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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 and reply slip 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) PROPOSED AMENDMENT OF THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURE FOR GENERAL MEETINGS OF SHAREHOLDERS AND THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS MEETINGS  
AND  
(2) PROPOSED AMENDMENT OF THE RULES OF PROCEDURE FOR SUPERVISORY COMMITTEE MEETINGS**

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A letter from the Board is set out in pages 4 to 12 of this circular.

A notice of the EGM 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 9:00 a.m. on Monday, 29 July 2019, together with the proxy form and reply slip for the EGM, has been sent to the Shareholders on 14 June 2019.

Whether or not you are able to attend the EGM, 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 EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned meeting thereof should you so wish. Any H Shareholders intending to attend the EGM shall deliver the reply slip to the Company by hand, post or facsimile on or before Monday, 8 July 2019.

10 July 2019

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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
“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
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	member(s) of the board of directors of the Company
“EGM”	the 2019 Second Extraordinary 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 9:00 a.m. on Monday, 29 July
“EGM Notice”	notice of the Second Extraordinary General Meeting of 2019
“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
“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
“Latest Practicable Date”	5 July 2019, being the latest practicable date prior to the printing of this circular for determining certain information set out in this circular

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## DEFINITIONS

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“RMB”	Renminbi, the statutory currency of the PRC
“SEHK”	The Stock Exchange of Hong Kong Limited
“Shareholders”	A Shareholders and H Shareholders
“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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**EXPECTED TIMETABLE**

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**2019**

Latest time for lodging transfers of the H Shares to  
qualify for attendance and voting at the EGM . . . . . 4:30 p.m., Friday, 28 June

H Share register closed . . . . . Saturday, 29 June to Sunday, 28 July  
(both dates inclusive)

Latest date for lodging reply slips for the EGM . . . . . Monday, 8 July

Latest time for lodging proxy forms for the EGM . . . . . 9:00 a.m., Friday, 26 July

EGM. . . . . 9:00 a.m., Monday, 29 July

H Share register re-opens . . . . . Monday, 29 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  
Yuming Bao  
Gordon Ng

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

**AND**

**(2) PROPOSED AMENDMENT OF THE RULES OF PROCEDURE FOR SUPERVISORY COMMITTEE MEETINGS**

**I. INTRODUCTION**

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

1. 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
2. Proposed amendment of the Rules of Procedure for Supervisory Committee Meetings

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## LETTER FROM THE BOARD

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### II. 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

In accordance with pertinent provisions under the “Guide for Articles of Association of Listed Companies” (《上市公司章程指引》) (Amended Version 2019) published by the CSRC on 17 April 2019, the Company has proposed to amend relevant clauses of the Articles of Association, the Rules of Procedure for General Meetings of Shareholders and the Rules of Procedure for Board of Directors Meetings.

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

Existing Article	To be amended as
<p><b>Article 35.</b> The Company may repurchase its own shares in accordance with the laws, administrative regulations, departmental rules and regulations as well as the Articles of Association under the following circumstances:</p> <ol style="list-style-type: none"><li>1) reduction of the registered capital of the Company;</li><li>2) merging with another company that holds shares in the Company;</li><li>3) granting shares as incentive compensation to the staff of the Company;</li><li>4) acquiring the shares of shareholders who vote against to any resolution adopted at the general meeting of shareholders on the merger or division of the Company; or</li><li>5) other circumstances permitted by the laws and administrative regulations.</li></ol>	<p><b>Article 35.</b> The Company may <b>not</b> repurchase its own shares, <b>save as under the following circumstances:</b></p> <ol style="list-style-type: none"><li>1) reduction of the registered capital of the Company;</li><li>2) merging with another company that holds shares in the Company;</li><li>3) granting shares <b>for staff shareholding plans or share option incentives;</b></li><li>4) acquiring the shares of shareholders who vote against to any resolution adopted at the general meeting of shareholders on the merger or division of the Company;</li><li>5) <b>to use the shares for conversion into convertible corporate bonds issued by the Company;</b></li><li>6) <b>being deemed necessary by the Company for the protection of the company’s value and shareholders’ interests; or</b></li><li>7) other circumstances permitted by the laws and administrative regulations.</li></ol>

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## LETTER FROM THE BOARD

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### Existing Article

If the Company repurchases its own shares due to items (1) through (3) of the preceding paragraph, resolutions related thereto shall be adopted at a general meeting of shareholders. If the Company repurchases its own shares in accordance with the preceding paragraph under the circumstances set forth in item (1), the shares so repurchased shall be cancelled within ten days of the repurchase. In the event of the circumstances set forth in items (2) and (4), the shares so repurchased shall be transferred or cancelled within six months.

If the Company repurchases its own shares in accordance with item (3) of the preceding paragraph, the shares so repurchased shall not exceed 5% of the total number of shares issued by the Company. The repurchase shall be funded with the post-tax profit of the Company, and the shares so repurchased shall be transferred to the employees within one year.

