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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 2017 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 2017 Annual General Meeting (hereinafter referred to as the “AGM”) of ZTE Corporation (hereinafter referred to as the “Company”) will be convened at 9:00 a.m., on Friday, 11 May 2018 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 27 March 2018, unless otherwise required by the context):

### **ORDINARY RESOLUTIONS**

- 1. 2017 Annual Report of the Company (including 2017 financial report of the Company audited by the PRC and Hong Kong auditors);**

That the Group’s provision for asset impairment for 2017 amounted to RMB2,534 million. For details, please refer to the note V. 47 in the 2017 financial report prepared under PRC ASBEs.

In accordance with the provisions of “Memorandum on Information Disclosure by Main Board Listed Companies No. 1 — Matters pertaining to Regular Reporting” issued by the Shenzhen Stock Exchange, the Group’s provision for asset impairment for 2017 should be submitted to the general meeting of the Company for consideration, given that the total amount of provision exceeds 50% of the net profit attributable to the holders of ordinary shares of the listed company in 2017.

- 2. 2017 Report of the Board of Directors of the Company;**
- 3. 2017 Report of the Supervisory Committee of the Company;**
- 4. 2017 Report of the President of the Company;**
- 5. Final Financial Accounts of the Company for 2017;**
- 6. Proposals of Profit Distribution of the Company for 2017;**

That the proposals of profit distribution for 2017 tabled by the Board of Directors of the Company be approved: RMB3.3 in cash (before tax) for every 10 shares based on the number of shares held by Shareholders (including A Shareholders and H Shareholders) registered as at the close of business on the record date for Dividend payment. A Director of the Company will be authorised to deal with matters pertaining to profit distribution for 2017.

- 7. Resolutions on the Appointment of the PRC Auditor and the Hong Kong Auditor of the Company for 2018 (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 2018 and authorise the Board of Directors to fix the financial report audit fees of Ernst & Young Hua Ming LLP for 2018 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 2018 and authorise the Board of Directors to fix the financial report audit fees of Ernst & Young for 2018 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 2018 and authorise the Board of Directors to fix the internal control audit fees of Ernst & Young Hua Ming LLP for 2018 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 application by the Company to Bank of China Limited for a RMB30.0 billion composite credit facility be approved. The amount of composite credit facility set out above represents the amount proposed by the Company to the bank and is subject to final amount approved by the bank.

That the Board of Directors be authorized to adjust the details and actual duration of the credit facility pursuant to the Company's requirements or negotiations with the bank, subject to the cap of the aforesaid RMB30.0 billion composite credit facility within the effective term of the resolution, and the Board of Directors and other parties delegated by the Board of Directors be authorized to negotiate with the bank and sign all facilities agreements, financing agreements and other related legal contracts and documents relating to the above composite credit facility and to deal with other matters relating to such agreements.

The resolution shall be valid from the date of approval at the 2017 Annual General Meeting until the earlier of: (1) the approval of the next new credit facility, or (2) 30 June 2019. Any single application for financing operations under such credit facility within this period shall be valid. Unless otherwise required, no subsequent resolution of the Board of Directors and general meeting are required with respect to any single application for financing operations within such cap under such credit facility. The legal representative of the Company, or the signatory authorized by the legal representative is hereby authorized to sign the relevant legal contracts and documents.

**8.2 Resolution of the Company proposing the application to China Development Bank, Shenzhen Branch for a composite credit facility amounting to USD6.0 billion;**

That the application by the Company to China Development Bank, Shenzhen Branch for a USD6.0 billion composite credit facility be approved. The amount of composite credit facility set out above represents the amount proposed by the Company to the bank and is subject to final amount approved by the bank.

That the Board of Directors be authorized to adjust the details and actual duration of the credit facility pursuant to the Company's requirements or negotiations with the bank, subject to the cap of the aforesaid USD6.0 billion composite credit facility within the effective term of the resolution, and the Board of Directors and other parties delegated by the Board of Directors be authorized to negotiate with the bank and sign all facilities agreements,

financing agreements and other related legal contracts and documents relating to the above composite credit facility and to deal with other matters relating to such agreements.

