in the 2018 financial report prepared under PRC ASBEs.

- 2. 2018 Report of the Board of Directors;**
- 3. 2018 Report of the Supervisory Committee;**

- 4. 2018 Report of the President;**
- 5. Final Financial Accounts for 2018;**
- 6. Proposals of Profit Distribution for 2018;**

Approve the proposals of profit distribution for 2018 submitted by the Board of Directors of the Company. No profit distribution will be implemented in 2018.

- 7. Resolutions on the Appointment of the PRC Auditor and the Hong Kong Auditor for 2019 (to be voted upon item by item);**

7.1 Re-appointment of Ernst & Young Hua Ming LLP as the PRC auditor of the Company's financial report for 2019 and authorise the Board of Directors to fix the financial report audit fees of Ernst & Young Hua Ming LLP for 2019 based on specific audit work to be conducted;

7.2 Re-appointment of Ernst & Young as the Hong Kong auditor of the Company's financial report for 2019 and authorise the Board of Directors to fix the financial report audit fees of Ernst & Young for 2019 based on the specific audit work to be conducted;

7.3 Re-appointment of Ernst & Young Hua Ming LLP as the internal control auditor of the Company for 2019 and authorise the Board of Directors to fix the internal control audit fees of Ernst & Young Hua Ming LLP for 2019 based on specific audit work to be conducted.

- 8. Resolutions of the Company on the Proposed Application for Composite Credit Facilities (to be voted upon item by item);**

- 8.1 Resolution of the Company proposing the application to Bank of China Limited for a composite credit facility amounting to RMB30.0 billion**

That the Company's application to Bank of China Limited for RMB30.0 billion composite credit facilities (the principal types of which shall include loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.) be approved. The said composite credit facilities are subject to approval by the bank. The Company is required to undergo necessary approval procedures in accordance with its current internal regulations and the requirements of pertinent laws, regulations and the listing rules when processing specific transactions under such composite credit facilities.

That the Board of Directors be authorised to adjust the details and actual duration of the credit facilities pursuant to the Company's requirements or negotiations with the bank, subject to the aforesaid cap of RMB30.0 billion for the composite credit facilities and within the period considered and approved by the general meeting. The Board of Directors and legal representative of the

Company or his authorised signatory are authorised to negotiate with the banks and sign all legal contracts and documents relating to the aforesaid composite credit facilities or transactions under such composite credit facilities.

The resolution shall be valid with effect from the date on which it is considered and approved at the 2018 Annual General Meeting until (1) the approval of the next new credit facilities with the financial institution by the Company's internal competent authorities, or (2) 30 June 2020 (whichever is earlier). Unless otherwise stipulated under laws and regulations or the Articles of Association or owing to business requirements, no subsequent resolution of the Board of Directors is required with respect to any single application for financing operations within such cap under such credit facility. The legal representative of the Company, or his authorised signatory, is authorised by the Board of Directors to sign, during the effective period of the composite credit facilities granted by the bank and to the extent permitted under laws and regulations and the Articles of Association, all legal contracts and documents relating to the composite credit facilities or transactions under the composite credit facilities.

8.2 Resolution of the Company proposing the application to China Construction Bank, Shenzhen Branch for a composite credit facility amounting to RMB12.5 billion

That the Company's application to China Construction Bank, Shenzhen Branch for RMB12.5 billion composite credit facilities (the principal types of which shall include loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.) be approved. The said composite credit facilities are subject to approval by the bank. The Company is required to undergo necessary approval procedures in accordance with its current internal regulations and the requirements of pertinent laws, regulations and the listing rules when processing specific transactions under such composite credit facilities.

That the Board of Directors be authorised to adjust the details and actual duration of the credit facilities pursuant to the Company's requirements or negotiations with the bank, subject to the aforesaid cap of RMB12.5 billion for the composite credit facilities and within the period considered and approved by the general meeting. The Board of Directors and legal representative of the Company or his authorised signatory are authorised to negotiate with the banks and sign all legal contracts and documents relating to the aforesaid composite credit facilities or transactions under such composite credit facilities.

The resolution shall be valid with effect from the date on which it is considered and approved at the 2018 Annual General Meeting until (1) the approval of the next new credit facilities with the financial institution by the Company's internal competent authorities, or (2) 30 June 2020 (whichever is earlier). Unless otherwise stipulated under laws and regulations or the Articles of Association or owing to business requirements, no subsequent resolution of the Board of

Directors is required with respect to any single application for financing operations within such cap under such credit facility. The legal representative of the Company, or his authorised signatory, is authorised by the Board of Directors to sign, during the effective period of the composite credit facilities granted by the bank and to the extent permitted under laws and regulations and the Articles of Association, all legal contracts and documents relating to the composite credit facilities or transactions under the composite credit facilities.

