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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 FIRST H SHAREHOLDERS' CLASS MEETING OF 2017

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 without any false or misleading statement or material omission.

NOTICE IS HEREBY GIVEN that the first H shareholders' class meeting of 2017 (the "H Shareholders' Class Meeting") of ZTE Corporation (the "Company") will be convened on Tuesday, 20 June 2017 immediately following the 2016 annual general meeting and the first A shareholders' class meeting of 2017 or any adjournments thereof at the 4/F, 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 (capitalised terms used in this notice shall have the same meanings as those defined in the supplementary circular of the Company dated 26 April 2017, unless the context otherwise requires):

Special Resolutions

1. Resolution on the "2017 Share Option Incentive Scheme (Draft) of ZTE Corporation" (the "2017 Scheme") and its summary

That: The 2017 Scheme (a summary of terms setting out the structure and terms specified below is contained in the supplementary circular of the Company dated 26 April 2017) be hereby approved and adopted.

- (1) Basis for determining the Participants and the scope of Participants of the 2017 Scheme;
- (2) Source and number of subject shares under the 2017 Scheme;
- (3) Validity Period, date of grant, vesting period, exercise arrangements and lock-up period for subject shares under the 2017 Scheme;
- (4) Exercise price of share options and basis of determination;
- (5) Conditions of grant and exercise of share options;

- (6) Methods and procedures for adjustment of the number and the exercise price of the share options;
- (7) Accounting treatment of share options;
- (8) Procedures for the grant by the Company and the exercise by Participants of share options;
- (9) Respective rights and obligations of the Company and the Participants;
- (10) Handling of special cases;
- (11) Amendment and termination of the 2017 Scheme;
- (12) Disclosure of information;
- (13) Conflict or dispute resolution mechanism; and
- (14) Supplementary provisions.

2. Resolution on “The 2017 Share Option Incentive Scheme Performance Appraisal System of ZTE Corporation”

That: The 2017 Share Option Incentive Scheme Performance Appraisal System (a summary of which is contained in the supplementary circular of the Company dated 26 April 2017) be hereby approved and adopted.

3. Resolution on a mandate granted to the Board by the General Meeting of ZTE Corporation to deal with matters pertaining to the 2017 Scheme

That: the Board be hereby authorised to implement and administer the 2017 Scheme of the Company. The Board is hereby authorised to conduct, including but not limited to the following:

- (1) To confirm the qualifications and conditions of Participants for participation in the 2017 Scheme, to confirm the list of Participants and the number of share options to be granted and to confirm the grant price of the subject shares;
- (2) To examine and confirm whether the Company and the Participants are qualified to exercise their options and are in compliance with the conditions for exercise and to examine and confirm the number and amount of options to be exercised;
- (3) To determine the date of grant and method of exercise for the 2017 Scheme, decide whether the Participants may exercise their options, grant share options to Participants upon their fulfillment of relevant conditions and handle all matters required for the grant and exercise of share options;
- (4) To adjust the number of subject shares or the exercise price in accordance with the principles and in the manner stipulated under the 2017 Scheme when such adjustment is required by reason of the Company’s ex-right or ex-dividend shares or otherwise;

- (5) To decide upon changes in the process of implementation of the 2017 Scheme based on actual conditions, including but not limited to annulling the qualifications of the Participants for exercising their options, cancelling outstanding share options of the Participants and withdrawal and cancellation of unexercised share options of the Participants;
- (6) To manage and adjust the 2017 Scheme based on actual conditions and, subject to the terms and principles of the 2017 Scheme, to formulate or modify provisions for the administration and implementation of the 2017 Scheme from time to time, provided that if such modifications are required by the laws, regulations or relevant regulatory authorities to be subject to the approval of the general meeting of the Company and/or relevant regulatory authorities, the corresponding approvals for such modifications by the Board must be obtained;
- (7) To sign, execute, modify and terminate any agreements relating to the 2017 Scheme and other relevant agreements;
- (8) To authorise the Board to adjust the relevant terms of the 2017 Scheme in accordance with any amendments to relevant laws, regulations, rules and regulatory documents in the event of such amendments;
- (9) To appoint receiving banks, accountants, legal advisers and other intermediaries for the implementation of the 2017 Scheme;
- (10) To conduct other necessary matters required for the implementation of the 2017 Scheme, save for rights expressly stipulated in relevant documents to be exercised by the general meeting of the Company;
- (11) To process examination, registration, filing, ratification, approval and other procedures with relevant governments and authorities in connection with the 2017 Scheme; to sign, execute, modify and complete documents submitted to relevant governments, authorities, organisations and individuals; and to do all acts, deeds and matters it deems necessary, proper or appropriate in connection with the 2017 Scheme;
- (12) The mandate granted to the Board shall be coterminous with the 2017 Scheme.

