
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 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 Election and Appointment of Non-independent Directors
(2) Proposed Continuing Connected Transactions with Mobi Antenna
(A Connected Person)
and
(3) Notice of the First Extraordinary General Meeting of 2015

A letter from the Board is set out in pages 4 to 8 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 Wednesday, 25 November 2015 is set out in pages 15 to 18 of this circular.

A proxy form and a reply slip for use at the EGM is enclosed with this circular and uploaded at the websites of the SEHK and the Company. 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 Wednesday, 4 November 2015.

25 September 2015

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DEFINITIONS

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

“2016–2018 Financial Service Agreement”	The agreement to be entered into between ZTE Group Finance and Mobi Antenna, according to which bill discounting service will be provided by ZTE Group Finance to Mobi Antenna from 2016 to 2018
“2016–2018 Purchase Framework Agreement”	The agreement to be entered into between the Company and Mobi Antenna, according to which the Group will purchase from Mobi Antenna products such as various communications antennas, radio frequency modules, feeder cables, terminal antennas and other products from 2016 to 2018
“A Share(s) or Domestic 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 SZSE
“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
“Connected Person”	has the meaning ascribed to it under the Shenzhen Listing Rules
“Continuing Connected Transaction”	has the meaning ascribed to it under the Shenzhen Listing Rules
“Director(s)”	Member(s) of the Board of Directors of the Company
“EGM”	The First Extraordinary General Meeting of 2015 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 Wednesday, 25 November 2015
“EGM Notice”	Notice of the First Extraordinary General Meeting of 2015
“Group”	The Company and the subsidiaries included in its consolidated financial statements

DEFINITIONS

“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 Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	22 September 2015, being the latest practicable date prior to the printing of this circular for determining certain information set out in this circular
“Mobi Antenna”	Mobi Antenna Technologies (Shenzhen) Company Limited
“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)
“Shares”	A Share(s) and H Share(s)
“Shenzhen Listing Rules”	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
“SZSE”	The Shenzhen Stock Exchange
“Zhongxingxin”	Shenzhen Zhongxingxin Telecommunications Equipment Company Limited
“ZTE Group Finance”	ZTE Group Finance Company Limited

EXPECTED TIMETABLE

2015

Latest time for lodging transfers of the H Shares
to qualify for attendance and voting at the EGM 4:30 p.m., Friday, 23 October

H Share register closed Monday, 26 October to
Tuesday, 24 November
(both dates inclusive)

Latest date for lodging reply slips for the EGM Wednesday, 4 November

Latest time for lodging proxy forms for the EGM9:00 a.m., Tuesday, 24 November

EGM. 9:00 a.m., Wednesday, 25 November

H Share register re-opens Wednesday, 25 November

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)

Executive Directors:

Shi Lirong
Yin Yimin
He Shiyou

Registered Address:

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

Non-executive Directors:

Hou Weigui
Zhang Jianheng
Xie Weiliang
Wang Zhanchen
Zhang Junchao
Dong Lianbo

Principle place of business in Hong Kong:

36/F, Tower Two
Times Square
1 Matheson Street, Causeway Bay
Hong Kong

Independent Non-executive Directors:

Tan Zhenhui
Richard Xike Zhang
Chen Shaohua
Lü Hongbing
Bingsheng Teng

25 September 2015

To the Shareholders

Dear Sir or Madam,

- (1) Proposed Election and Appointment of Non-independent Directors**
(2) Proposed Continuing Connected Transactions with Mobi Antenna
(A Connected Person)
and
(3) Notice of the First Extraordinary General Meeting of 2015

LETTER FROM THE BOARD

I. INTRODUCTION

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

1. Proposed Election and Appointment of Non-independent Directors
2. Proposed Continuing Connected Transactions with Mobi Antenna (A Connected Person)

II. PROPOSED ELECTION AND APPOINTMENT OF NON-INDEPENDENT DIRECTORS

Mr. Xie Weiliang, Mr. Dong Lianbo, Mr. He Shiyou, Mr. Wang Zhanchen and Mr. Zhang Junchao, Directors of the Company, planed to resign in the near future from their respective directorships with the Company and positions as members of the specialised committees under the Board of Directors, for reasons of changes in duties in the cases of Mr. Xie Weiliang, Mr. Dong Lianbo and Mr. He Shiyou and owing to retirement in the cases of Mr. Wang Zhanchen and Mr. Zhang Junchao. To prevent the performance of duties by the Board of Directors of the Company from being affected by the simultaneous resignations of several Directors, the aforesaid Directors have consented to continue the performance of their duties as Directors until the election of new Directors at the general meeting of the Company, and to officially submit respective “Resignation Reports” before such election of new Directors at the general meeting of the Company. As the aforesaid Directors planed to resigned in the near future as Directors of the Company, the Sixth Session of the Board of Directors of the Company nominates Mr. Wang Yawen, Mr. Tian Dongfang, Mr. Luan Jubao, Mr. Zhan Yichao, Mr. Zhao Xianming as the candidates for non-independent directors of the Sixth Session of the Board of Directors of the Company, whereby Mr. Wang Yawen, Mr. Tian Dongfang, Mr. Luan Jubao, Mr. Zhan Yichao as candidates for non-executive directors, Mr. Zhao Xianming as candidate for executive director, for a term commencing on the date on which the resolution is considered and approved at the EGM upon the conclusion of the term of office of the Sixth Session of the Board of Directors of the Company (namely 29 March 2016).