**Article 36.** The Company may repurchase shares in one of the following ways:

- 1) by making a general offer for the repurchase of shares to all its shareholders on a pro-rata basis;
- 2) by repurchasing shares through public dealing on a stock exchange;
- 3) by repurchasing shares by means of an off-market agreement; or
- 4) by any other means permitted by laws and administrative regulations.

### To be amended as

If the Company repurchases its own shares under **the circumstances set out in items (1) and (2) of the preceding paragraph, resolutions related thereto shall be adopted at a general meeting of shareholders. If the Company repurchases its own shares under items (3), (5) and (6) of the preceding paragraph, resolutions related thereto shall be adopted at the meeting of Board of Directors with more than two-thirds of the Directors attending subject to a mandate by the general meeting of shareholders. The Company's repurchase of its own shares shall be in compliance with the provisions of both the pertinent laws and regulations of its place of listing and the Listing Rules.**

If the Company repurchases its own shares in accordance with paragraph one under the circumstances set forth in item (1), the shares so repurchased shall be cancelled within ten days of the repurchase; in the event of the circumstances set forth in items (2) and (4), the shares so repurchased shall be transferred or cancelled within six months; **in the event of the circumstances set forth in items (3), (5) and (6), the shares in the Company held in aggregate by the Company shall not exceed 10% of the total number of the Company's shares in issue and the shares so repurchased shall be transferred or cancelled within three years.**

**Article 36.** The Company may repurchase shares in one of the following ways:

- 1) by making a general offer for the repurchase of shares to all its shareholders on a pro-rata basis;
- 2) by repurchasing shares through public dealing on a stock exchange;
- 3) by repurchasing shares by means of an off-market agreement; or
- 4) by any other means permitted by laws and administrative regulations.

**The repurchase of its shares by the Company under items (3), (5) and (6) of paragraph one of Article 35 herein shall be conducted by way of open block trading.**



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## LETTER FROM THE BOARD

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### Existing Article

**Article 70.** The place for convening a general meeting of shareholders shall be the place where the Company is located (in Shenzhen Municipality).

The general meeting shall have a meeting place for convening the meetings. The Company shall, subject to the general meetings being legally and validly held, make it convenient for the shareholders to attend the general meetings through various means, including using modern information technology to establish an online voting platform. Shareholders so attend the general meetings shall be deemed to be present at such meeting.

**Article 143.** 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 Chairman and Vice Chairmen shall be elected and removed by a simple majority vote of all members of the Board of Directors. The term of office of the Chairman and Vice Chairmen shall not be more than three years, which is renewable upon re-election.

The directors shall be elected by the general meeting. A written notice of the reason to propose a person for election as a director and a written notice by that person indicating his acceptance of such nomination shall be delivered to the Company within a period of not less than seven days commencing no earlier than the day immediately following the despatch of the notice of the meeting appointed for such election and ending no later than seven days before the date of such general meeting.

### To be amended as

**Article 70.** The place for convening a general meeting of shareholders shall be the place where the Company is located (in Shenzhen Municipality).

The general meeting shall have a meeting place for convening the meetings. The Company shall, subject to the general meetings being legally and validly held, make it convenient for the shareholders to attend the general meetings through **online voting**. Shareholders so attend the general meetings shall be deemed to be present at such meeting.

**Article 143.** 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 Chairman and Vice Chairmen shall be elected and removed by a simple majority vote of all members of the Board of Directors. The term of office of the Chairman and Vice Chairmen shall not be more than three years, which is renewable upon re-election.

The directors shall be elected **or replaced by the general meeting, and may further be removed from their office prior to the conclusion of the term thereof by the general meeting**. A written notice of the reason to propose a person for election as a director and a written notice by that person indicating his acceptance of such nomination shall be delivered to the Company within a period of not less than seven days commencing no earlier than the day immediately following the despatch of the notice of the meeting appointed for such election and ending no later than seven days before the date of such general meeting.

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## LETTER FROM THE BOARD

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### Existing Article

**Article 162.** The Board of Directors may establish specialist committees such as audit, nomination, and remuneration and evaluation committees. All specialist committees shall be composed of directors in which independent non-executive directors shall form the majority and become convenors. Under the audit committee, there shall have at last one independent non-executive director who is a professional accountant.

**Article 179.** The Company shall have one president who shall be appointed or dismissed by the Board of Directors.

The Company shall have a number of executive vice presidents and one chief financial officer to assist the president in his work. The executive vice presidents and the chief financial officer shall be nominated by the president, and shall be appointed or dismissed by the Board of Directors.

**Article 195.** The Supervisory Committee shall be accountable to the general meeting of shareholders and shall exercise the following functions and powers in accordance with laws:

.....

8) to conduct investigation into any irregularities in the Company's operations identified; and

.....

### To be amended as

**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.**

**Article 179.** The Company shall have one president who shall be appointed or dismissed by the Board of Directors.

The Company shall have a number of executive vice presidents and one chief financial officer to assist the president in his work. The executive vice presidents and the chief financial officer shall be nominated by the president, and shall be appointed or dismissed by the Board of Directors.

