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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in **ZTE Corporation**, you should hand this circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, licensed securities dealers or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)**

- (1) Proposal for Profit Distribution for 2020**
- (2) Proposed Alignment in Preparation of Financial Statements in accordance with PRC ASBEs and Cessation to Re-appoint Overseas Financial Report Auditor**
- (3) Proposed General Mandate to Issue Shares for 2021**
- (4) Proposed Limits of Derivative Investment for 2021**
- (5) Proposed Provision of Performance Guarantee for ZTE Indonesia**
- (6) Proposed Provision of Performance Guarantee Limits for Overseas Subsidiaries for 2021**
- (7) Proposed Limits of Composite Credit Facilities for 2021**
- (8) Proposed Application for Consolidated Registration for Issuance of Multiple Types of Debt Financing Instruments for 2021**
- (9) Proposed Shareholders' Dividend and Return Plan (2021–2023)**
- (10) Proposed Amendment of the Articles of Association, the Rules of Procedure for General Meetings of Shareholders and the Rules of Procedure for Board of Directors Meetings**
- (11) Proposed Expansion of the Business Scope and Corresponding Amendment of Relevant Clause in the Articles of Association**
- (12) Proposed Amendment of the Rules of Procedure for Supervisory Committee Meetings**  
**And**
- (13) Notice of the 2020 Annual General Meeting**

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A letter from the Board is set out in pages 5 to 36 of this circular.

A notice of the AGM to be held at 4/F, A Wing, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China at 2:30 p.m. on Friday, 25 June 2021 is set out in pages 37 to 46 of this circular.

A proxy form for use at the AGM is enclosed with this circular and uploaded on the websites of the SEHK and the Company. Whether or not you are able to attend the AGM, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjourned meeting thereof should you so wish.

26 May 2021

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## DEFINITIONS

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*In this circular, the following terms shall have the following meaning unless otherwise required by the context:*

“A Share(s)” or “Domestic Shares”	ordinary share(s) of par value of RMB1.00 each in the registered capital of the Company, which are listed and traded on the SZSE
“A Shareholders”	holders of A Shares
“AGM”	the 2020 annual general meeting of the Company to be held at 4/F, A Wing, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the People’s Republic of China at 2:30 p.m. on Friday, 25 June 2021
“AGM Notice”	notice of the 2020 annual general meeting
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“China” or “the PRC”	the People’s Republic of China
“Company”	ZTE Corporation, a joint stock limited company incorporated on 11 November 1997 under the Company Law in the PRC, whose shares are listed on the SEHK and the SZSE
“Company Law”	The Company Law of the People’s Republic of China
“Director(s)”	member(s) of the board of directors of the Company
“Dividend(s)”	proposed final dividend of RMB2 in cash (before tax) for every 10 Shares on the basis of the total share capital on the A Share Record Date and the H Share Record Date
“General Mandate”	a general mandate to allot, issue or otherwise deal with Shares proposed to be granted to the Directors at the AGM, the details of which are set out in Special Resolution No. 14 of AGM Notice
“H Share(s)”	ordinary share(s) of par value of RMB1.00 each in the registered capital of the Company, which are listed and traded on the SEHK
“H Shareholders”	holders of H Shares
“H Share Record Date”	8 July 2021, the date determined by the Board for determining the H Shareholders’ entitlements to the Dividends
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	Tuesday, 25 May 2021, being the latest practicable date prior to the printing of this circular for determining certain information set out in this circular
“Overseas Subsidiaries”	Subsidiaries of the Company incorporated and operating businesses in territories other than Mainland China. This circular refers to 11 overseas subsidiaries involved in MTN group projects and 11 overseas subsidiaries other than the above subsidiaries.
“PRC ASBEs”	PRC accounting standards for business enterprises
“RMB”	Renminbi, the statutory currency of the PRC
“SEHK”	The Stock Exchange of Hong Kong Limited
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	A Shareholders and H Shareholders
“Shares”	A Share(s) and H Share(s)
“Shenzhen Listing Rules”	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
“Supervisor(s)”	member(s) of the supervisory committee of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZSE”	The Shenzhen Stock Exchange
“the Rules of Procedure for General Meetings of Shareholders”	The Rules of Procedure for General Meetings of Shareholders of the Company
“the Rules of Procedure for Board of Directors Meetings”	The Rules of Procedure for Board of Directors Meetings of the Company
“the Rules of Procedure for Supervisory Committee Meetings”	the Rules of Procedure for Supervisory Committee Meetings of the Company

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## DEFINITIONS

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“USD”	United States dollars, the lawful currency of the United States of America
“Value Protection Derivatives”	Value-protection derivative investments seek to preserve value by utilising foreign exchange and interest rate products provided by financial institutions, primarily involving foreign exchange forwards, interest rate forwards, currency swaps, interest rate swaps, call options, and structured forward contracts
“ZTE Indonesia”	PT. ZTE INDONESIA

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**EXPECTED TIMETABLE**

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**2021**

Latest time for lodging transfers of the H Shares to  
qualify for attendance and voting at the AGM . . . . . 4:30 p.m., Thursday, 17 June

H Share register closed . . . . . Friday, 18 June to Friday, 25 June  
(both dates inclusive)

Latest time for lodging proxy forms for the AGM . . . . . 2:30 p.m., Thursday, 24 June

AGM . . . . . 2:30 p.m., Friday, 25 June

H Share register re-opens . . . . . Monday, 28 June

Last day of dealings in the H Shares cum-entitlements  
to the Dividends . . . . . Tuesday, 29 June

First day of dealings in the H Shares ex-entitlements to  
the Dividends . . . . . Wednesday, 30 June

Latest time for lodging transfers of the H Shares to  
qualify for the Dividends . . . . . 4:30 p.m., Friday, 2 July

H Share register closed . . . . . Saturday, 3 July to Thursday, 8 July  
(both dates inclusive)

H Share Record Date . . . . . Thursday, 8 July

H Share register re-opens . . . . . Friday, 9 July



**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)**

*Executive Directors:*

Li Zixue  
Xu Ziyang  
Gu Junying

*Non-executive Directors:*

Li Buqing  
Zhu Weimin  
Fang Rong

*Independent Non-executive Directors:*

Cai Manli  
Gordon Ng  
Zhuang Jiansheng

*Registered Address:*

ZTE Plaza  
Keji Road South  
Hi-Tech Industrial Park  
Nanshan District  
Shenzhen, 518057  
Guangdong Province  
The PRC

*Principle place of business*

*in Hong Kong:*  
31/F, Tower Two  
Times Square  
1 Matheson Street, Causeway Bay  
Hong Kong

*To the Shareholders*

Dear Sir or Madam,

- (1) Proposal for Profit Distribution for 2020**
  - (2) Proposed Alignment in Preparation of Financial Statements in accordance with PRC ASBEs and Cessation to Re-appoint Overseas Financial Report Auditor**
  - (3) Proposed General Mandate to Issue Shares for 2021**
  - (4) Proposed Limits of Derivative Investment for 2021**
  - (5) Proposed Provision of Performance Guarantee for ZTE Indonesia**
  - (6) Proposed Provision of Performance Guarantee Limits for Overseas Subsidiaries for 2021**
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  - (8) Proposed Application for Consolidated Registration for Issuance of Multiple Types of Debt Financing Instruments for 2021**
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  - (10) Proposed Amendment of the Articles of Association, the Rules of Procedure for General Meetings of Shareholders and the Rules of Procedure for Board of Directors Meetings**
  - (11) Proposed Expansion of the Business Scope and Corresponding Amendment of Relevant Clause in the Articles of Association**
  - (12) Proposed Amendment of the Rules of Procedure for Supervisory Committee Meetings**
- And**
- (13) Notice of the 2020 Annual General Meeting**

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

The purpose of this circular is to give the AGM Notice to you and provide relevant information for your informed decision when voting for the ordinary resolutions and special resolutions to be proposed at the AGM in respect of, among others, the following matters:

1. Proposal for Profit Distribution for 2020
2. Proposed Alignment in Preparation of Financial Statements in accordance with PRC ASBEs and Cessation to Re-appoint Overseas Financial Report Auditor
3. Proposed General Mandate to Issue Shares for 2021
4. Proposed Limits of Derivative Investment for 2021
5. Proposed Provision of Performance Guarantee for ZTE Indonesia
6. Proposed Provision of Performance Guarantee Limits for Overseas Subsidiaries for 2021
7. Proposed Limits of Composite Credit Facilities for 2021
8. Proposed Application for Consolidated Registration for Issuance of Multiple Types of Debt Financing Instruments for 2021
9. Proposed Shareholders' Dividend and Return Plan (2021–2023)
10. Proposed Amendment of the Articles of Association, the Rules of Procedure for General Meetings of Shareholders and the Rules of Procedure for Board of Directors Meetings
11. Proposed Expansion of the Business Scope and Corresponding Amendment of Relevant Clause in the Articles of Association
12. Proposed Amendment of the Rules of Procedure for Supervisory Committee Meetings

### II. PROPOSAL FOR PROFIT DISTRIBUTION FOR 2020

The Company will propose an ordinary resolution at the AGM for the consideration and, if thought fit, approval of the declaration and payment of Dividends. A final Dividend of RMB2 in cash (before tax) for every 10 shares based on the total share capital (including A shares and H shares) as at the record date (namely, the A Share Record Date and the H Share Record Date) for profit distribution and dividend payment, and any Director or the Secretary to the Board of Directors of the Company will be authorized to deal in accordance with the law with matters relating to profit distribution for 2020. In the event of changes in the Company's total share capital after the announcement of the Company's profit distribution proposal for 2020 but before its implementation, the total amount of



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## LETTER FROM THE BOARD

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distribution shall be readjusted in accordance with the law on the basis of the total share capital (including A shares and H shares) as at the record date for profit and dividend distribution for the purpose of the profit distribution proposal for 2020 according to the existing proportion for distribution. Dividend payments are expected to be made to Shareholders on 20 August 2021.

