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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)

SUPPLEMENTARY 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 information disclosure is true, accurate and complete without any false or misleading statement or material omission.

Reference is made to the notice of the 2016 annual general meeting dated 10 April 2017 (the "AGM Notice") of ZTE Corporation (the "Company") which set out details of the 2016 annual general meeting of the Company to be convened at the 4/F Floor, A Wing, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China on Tuesday, 20 June 2017 at 9:00 a.m. (the "AGM").

On 24 April 2017, the board of directors of the Company received three ex tempore motions from its shareholder, Shenzhen Zhongxingxin Telecommunications Equipment Company Limited ("Zhongxingxin", which held 1,269,830,333 A shares in the Company, representing 30.34% of the total number of shares of the Company, as at 24 April 2017) which requested the board of directors of the Company to table such motions for consideration at the AGM.

SUPPLEMENTARY NOTICE IS HEREBY GIVEN that the AGM will be held as originally scheduled. In addition to the resolutions set out in the AGM Notice, the following resolutions will be considered and, if thought fit, approved (capitalised terms used in this supplementary 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

13. 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.

14. 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.

15. 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 AGM 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 AGM or any adjournment thereof.

You may appoint Mr. Bingsheng Teng as your proxy to vote for you and on your behalf solely on resolutions relating to the 2017 Scheme (namely Resolutions Nos. 13 to 15 set out above). If you wish to appoint persons other than Mr. Bingsheng Teng as your proxy to vote for you and on your behalf on all resolutions (including resolutions relating to the 2017 Scheme) at the AGM, you may complete and return the revised proxy form only and disregard the Independent Director’s Proxy Form.

Please note that if you have completed and returned both the revised proxy form and the Independent Director’s Proxy Form, but have given inconsistent voting instructions on the resolutions concerned between the revised 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. 13–15 set out above).

Save for the ex tempore motion added as aforesaid, other details, such as the time, venue and method of the AGM, as set out in the AGM Notice, remain unchanged.

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.