
NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2019

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ZTE

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 SECOND EXTRAORDINARY GENERAL MEETING OF 2019

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 Second Extraordinary General Meeting of 2019 (the “EGM”) of ZTE Corporation (the “Company”) will be convened at 9 a.m., on Monday, 29 July 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 resolution (terms defined in this notice shall have the same meanings as those in the announcements of the Company dated 13 June 2019, unless otherwise required by the context):

SPECIAL RESOLUTION

- 1. Resolution on the amendment of relevant clauses in the Articles of Association, the Rules of Procedure for General Meetings of Shareholders and the Rules of Procedure for Board of Directors Meetings**

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

Existing Article

Article 35. The Company may repurchase its own shares in accordance with the laws, administrative regulations, departmental rules and regulations as well as the Articles of Association under the following circumstances:

- 1) reduction of the registered capital of the Company;
- 2) merging with another company that holds shares in the Company;
- 3) granting shares as incentive compensation to the staff of the Company;
- 4) acquiring the shares of shareholders who vote against to any resolution adopted at the general meeting of shareholders on the merger or division of the Company; or
- 5) other circumstances permitted by the laws and administrative regulations.

If the Company repurchases its own shares due to items (1) through (3) of the preceding paragraph, resolutions related thereto shall be adopted at a general meeting of shareholders. If the Company repurchases its own shares in accordance with the preceding paragraph under the circumstances set forth in item (1), the shares so repurchased shall be cancelled within ten days of the repurchase. In the event of the circumstances set forth in items (2) and (4), the shares so repurchased shall be transferred or cancelled within six months.

If the Company repurchases its own shares in accordance with item (3) of the preceding paragraph, the shares so repurchased shall not exceed 5% of the total number of shares issued by the Company. The repurchase shall be funded with the post-tax profit of the Company, and the shares so repurchased shall be transferred to the employees within one year.

To be amended as

Article 35. The Company may **not** repurchase its own shares, **save as under the following circumstances:**

- 1) reduction of the registered capital of the Company;
- 2) merging with another company that holds shares in the Company;
- 3) granting shares **for staff shareholding plans or share option incentives;**
- 4) acquiring the shares of shareholders who vote against to any resolution adopted at the general meeting of shareholders on the merger or division of the Company;
- 5) **to use the shares for conversion into convertible corporate bonds issued by the Company;**
- 6) **being deemed necessary by the Company for the protection of the company's value and shareholders' interests; or**
- 7) other circumstances permitted by the laws and administrative regulations.

If the Company repurchases its own shares under **the circumstances set out in items (1) and (2) of the preceding paragraph, resolutions related thereto shall be adopted at a general meeting of shareholders. If the Company repurchases its own shares under items (3), (5) and (6) of the preceding paragraph, resolutions related thereto shall be adopted at the meeting of Board of Directors with more than two-thirds of the Directors attending subject to a mandate by the general meeting of shareholders. The Company's repurchase of its own shares shall be in compliance with the provisions of both the pertinent laws and regulations of its place of listing and the Listing Rules.**

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Existing Article

To be amended as

If the Company repurchases its own shares in accordance with paragraph one under the circumstances set forth in item (1), the shares so repurchased shall be cancelled within ten days of the repurchase; in the event of the circumstances set forth in items (2) and (4), the shares so repurchased shall be transferred or cancelled within six months; **in the event of the circumstances set forth in items (3), (5) and (6), the shares in the Company held in aggregate by the Company shall not exceed 10% of the total number of the Company's shares in issue and the shares so repurchased shall be transferred or cancelled within three years.**

Article 36. The Company may repurchase shares in one of the following ways:

Article 36. The Company may repurchase shares in one of the following ways:

- 1) by making a general offer for the repurchase of shares to all its shareholders on a pro-rata basis;
- 2) by repurchasing shares through public dealing on a stock exchange;
- 3) by repurchasing shares by means of an offmarket agreement; or
- 4) by any other means permitted by laws and administrative regulations.

- 1) by making a general offer for the repurchase of shares to all its shareholders on a pro-rata basis;
- 2) by repurchasing shares through public dealing on a stock exchange;
- 3) by repurchasing shares by means of an offmarket agreement; or
- 4) by any other means permitted by laws and administrative regulations.

The repurchase of its shares by the Company under items (3), (5) and (6) of paragraph one of Article 35 herein shall be conducted by way of open block trading.

Article 70. The place for convening a general meeting of shareholders shall be the place where the Company is located (in Shenzhen Municipality).

Article 70. The place for convening a general meeting of shareholders shall be the place where the Company is located (in Shenzhen Municipality).