The Company's total share capital was 4,613,434,898 shares as at the Latest Practicable Date. There are 39,726,486 outstanding options exercisable in the third exercise period under the 2017 A share option incentive scheme of the Company. The third exercise period under the 2017 A share option incentive scheme of the Company will commence on 6 July 2021 and will last until 5 July 2022. The exercise of the options shall be considered by the Board of Directors. Assuming the said options are fully exercised prior to the A share record date of dividend distribution, 4,653,161,384 shares in the Company will be entitled to dividend payment, which will result in a total dividend amount of not more than RMB931 million.

In respect of the Company's distribution of final Dividend to Shareholders whose names appear on the H share register of the Company on the H Share Record Date, the Company will process income tax payable on dividends and profit distributions in accordance with relevant taxation laws and regulations of China. The details are as follow:

1. In connection with overseas non-resident corporate H shareholders, a 10% enterprise income tax to be withheld and paid on behalf of such shareholders by the Company shall apply in accordance with relevant provisions of the "Notice of the State Administration of Taxation on issues concerning the withholding and payment of enterprise income tax on dividends paid by Chinese resident enterprises to overseas non-resident corporate H shareholders" (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)). Upon receipt of the dividend, overseas non-resident corporate H shareholders may apply, either directly or through the Company, for entitlements to preferential treatments under relevant agreements by furnishing evidence of their status as beneficial owners in compliance with provisions under relevant taxation agreements (arrangements).
2. In connection with overseas non-resident individual H shareholders, in accordance with pertinent provisions of the "Notice on the collection and administration of personal income tax after the repeal of Document Guo Shui Fa [1993] No. 045" (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), (1) non-resident individual H shareholders being residents of Hong Kong or Macau, or residents for tax purposes of other countries which have entered into taxation agreements with China with a dividend tax rate lower than or equivalent to 10% shall be subject to a 10% personal income tax to be withheld and paid on behalf of such shareholders by the Company, provided that if the dividend tax rate stipulated under the relevant taxation agreement is below 10%, the Company may apply on behalf of the shareholder for entitlements to preferential treatments under such agreement in accordance with the "Announcement of the State Administration of

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## LETTER FROM THE BOARD

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Taxation on the promulgation of the ‘Administrative Measures on Non-resident Taxpayers’ Entitlements to Treatments Under Taxation Agreements” (SAT Announcement 2019 No. 35) (《國家稅務總局關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》(國家稅務總局公告2019年第35號)); (2) if the dividend tax rate stipulated under the taxation agreement is higher than 10% but lower than 20%, personal income tax shall be withheld and paid on behalf of the shareholders by the Company at the effective tax rate; (3) in the absence of any applicable taxation agreements and otherwise, personal income tax shall be withheld and paid on behalf of the shareholders by the Company at a 20% tax rate.

3. In connection with dividends and profit distributions obtained by Mainland investors (including individuals and corporates) from investments in the Company’s H Shares listed on SEHK through the SZSE and the Shanghai Stock Exchange (the “Southbound Trading”), a personal income tax shall be withheld and paid on behalf of investors by the Company in respect of dividends and profit distributions received by individual Mainland investors and Mainland securities investment funds from their investments in the Company’s H shares via Southbound Trading at a 20% tax rate; while no enterprise income tax shall be withheld and paid on behalf of corporate Mainland investors by the Company in respect of dividends and profit distributions received by such corporate Mainland investors from their investments in the Company’s H shares via Southbound Trading, and corporate Mainland investors shall process their own tax returns and payments directly, in accordance with the “Notice on Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Program” (Cai Shui [2014] No. 81) 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號) and “Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program” (Cai Shui [2016] No. 127) 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號).

In accordance with Article 67 of the Articles of Association, approval of the proposal for profit distribution for 2020 will be sought at the AGM.

For details, please refer to Ordinary Resolution No.6 of the AGM Notice.

### **III. PROPOSED ALIGNMENT IN PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH PRC ASBES AND CESSATION TO RE-APPOINT OVERSEAS FINANCIAL REPORT AUDITOR**

Reference is made to the “Announcement Alignment in Preparation of Financial Statements in accordance with PRC ASBES and Cessation to Re-appoint Overseas Financial Report Auditor” published by the Company on 16 March 2021.

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## LETTER FROM THE BOARD

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### **(I) Proposed Alignment in Preparation of Financial Statements in accordance with PRC ASBEs**

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed In Hong Kong” published by the SEHK in December 2010, permission has been given to issuers incorporated in the Mainland and listed in Hong Kong to adopt PRC ASBEs for the preparation of their financial statements, and permission has been given to Mainland auditor recognised by the PRC Ministry of Finance and China Securities Regulatory Commission to provide audit service to issuers incorporated in the Mainland and listed in Hong Kong using the auditing standards of the Mainland.

In view of the fact that the Company’s financial statements prepared under PRC ASBEs and those under Hong Kong Financial Reporting Standards are basically consistent with one another, the alignment in preparation of financial statements and disclosure of relevant financial information in accordance with PRC ASBEs starting from the announcement of the half-yearly financial report and interim results of 2021 has been proposed.

The alignment in preparation of financial statements in accordance with PRC ASBEs by the Company will not materially affect the results or financial conditions of the Company.

### **(II) Proposed Cessation to Re-appoint the Overseas Financial Report Auditor**

Ernst & Young is the overseas financial report auditor for the Company that provides audit services in respect of the Company’s financial statements prepared under Hong Kong Financial Reporting Standards. Given that the Company has proposed to align in preparation of financial statements in accordance with PRC ASBEs, and that Ernst & Young Hua Ming LLP, the Company’s domestic financial report auditor has been recognised by the PRC Ministry of Finance and CSRC as eligible for providing audit service to issuers incorporated in the Mainland and listed in Hong Kong using the auditing standards of the Mainland, it has been proposed to cease to re-appoint Ernst & Young as the overseas financial report auditor.

Ernst & Young has confirmed that there is no matter relating to the cessation to re-appoint the overseas financial report auditor that should be brought to the attention of the shareholders or creditors. There is no disagreement between the Company and Ernst & Young regarding the cessation to re-appoint the overseas financial report auditor.

For details, please refer to Ordinary Resolution No.12 of the AGM Notice.

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## LETTER FROM THE BOARD

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### IV. PROPOSED GENERAL MANDATE TO ISSUE SHARES FOR 2021

At the previous annual general meeting of the Company held on 19 June 2020, the Board was granted a general mandate to exercise the general power of the Company to allot, issue and otherwise deal with Shares in the Company not exceeding 20% of the aggregate nominal amount of its share capital in issue as at 19 June 2020. The aforesaid general mandate will expire at the end of AGM.

To afford the Board the flexibility of issuing new Shares at its discretion as and when appropriate, a special resolution will be proposed at the AGM to grant a General Mandate to the Board to allot, issue and otherwise deal with the A Shares and H Shares, each not exceeding 20% of the aggregate nominal amount of the Company's A Shares and H Shares, respectively, in issue as at the date on which this resolution is passed.

As at the Latest Practicable Date, the Company's issued share capital comprised 3,857,932,364 A Shares and 755,502,534 H Shares. Subject to the granting of the General Mandate being approved and assuming that no additional Shares will be issued prior to the AGM, the Board will be entitled to issue a maximum of 771,586,472 A Shares and 151,100,506 H Shares.

The General Mandate will remain in effect until the earliest of: (i) the conclusion of the next annual general meeting of the Company; or (ii) the revocation or variation of the authority given under this resolution by way of a special resolution of the general meeting.

The Board shall comply with pertinent provisions of the Hong Kong Listing Rules, the Articles of Association and applicable PRC laws and regulations when exercising powers pursuant to the General Mandate. Notwithstanding the granting of the General Mandate, the Company is still required to seek Shareholders' approval at the general meeting for the issue of any A Shares according to pertinent PRC laws and regulations, provided that respective Shareholders' approvals at the A Share class meeting and the H Share class meeting are not required.

For details, please refer to Special Resolution No.14 of the AGM Notice.

### V. PROPOSED LIMITS OF DERIVATIVE INVESTMENT FOR 2021

Reference is made to the "Overseas Regulatory Announcement Announcement on the Application for Derivative Investment Limits for 2021" published by the Company on 16 March 2021.

At the previous annual general meeting of the Company held on 19 June 2020, the Board was authorized to deal with matters pertaining to derivative investments within certain limits. The authorization will expire upon the conclusion of the forthcoming AGM. In order to prevent the volatility of exchange rate or interest rate from adversely affecting the Company's assets, liabilities and profitability, it is necessary for the Company to conduct value-protection derivative investment to mitigate the risk of uncertainty. The Company intends to apply for authorisation to invest in value-protection derivatives for an amount of USD3.0 billion (namely, the investment balance at any point of time during the

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## LETTER FROM THE BOARD

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effective period of the authorisation shall not exceed the equivalent of USD3.0 billion) for 2021. Such limit may be applied on a revolving basis during the effective period of the authorisation. In accordance with Article 160 of the Articles of Association, a derivative investment which is relevant to the principal business of the Company and is more than 10% of the Company's latest audited net asset value shall be subject to approval of the Company's shareholders. Therefore, approval of the proposed limits of derivative investment for 2021 will be sought at the AGM.