**A person holding administrative position in the controlling shareholder of the Company other than as a director or supervisor shall not serve as a senior management personnel of the Company.**

**Article 195.** The Supervisory Committee shall be accountable to the general meeting of shareholders and shall exercise the following functions and powers in accordance with laws:

.....

8) to conduct investigation into any irregularities in the Company's operations identified; **where necessary, professional agencies, such as accountant firms and law firms, may be engaged at the cost of the Company;** and

.....

The proposed amendments to the Articles of Association on share repurchase have been made in accordance with the pertinent provisions of PRC laws and regulations, and shall be applicable only to the Company's repurchase of A shares (but not H shares). The Company undertakes to comply with all pertinent laws and regulations (including the Hong Kong Listing Rules) when conducting a repurchase of A shares and/or H shares.

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## LETTER FROM THE BOARD

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(2) Proposed amendment of the Rules of Procedure for General Meetings of Shareholders

**Existing Article**

**Article 5.** The place for convening a general meeting of shareholders shall be the place where the Company is located (in Shenzhen Municipality).

The general meeting shall have a meeting place for convening the meetings. The Company shall, subject to the general meetings being legally and validly held, make it convenient for the shareholders to attend the general meetings through various means, including using modern information technology to establish an online voting platform. Shareholders so attend the general meetings shall be deemed to be present at such meeting.

**Article 46.** The Company shall, subject to the general meetings being legally and validly held, increase the percentage of shareholders attending the general meetings through various means, including using modern information technology to establish an online voting platform.

**To be amended as**

**Article 5.** The place for convening a general meeting of shareholders shall be the place where the Company is located (in Shenzhen Municipality).

The general meeting shall have a meeting place for convening the meetings. The Company shall, subject to the general meetings being legally and validly held, make it convenient for the shareholders to attend the general meetings through **online voting**. Shareholders so attend the general meetings shall be deemed to be present at such meeting.

**Article 46.** The Company shall, subject to the general meetings being legally and validly held, increase the percentage of shareholders attending the general meetings through **the provision of online voting**.

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

**Existing Article**

**Article 6.** The election of the directors is based on a cumulative voting system at the general meeting in accordance with the Articles of Association. The number of votes obtained by the director's candidates shall exceed half of the voting rights represented by the persons attending the general meeting.

**To be amended as**

**Article 6.** The election of the directors is based on a cumulative voting system at the general meeting in accordance with the Articles of Association. The number of votes obtained by the director's candidates shall exceed half of the voting rights represented by the persons attending the general meeting.

**The directors shall be elected or replaced by the general meeting, and may further be removed from their office prior to the conclusion of the term thereof by the general meeting.**

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## LETTER FROM THE BOARD

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### Existing Article

**Article 28.** Committees shall be set up under the Board of Directors.

The Board of Directors may establish specialist committees such as audit, nomination, and remuneration and evaluation committees. All specialist committees shall be composed of directors in which independent non-executive directors shall form the majority and become convenors. Under the audit committee, there shall have at least one independent non-executive director who is a professional accountant.

### To be amended as

**Article 28.** Committees shall be set up under the Board of Directors.

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.**

For details, please refer to Special Resolution No. 1 of the EGM Notice.

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

In accordance with pertinent provisions under the “Guide for Articles of Association of Listed Companies” (《上市公司章程指引》) (Amended Version 2019) published by the CSRC on 17 April 2019, the Company has proposed to amend relevant clauses of the Rules of Procedure for Supervisory Committee Meetings.

### Existing Article

**Article 6.** The Supervisory Committee shall exercise the following functions and powers:

.....

10) to conduct investigation into any irregularities in the Company’s operations identified; and

.....

### To be amended as

**Article 6.** The Supervisory Committee shall exercise the following functions and powers:

.....

10) to conduct investigation into any irregularities in the Company’s operations identified; **where necessary, professional agencies, such as accountant firms and law firms, may be engaged at the cost of the Company;** and

.....

For details, please refer to Special Resolution No. 2 of the EGM Notice.

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## LETTER FROM THE BOARD

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### IV. EGM

#### **EGM Notice, Proxy Form and Reply Slip**

The EGM will be convened by the Company at 9:00 a.m. on Monday, 29 July 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: (i) 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, (ii) Proposed amendment of the Rules of Procedure for Supervisory Committee Meetings. The EGM Notice setting out the aforementioned resolutions, together with the proxy form and reply slip for the EGM, has been sent to the Shareholders on 14 June 2019.

Whether or not you are able to attend the EGM, 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 EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned meeting thereof should you so wish. Any H Shareholders intending to attend the EGM shall deliver the reply slip to the Company by hand, post or facsimile on or before Monday, 8 July 2019.

#### **Close of share register**

The Company will close its H share register from Saturday, 29 June 2019 to Sunday, 29 July 2019 (both days inclusive) to determine qualifications of shareholders to attend and vote at the EGM. Any H Shareholder who wishes to attend and vote at the EGM 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, 28 June 2019.

#### **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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### V. RECOMMENDATION

The Board is of the view that the resolutions set out in the EGM Notice in respect of the: (i) 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, (ii) 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 EGM.

### VI. 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

10 July 2019