The resolution shall be valid from the date of approval at the 2017 Annual General Meeting until the earlier of: (1) the approval of the next new credit facility, or (2) 30 June 2019. Any single application for financing operations under such credit facility within this period shall be valid. Unless otherwise required, no subsequent resolution of the Board of Directors and general meeting are required with respect to any single application for financing operations within such cap under such credit facility. The legal representative of the Company, or the signatory authorized by the legal representative is hereby authorized to sign the relevant legal contracts and documents.

**9. Resolution on the Application for Limits of Derivative Investment of the Company for 2018;**

That the Company be authorised by the general meeting to invest in value protection derivative products for an amount not exceeding the equivalent of USD3.6 billion (namely, the outstanding investment amount at any point of time during the effective period of the authorisation shall not exceed the equivalent of USD3.6 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 USD3.0 billion, such foreign exchange derivative being used for value protection against operating asset or liability exposures, designated net investments and cross-currency exposures.
- (2) The limit for interest rate swap shall be USD0.6 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 9 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 9 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 2017 Annual General Meeting of the Company and ending on the date on which the 2018 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.

**11. Resolution on the Provision of Guarantee in respect of Debt Financing of ZTE (H.K.) Limited;**

That the provision of guarantee in respect of the medium/long-term debt financing of ZTE (H.K.) Limited (“ZTE HK”) by the Company be approved, the details of which are as follows:

- (1) That the provision of guarantee by way of joint liability assurance for an amount of not more than USD600 million in respect of the medium/long-term debt financing (including but not limited to syndicate loans, bank facility, and issuance of corporate bonds) of ZTE HK by the Company for a term of not more than 66 months (from the date on which the individual debt financing agreement concerned comes into effect) be approved.
- (2) That the legal representative of the Company or his authorised representative be delegated to determine the actual amount and period of guarantee in accordance with the results of negotiations between ZTE HK and the party to the debt financing subject to the aforesaid limit and term of guarantee, and to negotiate with the parties to the debt financing and sign all guarantee agreements and other pertinent legal contracts and documents relating to the aforesaid guarantee, and to deal with other matters pertaining to such guarantee.

**12. Resolution on the Adjustment of the Independent Non-executive Directors' Allowance;**

That the adjustment of the rate of Independent Non-executive Directors' Allowance from RMB130,000 (before tax) payable annually by the Company to RMB250,000 (before tax) payable annually by the Company (subject to personal income tax deductible and payable by the Company). Expenses for accommodation, meals and transportation incurred in connection with the attendance of Board meetings of the Company shall continue to be borne by the Company.

**Special Resolution**

**13. Resolution of the Company on the Application for General Mandate for 2018;**

**“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.”

Resolutions No. 7 and No. 8 will be voted upon on an item-by-item basis. Resolution No. 13 is a special resolution which shall require the approval of two-thirds of the voting rights held by shareholders attending the AGM in order to be passed.



The aforesaid resolutions have been considered and approved at the Twenty-eighth Meeting of the Seventh Session of the Board of Directors of the Company held on 15 March 2018. For the details of the aforesaid resolutions, please refer to the relevant announcements published by the Company on 15 March 2018.

**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 Wednesday, 11 April 2018 to Thursday, 10 May 2018 (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., Tuesday, 10 April 2018.
2. The Company will close its H share register from Thursday, 17 May 2018 to Tuesday, 22 May 2018 (both days inclusive) to determine qualifications of shareholders to receive the Dividends. Any H Shareholder who wishes to qualify for the Dividends 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., Wednesday, 16 May 2018.
3. 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 Friday, 20 April 2018. The principal place of business of the Company in Hong Kong is: 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong (Facsimile No.: +852–35898555).
4. 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.



5. 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.
6. 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.
7. 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  
**Yin Yimin**  
Chairman

Shenzhen, the PRC  
27 March 2018

*As at the date of this announcement, the Board of Directors of the Company comprises two executive directors, Yin Yimin and Zhao Xianming; seven non-executive directors, Zhang Jianheng, Luan Jubao, Wang Yawen, Tian Dongfang, Zhan Yichao, Wei Zaisheng and Zhai Weidong; and five independent non-executive directors, Richard Xike Zhang, Chen Shaohua, Lü Hongbing, Bingsheng Teng and Zhu Wuxiang.*