For details, please refer to Ordinary Resolution No. 7 of the AGM Notice.

### **VI. PROPOSED PROVISION OF PERFORMANCE GUARANTEE FOR ZTE INDONESIA**

Reference is made to the "Overseas Regulatory Announcement Announcement on Third-party Guarantee" published by the Company on 18 February 2021.

In 2021, ZTE Indonesia, a subsidiary of the Company, entered into the "New Telkomsel Ultimate Radio Solution Rollout Agreement" and "New Telkomsel Radio Ultimate Solution Technical Support Agreement" with Indonesian mobile carrier PT. Telekomunikasi Selular ("Telkomsel"), pursuant to which ZTE Indonesia proposed to construct wireless networks for and provide technical support services to Telkomsel. In 2018, ZTE Indonesia entered into the "Ultimate Radio Network Infrastructure Rollout Agreement" and "Ultimate Radio Network Infrastructure Technical Support Agreement" with Telkomsel, pursuant to which ZTE Indonesia proposed to construct 4G networks for and provide maintenance services to Telkomsel. The aforesaid "New Telkomsel Ultimate Radio Solution Rollout Agreement" and "Ultimate Radio Network Infrastructure Rollout Agreement" are collectively referred to as the "Rollout Agreement", and the "New Telkomsel Radio Ultimate Solution Technical Support Agreement" and "Ultimate Radio Network Infrastructure Technical Support Agreement" are collectively referred to as the "Technical Support Agreement".

The Company proposed to provide joint liability guarantee in respect of ZTE Indonesia's performance obligations under the "Rollout Agreement" and the "Technical Support Agreement" for a guarantee amount of USD40 million and a bank letter of guarantee to provide guarantee in the amount of INR400 billion. Following the coming into effect of the aforesaid guarantee and the furnishing of guarantee documents to Telkomsel, the guarantee described in the "Overseas Regulatory Announcement Announcement on Third-party Guarantee" published by the Company on 15 October 2018 will lapse. In accordance with Chapter 9 of the Shenzhen Listing Rules, the aforesaid matter shall be subject to approval of the Company's shareholders. Hence approval at the AGM of the proposed provision of performance guarantee for ZTE Indonesia is sought.

For details, please refer to Ordinary Resolution No. 8 of the AGM Notice.

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## LETTER FROM THE BOARD

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### VII. PROPOSED PROVISION OF PERFORMANCE GUARANTEE LIMITS FOR OVERSEAS SUBSIDIARIES FOR 2021

Reference is made to the “Overseas Regulatory Announcement Announcement Provision of Performance Guarantee Limits for Overseas Subsidiaries for 2021” published by the Company on 16 March 2021.

At the previous annual general meeting of the Company held on 19 June 2020, the Board of Directors were authorised to handle the provision of contract performance guarantee by the Company for 7 overseas wholly-owned subsidiaries within the limit of USD200 million. Such authorisation will expire upon the close of the AGM.

To consistently ensure smooth progress of the Company’s overseas business, the Company has proposed to provide performance guarantees with an aggregate amount of not more than USD576 million in 2021 for the following Overseas Subsidiaries:

**(I) Provision of guarantee limits for 11 overseas subsidiaries involved in MTN Group projects**

The Company has proposed to enter into the “GROUP EQUIPMENT SUPPLY AND LICENCE AGREEMENT” (“Equipment Supply Agreement”), “GROUP SERVICES CONTRACT” (“Services Contract”) and “GROUP MANAGED SERVICES CONTRACT” (“Managed Services Contract”) (together the “Framework Agreement”) with GLOBAL SOURCING COMPANY LTD (“MTN Group”), a South African telecommunication operator. Under the “Framework Agreement”, 11 overseas subsidiaries are expected to sign subsidiary contracts under the aforesaid “Framework Agreement” and undertake the implementation of the actual projects to supply communication equipment, local engineering work and management and maintenance services to the relevant branches of MTN Group. The Company has proposed to provide guarantee for the performance obligations of the 11 overseas subsidiaries involved in the MTN Group projects under the “Framework Agreement” and its subsidiary contracts for an aggregate amount of not more than USD160 million, and apply to the relevant bank for the issuance of a bank letter of guarantee to provide guarantee with an amount of not more than USD16 million.

**(II) Provision of performance guarantee limits for 11 overseas subsidiaries (excluding the aforesaid provision of guarantee limits for MTN Group projects)**

The Company has proposed to provide a guarantee amount for contract performance (including but not limited to the execution of guarantee agreements by the parent company) of not exceeding USD400 million in aggregate for 11 overseas subsidiaries for 2021 (excluding the aforesaid provision of guarantee limits for MTN Group projects). The aforesaid guarantee amount will be applied on a revolving basis during an effective period commencing on the date on which the provision of a guarantee amount for contract performance for overseas subsidiaries by the Company is considered and approved at the Company’s general meeting and ending on the date of the Company’s next annual general meeting. Any unused amount outstanding upon the expiry of the effective period will be cancelled by the Company.



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## LETTER FROM THE BOARD

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During the effective period, if the total amount of guarantee provided to third parties by the Company has exceeded 50% of its latest audited net asset value, no guarantee for contract performance provided to such overseas subsidiaries within the aforesaid guarantee limit shall thereafter be submitted to the general meeting of the Company for consideration. After the general meeting of the Company has considered and approved provision of a guarantee amount for contract performance for overseas subsidiaries by the Company, the Board of Directors of the Company shall be responsible for the approval of specific guarantees within the limit, and shall fulfill obligations in information disclosure.

In accordance with Chapter 9 of the Shenzhen Listing Rules, the aforesaid matter shall be subject to approval of the Company's shareholders. Hence approval at the AGM of the proposed provision of performance guarantee limits for overseas subsidiaries for 2021 is sought.

For details, please refer to Ordinary Resolution No. 9 of the AGM Notice.

### **VIII. PROPOSED LIMITS OF COMPOSITE CREDIT FACILITIES FOR 2021**

The Company proposes to apply to China Development Bank, Shenzhen Branch for composite credit facilities of USD4.0 billion, and further proposes to authorize the Board of Directors to adjust the details and actual duration of the credit facilities pursuant to the Company's requirements or negotiations with the financial institutions, subject to the aforesaid caps of composite credit facilities and within the period considered and approved by the general meeting. The Board of Directors and legal representative of the Company or his authorized signatory are authorized to negotiate with the financial institutions and sign all legal contracts and documents relating to the aforesaid composite credit facilities or transactions under such composite credit facilities. In accordance with Chapter 9 of the Shenzhen Listing Rules, a transaction by a listed company with an amount exceeding 50% of the latest audited net asset value of the listed company and exceeding RMB50 million shall be subject to approval of the Shareholders. Therefore, approval of the proposed limits of composite credit facilities for 2021 will be sought at the AGM.

For details, please refer to Ordinary Resolution No. 11 of the AGM Notice.

### **IX. PROPOSED APPLICATION FOR CONSOLIDATED REGISTRATION FOR ISSUANCE OF MULTIPLE TYPES OF DEBT FINANCING INSTRUMENTS FOR 2021**

Reference is made to the "Overseas Regulatory Announcement Announcement on the Proposed Application for Consolidated Registration for Issuance of Multiple Types of Debt Financing Instruments for 2021" published by the Company on 16 March 2021.

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## LETTER FROM THE BOARD

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To further broaden the financing channels of the Company, optimise the Company's debt structure, exercise reasonable control over its finance cost, enable flexible choice of financing options and fulfill its funding requirements in a timely manner, the Company has proposed to apply to National Association of Financial Market Institutional Investors for the consolidated registration of multiple types of debt financing instruments, including super short-term commercial paper, short-term commercial paper, medium-term note, perpetual note and asset-backed note, among others, such that the Company will be able to issue such instruments at its discretion during the effective period of registration. In accordance with Article 107 of the Articles of Association, the aforesaid matter shall require the approval of the Company's shareholders. Hence approval at the AGM of the application for consolidated registration for issuance of multiple types of debt financing instruments for 2021 is sought.

For details, please refer to Special Resolution No. 10 of the AGM Notice.

### **X. PROPOSED SHAREHOLDERS' DIVIDEND AND RETURN PLAN (2021–2023)**

Reference is made to the "Overseas Regulatory Announcement" published by the Company on 16 March 2021.

To improve and optimise the scientific, consistent and stable mechanism for shareholders' return, enhance the transparency in decision-making and operability of the profit distribution policy and assure genuine protection for the lawful interests of public investors, the "Shareholders' Dividend and Return Plan (2021–2023)" has been formulated in accordance with pertinent provisions under the Company Law, relevant documents issued by the China Securities Regulatory Commission, including the "Notice on Further Implementing Matters concerning Cash Dividends of Listed Companies" (《關於進一步落實上市公司現金分紅有關事項的通知》) and "Guidelines No. 3 on the Supervision and Administration of Listed Companies — Distribution of Cash Dividends of Listed Companies" (《上市公司監管指引第3號 — 上市公司現金分紅》) and the Articles of Association, taking into consideration the Company's actual conditions.

For details, please refer to Special Resolution No. 15 of the AGM Notice.

