
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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 of Profit Distribution for 2021**
(2) Proposed General Mandate to Issue Shares for 2022
(3) Proposed Mandate to the Board to Repurchase A Shares
(4) Proposed Limits of Derivative Investment for 2022
(5) Proposed Provision of Guarantee Limits for Subsidiaries for 2022
(6) Proposed Limits of Composite Credit Facilities for 2022
And
(7) Notice of the 2021 Annual General Meeting

A letter from the Board is set out in pages 5 to 15 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 3:00 p.m. on Thursday, 21 April 2022 is set out in pages 16 to 23 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.

1 April 2022

CONTENTS

	<i>Page</i>
DEFINITIONS	1
EXPECTED TIMETABLE	4
LETTER FROM THE BOARD	5
NOTICE OF THE 2021 ANNUAL GENERAL MEETING	16

DEFINITIONS

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

“AGM”	the 2021 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 3:00 p.m. on Thursday, 21 April 2022
“AGM Notice”	notice of the 2021 annual general meeting
“Articles of Association”	the articles of association of the Company
“A Shareholders”	holders of A Shares
“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
“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 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 RMB3 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. 11 of AGM Notice
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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

DEFINITIONS

“H Shareholders”	holders of H Shares
“H Share Record Date”	3 May 2022, the date determined by the Board for determining the H Shareholders’ entitlements to the Dividends
“Latest Practicable Date”	Wednesday, 30 March 2022, being the latest practicable date prior to the printing of this circular for determining certain information set out in this circular
“Netaş”	NETAŞ TELEKOMÜNİKASYON A.Ş., a subsidiary of the Company, listed in Turkey
“Netaş and its subsidiaries”	Netaş and its three subsidiaries including Netaş Bilişim Teknolojileri A.Ş ` BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret.A.Ş.and Netaş Telecom Limited Liability Partnership
“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
“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.

DEFINITIONS

“8 subsidiaries”

ZTE Japan K.K., PT. ZTE INDONESIA, ZTE Corporation Bangladesh LTD, Foreign Limited Liability Company “ZTE”, ZTE (Malaysia) Corporation SDN. BHD, ZTE (Thailand) Company Limited, ZTE (H.K.) Limited and NETAŞ TELEKOMÜNİKASYON A.Ş., the subsidiaries of the Company

EXPECTED TIMETABLE

2022

Latest time for lodging transfers of the H Shares to
qualify for attendance and voting at the AGM 4:30 p.m., Wednesday, 13 April

H Share register closed Thursday, 14 April to Thursday, 21 April
(both dates inclusive)

Latest time for lodging proxy forms for the AGM 3:00 p.m., Wednesday, 20 April

AGM 3:00 p.m., Thursday, 21 April

H Share register re-opens Friday, 22 April

Last day of dealings in the H Shares cum-entitlements
to the Dividends Monday, 25 April

First day of dealings in the H Shares ex-entitlements to
the Dividends Tuesday, 26 April

Latest time for lodging transfers of the H Shares to
qualify for the Dividends 4:30 p.m., Wednesday, 27 April

H Share register closed Thursday, 28 April to Tuesday, 3 May
(both dates inclusive)

H Share Record Date Tuesday, 3 May

H Share register re-opens Wednesday, 4 May



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 of Profit Distribution for 2021**
- (2) Proposed General Mandate to Issue Shares for 2022**
- (3) Proposed Mandate to the Board to Repurchase A Shares**
- (4) Proposed Limits of Derivative Investment for 2022**
- (5) Proposed Provision of Guarantee Limits for Subsidiaries for 2022**
- (6) Proposed Limits of Composite Credit Facilities for 2022**
- And**
- (7) Notice of the 2021 Annual General Meeting**

LETTER FROM THE BOARD

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 of Profit Distribution for 2021
2. Proposed General Mandate to Issue Shares for 2022
3. Proposed Mandate to the Board to Repurchase A Shares
4. Proposed Limits of Derivative Investment for 2022
5. Proposed Provision of Guarantee Limits for Subsidiaries for 2022
6. Proposed Limits of Composite Credit Facilities for 2022

II. PROPOSAL OF PROFIT DISTRIBUTION FOR 2021

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 RMB3 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 2021. In the event of changes in the Company's total share capital after the announcement of the Company's profit distribution proposal for 2021 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 2021 according to the existing proportion for distribution. Dividend payments are expected to be made to Shareholders on 20 May 2022.