8.3 Resolution of the Company proposing the application to China Development Bank, Shenzhen Branch for a composite credit facility amounting to USD4.0 billion

That the Company's application to China Development Bank, Shenzhen Branch for USD4.0 billion composite credit facilities (the principal types of which shall include loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.) be approved. The said composite credit facilities are subject to approval by the bank. The Company is required to undergo necessary approval procedures in accordance with its current internal regulations and the requirements of pertinent laws, regulations and the listing rules when processing specific transactions under such composite credit facilities.

That the Board of Directors be authorised to adjust the details and actual duration of the credit facilities pursuant to the Company's requirements or negotiations with the bank, subject to the aforesaid cap of USD4.0 billion for the composite credit facilities and within the period considered and approved by the general meeting. The Board of Directors and legal representative of the Company or his authorised signatory are authorised to negotiate with the banks and sign all legal contracts and documents relating to the aforesaid composite credit facilities or transactions under such composite credit facilities.

The resolution shall be valid with effect from the date on which it is considered and approved at the 2018 Annual General Meeting until (1) the approval of the next new credit facilities with the financial institution by the Company's internal competent authorities, or (2) 30 June 2020 (whichever is earlier). Unless otherwise stipulated under laws and regulations or the Articles of Association or owing to business requirements, no subsequent resolution of the Board of Directors is required with respect to any single application for financing operations within such cap under such credit facility. The legal representative of the Company, or his authorised signatory, is authorised by the Board of Directors to sign, during the effective period of the composite credit facilities granted by the bank and to the extent permitted under laws and regulations and the Articles of Association, all legal contracts and documents relating to the composite credit facilities or transactions under the composite credit facilities.

9. Resolution on the Application for Limits of Derivative Investment for 2019;

That the Company be authorised by the general meeting to invest in value protection derivative products for an amount not exceeding the equivalent of USD3.8 billion (namely, the outstanding investment amount at any point of time during the effective period of the authorisation shall not exceed the equivalent of USD3.8 billion, and such limit may be applied on a revolving basis during the effective period of the authorisation). The authorisation shall be effective from the date on which it is approved by way of resolution at the general meeting to the date on which the next annual general meeting of the Company closes or to the date on which this authorisation is modified or revoked at a general meeting, whichever is earlier. The details of the limit are as follows:

- (1) The investment limit for foreign exchange derivatives shall be USD3.5 billion, such foreign exchange derivative being used for value protection against operating asset or liability exposures and cross-currency exposures.
- (2) The limit for interest rate swap shall be USD0.3 billion, such interest rate swap being used for value protection against foreign currency loans at floating interest rates.

10. Resolution on the Provision of Performance Guarantee for Overseas Wholly-owned Subsidiaries;

That the provision of performance guarantee for 7 overseas wholly-owned subsidiaries by the Company be approved, the details of which are as follows:

- (1) That the provision of performance guarantee (including but not limited to the execution of guarantee agreements by the parent company and the provision of bank guarantee letters) with a total amount of not more than USD200 million for 7 overseas wholly-owned subsidiaries by the Company on a revolving basis for an effective term commencing on the date on which the said matter is considered and approved at the 2018 Annual General Meeting of the Company and ending on the date on which the 2019 Annual General Meeting of the Company is convened be approved.
- (2) That the authorisation of the Board of Directors to approve specific guarantees within the aforesaid limit be approved.

Special Resolutions

11. Resolution of the Company on the Application for General Mandate for 2019;

“That:

- (1) Subject to the conditions set out below, the Board of Directors be hereby granted an unconditional and general mandate during the Relevant Period (as defined below) to separately or concurrently allot, issue and deal with additional domestic shares and overseas-listed foreign shares (“**H Shares**”) of the Company (including securities convertible into domestic shares and/or H Shares of the Company) and to make or grant offers, agreements or options in respect of the above:
 - I. such mandate shall not extend beyond the Relevant Period, other than in the case of the making or granting of offers, agreements or options by the Board of Directors during the Relevant Period which might require the performance or exercise of such powers after the close of the Relevant Period;
 - II. the aggregate nominal amount of the share capital of domestic shares and H shares authorised to be allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board of Directors, otherwise than pursuant to a Rights Issue (as defined below) approved by the Board of Directors, shall not exceed 20% of the aggregate nominal amount of each of the share capital of the domestic shares and H shares of the Company in issue at the date on which this resolution is passed at the general meeting; and
 - III. The Board of Directors will only exercise the above authority in compliance with the Company Law of the People’s Republic of China (as amended from time to time) and the Hong Kong Listing Rules (as amended from time to time) and with the necessary approvals of the China Securities Regulatory Commission and/or other relevant PRC government authorities.
- (2) For the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution at the general meeting until the earliest of:

 - I. the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
 - II. the revocation or variation of the authority given to the Board of Directors under this resolution by the passing of a special resolution of the Company at a general meeting; and

“Rights Issue” means an offer to all shareholders of the Company (except any shareholders to which the making of such offers by the Company is not permitted under the laws of the jurisdictions where they reside) and, as appropriate, holders of other equity securities of the Company who are qualified for such offers, for the allotment and issue of shares or other securities in the Company which will or might require the allotment and issue of shares in proportion to their existing holdings of such shares or other equity securities (subject to the exclusion of fractional entitlements);

- (3) Where the Board of Directors resolves to issue shares (including securities convertible into domestic shares and/or H Shares of the Company) pursuant to paragraph (1) of this resolution, the Board of Directors be hereby authorised to approve and execute all documents and deeds and do all things or to procure the execution of such documents and deeds and the doing of such things necessary in their opinion for the issue (including but not limited to determining the time and place for issue, class and number of new shares to be issued, the pricing method and/or issue prices (including price ranges) of the shares, submitting all necessary applications to relevant authorities, entering into underwriting agreements (or any other agreements), determining the use of proceeds, and fulfilling filing and registration requirements of the mainland of the PRC, Hong Kong and other relevant authorities, including but not limited to registration with relevant PRC authorities of the increase in registered share capital as a result of the issue of shares pursuant to paragraph (1) of this resolution); and
- (4) The Board of Directors be hereby authorised to amend the Articles of Association as they deem necessary to increase the registered share capital of the Company and to reflect the new capital structure of the Company following the allotment and issue of shares of the Company contemplated in paragraph (1) of this resolution.”

12. Resolution on the Expansion of the Business Scope and Corresponding Amendment of the Relevant Clause in the Articles of Association;

- (1) That the addition of “research and development, production, sales, technical servicing, work installation and maintenance of communication power source and power distribution systems; research and development, production, sales, technical servicing, work installation and maintenance of data centre infrastructure and ancillary products (including power supply and distribution, air-conditioning refrigeration equipment, cooling passage and smart management systems)” to the business scope of the Company be approved;

- (2) That the amendment of the relevant clause in the Articles of Association in accordance with the law be approved, the details of which are set out as follows:

The original article which reads:

Article 14. The Company's scope of business shall be consistent with the scope of business approved by the authority responsible for the Company's registration.

The scope of business of the Company shall cover: production of program-controlled exchange systems, multi-media communication systems and communication transmission systems; research and production of mobile communication system equipment, satellite communications, microwave communication equipment, pagers, technical design, development, consultancy and services for projects of computer software/hardware, closed-circuit TV, microwave communications, automatic signal controls, computer data processing, process control systems, disaster warning system, new energy power generation and application systems; technical design, development, consultancy and services for wireline/wireless communication projects of railways, underground railways, urban rail transport, highways, mining plants, port terminals and airports (excluding restricted projects); purchase and sales of electronic equipment and micro-electronic parts and components (excluding items subject to exclusive licenses, controls and distributorships); undertaking as contractor overseas and relevant projects as well as domestic projects subject to international tendering, import and export of equipment and materials required for the aforesaid overseas projects and deployment of staff responsible for implementing such overseas projects; technical development and purchase and sales of electronic system equipment (excluding restricted projects and items subject to exclusive licenses, controls and distributorships); undertaking of import and export businesses (under the certificate of qualifications issued by the Trade Development Council); undertaking of telecommunication projects as professional contractors (subject to the obtaining of a certificate of qualifications); leasing of owned properties. With the approval of the general meeting and relevant government authorities, the Company may lawfully modify and adjust its scope of business and mode of operation in response to changes in the domestic and international markets and its business development and capabilities.

Is amended to read:

Article 14. The Company's scope of business shall be consistent with the scope of business approved by the authority responsible for the Company's registration.