### **XI. PROPOSED AMENDMENT OF THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURE FOR GENERAL MEETINGS OF SHAREHOLDERS AND THE RULES OF PROCEDURE FOR BOARD OF DIRECTORS MEETINGS**

Since the Company's proposal for alignment in preparation of financial statements in accordance with PRC ASBEs, the shares increased as a result of non-public issuance of A Share and exercise of share options and further standardize corporate governance, the Company has proposed to amend its Articles of Association, Rules of Procedure of the General Meetings of Shareholders and Rules of Procedure of the Board of Directors Meetings.



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## LETTER FROM THE BOARD

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The Articles of Association, Rules of Procedure of the General Meetings of Shareholders and Rules of Procedure of the Board of Directors Meetings are drafted in Chinese without any official English versions. Hence, any English versions are provided for reference only and the Chinese version shall prevail in case of any discrepancies.

(1) Proposed the amendment of the Articles of Association as follows:

<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 24	Subsequent to its establishment, the Company shall issue 4,192,671,843 ordinary shares, comprising 755,502,534 H Shares, accounting for 18.02% of the total number of ordinary shares issuable by the Company; and 3,437,169,309 Domestic Shares, accounting for 81.98% of the total number of ordinary shares issuable by the Company.	Subsequent to its establishment, the Company shall issue <b>4,613,434,898</b> ordinary shares, comprising 755,502,534 H Shares, accounting for <b>16.38%</b> of the total number of ordinary shares issuable by the Company; and <b>3,857,932,364</b> Domestic Shares, accounting for <b>83.62%</b> of the total number of ordinary shares issuable by the Company.
Article 27	The registered capital of the Company shall be RMB4,192,671,843.	The registered capital of the Company shall be <b>RMB4,613,434,898</b> .
Article 100	Directors, supervisors and senior officers present at the general meeting of shareholders shall provide response or explanation in connection with any query or recommendation raised by the shareholders.	Directors, supervisors and senior officers present at the general meeting of shareholders shall provide response or explanation in connection with any query or recommendation raised by the shareholders, <b>except for those relating to business secrets of the Company which shall not be disclosed during the general meeting of shareholders.</b>

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## LETTER FROM THE BOARD

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**Provision before  
amendment**

Article 102

**Before amendment**

A general meeting of shareholders shall have minutes which shall be prepared by the secretary to the Board of Directors. Minutes of a general meeting of shareholders shall contain the following contents:

- 1) the date and venue for convening the meeting, meeting agenda and the name of the convenor of the meeting;
- 2) the name of person presiding over the meeting as well as those of the directors, supervisors, president and other senior officers who attend the meeting as voting and non-voting attendees;
- 3) the number of shareholders and proxies attending the meeting, the proportion of the number of voting shares represented by them out of the total number of shares of the Company;
- 4) description on the entire course of consideration of each motion, the main points put forward by each speaker relating thereto and the voting results thereof;
- 5) details of queries and recommendations of the shareholders and the corresponding response or explanation in relation thereto;
- 6) the names of the legal advisers and persons responsible for counting the votes and for supervising the counting process; and
- 7) other contents which should be recorded in the minutes as provided for in the Articles of Association.

**After amendment**

A general meeting of shareholders shall have minutes which shall be prepared by the secretary to the Board of Directors. Minutes of a general meeting of shareholders shall contain the following contents:

- 1) the date and venue for convening the meeting, meeting agenda and the name of the convenor of the meeting;
- 2) the name of person presiding over the meeting as well as those of the directors, supervisors, president and other senior officers who attend the meeting as voting and non-voting attendees;
- 3) **the number of shareholders and proxies attending the meeting, the proportion of the number of voting shares represented by the respective holders of the domestic shares (including proxies) and holders of the overseas-listed foreign shares (including proxies) attending the general meeting to the total number of shares of the Company;**
- 4) description on the entire course of consideration of each motion, the main points put forward by each speaker relating thereto and the voting results thereof; **the results of the vote by holders of the domestic shares and holders of the overseas-listed foreign shares for each matter resolved;**
- 5) details of queries and recommendations of the shareholders and the corresponding response or explanation in relation thereto;
- 6) the names of the legal advisers and persons responsible for counting the votes and for supervising the counting process; and
- 7) other contents which should be recorded in the minutes as provided for in the Articles of Association.

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## LETTER FROM THE BOARD

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<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 109	The Board of Directors, independent non-executive directors and shareholders who meet the relevant requirements may solicit from other shareholders their rights to vote in general meetings. The solicitation shall be without consideration and information shall be fully disclosed to such shareholders.	The Board of Directors, independent non-executive directors, <b>shareholders holding voting shares of more than one percent, or investor protection institutions established in accordance with laws, administrative regulations, or regulations of the securities regulatory agency of the State Council</b> may solicit from other shareholders their rights to vote in general meetings. The solicitation shall be without consideration and information shall be fully disclosed to such shareholders.
Article 115	The Board of Directors and the Supervisory Committee shall provide a response or explanation in connection with any query or recommendation raised by the shareholders, except for those relating to trade secrets of the Company which shall not be disclosed during the general meeting of shareholders.	<b>Delete.</b>

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## LETTER FROM THE BOARD

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Provision before amendment	Before amendment	After amendment
Article 127	<p>Minutes of a general meeting of shareholders shall be maintained which shall contain the following content:</p> <ol style="list-style-type: none"><li>1) the ratio of the number of voting shares represented by the respective holders of the domestic shares (including proxies) and holders of the overseas-listed foreign shares (including proxies) attending the general meeting to the total number of shares of the Company;</li><li>2) the date and place for convening the meeting;</li><li>3) the name of the chairman of the meeting and the agenda of the meeting;</li><li>4) the main points put forward by each speaker regarding each matter under discussion;</li><li>5) the results of the vote by holders of the domestic shares and holders of the overseas-listed foreign shares for each matter resolved;</li><li>6) details of the queries and recommendations of the shareholders and the response or explanation etc. from the Board of Directors and the Supervisory Committee in relation thereto;</li><li>7) other matters which according to the opinion of the general meeting and the provisions of the Articles of Association shall be recorded in the minutes.</li></ol>	<p><b>Delete.</b></p>
Article 132	<p>If a motion relating to election of directors or supervisors is adopted at a general meeting of shareholders, the term of office for the newly elected directors or supervisors shall be commenced from date of adoption of the resolution at the general meeting.</p>	<p>If a motion relating to election of directors or supervisors is adopted at a general meeting of shareholders, the term of office for the newly elected directors or supervisors shall <b>commence on the date determined by resolution of the general meeting.</b></p>

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## LETTER FROM THE BOARD

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<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 143	<p>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.</p> <p>.....</p> <p>The term of office of a director shall commence from the date on which resolution of the general meeting is adopted and end on the expiration of the term of the then Board of Directors.</p> <p>.....</p>	<p>The term of office of each director shall not be more than three years commencing <b>on the date determined by resolution of the general meeting</b> 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.</p> <p>.....</p> <p>The term of office of a director shall commence <b>on the date determined by resolution of the general meeting</b> and end on the expiration of the term of the then Board of Directors.</p> <p>.....</p>
Article 152	<p>The criteria for selection of the independent non-executive directors of the Company shall be as follows:</p> <ol style="list-style-type: none"><li>1) having the qualifications to assume the office of a director in a listed company pursuant to the laws, administrative regulations and other relevant provisions;</li><li>2) being independent as specified in Article 151 of the Articles of Association;</li><li>3) having the basic knowledge of the operation of a listed company and being familiar with relevant laws, administrative regulations together with rules and regulations;</li><li>4) having not less than five years' working experience in the legal or economic field or other experience necessary to perform the duties of an independent non-executive director; and</li><li>5) other qualifications specified by the Articles of Association.</li></ol>	<p>The criteria for selection of the independent non-executive directors of the Company shall be as follows:</p> <ol style="list-style-type: none"><li>1) having the qualifications to assume the office of a director in a listed company pursuant to the laws, administrative regulations and other relevant provisions;</li><li>2) <b>being independent as required by laws, administrative regulations and other relevant regulations;</b></li><li>3) having the basic knowledge of the operation of a listed company and being familiar with relevant laws, administrative regulations together with rules and regulations;</li><li>4) having not less than five years' working experience in the legal or economic field or other experience necessary to perform the duties of an independent non-executive director; and</li><li>5) other qualifications specified by the Articles of Association.</li></ol>

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## LETTER FROM THE BOARD

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**Provision before  
amendment**

Article 160

**Before amendment**

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The following guarantees shall be subject to the approval of general meetings provided that the same have been considered and approved by Board of Directors meetings prior to being tabled at general meetings:

1. any guarantee to be provided by the Company and its subsidiaries in favour of a third party, with the total amount of which exceeds 50% of the audited net asset value for the most recent period;
2. guarantees to be provided in favour of an entity which is subject to a gearing ratio of over 70%;
3. guarantees to be provided in favour of any shareholder, person who exercises effective control over the Company and its related parties; and
4. other guarantees subject to the approval of general meetings in accordance with the laws, regulations and the Articles of Association.

.....

**After amendment**

.....