The Company's total share capital was 4,733,828,232 shares as at the Latest Practicable Date. There are 2,284,276 outstanding options exercisable in the third exercise period under the 2017 A share option incentive scheme of the Company and the third exercise period is the dates on which the share options are exercisable during the period from 14 July 2021 to 5 July 2022. There are 51,375,352 outstanding options exercisable in the first exercise period of the first grant under the 2020 A share option incentive scheme of the Company and the first exercise period is the dates on which the share options are exercisable during the period from 17 November 2021 to 5 November 2022. Assuming the said options are fully exercised prior to the A share record date of dividend distribution, 4,787,487,860 shares in the Company will be entitled to dividend payment, which will result in a total dividend amount of not more than RMB1.44 billion.

LETTER FROM THE BOARD

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 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

LETTER FROM THE BOARD

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 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) and "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).

In accordance with Article 67 of the Articles of Association, approval of the proposal of profit distribution for 2021 will be sought at the AGM.

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

III. PROPOSED GENERAL MANDATE TO ISSUE SHARES FOR 2022

At the previous annual general meeting of the Company held on 25 June 2021, 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 held on 25 June 2021. 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 3,978,325,698 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 795,665,139 A Shares (subject to adjustment in the event of exercise of share options under the share option incentive scheme of A Shares of the Company) 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

LETTER FROM THE BOARD

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. 11 of the AGM Notice.

IV. PROPOSED MANDATE TO THE BOARD TO REPURCHASE A SHARES

Pursuant to the "Resolution on the tabling of the 2022 A Share Repurchase Mandate Proposal of the Company at the General Meeting for approval" passed at the First Extraordinary General Meeting of 2022 of the Company held on 30 March 2022, a mandate was granted to the Board for the repurchase of A shares representing not more than 2% of the Company's A share capital as at 30 March 2022, which said mandate shall lapse upon the conclusion of the AGM (i.e., 21 April 2022).

The Company proposed to request the AGM to renew the A share repurchase mandate granted to the Board, for a volume of A shares to be determined by the Board in accordance with pertinent laws and regulations as authorised by the AGM subject to a limit representing 2% of the A share capital of the Company in issue as at the date on which the "Resolution on 2022 A Share Repurchase Mandate Proposal (effective from the 2021 Annual General Meeting)" (the "**Resolution**") is considered and passed at the AGM. The mandate shall be in effect from the date on which the Resolution is considered and passed at the AGM to the earlier of the following: (i) the date on which the 2022 annual general meeting of the Company concludes (unless extended by way of resolution at the said meeting); or (ii) the date of the general meeting at which the mandate is revoked or modified by the shareholders by way of resolution.

Reference is made to the "Overseas Regulatory Announcement Announcement on 2022 A Share Repurchase Mandate Proposal (effective from the 2021 Annual General Meeting)" published by the Company on 30 March 2022.

The Company has proposed to seek the mandate of the AGM authorising the Board of the Company to determine upon and implement the Company's repurchase of A shares in accordance with the law. The mandate is required to be approved by way of resolution at a Board meeting at which over two-thirds of the Directors were present.

The A share repurchase shall be conducted in connection with any one of the following: (i) employee share ownership schemes or share incentives; (ii) conversion of convertible bonds issued by the Company. The A share repurchase shall be conducted by way of call auction in the share trading system of Shenzhen Stock Exchange. Funds applied in the A share repurchase shall be the Company's internal funds or other funds in compliance with the requirements of laws and regulations. The price of the A share repurchase shall be determined and finalised by the Board as authorised by the AGM in accordance with pertinent laws and regulations, taking into account a number of factors, such as conditions in the capital market, movements in the share price of the Company and the Company's financial and operating conditions, among others. The volume of A shares to be repurchased shall be determined by the Board as authorised by the AGM in

LETTER FROM THE BOARD

accordance with pertinent laws and regulations within the limit of its mandate subject to a cap of 2% of the issued A share capital of the Company as at the date on which the Resolution is considered and passed at the AGM.

As at the Latest Practicable Date, the Company's issued share capital comprised 3,978,325,698 A Shares. Subject to the granting of the mandate being approved and assuming that no additional Shares will be issued prior to the AGM, the Board will be entitled to repurchase a maximum of 79,566,513 A Shares (subject to adjustment in the event of exercise of share options under the share option incentive scheme of A Shares of the Company).