The general meeting shall have a meeting place for convening the meetings. The Company shall, subject to the general meetings being legally and validly held, make it convenient for the shareholders to attend the general meetings through various means, including using modern information technology to establish an online voting platform. Shareholders so attend the general meetings shall be deemed to be present at such meeting.

The general meeting shall have a meeting place for convening the meetings. The Company shall, subject to the general meetings being legally and validly held, make it convenient for the shareholders to attend the general meetings through **online voting**. Shareholders so attend the general meetings shall be deemed to be present at such meeting.

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Existing Article

Article 143. The term of office of each director shall not be more than three years commencing from the date on which the resolution related thereto is adopted at a general meeting of shareholders and ending on the expiration of the term of the then Board of Directors. The term of office for a director is renewable upon re-election.

The Chairman and Vice Chairmen shall be elected and removed by a simple majority vote of all members of the Board of Directors. The term of office of the Chairman and Vice Chairmen shall not be more than three years, which is renewable upon re-election.

The directors shall be elected by the general meeting. A written notice of the reason to propose a person for election as a director and a written notice by that person indicating his acceptance of such nomination shall be delivered to the Company within a period of not less than seven days commencing no earlier than the day immediately following the despatch of the notice of the meeting appointed for such election and ending no later than seven days before the date of such general meeting.

Article 162. The Board of Directors may establish specialist committees such as audit, nomination, and remuneration and evaluation committees. All specialist committees shall be composed of directors in which independent non-executive directors shall form the majority and become convenors. Under the audit committee, there shall have at least one independent non-executive director who is a professional accountant.

To be amended as

Article 143. The term of office of each director shall not be more than three years commencing from the date on which the resolution related thereto is adopted at a general meeting of shareholders and ending on the expiration of the term of the then Board of Directors. The term of office for a director is renewable upon re-election.

The Chairman and Vice Chairmen shall be elected and removed by a simple majority vote of all members of the Board of Directors. The term of office of the Chairman and Vice Chairmen shall not be more than three years, which is renewable upon re-election.

The directors shall be elected **or replaced by the general meeting, and may further be removed from their office prior to the conclusion of the term thereof by the general meeting.** A written notice of the reason to propose a person for election as a director and a written notice by that person indicating his acceptance of such nomination shall be delivered to the Company within a period of not less than seven days commencing no earlier than the day immediately following the despatch of the notice of the meeting appointed for such election and ending no later than seven days before the date of such general meeting.

Article 162. The Board of Directors may establish specialist committees such as audit, nomination, and remuneration and evaluation committees. **The specialist committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the delegation of the Board of Directors.** All specialist committees shall be composed of directors in which independent non-executive directors shall form the majority and become convenors. **The convenor of the audit committee shall be a professional accountant. The Board of Directors shall be responsible for formulating the working rules of the specialist committees and governing the operation of the specialist committees.**

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Existing Article

Article 179. The Company shall have one president who shall be appointed or dismissed by the Board of Directors.

The Company shall have a number of executive vice presidents and one chief financial officer to assist the president in his work. The executive vice presidents and the chief financial officer shall be nominated by the president, and shall be appointed or dismissed by the Board of Directors.

Article 195. The Supervisory Committee shall be accountable to the general meeting of shareholders and shall exercise the following functions and powers in accordance with laws:

.....

- 8) to conduct investigation into any irregularities in the Company's operations identified; and

.....

To be amended as

Article 179. The Company shall have one president who shall be appointed or dismissed by the Board of Directors.

The Company shall have a number of executive vice presidents and one chief financial officer to assist the president in his work. The executive vice presidents and the chief financial officer shall be nominated by the president, and shall be appointed or dismissed by the Board of Directors.

A person holding administrative position in the controlling shareholder of the Company other than as a director or supervisor shall not serve as a senior management personnel of the Company.

Article 195. The Supervisory Committee shall be accountable to the general meeting of shareholders and shall exercise the following functions and powers in accordance with laws:

.....

- 8) to conduct investigation into any irregularities in the Company's operations identified; **where necessary, professional agencies, such as accountant firms and law firms, may be engaged at the cost of the Company;** and

.....

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- (2) That the amendment of relevant clauses in the Rules of Procedure for General Meetings of Shareholders in accordance with the law be approved, the details of which are set out as follows:

Existing Article

Article 5. The place for convening a general meeting of shareholders shall be the place where the Company is located (in Shenzhen Municipality).

The general meeting shall have a meeting place for convening the meetings. The Company shall, subject to the general meetings being legally and validly held, make it convenient for the shareholders to attend the general meetings through various means, including using modern information technology to establish an online voting platform. Shareholders so attend the general meetings shall be deemed to be present at such meeting.