The following guarantees shall be subject to the approval of general meetings provided that the same have been considered and approved by Board of Directors meetings prior to being tabled at general meetings:

1. any guarantee to be provided by the Company and its subsidiaries in favour of a third party, with the total amount of which exceeds 50% of the audited net asset value for the most recent period;
2. **any guarantee to be provided after the total amount of third-party guarantee provided by the Company has reached or exceeded 30% of the audited total assets for the most recent period;**
3. guarantees to be provided in favour of an entity which is subject to a gearing ratio of over 70%;
4. **guarantees with a single guaranteed amount in excess of 10% of the audited net asset value for the most recent period;**
5. guarantees to be provided in favour of any shareholder, person who exercises effective control over the Company and its related parties; and
6. other guarantees subject to the approval of general meetings in accordance with the laws, regulations and the Articles of Association.

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## LETTER FROM THE BOARD

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**Provision before  
amendment**

**Before amendment**

**After amendment**

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.

The Board of Directors may establish specialist committees such as audit, nomination, remuneration and evaluation, and **export compliance 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 export compliance committee shall comprise at least three independent non-executive directors)**. 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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## LETTER FROM THE BOARD

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<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 163	Each specialist committee shall have the following basic responsibilities:  1) Major responsibilities of the audit committee are:  1. to propose the engagement or removal of external auditor;  2. to oversee the internal audit system of the Company and its implementation;  3. to be responsible for the communications between the internal auditor and the external auditor;  4. to examine and verify the financial information of the Company and the disclosure thereof; and  5. to examine the internal control system of the Company.  .....	Each specialist committee shall have the following basic responsibilities:  1) Major responsibilities of the audit committee are:  1. to propose the engagement or removal of external auditor;  2. to oversee the internal audit system of the Company and its implementation;  3. to be responsible for the communications between the internal auditor and the external auditor;  4. to examine and verify the financial information of the Company and the disclosure thereof; and  5. to examine the internal control system of the Company.  .....  <b>4) Major responsibilities of the export compliance committee are:</b>  <b>1. to understand the adequacy and effectiveness of the Company's internal policies, procedures and plans on export control and economic sanctions laws;</b>  <b>2. to examine the export control and economic sanctions compliance functions of the Company;</b>  <b>3. to receive and review audit reports and any other reports on the Company's export compliance;</b>  <b>4. to deal with other matters as authorized by the Board.</b>



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## LETTER FROM THE BOARD

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**Provision before  
amendment**

**Before amendment**

**After amendment**

Article 190

The Supervisory Committee shall be composed of five supervisors. The Supervisory Committee shall have one chairman. Each supervisor shall serve for a term of not more than three years, commencing from the date on which the resolution related thereto is adopted at a general meeting of shareholders or at a democratic election for employees and ending on the expiration of the term of the then Supervisory Committee. The term of office for a supervisor is renewable upon re-election and re-appointment.

The Supervisory Committee shall be composed of five supervisors. The Supervisory Committee shall have one chairman. Each supervisor shall serve for a term of not more than three years, commencing **on the date determined by resolution of the general meeting or the date determined by resolution** of democratic election for employees and ending on the expiration of the term of the then Supervisory Committee. The term of office for a supervisor is renewable upon re-election and re-appointment.

The election or removal of the chairman of the Supervisory Committee shall be determined by an affirmative vote of two-thirds or more of the members of the Supervisory Committee.

The election or removal of the chairman of the Supervisory Committee shall be determined by an affirmative vote of two-thirds or more of the members of the Supervisory Committee.

Article 193

Meetings of the Supervisory Committee shall be held once every six months and shall be convened by the chairman of the Supervisory Committee. Supervisors may propose to convene an extraordinary Supervisory Committee meeting.

Meetings of the Supervisory Committee shall be held once every six months and shall be convened by the chairman of the Supervisory Committee. **The notice of the Supervisory Committee meeting shall be served on all supervisors ten days prior to the meeting.**

The notice of the Supervisory Committee meeting shall be served on all supervisors ten days prior to the meeting. If the Supervisory Committee meeting fails to be convened as scheduled, a notice shall be announced giving reasons thereof. The relevant announcement shall be published in newspapers which are in compliance with the relevant regulations.

Supervisors may propose to convene an extraordinary Supervisory Committee meeting. **The notice of the extraordinary Supervisory Committee meeting shall be served on all supervisors three days prior to the meeting.**

If the Supervisory Committee meeting fails to be convened as scheduled, a notice shall be announced giving reasons thereof. The relevant announcement shall be published in newspapers which are in compliance with the relevant regulations.

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## LETTER FROM THE BOARD

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<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 196	<p>The method of discussion for the Supervisory Committee shall be by way of holding a Supervisory Committee meeting. Meetings of the Supervisory Committee shall be held only if not less than two-thirds of the supervisors are present.</p> <p>A supervisor who fails to attend in person two consecutive Supervisory Committee meetings shall be deemed to be unable to perform his duties and shall be removed from his office at the general meeting of shareholders or employee representatives' meeting.</p>	<p>The method of discussion for the Supervisory Committee shall be by way of holding a Supervisory Committee meeting. Meetings of the Supervisory Committee shall be held only if not less than two-thirds of the supervisors are present.</p>
Article 226	<p>The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. In distributing the Company's after-tax profits in the relevant accounting year, the lower of the two amounts shown in financial statements prepared in accordance with (i) the PRC accounting standards and regulations; or (ii) the international accounting standards or the accounting standards of a place where the Company's shares are listed overseas shall be adopted.</p>	<p>The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations.</p>
Article 227	<p>Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the place where the Company's shares are listed overseas.</p>	<p>Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations.</p>

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## LETTER FROM THE BOARD

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<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 264	The amendment of the Articles of Association involving the contents of the <i>Mandatory Provisions for Companies Listing Overseas</i> shall become effective upon the approval by the companies' approval authorities authorized by the State Council and the securities commission under the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for a change of registration in accordance with the law.	<b>Any amendment to the Articles of Association passed by a resolution at a general meeting shall be filed with the authorities for approval if it is so required. If there is any change relating to the registered particulars of the Company, application shall be made for a change of registration in accordance with the law.</b>

*Note:* Subsequent to the deletion of clauses, the codes of the revised Articles of Association and cited clauses are adjusted accordingly.

- (2) Proposed the amendment of the Rules of Procedure for General Meetings of Shareholders as follows:

<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 50	The Board of Directors, independent directors and shareholders who meet the relevant requirements may solicit from other shareholders their rights to vote in general meetings. The solicitation shall be without consideration and information shall be fully disclosed to such shareholders.	<b>The Board of Directors, independent non-executive directors, shareholders holding voting shares of more than one percent, or investor protection institutions established in accordance with laws, administrative regulations, or regulations of the securities regulatory agency of the State Council</b> may solicit from other shareholders their rights to vote in general meetings. The solicitation shall be without consideration and information shall be fully disclosed to such shareholders.

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## LETTER FROM THE BOARD

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**Provision before  
amendment**

**Before amendment**

**After amendment**

Article 63

Minutes of a general meeting of shareholders shall be maintained which shall contain the following content:

- 1) the ratio of the number of voting shares represented by the respective holders of the domestic shares (including proxies) and holders of the overseas-listed foreign shares (including proxies) attending the general meeting to the total number of shares of the Company;
- 2) the date and place for convening the meeting;
- 3) the name of the chairman of the meeting and the agenda of the meeting;
- 4) the main points put forward by each speaker regarding each matter under discussion;
- 5) the results of the vote by holders of the domestic shares and holders of the overseas-listed foreign shares for each matter resolved;
- 6) details of the queries and recommendations of the shareholders and the response or explanation etc. from the Board of Directors and the Supervisory Committee in relation thereto;
- 7) other matters which according to the opinion of the general meeting and the provisions of the Articles of Association shall be recorded in the minutes.

**A general meeting of shareholders shall have minutes which shall be prepared by the secretary to the Board of Directors.**

Minutes of a general meeting of shareholders shall contain the following contents:

- 1) the date and venue for convening the meeting, meeting agenda and the name of the convenor of the meeting;**
- 2) the name of person presiding over the meeting as well as those of the directors, supervisors, president and other senior officers who attend the meeting as voting and non-voting attendees;**
- 3) the number of shareholders and proxies attending the meeting, the proportion of the number of voting shares represented by the respective holders of the domestic shares (including proxies) and holders of the overseas-listed foreign shares (including proxies) attending the general meeting to the total number of shares of the Company;**
- 4) description on the entire course of consideration of each motion, the main points put forward by each speaker relating thereto and the voting results thereof; the results of the vote by holders of the domestic shares and holders of the overseas-listed foreign shares for each matter resolved;**
- 5) details of queries and recommendations of the shareholders and the corresponding response or explanation in relation thereto;**
- 6) the names of the legal advisers and persons responsible for counting the votes and for supervising the counting process; and**
- 7) other contents which should be recorded in the minutes as provided for in the Articles of Association.**

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## LETTER FROM THE BOARD

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**Provision before amendment**

Article 70

**Before amendment**

If a motion relating to election of directors or supervisors is adopted at a general meeting of shareholders, the term of office for the newly elected directors or supervisors shall be commenced from date of adoption of the resolution at the general meeting.

**After amendment**

If a motion relating to election of directors or supervisors is adopted at a general meeting of shareholders, the term of office for the newly elected directors or supervisors shall **commence on the date determined by resolution of the general meeting.**

(3) Proposed the amendment of the Rules of Procedure for Board of Directors Meetings as follows:

**Provision before amendment**

Article 2

**Before amendment**

.....