In order to capture market opportunities in a timely manner, the AGM shall grant to the Board a mandate, which may be delegated by the Board to relevant persons, with full discretion to deal with matters relating to the A share repurchase. The scope of the mandate shall include, but not be limited to, the following:

1. To confirm the final plan and terms of repurchase and deal with matters pertaining to the share repurchase in accordance with the provisions of laws, regulations, rules and regulatory documents, taking into account the actual conditions of the Company and the market;
2. To amend, adjust or determine at its discretion based on prevailing circumstances matters relating to the repurchase plan, including but not limited to: the specific use of the share repurchase, the total repurchase amount, the price of the share repurchase, the volume of the share repurchase, implementation of the repurchase, or whether the repurchase plan shall proceed or be terminated, save in relation to matters required to be voted upon anew at the general meeting under pertinent laws, regulations, rules, regulatory documents, requirements of regulatory authorities and the Articles of Association;
3. To open a dedicated securities account and other relevant securities accounts for the repurchase;
4. To repurchase shares at timings deemed appropriate during the repurchase period, including the timing, price and volume of repurchase;
5. To adjust the repurchase plan and continue to deal with matters pertaining to the share repurchase in accordance with pertinent laws and regulations and requirements of regulatory authorities, taking into account market conditions and the actual conditions of the Company, in the event of new requirements on the policy for share repurchases stipulated under laws and regulations or announced by securities regulatory authorities or changes in market conditions, save in relation to matters required to be voted upon anew at the general meeting under pertinent laws, regulations, requirements of regulatory authorities or the Articles of Association;

LETTER FROM THE BOARD

6. To prepare, amend, supplement, execute, deliver, submit and implement all agreements, contracts and documents incurred in the course of the share repurchase and to report as required;
7. To notify creditors and communicate with creditor to reach debt settlements;
8. To deal with all other matters that are not stated above but are necessary for the share repurchase.

The mandate shall be in effect from the date on which the Resolution is considered and passed at the AGM to the earlier of the following: (i) the date on which the 2022 annual general meeting of the Company concludes (unless extended by way of resolution at the said meeting); or (ii) the date of the general meeting at which the mandate is revoked or modified by the shareholders by way of resolution.

The abovementioned mandate to repurchase A shares will not cause the percentage of shares in the Company held by the public to fall below 25% of the total issued shares of the Company. The Directors are not aware of any consequences under The Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong that might result from any repurchase of A shares pursuant to the mandate.

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

V. PROPOSED LIMITS OF DERIVATIVE INVESTMENT FOR 2022

Reference is made to the “Overseas Regulatory Announcement Announcement on the Application for Derivative Investment Limits for 2022” published by the Company on 8 March 2022.

At the previous annual general meeting of the Company held on 25 June 2021, 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 equivalent of USD2.8 billion (namely, the investment balance at any point of time during the effective period of the authorisation shall not exceed the equivalent of USD2.8 billion) for 2022. Such limit may be applied on a revolving basis during the effective period of the authorisation. In accordance with Article 158 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 2022 will be sought at the AGM.

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

LETTER FROM THE BOARD

VI. PROPOSED PROVISION OF GUARANTEE LIMITS FOR SUBSIDIARIES FOR 2022

Reference is made to the “Overseas Regulatory Announcement Announcement Provision of Guarantee Limits for Subsidiaries for 2022” published by the Company on 8 March 2022.

At the previous annual general meeting of the Company held on 25 June 2021, the Board of Directors were authorised to handle the provision of contract performance guarantee by the Company for 11 overseas subsidiaries within the limit of USD400 million. Such authorisation will expire upon the close of the AGM.

To consistently ensure smooth progress of the Group’s business, the Company and its subsidiaries have proposed to provide a guarantee amount of not exceeding USD420 million in aggregate for the following subsidiaries for 2022.

(I) Provision of guarantee limits for subsidiaries by the Company

The Company has proposed to provide performance guarantees (including but not limited to the execution of guarantee agreements by the parent company) with an aggregate amount of not more than USD300 million for 8 subsidiaries. The aforesaid guarantee amount will be applied on a revolving basis during an effective period commencing on the date on which the said matter 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.

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 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 the 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.