Article 46. The Company shall, subject to the general meetings being legally and validly held, increase the percentage of shareholders attending the general meetings through various means, including using modern information technology to establish an online voting platform.

To be amended as

Article 5. The place for convening a general meeting of shareholders shall be the place where the Company is located (in Shenzhen Municipality).

The general meeting shall have a meeting place for convening the meetings. The Company shall, subject to the general meetings being legally and validly held, make it convenient for the shareholders to attend the general meetings through **online voting**. Shareholders so attend the general meetings shall be deemed to be present at such meeting.

Article 46. The Company shall, subject to the general meetings being legally and validly held, increase the percentage of shareholders attending the general meetings through **the provision of online voting**.

- (3) That the amendment of relevant clauses in the Rules of Procedure for Board of Directors Meetings in accordance with the law be approved, the details of which are set out as follows:

Existing Article

Article 6. The election of the directors is based on a cumulative voting system at the general meeting in accordance with the Articles of Association. The number of votes obtained by the director's candidates shall exceed half of the voting rights represented by the persons attending the general meeting.

To be amended as

Article 6. The election of the directors is based on a cumulative voting system at the general meeting in accordance with the Articles of Association. The number of votes obtained by the director's candidates shall exceed half of the voting rights represented by the persons attending the general meeting.

The directors shall be elected or replaced by the general meeting, and may further be removed from their office prior to the conclusion of the term thereof by the general meeting.

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Existing Article

Article 28. Committees shall be set up under the Board of Directors.

The Board of Directors may establish specialist committees such as audit, nomination, and remuneration and evaluation committees. All specialist committees shall be composed of directors in which independent non-executive directors shall form the majority and become convenors. Under the audit committee, there shall have at least one independent non-executive director who is a professional accountant.

To be amended as

Article 28. Committees shall be set up under the Board of Directors.

The Board of Directors may establish specialist committees such as audit, nomination, and remuneration and evaluation committees. **The specialist committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the delegation of the Board of Directors.** All specialist committees shall be composed of directors in which independent non-executive directors shall form the majority and become convenors, **the convenor of the audit committee shall be a professional accountant. The Board of Directors shall be responsible for formulating the working rules of the specialist committees and governing the operation of the specialist committees.**

- (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, the Rules of Procedure for General Meetings of Shareholders and the Rules of Procedure for the Board of Directors Meetings in accordance with the law on behalf of the Company.

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2019

2. Resolution on the amendment of relevant clauses in the Rules of Procedure for Supervisory Committee Meetings

- (1) That the amendment of relevant clauses in the Rules of Procedure for Supervisory Committee Meetings in accordance with the law be approved, the details of which are set out as follows:

Existing Article

Article 6. The Supervisory Committee shall exercise the following functions and powers:

.....

10) to conduct investigation into any irregularities in the Company's operations identified; and

.....

To be amended as

Article 6. The Supervisory Committee shall exercise the following functions and powers:

.....

10) to conduct investigation into any irregularities in the Company's operations identified; **where necessary, professional agencies, such as accountant firms and law firms, may be engaged at the cost of the Company;** and

.....

- (2) That any Supervisory 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 Rules of Procedure for Supervisory Committee Meetings in accordance with the law on behalf of the Company.

Resolutions No. 1 and No. 2 are special resolutions which shall require the approval of two-thirds of the voting rights held by shareholders attending the EGM in order to be passed. The aforesaid resolutions No. 1 and No. 2 have been considered and approved at the Fourth Meeting of the Eighth Session of the Board of Directors and the Fourth Meeting of the Eight Session of the Supervisory Committee of the Company, respectively.

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Notes:

1. **The Company will close its H share register from Saturday, 29 June 2019 to Sunday, 28 July 2019 (both days inclusive)** to determine qualifications of shareholders to attend and vote at the EGM. Any H Shareholder who wishes to attend and vote at the EGM **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., Friday, 28 June 2019.**
2. Shareholders intending to attend the EGM, whether in person or by proxy, should deliver the reply slip of EGM by hand, post or facsimile to the Company’s principal place of business in Hong Kong (for H shareholders) on or before Monday, 8 July 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 authorisation documents (if any) of the signatory or notarised copies of such power of attorney or authorisation documents must be completed and deposited, no later than 24 hours before the time appointed for holding the EGM 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 EGM or any adjournment thereof if he so wishes.
4. A shareholder entitled to attend and vote at the EGM shall be entitled to appoint 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 EGM, 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 EGM personally or by proxy.

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6. The EGM is expected to last for half a day. All transportation and accommodation expenses incurred by shareholders or their proxies in attending the EGM shall be borne by themselves. Shareholders or their proxies attending the EGM shall be required to produce identifications.

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
14 June 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.