The following guarantees shall be subject to the approval of general meetings provided that the same have been considered and approved by Board of Directors meetings prior to being tabled at general meetings:

1. any guarantee to be provided by the Company and its subsidiaries in favour of a third party, with the total amount of which exceeds 50% of the audited net asset value for the most recent period;
2. guarantees to be provided in favour of an entity which is subject to a gearing ratio of over 70%;
3. guarantees to be provided in favour of any shareholder, person who exercises effective control over the Company and its related parties; and
4. other guarantees subject to the approval of general meetings in accordance with the laws, regulations and the Articles of Association.

.....

**After amendment**

.....

The following guarantees shall be subject to the approval of general meetings provided that the same have been considered and approved by Board of Directors meetings prior to being tabled at general meetings:

1. any guarantee to be provided by the Company and its subsidiaries in favour of a third party, with the total amount of which exceeds 50% of the audited net asset value for the most recent period;
2. **any guarantee to be provided after the total amount of third-party guarantee provided by the Company has reached or exceeded 30% of the audited total assets for the most recent period;**
3. guarantees to be provided in favour of an entity which is subject to a gearing ratio of over 70%;
4. **guarantees with a single guaranteed amount in excess of 10% of the audited net asset value for the most recent period;**
5. guarantees to be provided in favour of any shareholder, person who exercises effective control over the Company and its related parties; and
6. other guarantees subject to the approval of general meetings in accordance with the laws, regulations and the Articles of Association.

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## LETTER FROM THE BOARD

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**Provision before  
amendment**

**Before amendment**

**After amendment**

Article 7

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 director shall not be removed by the general meeting of shareholders, without cause, from his office before the expiration of his term of office.

The term of office of each director shall not be more than three years commencing **on the date determined by resolution of the general meeting** 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 director shall not be removed by the general meeting of shareholders, without cause, from his office before the expiration of his term of office.

.....

.....

Article 19

The Company shall appoint independent non-executive directors. Independent non-executive directors shall meet the following basic conditions:

The Company shall appoint independent non-executive directors. Independent non-executive directors shall meet the following basic conditions:

- 1) having the qualifications to assume the office of a director in a listed company pursuant to the laws, administrative regulations and other relevant provisions;
- 2) being independent as specified in Article 21 of the rule;

- 1) having the qualifications to assume the office of a director in a listed company pursuant to the laws, administrative regulations and other relevant provisions;
- 2) **being independent as required by laws, administrative regulations and other relevant regulations;**

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## LETTER FROM THE BOARD

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<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 28	<p>Specialist committees of the Board of Directors</p> <p>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 of audit, nomination, remuneration and evaluation, 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.</p>	<p>Specialist committees of the Board of Directors</p> <p>The Board of Directors may establish specialist committees such as audit, nomination, remuneration and evaluation, and <b>export compliance committees</b>. 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 of audit, nomination, remuneration and evaluation, and <b>export compliance committees</b>, shall be composed of directors in which independent non-executive directors shall form the majority and become convenors <b>(the export compliance committee shall comprise at least three independent non-executive directors)</b>. 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.</p>

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## LETTER FROM THE BOARD

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**Provision before  
amendment**

**Before amendment**

**After amendment**

Article 29

Each specialist committee shall have the following basic responsibilities:

Each specialist committee shall have the following basic responsibilities:

1) Major responsibilities of the audit committee are:

1) Major responsibilities of the audit committee are:

1. to propose the engagement or removal of external auditor;
2. to oversee the internal audit system of the Company and its implementation;
3. to be responsible for the communications between the internal auditor and the external auditor;
4. to examine and verify the financial information of the Company and the disclosure thereof; and
5. to examine the internal control system of the Company.

1. to propose the engagement or removal of external auditor;
2. to oversee the internal audit system of the Company and its implementation;
3. to be responsible for the communications between the internal auditor and the external auditor;
4. to examine and verify the financial information of the Company and the disclosure thereof; and
5. to examine the internal control system of the Company.

.....

.....

**4) Major responsibilities of the export compliance committee are:**

- 1. to understand the adequacy and effectiveness of the Company's internal policies, procedures and plans on export control and economic sanctions laws;**
- 2. to examine the export control and economic sanctions compliance functions of the Company;**
- 3. to receive and review audit reports and any other reports on the Company's export compliance;**
- 4. to deal with other matters as authorized by the Board.**



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## LETTER FROM THE BOARD

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<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Add a new clause / after Article 44		<b>Add:</b>  <b>Article 45 Working procedures for export compliance matters</b>  <b>The duties and working procedures of the export compliance committee shall be prescribed in the Working Rules for Export Compliance Committee of the Board of Directors.</b>

*Note:* Subsequent to the addition of clauses, the codes of the revised the Rules of Procedure for Board of Directors Meetings and cited clauses are adjusted accordingly.

It is proposed to authorise any Directors or the Secretary to the Board of Directors of the Company 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 Board of Directors Meetings in accordance with the law on behalf of the Company.

For details, please refer to Special Resolution No. 16 of the AGM Notice.

### **XII. PROPOSED EXPANSION OF THE BUSINESS SCOPE AND CORRESPONDING AMENDMENT OF RELEVANT CLAUSE IN THE ARTICLES OF ASSOCIATION**

The addition of “technological certification services” to the business scope and corresponding amendment of the Articles of Association is required as to the business development of the Company, details of which are set out below.

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## LETTER FROM THE BOARD

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### Before amendment

Article 14. The Company's scope of business shall be consistent with the scope of business approved by the authority responsible for the Company's registration.

The scope of business of the Company shall cover: production of program-controlled exchange systems, multi-media communication systems and communication transmission systems; research and production of mobile communication system equipment, satellite communications, microwave communication equipment, pagers, technical design, development, consultancy and services for projects of computer software/hardware, closed-circuit TV, microwave communications, automatic signal controls, computer data processing, process control systems, disaster warning system, new energy power generation and application systems; technical design, development, consultancy and services for wireline/wireless communication projects of railways, underground railways, urban rail transport, highways, mining plants, port terminals and airports (excluding restricted projects); research and development, production, sales, technical servicing, work installation and maintenance of communication power source and power distribution systems; research and development, production, sales, technical servicing, work installation and maintenance of data centre infrastructure and ancillary products (including power supply and distribution, air-conditioning refrigeration equipment, cooling passage and smart management systems); purchase and sales of electronic equipment and micro-electronic parts and components (excluding items subject to exclusive licenses, controls and distributorships); undertaking as contractor overseas and relevant projects as well as domestic projects subject to international tendering, import and export of equipment and materials required for the aforesaid overseas projects and deployment of staff responsible for implementing such overseas projects; technical development and purchase and sales of electronic system equipment (excluding restricted projects and items subject to exclusive licenses, controls and distributorships); undertaking of import and export businesses (under the certificate of qualifications issued by the Trade Development Council); undertaking of telecommunication projects as professional contractors (subject to the obtaining of a certificate of qualifications); leasing of owned properties. With the approval of the general meeting and relevant government authorities, the Company may lawfully modify and adjust its scope of business and mode of operation in response to changes in the domestic and international markets and its business development and capabilities.

### After amendment

Article 14. The Company's scope of business shall be consistent with the scope of business approved by the authority responsible for the Company's registration.

The scope of business of the Company shall cover: production of program-controlled exchange systems, multi-media communication systems and communication transmission systems; research and production of mobile communication system equipment, satellite communications, microwave communication equipment, pagers, technical design, development, consultancy and services for projects of computer software/hardware, closed-circuit TV, microwave communications, automatic signal controls, computer data processing, process control systems, disaster warning system, new energy power generation and application systems; technical design, development, consultancy and services for wireline/wireless communication projects of railways, underground railways, urban rail transport, highways, mining plants, port terminals and airports (excluding restricted projects); research and development, production, sales, technical servicing, work installation and maintenance of communication power source and power distribution systems; research and development, production, sales, technical servicing, work installation and maintenance of data centre infrastructure and ancillary products (including power supply and distribution, air-conditioning refrigeration equipment, cooling passage and smart management systems); purchase and sales of electronic equipment and micro-electronic parts and components (excluding items subject to exclusive licenses, controls and distributorships); undertaking as contractor overseas and relevant projects as well as domestic projects subject to international tendering, import and export of equipment and materials required for the aforesaid overseas projects and deployment of staff responsible for implementing such overseas projects; technical development and purchase and sales of electronic system equipment (excluding restricted projects and items subject to exclusive licenses, controls and distributorships); undertaking of import and export businesses (under the certificate of qualifications issued by the Trade Development Council); undertaking of telecommunication projects as professional contractors (subject to the obtaining of a certificate of qualifications); leasing of owned properties; **technological certification services**. With the approval of the general meeting and relevant government authorities, the Company may lawfully modify and adjust its scope of business and mode of operation in response to changes in the domestic and international markets and its business development and capabilities.

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## LETTER FROM THE BOARD

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As the amendment of the scope of business is subject to the completion of relevant procedures with the industrial and commercial registration authorities, the amended scope of business of the Company is subject to the finalised scope of business approved by the industrial and commercial registration authorities. Authorisation is sought from the general meeting for the Board and its delegated parties to process registration, filing of the Articles of Association and other matters in relation to the aforesaid amendment of scope of business with the industrial and commercial registration authorities and to make necessary modifications to matters relating to the amendment of the scope of business of the Company in accordance with the approval opinion or requirements of the industrial and commercial registration authorities or other pertinent authorities.

For details, please refer to Special Resolution No. 17 of the AGM Notice.

### XIII. PROPOSED AMENDMENT OF THE RULES OF PROCEDURE FOR SUPERVISORY COMMITTEE MEETINGS

Due to the amendment of relevant articles of the Articles of Association and in order to standardize the notice time of the meeting of the Supervisory Committee, the Company has proposed to amend the Rules of Procedure for Supervisory Committee Meetings.