LETTER FROM THE BOARD

(II) Provision of guarantee limits for subsidiaries by the subsidiaries of the Company

Netaş, a subsidiary of the Company and its 3 subsidiaries have proposed the reciprocal provision of joint-liability guarantee in respect of composite credit facilities sought from financial institutions for an amount of equivalent of not more than USD120 million. The guaranteed parties shall apply to financial institutions for credit facilities such as, among others, loans, guarantee letters and reverse supply-chain financing. The aforesaid guarantee amount will be applied on a revolving basis during an effective period commencing on the date which the said matter is considered and approved at the Company's general meeting and ending on the date of the Company's next annual general meeting. The actual amount and term of guarantee shall be confirmed by Netaş and its subsidiaries based on negotiations with the financial institutions and actual conditions, subject to the authorised limit of guarantee.

In accordance with Chapter 6 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 provision of a guarantee amount for said subsidiaries is sought.

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

VII. PROPOSED LIMITS OF COMPOSITE CREDIT FACILITIES FOR 2022

The Company proposes to apply to China Development Bank, Shenzhen Branch for composite credit facilities of USD5 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 6 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 will be sought at the AGM.

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

LETTER FROM THE BOARD

VIII. AGM

AGM Notice, Proxy Form

The AGM will be convened by the Company at 3:00 p.m. on Thursday, 21 April 2022 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 of Profit Distribution for 2021, (2) Proposed General Mandate to Issue Shares for 2022, (3) Proposed Mandate to the Board to Repurchase A Shares, (4) Proposed Limits of Derivative Investment for 2022, (5) Proposed Provision of Guarantee Limits for Subsidiaries for 2022, (6) Proposed Limits of Composite Credit Facilities for 2022. The AGM Notice is set out on pages 16 to 23 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 Thursday, 14 April 2022 to Thursday, 21 April 2022 (both dates 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., Wednesday, 13 April 2022.

The Company will close its H share register from Thursday, 28 April 2022 to Tuesday, 3 May 2022 (both dates inclusive) to determine qualifications of Shareholders to receive the Dividends. Any H Shareholder who wishes to qualify for the Dividends shall lodge an instrument of transfer, together with the corresponding share certificate(s) with Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m., Wednesday, 27 April 2022.

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

LETTER FROM THE BOARD

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.

IX. RECOMMENDATION

The Board is of the view that the resolutions set out in the AGM Notice in respect of the: (1) Proposal of Profit Distribution for 2021, (2) Proposed General Mandate to Issue Shares for 2022, (3) Proposed Mandate to the Board to Repurchase A Shares, (4) Proposed Limits of Derivative Investment for 2022, (5) Proposed Provision of Guarantee Limits for Subsidiaries for 2022, (6) Proposed Limits of Composite Credit Facilities for 2022, 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.

X. 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
1 April 2022

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2021 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 2021 Annual General Meeting (the “AGM”) of ZTE Corporation (the “Company”) will be convened at 3:00 p.m., on Thursday, 21 April 2022 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 1 April 2022, unless otherwise required by the context):

Ordinary Resolutions

- 1. 2021 Annual Report (including 2021 financial report of the Company audited by the Auditor);**
- 2. 2021 Report of the Board of Directors;**
- 3. 2021 Report of the Supervisory Committee;**
- 4. 2021 Report of the President;**
- 5. Final Financial Accounts for 2021;**

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

6. Proposal of Profit Distribution for 2021;

Proposal of Profit Distribution for 2021 tabled by the Board of Directors of the Company be approved.

Proposal of Profit Distribution for 2021:

Distribution of RMB3 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 2021 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 2021 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 with matters pertaining to profit distribution for 2021 in accordance with the law.

7. Resolution on the Feasibility Analysis of Derivative Investment and the Application for Derivative Investment Limits for 2022;

- (1) That the Report on the Feasibility Analysis of Derivative Investment be approved, and Board of Directors 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 USD2.8 billion (namely, the outstanding investment amount at any point of time during the effective period of the authorisation shall not exceed the equivalent of USD2.8 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 the equivalent of USD2.5 billion, such foreign exchange derivative being used for value protection against foreign exchange exposure, future income or forecast of future revenue and expenditure.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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

8. Resolution on the Provision of Guarantee Limits for Subsidiaries for 2022;

- (1) That the provision of performance guarantee limits for 8 subsidiaries by the Company be approved, 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 USD300 million for 8 subsidiaries by the Company on a revolving basis for an effective term commencing from the date on which the said matter is considered and approved at the general meeting of the Company and ending from 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.