Save for matters expressly stipulated by the law, administrative regulations, rules of the CSRC, regulatory documents, the 2017 Scheme or the Articles of Association to be approved by the Board by way of resolution, other authorisations described above may be exercised by the chairman of the Board or other suitable persons on behalf of the Board upon its delegation.

Proxy Form for the Solicitation of Voting Rights by Independent Non-executive Directors (“Independent Director’s Proxy Form”)

Pursuant to the Administrative Measures on Share Incentives of Listed Company (《上市公司股權激勵管理辦法》) (“Incentive Measures”), the independent non-executive directors of a listed company shall solicit voting rights from all shareholders of the company in the event of the proposed adoption of a share option incentive scheme by such company. The solicitation is intended to provide shareholders of such listed company with an alternative approach to participation in general meetings, so as to encourage them to vote on the resolution in respect of the adoption of a share option incentive scheme. Pursuant to the Incentive Measures and the authorisation of other Independent Non-executive Directors, Mr. Bingsheng Teng, an Independent Non-executive Director, has sent out an Independent Director’s Proxy Form to solicit voting rights from the shareholders. For further details of the Independent Director’s Proxy Form, please refer to the Report on the Solicitation of Voting Rights by the Independent Non-executive Directors included in the announcement of the Company dated 24 April 2017.

Should you wish to appoint Mr. Bingsheng Teng as your proxy to vote for you and on your behalf at the H Shareholders’ Class Meeting on the resolutions relating to the 2017 Scheme, please complete and return the Independent Director’s Proxy Form to 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, by hand or by post, no later than 24 hours before the time appointed for holding the H Shareholders’ Class Meeting or any adjournment thereof. For the avoidance of doubt, if you wish to appoint persons other than Mr. Bingsheng Teng as your proxy to vote for you and on your behalf on resolutions relating to the 2017 Scheme at the H Shareholders’ Class Meeting, you may complete and return the proxy form only and disregard the Independent Director’s Proxy Form.

Please note that if you have completed and returned both the proxy form and the Independent Director’s Proxy Form, but have given inconsistent voting instructions on the resolutions concerned between the proxy form and the Independent Director’s Proxy Form, your voting instructions given in the Independent Director’s Proxy Form will be counted as your vote for or against the resolutions or abstain from voting on the resolutions in relation to the 2017 Scheme (namely Special Resolutions Nos. 1–3 set out above).

Notes:

1. The H share register of the Company will be closed from Monday, 22 May 2017 to Monday, 19 June 2017 (both days inclusive) to determine qualifications of Shareholders to attend and vote at the H Shareholders’ Class Meeting. Any H Shareholder who wishes to attend and vote at the H Shareholders’ Class Meeting shall lodge an instrument of transfer, together with the corresponding share certificate(s) with Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on Friday, 19 May 2017.
2. Shareholders intending to attend the H Shareholders’ Class Meeting, whether in person or by proxy, should deliver the reply slip of the H Shareholders’ Class Meeting by hand, post or facsimile to the Company’s principal place of business in Hong Kong (for H Shareholders) on or before Tuesday, 30 May 2017. 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).

3. In order to be valid, the instruments appointing a proxy (including the proxy form and the Independent Director's 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 H Shareholders' Class Meeting 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 and the Independent Director's Proxy Form shall not preclude a shareholder from attending and voting in person at the H Shareholders' Class Meeting or any adjournment thereof if he so wishes.
4. A shareholder entitled to attend and vote at the H Shareholders' Class Meeting 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 H Shareholders' Class Meeting, 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 attends the H Shareholders' Class Meeting personally or by proxy.
6. The H Shareholders' Class Meeting is expected to last for half a day. All transportation and accommodation expenses incurred by Shareholders or their proxies in attending the H Shareholders' Class Meeting shall be borne by themselves. Shareholders or their proxies attending the H Shareholders' Class Meeting shall be required to produce identifications.

By Order of the Board
Yin Yimin
Chairman

Shenzhen, the PRC
26 April 2017

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