The Rules of Procedure for Supervisory Committee Meetings are drafted in Chinese without any official English versions. Hence, any English versions are provided for reference only and the Chinese version shall prevail in case of any discrepancies.

<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 9	Persons subject to provisions under Article 147 of the Company Law and prohibition from market entry by PRC securities administration authorities currently in force, as well as civil servants of the State, shall not be eligible to serve as supervisors of the Company.	Persons subject to <b>pertinent provisions</b> under the Company Law and prohibition from market entry by PRC securities administration authorities currently in force, as well as civil servants of the State, shall not be eligible to serve as supervisors of the Company.
Article 12	A supervisor who fails to attend in person two consecutive Supervisory Committee meetings shall be deemed to be unable to perform his duties and shall be removed from his office at the general meeting of shareholders or employee representatives' meeting.	<b>Delete.</b>

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## LETTER FROM THE BOARD

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<b>Provision before amendment</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 22	Meetings of the Supervisory Committee shall be held once every six months and shall be convened by the chairman of the Supervisory Committee. Supervisors may propose to convene an extraordinary Supervisory Committee meeting.	Meetings of the Supervisory Committee shall be held once every six months and shall be convened by the chairman of the Supervisory Committee. <b>The notice of the Supervisory Committee meeting shall be served on all supervisors ten days prior to the meeting.</b>  Supervisors may propose to convene an extraordinary Supervisory Committee meeting. <b>The notice of the extraordinary Supervisory Committee meeting shall be served on all supervisors three days prior to the meeting.</b>
Article 23	The notice of the Supervisory Committee meeting shall be served on all supervisors ten days prior to the meeting.	The notice of the Supervisory Committee meeting shall be served on all supervisors <b>within the time stipulated in the Rule.</b>
	.....	.....

*Note:* Subsequent to the deletion of clauses, the codes of the revised the Rules of Procedure for Supervisory Committee Meetings and cited clauses are adjusted accordingly.

It is proposed to authorise any Supervisors or the Secretary to the Board of Directors of the Company 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.

For details, please refer to Special Resolution No. 18 of the AGM Notice.

#### XIV. AGM

##### **AGM Notice, Proxy Form**

The AGM will be convened by the Company at 2:30 p.m. on Friday, 25 June 2021 at 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, pass, among others, the following resolutions: (1) Proposal for Profit Distribution for 2020; (2) Proposed Alignment in Preparation of Financial Statements in accordance with PRC ASBEs and Cessation to Re-appoint Overseas Financial Report Auditor; (3) Proposed General Mandate to Issue Shares for 2021; (4) Proposed Limits of Derivative Investment for 2021; (5) Proposed Provision of Performance Guarantee for ZTE Indonesia; (6) Proposed Provision of Performance Guarantee Limits for Overseas Subsidiaries for 2021; (7) Proposed Limits of Composite Credit Facilities for 2021; (8) Proposed Application for Consolidated Registration for Issuance of Multiple Types of Debt Financing Instruments for 2021; (9) Proposed Shareholders' Dividend and Return Plan (2021–2023); (10) Proposed

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## LETTER FROM THE BOARD

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Amendment of the Articles of Association, the Rules of Procedure for General Meetings of Shareholders and the Rules of Procedure for Board of Directors Meetings; (11) Proposed Expansion of the Business Scope and Corresponding Amendment of Relevant Clause in the Articles of Association; (12) Proposed Amendment of the Rules of Procedure for Supervisory Committee Meetings. The AGM Notice is set out on pages 37 to 46 of this circular.

A proxy form for use at the AGM is enclosed with this circular and uploaded on the websites of the SEHK and the Company. Whether or not you are able to attend the AGM, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjourned meeting thereof should you so wish.

### **Close of share register**

The Company will close its H share register from Friday, 18 June 2021 to Friday, 25 June 2021 (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., Thursday, 17 June 2021.

The Company will close its H share register from Saturday, 3 July 2021 to Thursday, 8 July 2021 (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., Friday, 2 July 2021.

The record date and method of payment for the Dividends of A Shareholders shall be separately notified.

### **Voting by way of poll at a general meeting**

In accordance with Rule 13.39 (4) of the Hong Kong Listing Rules, all resolutions proposed at a general meeting for consideration and approval if though fit shall be voted upon by way of poll, provided that resolutions pertaining to procedural or administrative matters only may be voted upon by a show of hands if permission for the same is given in good faith by the chairman of the general meeting.

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## LETTER FROM THE BOARD

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### XV. RECOMMENDATION

The Board is of the view that the resolutions set out in the AGM Notice in respect of the: (1) Proposal for Profit Distribution for 2020; (2) Proposed Alignment in Preparation of Financial Statements in accordance with PRC ASBEs and Cessation to Re-appoint Overseas Financial Report Auditor; (3) Proposed General Mandate to Issue Shares for 2021; (4) Proposed Limits of Derivative Investment for 2021; (5) Proposed Provision of Performance Guarantee for ZTE Indonesia; (6) Proposed Provision of Performance Guarantee Limits for Overseas Subsidiaries for 2021; (7) Proposed Limits of Composite Credit Facilities for 2021; (8) Proposed Application for Consolidated Registration for Issuance of Multiple Types of Debt Financing Instruments for 2021; (9) Proposed Shareholders' Dividend and Return Plan (2021–2023); (10) Proposed Amendment of the Articles of Association, the Rules of Procedure for General Meetings of Shareholders and the Rules of Procedure for Board of Directors Meetings; (11) Proposed Expansion of the Business Scope and Corresponding Amendment of Relevant Clause in the Articles of Association; (12) Proposed Amendment of the Rules of Procedure for Supervisory Committee Meetings, are in the best interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the relevant resolutions at the AGM.

### XVI. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By Order of the Board  
**Li Zixue**  
**ZTE Corporation**  
*Chairman*

Shenzhen, the PRC  
26 May 2021

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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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 2020 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 and that there is no false and misleading statement or material omission in this information disclosure.*

**NOTICE IS HEREBY GIVEN** that the 2020 Annual General Meeting (the “AGM”) of ZTE Corporation (the “Company”) will be convened at 2:30 p.m., on Friday, 25 June 2021 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 26 May 2021, unless otherwise required by the context):

#### **Ordinary Resolutions**

- 1. 2020 Annual Report (including 2020 financial report audited by the PRC and Hong Kong auditors);**
- 2. 2020 Report of the Board of Directors;**
- 3. 2020 Report of the Supervisory Committee;**
- 4. 2020 Report of the President;**
- 5. Final Financial Accounts for 2020;**

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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### **6. Proposal for Profit Distribution for 2020;**

“That:

Proposal for Profit Distribution for 2020 tabled by the Board of Directors of the Company be approved.

Proposal for Profit Distribution for 2020:

Distribution of RMB2 in cash (before tax) for every 10 shares to all shareholders based on the total share capital (including A shares and H shares) as at the record date for profit distribution and dividend payment. In the event of changes in the Company’s total share capital after the announcement of the Company’s profit distribution proposal for 2020 but before its implementation, the total amount of distribution shall be readjusted in accordance with the law on the basis of the total share capital (including A shares and H shares) as at the record date for profit and dividend distribution for the purpose of the profit distribution proposal for 2020 according to the existing proportion for distribution.

The Board of Directors hereby request the general meeting to authorise any Directors or the Secretary to the Board of Directors to deal in accordance with the law with matters relating to profit distribution for 2020.”

Dividend payments are expected to be made to Shareholders on 20 August 2021.

### **7. Resolution on the Feasibility Analysis of Derivative Investment and the Application for Derivative Investment Limits for 2021;**

- (1) That the Report on the Feasibility Analysis of Derivative Investment be approved, and is of the view that the derivative investment is feasible.
- (2) That the Company be authorised by the general meeting to invest in value protection derivative products with a limit of the equivalent of USD3.0 billion (namely, the outstanding investment amount at any point of time during the effective period of the authorisation shall not exceed the equivalent of USD3.0 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:
  - i. The investment limit for foreign exchange derivatives shall be USD2.7 billion, such foreign exchange derivative being used for value protection against foreign exchange exposure, future income or forecast of future revenue and expenditure.



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- ii. The limit for interest rate swap shall be USD0.3 billion, such interest rate swap being used for value protection against foreign currency loans at floating interest rates.

**8. Resolution on the Provision of Performance Guarantee for PT. ZTE INDONESIA, a Subsidiary;**

- (1) It is agreed that the Company shall provide joint-liability guarantee in respect of the performance obligations of PT. ZTE INDONESIA (“ZTE Indonesia”) under the “Equipment Purchase Contract” and the “Technical Support Contract” for an amount of USD40 million, with a term commencing on the date of issuance of a letter of guarantee by the Company and ending on the date on which the performance obligations of ZTE Indonesia under the “Equipment Purchase Contract” and the “Technical Support Contract” are completed in full.
- (2) It is agreed that the Company shall apply to the relevant bank for the issuance of a bank letter of guarantee to provide guarantee with an amount of IDR400 billion in respect of the performance obligations of ZTE Indonesia under the “Equipment Purchase Contract” and the “Technical Support Contract”, effective from the date of issuance of the bank letter of guarantee for a period of 3 years and 6 months or until the date on which the performance obligations of ZTE Indonesia under the “Equipment Purchase Contract” and the “Technical Support Contract” are completed in full, whichever is later.
- (3) It is agreed that the legal representative of the Company or his duly appointed attorney be authorized to sign pertinent legal contracts and documents in law.

