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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 2016 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 2016 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 Tuesday, 20 June 2017 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 10 April 2017, unless otherwise required by the context):

### **Ordinary Resolutions**

#### **1. 2016 Annual Report of the Company (including 2016 financial report of the Company audited by the PRC and Hong Kong auditors);**

That the Group’s provision for asset impairment for 2016 amounted to RMB2,853,127,000, comprising provision for inventory impairment amounting to RMB636,161,000, provision for fixed asset impairment amounting to RMB45,270,000, and provision for bad debts of trade receivables amounting to RMB2,171,696,000. For details, please refer to the note V. 48 in the 2016 financial report.

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 2016 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.

**2. 2016 Report of the Board of Directors of the Company;**

**3. 2016 Report of the Supervisory Committee of the Company;**

**4. 2016 Report of the President of the Company;**

**5. Final Financial Accounts of the Company for 2016;**

**6. Proposals of Profit Distribution of the Company for 2016;**

That the proposals of profit distribution for 2016 tabled by the Board of Directors of the Company be approved.

No profit distribution is proposed for 2016.

**7. Resolutions on the Appointment of the PRC Auditor and the Hong Kong Auditor of the Company for 2017;**

7.1 Re-appointment of Ernst & Young Hua Ming LLP as the PRC auditor of the Company's financial report for 2017 and authorise the Board of Directors to fix the financial report audit fees of Ernst & Young Hua Ming LLP for 2017 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 2017 and authorise the Board of Directors to fix the financial report audit fees of Ernst & Young for 2017 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 2017 and authorise the Board of Directors to fix the internal control audit fees of Ernst & Young Hua Ming LLP for 2017 based on specific audit work to be conducted.

**8. Resolutions of the Company on the Proposed Application for Composite Credit Facilities;**

**8.1 Resolution of the Company proposing the application to BOC for a composite credit facility amounting to RMB30.0 billion**

That the application by the Company to BOC 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 authorised 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 authorised 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 2016 Annual General Meeting until the earlier of: (1) the approval of the next new credit facility, or (2) 30 June 2018. 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 Corporation, Shenzhen Branch for a composite credit facility amounting to USD7.0 billion**

That the application by the Company to China Development Bank Corporation, Shenzhen Branch for a USD7.0 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 authorised 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 USD7.0 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 authorised 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 2016 Annual General Meeting until the earlier of: (1) the approval of the next new credit facility, or (2) 30 June 2018. 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 2017;**

Authorisation for the Company to invest in value protection derivative products against its foreign exchange risk exposure by hedging through dynamic coverage rate for an net amount not exceeding the equivalent of USD3.0 billion (such limit may be applied on a revolving basis during the effective period of the authorisation). The authorization shall be effective from the date on which it is approved by way of resolution at the AGM 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 resolution was considered and approved at the Fifteenth Meeting of the Seventh Session of the Board of Directors held on 23 March 2017 and it was approved that the resolution be tabled at the general meeting of the Company for consideration. For details, please refer to the “Announcement on the Application for Derivative Investment Limits of 2017” published by the Company on 23 March 2017.

**10. Resolution on the Election of Non-Independent Director**

The Seventh Session of the Board of Directors of the Company nominates Mr. Zhai Weidong a candidate for non-independent and non-executive director of the Seventh Session of the Board of Directors of the Company, for a term commencing on the date on which this resolution is considered and passed at the AGM and ending upon the conclusion of the term of the Seventh Session of the Board of Directors of the Company (i.e., 29 March 2019).

Please refer to the circular of the Company dated 10 April 2017 for brief biography and other information relating to the candidate for non-independent director listed above.

The resolution said above shall be conducted by way of accumulative voting.

**Special Resolutions**

**11. Resolution of the Company on the Application for General Mandate for 2017;**

**“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 (i) a Rights Issue (as defined below) or (ii) any option scheme or similar arrangement from time to time being adopted for the grant or issue to directors, supervisors, senior management and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company 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 (as amended from time to time) and 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 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 Revision of Relevant Certain Clauses under the Articles of Association

(1) That the revision of relevant clauses under the Articles of Association in accordance with the law be approved, the details of which are as follows:

The original article which reads	Is amended to read
<p><b>Article 2</b> ...The Company was incorporated by subscription method on the basis of the approval document No. [1997] 42 issued by the Shenzhen Municipal People’s Government. The Company obtained an enterprise legal person business licence following its registration with the Shenzhen Administration for Industry and Commerce on 11 November 1997. The Company’s business licence number is <i>Shen Si Zi</i> N35868 and its registration number is 440301103852869.</p>	<p><b>Article 2</b> ...The Company was incorporated by subscription method on the basis of the approval document No. [1997] 42 issued by the Shenzhen Municipal People’s Government. The Company obtained an enterprise legal person business licence following its registration with the Shenzhen Administration for Industry and Commerce on 11 November 1997. <b>The Company’s standardised social credit code is 9144030027939873X7.</b></p>
<p><b>Article 24</b> ...Subsequent to its establishment, the Company shall issue 4,125,049,533 ordinary shares, comprising 755,502,534 H Shares, accounting for 18.31% of the total number of ordinary shares issuable by the Company; and 3,369,546,999 Domestic Shares, accounting for 81.69% of the total number of ordinary shares issuable by the Company.</p>	<p><b>Article 24</b> ...Subsequent to its establishment, the Company shall issue <b>4,185,896,909</b> ordinary shares, comprising 755,502,534 H Shares, accounting for <b>18.05%</b> of the total number of ordinary shares issuable by the Company; and <b>3,430,394,375</b> Domestic Shares, accounting for <b>81.95%</b> of the total number of ordinary shares issuable by the Company.</p>
<p><b>Article 27</b> The registered capital of the Company shall be RMB4,125,049,533.</p>	<p><b>Article 27</b> The registered capital of the Company shall be RMB<b>4,185,896,909</b>.</p>

(2) That any Director or the Secretary to the Board of Directors be authorised to

handle on behalf of the Company any procedures for filing, amendment and registration (where necessary) and other pertinent matters in relation to the amendment of the Articles of Association.

**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 Monday, 22 May 2017 to Monday, 19 June 2017 (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., Friday, 19 May 2017.**

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 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 (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 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

**Yin Yimin**

*Chairman*

Shenzhen, the PRC

10 April 2017

*As at the date of this announcement, 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.*