- (2) That the reciprocal provision of guarantee among NETAŞ TELEKOMÜNİKASYON A.Ş. (“Netaş”), a subsidiary of the Company, and its subsidiaries be approved, the details of which are as follows:

- i. That the proposed reciprocal provision of joint-liability guarantee among Netaş and its subsidiaries in respect of composite credit facilities sought from financial institutions for an amount of the equivalent of not more than USD120 million to be applied on a revolving basis for an effective period commencing from the date on which the said matter is considered and approved at the general meeting of the Company and ending from the date on which the next annual general meeting of the Company is convened be approved.
- ii. That Netaş and its subsidiaries be authorised to determine the actual amount and term of guarantee based on negotiations with the financial institutions and actual conditions be approved.

9. Resolution on the Proposed Application for Composite Credit Facilities for 2022;

That the Company’s application to China Development Bank, Shenzhen Branch for USD5.0 billion composite credit facilities be approved. The said composite credit facilities are subject to approval by the financial institution. 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.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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 financial institution, subject to the aforesaid cap of USD5.0 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 financial institution 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 2021 Annual General Meeting until (1) the approval of the next new credit facilities with the financial institution by the Company's internal competent authorities, or (2) 30 June 2023 (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 financial institution 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.

10. Resolution on the Appointment of the Auditor for 2022 ;

- (1) That Ernst & Young Hua Ming LLP be re-appointed as the auditor of the Company's financial report for 2022 and the financial report audit fees be in the amount of RMB8.30 million (including relevant tax expenses but excluding meal expenses).
- (2) That Ernst & Young Hua Ming LLP be re-appointed as the internal control auditor of the Company for 2022 and the internal control audit fees be in the amount of RMB1.26 million (including relevant tax expenses but excluding meal expenses).

Special Resolutions

11. Resolution of the Company on the Application for General Mandate for 2022;

“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

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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.”

12. Resolution on 2022 A Share Repurchase Mandate Proposal (effective from the 2021 Annual General Meeting).

The proposed mandate shall be in effect from the date on which the “Resolution on 2022 A Share Repurchase Mandate Proposal (effective from the 2021 Annual General Meeting)” is considered and passed at the AGM to the earlier of the following: (i) the date on which the 2022 annual general meeting of the Company concludes (unless extended by way of resolution at the said meeting); or (ii) the date of the general meeting at which the mandate is revoked or modified by the shareholders by way of resolution. The resolution tabled at the AGM for consideration seeks to give mandate to the Board of the Company only to deal with matters pertaining to the A share repurchase. At present, the Company has yet to formulate a detailed plan for the A share repurchase. Subject to consideration and approval at the AGM, the Company will confirm whether to proceed with the repurchase based on factors such as conditions in the capital market and volatility and movement in the Company’s share price, among others.

For the details of the resolution, please refer to the “Overseas Regulatory Announcement on 2022 A Share Repurchase Mandate Proposal (effective from the 2021 Annual General Meeting)” published by the Company on 30 March 2022.

Explanation:

Resolutions No. 11, 12 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.

For Resolutions No. 1 to 11: Resolution No.3 has been considered and approved at Thirty-sixth Meeting of the Eighth Session of the Supervisory Committee of the Company held on 8 March 2022; Other resolutions have been considered and approved

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

at the Forty-fifth Meeting of the Eighth Session of the Board of Directors of the Company held on 8 March 2022. For the details of the aforesaid resolutions, please refer to the relevant announcements published by the Company on 8 March 2022.

Resolution No.12 has been considered and approved at the First Meeting of the Ninth Session of the Board of Directors of the Company held on 30 March 2022. For the details of the aforesaid resolution, please refer to the relevant announcements published by the Company on 30 March 2022.

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 Thursday, 14 April 2022 to Thursday, 21 April 2022 (both dates 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., Wednesday, 13 April 2022.**
- 2. The Company will close its H share register from Thursday, 28 April 2022 to Tuesday, 3 May 2022 (both dates inclusive)** to determine qualifications of shareholders to receive the Dividends. Any H Shareholder who wishes to qualify for the Dividends **shall lodge an instrument of transfer, together with the corresponding share certificate(s) with Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m., Wednesday, 27 April 2022.**
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.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

5. In case of joint holders of a share, any one of such holders is entitled to vote at the AGM, by himself or by proxy, as if he is the only one entitled to do so among the joint holders. However, only the vote of the person whose name stands first on the register of members in respect of such share shall be accepted if more than one joint holder attend the AGM personally or by proxy.
6. The AGM is expected to last for half a day. All transportation and accommodation expenses incurred by shareholders or their proxies in attending the AGM shall be borne by themselves. Shareholders or their proxies attending the AGM shall be required to produce identifications.

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
1 April 2022

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.