**9. Resolution on the Provision of Performance Guarantee Limits for Overseas Subsidiaries for 2021;**

- (1) That the provision of guarantee limits for 11 overseas subsidiaries involved in MTN Group projects by the Company be approved, the details of which are as follows:
  - i. It is agreed that the Company shall provide guarantee in respect of the performance obligations of 11 overseas subsidiaries involved in MTN Group projects under the “Framework Agreement” and its subsidiary contracts for an amount of not more than USD160 million, effective from the date on which a guarantee certificate is issued by the Company to MTN Group to the date on which the “Framework Agreement” expires, in any event not more than 5 years from the date on which the “Framework Agreement” comes into effect.

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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- ii. It is agreed that the Company shall apply to the relevant bank for the issuance of a bank letter of guarantee to provide guarantee with an amount of not more than USD16 million in respect of the performance obligations of 11 overseas subsidiaries involved in MTN Group projects under the “Framework Agreement” and its subsidiary contracts, effective from the date of issuance of the letter of guarantee by the bank to the date on which the performance of obligations under the “Framework Agreement” and its subsidiary contracts is completed.
    - iii. It is agreed that the legal representative of the Company or his duly appointed attorney be authorized to sign pertinent legal contracts and documents in law.
  - (2) That the provision of performance guarantee limits for 11 overseas subsidiaries by the Company be approved (excluding the aforesaid provision of guarantee limits for MTN Group projects), the details of which are as follows:
    - i. That the provision of performance guarantee (including but not limited to the execution of guarantee agreements by the parent company) with a total amount of not more than USD400 million for 11 overseas subsidiaries (excluding the aforesaid provision of guarantee limits for MTN Group projects) 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 general meeting of the Company and ending on the date on which the next annual general meeting of the Company is convened be approved.
    - ii. That the authorisation of the Board of Directors to approve specific guarantees within the aforesaid limit be approved.

### Special Resolution

#### **10. Resolution on the Proposed Application for Consolidated Registration for Issuance of Multiple Types of Debt Financing Instruments for 2021;**

- (1) That the consolidated registration for issuance of multiple types of debt financing instruments by the Company be approved.
- (2) That the authorization to the Company’s legal representative or the competent representative authorised by the legal representative to deal with matters pertaining to the registration and issuance of multiple types of debt financing instruments be approved, including but not limited to: (i) to the extent permitted under laws and regulations, the formulation, revision and adjustment of specific issuance plans for debt financing instruments (including but not limited to the type, timing, amount and number of tranches of issuance and all other matters pertaining to the registration and issuance of specific debt financing instruments) in accordance with the

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issuance policy of regulatory authorities, market conditions and the Company's requirements, and examination, revision, execution, submission and implementation of and decision to publish agreements, announcements, forms, letters and all other requisite documents, including but not limited to issuance application documents, issue memorandum, underwriting agreements and relevant legal documents, among others, pertaining to the registration and issuance of debt financing instruments; (ii) appointment of intermediary institutions, including but not limited to the lead underwriter and bookkeeper, in relation to the registration and issuance; (iii) processing the registration, issuance, listing and trading, principal and interest payment and all other matters pertaining to the multiple types of debt financing instruments; (iv) in the event of changes in regulatory policies or market conditions, making appropriate adjustments to pertinent matters such as specific plans for the issuance of multiple types of debt financing instruments or determining, based on actual conditions, whether to proceed with procedures relating to the specific issuance of debt financing instruments in accordance with the opinion of regulatory authorities; (v) performing information disclosure in accordance with applicable regulatory provisions; (vi) dealing with other matters pertaining to the issuance of multiple types of debt financing instruments not included in the above; (vii) the authorisation shall come into effect on the date of consideration and approval at the general meeting and shall remain in effect during the valid period of registration of the multiple types of debt financing instruments.

### Ordinary Resolutions

#### **11. Resolution on the Proposed Application for Composite Credit Facilities for 2021;**

That the Company's application to China Development Bank, Shenzhen Branch for USD4.0 billion composite credit facilities be approved. The said composite credit facilities are subject to approval by the bank. The Company is required to undergo necessary approval procedures in accordance with its current internal regulations and the requirements of pertinent laws, regulations and the listing rules when processing specific transactions under such composite credit facilities.

That the Board of Directors be authorised to adjust the details and actual duration of the credit facilities pursuant to the Company's requirements or negotiations with the bank, subject to the aforesaid cap of USD4.0 billion for the composite credit facilities and within the period considered and approved by the general meeting. The Board of Directors and legal representative of the Company or his authorised signatory are authorised to negotiate with the banks and sign all legal contracts and documents relating to the aforesaid composite credit facilities or transactions under such composite credit facilities.

The resolution shall be valid with effect from the date on which it is considered and approved at the 2020 Annual General Meeting until (1) the approval of the next new credit facilities with the financial institution by the Company's internal competent

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authorities, or (2) 30 June 2022 (whichever is earlier). Unless otherwise stipulated under laws and regulations or the Articles of Association or owing to business requirements, no subsequent resolution of the Board of Directors is required with respect to any single application for financing operations within such cap under such credit facility. The legal representative of the Company, or his authorised signatory, is authorised by the Board of Directors to sign, during the effective period of the composite credit facilities granted by the bank and to the extent permitted under laws and regulations and the Articles of Association, all legal contracts and documents relating to the composite credit facilities or transactions under the composite credit facilities.

### **12. Resolution on the Alignment in Preparation of Financial Statements in accordance with PRC ASBEs and Cessation to Re-appoint Overseas Financial Report Auditor;**

That the alignment in preparation of financial statements and disclosure of relevant financial information in accordance with PRC accounting standards for business enterprises starting from the announcement of the half-yearly financial report and interim results of 2021 and the cessation to re-appoint Ernst & Young as the Company's overseas financial report auditor be approved.

### **13. Resolutions on the Appointment of the Auditor for 2021 (vote item by item);**

13.1 Re-appointment of Ernst & Young Hua Ming LLP as the auditor of the Company's financial report for 2021 and the financial report audit fees be in the amount of RMB7.90 million (including relevant tax expenses but excluding meal expenses);

13.2 Re-appointment of Ernst & Young Hua Ming LLP as the internal control auditor of the Company for 2021 and the internal control audit fees be in the amount of RMB1.20 million (including relevant tax expenses but excluding meal expenses).

### **Special Resolutions**

### **14. Resolution of the Company on the Application for General Mandate for 2021;**

**“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) subject to the approval at the general meeting of the Company, to separately or concurrently allot, issue and deal with additional domestic shares and overseas-listed foreign shares (“H Shares”) of the

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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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, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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;
- (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 the general mandate as stated under paragraph (1) of this resolution, the Board of Directors hereby requests the general meeting of the Company to authorise the Board of Directors to approve and execute all documents and deeds and handle all matters or to procure the execution of such documents and deeds and the handling of such matters 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

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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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 hereby requests the general meeting of the Company to authorise the Board of Directors to amend the Articles of Association as they deem appropriate to increase the registered share capital of the Company and to reflect the new share capital structure of the Company following the proposed allotment and issue of shares of the Company pursuant to paragraph (1) of this resolution.”

- 15. Resolution on the Shareholders’ Dividend and Return Plan (2021–2023);**
- 16. 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;**
- 17. Resolution on Expansion of the Business Scope and Corresponding Amendment of Relevant Clause in the Articles of Association;**
- 18. Resolution on the Amendment of the Rules of Procedure for Supervisory Committee Meetings.**

Resolution No. 13 will be voted upon on an item-by-item basis.

Resolutions No. 10, Nos. 14–18 are special resolutions which shall require the approval of two-thirds of the voting rights held by shareholders attending the Meeting in order to be passed. Other resolutions are ordinary resolutions which shall require the approval of one-second of the voting rights held by shareholders attending the Meeting in order to be passed.

Resolution No. 8 has been considered and approved at the Thirty-second Meeting of the Eighth Session of the Board of Directors of the Company held on 10 February 2021. For the details, please refer to the “Overseas Regulatory Announcement Announcement on Third-party Guarantee” published by the Company on 18 February 2021. Resolution No. 13 has been considered and approved at the Thirty-fourth Meeting of the Eighth Session of the Board of Directors of the Company held on 28 April 2021. For the details, please refer to the “Overseas Regulatory Announcement” published by the Company on 28 April 2021. Resolution No. 17 has been considered and approved at the Thirty-fifth Meeting of the Eighth Session of the Board of Directors of the Company held on 25 May 2021. For the details, please refer to the “Announcement Resolutions of the Thirty-fifth Meeting of the Eighth Session of the Board of Directors” published by the Company on 25 May 2021. Other resolutions have been considered and approved at the Thirty-third Meeting of the Eighth Session



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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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of the Board of Directors of the Company held on 16 March 2021. For the details of the aforesaid resolutions, please refer to the relevant announcements published by the Company on 16 March 2021.

**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 Friday, 18 June 2021 to Friday, 25 June 2021 (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., Thursday, 17 June 2021.**
- 2. The Company will close its H share register from Saturday, 3 July 2021 to Thursday, 8 July 2021 (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., Friday, 2 July 2021.**
3. 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.
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.

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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  
**Li Zixue**  
Chairman

Shenzhen, the PRC  
26 May 2021

*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, Gordon Ng, Zhuang Jiansheng.*