The scope of business of the Company shall cover: production of program-controlled exchange systems, multi-media communication systems and communication transmission systems; research and production of mobile communication system equipment, satellite communications, microwave communication equipment, pagers, technical design, development, consultancy and services for projects of computer software/hardware, closed-circuit TV, microwave communications, automatic signal controls, computer data processing, process control systems, disaster warning system, new energy power generation and application systems; technical design, development, consultancy and services for wireline/wireless communication projects of railways, underground railways, urban rail transport, highways, mining plants, port terminals and airports (excluding restricted projects); **research and development, production, sales, technical servicing, work installation and maintenance of communication power source and power distribution systems; research and development, production, sales, technical servicing, work installation and maintenance of data centre infrastructure and ancillary products (including power supply and distribution, air-conditioning refrigeration equipment, cooling passage and smart management systems);** purchase and sales of electronic equipment and micro-electronic parts and components (excluding items subject to exclusive licenses, controls and distributorships); undertaking as contractor overseas and relevant projects as well as domestic projects subject to international tendering, import and export of equipment and materials required for the aforesaid overseas projects and deployment of staff responsible for implementing such overseas projects; technical development and purchase and sales of electronic system equipment (excluding restricted projects and items subject to exclusive licenses, controls and distributorships); undertaking of import and export businesses (under the certificate of qualifications issued by the Trade Development Council); undertaking of telecommunication projects as professional contractors (subject to the obtaining of a certificate of qualifications); leasing of owned properties. With the approval of the general meeting and relevant government authorities, the Company may lawfully modify and adjust its scope of business and mode of operation in response to changes in the domestic and international markets and its business development and capabilities.

- (3) As the variation of the business scope shall require the completion of relevant procedures with the industrial and commercial administration authorities, the finalised version of the amended business scope shall be the business scope as registered with the industrial and commercial administration authorities. It is hereby approved that an authorisation for the Board of Director to deal with matters pertaining to the said variation of the business scope and the amendment of the Articles of Association be sought from the general meeting;
- (4) That any Directors or the Secretary to the Board of Directors of the Company be authorised to handle the formalities of filing, amendment and registration (where necessary) and other matters pertaining to the amendment of the Articles of Association in accordance with the law on behalf of the Company.

Resolutions No. 7 and No. 8 will be voted upon on an item-by-item basis. Resolution No. 11 and No. 12 are special resolutions which shall require the approval of two-thirds of the voting rights held by shareholders attending the Meeting in order to be passed. The aforesaid resolutions have been considered and approved at the Forty-sixth Meeting of the Seventh Session of the Board of Directors of the Company. For the details of the aforesaid resolutions, please refer to the relevant announcements published on by the Company on 27 March 2019.

The Independent Non-executive Directors of the Company will give a report at the AGM on the performance of their duties.

Notes:

1. **The Company will close its H share register from Tuesday, 30 April 2019 to Wednesday, 29 May 2019 (both days inclusive)** to determine qualifications of shareholders to attend and vote at the AGM. Any H Shareholder who wishes to attend and vote at the AGM **shall lodge an instrument of transfer, together with the corresponding share certificate(s) with Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m., Monday, 29 April 2019.**
2. Shareholders intending to attend the AGM, whether in person or by proxy, should deliver the reply slip of AGM by hand, post or facsimile to the Company's principal place of business in Hong Kong (for H shareholders) on or before Thursday, 9 May 2019. The principal place of business of the Company in Hong Kong is: 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong (Facsimile No.: +852-35898555).
3. In order to be valid, the instruments appointing a proxy (namely the proxy form) and the power of attorney or other authorization documents (if any) of the signatory or notarized copies of such power of attorney or authorization documents must be completed and deposited, no later than 24 hours before the time appointed for holding the AGM or any adjournment thereof at Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H shareholders). The completion and return of the proxy form shall not preclude a shareholder from attending and voting in person at the AGM or any adjournment thereof if he so wishes.

4. A Shareholder entitled to attend and vote at the AGM shall be entitled to appoint another one or more proxies to attend and vote for him. A proxy need not be a shareholder of the Company.
5. In case of joint holders of a share, any one of such holders is entitled to vote at the AGM, by himself or by proxy, as if he is the only one entitled to do so among the joint holders. However, only the vote of the person whose name stands first on the register of members in respect of such share shall be accepted if more than one joint holder attend the AGM personally or by proxy.
6. The AGM is expected to last for half a day. All transportation and accommodation expenses incurred by shareholders or their proxies in attending the AGM shall be borne by themselves. Shareholders or their proxies attending the AGM shall be required to produce identifications.

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
11 April 2019

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, Yuming Bao, Gordon Ng.