Please refer to Appendix I and Appendix II for brief biographies and other information relating to the candidates for non-independent directors listed above.

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

III. PROPOSED CONTINUING CONNECTED TRANSACTIONS WITH MOBI ANTENNA (A CONNECTED PERSON)

Reference is made to the Overseas Regulatory Announcement published by the Company on 22 September 2015.

LETTER FROM THE BOARD

1. Proposed continuing connected transactions in relation to the purchase of raw materials from Mobi Antenna (a connected person)

It is proposed that the Company will enter into the 2016–2018 Purchase Framework Agreement with Mobi Antenna, a connected person, in respect of the purchase of products such as various communications antennas, radio frequency modules, feeder cables, terminal antennas and other products, with the maximum aggregate amount of transactions for the purchase of raw materials by the Group from Mobi Antenna under the framework agreement for each year from 2016 to 2018 estimated at RMB1,700 million, RMB1,900 million and RMB2,100 million (excluding VAT), respectively.

2. Proposed continuing connected transactions in relation to the entering into of a financial service agreement with Mobi Antenna (a connected person)

It is proposed that ZTE Group Finance, a wholly-owned subsidiary of the Company, will enter into the 2016–2018 Financial Service Agreement with Mobi Antenna, a connected person, with the estimated maximum daily balance (principal cum interest) of outstanding discounted bills under the bill discounting service provided by ZTE Group Finance to Mobi Antenna under the agreement for each year from 2016 to 2018 estimated at RMB400 million, RMB450 million and RMB500 million, respectively.

In accordance with Chapter 10 of the Shenzhen Listing Rules, the proposed continuing connected transactions with Mobi Antenna, a connected person of the Company, in relation to the purchase of raw materials from and the financial service agreement entered into with Mobi Antenna are subject to approval by the Company's shareholders. Mobi Antenna is not a connected person within the meaning of Chapter 14A of the Hong Kong Listing Rules.

For details please refer to Ordinary Resolutions No. 2 and No. 3 of the EGM Notice.

IV. EGM

EGM Notice, Proxy Form and Reply Slip

The EGM will be convened by the Company on Wednesday, 25 November 2015 at 9:00 a.m. 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, the following resolutions: (i) Proposed Election and Appointment of Non-independent Directors and (ii) Proposed Continuing Connected Transactions with Mobi Antenna (A Connected Person). The EGM Notice is set out in pages 15 to 18 of this circular.

A proxy form and a reply slip for use at the EGM is enclosed with this circular and uploaded at the websites of the SEHK and the Company. Whether or not you are able to attend the EGM, please complete and return the enclosed proxy form in

LETTER FROM THE BOARD

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 Wednesday, 4 November 2015.

Close of share register

The Company will close its H share register from Monday, 26 October 2015 to Tuesday, 24 November 2015 (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, 23 October 2015.

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.

In accordance with relevant provisions of the Articles of Association, resolutions related to election and appointment of non-independent directors shall be determined by way of accumulative voting, whereby each candidate for non-independent director shall be voted upon on an individual basis.

V. RECOMMENDATION

The Board is of the view that the resolutions set out in the EGM Notice in respect of the: (i) Proposed Election and Appointment of Non-independent Directors and (ii) Proposed Continuing Connected Transactions with Mobi Antenna (A Connected Person) 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.

LETTER FROM THE BOARD

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
Hou Weigui
ZTE Corporation
Chairman

Shenzhen, the PRC

Mr. Wang Yawen (王亞文), born 1963, graduated from the Department of Physics of Central China Normal University in 1985 with a bachelor's degree in science and from Harbin Institute of Technology in 2006 with a master's degree in management specialising in management science and engineering, and currently holds the professional title of researcher. From 1985 to 2000, Mr. Wang worked with Institute No. 19 of China Academy of Launch Vehicle Technology successively as deputy head of the editorial office, head of the offset printing office, head of the phototypesetting centre, head of the technology department, deputy head of the Institute and head of the Institute. From September 2000 to January 2003, he was executive deputy general manager of 中國遠望(集團)總公司. Since February 2003, he has been deputy general manager of 中國航天時代電子公司. From February 2003 to January 2015, he also served successively as general manager and chairman of 中國時代遠望科技有限公司. He has been deputy dean of China Aerospace Electronics Technology Research Institute since February 2009. He has also been director and president since June 2008 and vice chairman since June 2014 of China Aerospace Times Electronics Company Limited (a company listed on the Shanghai Stock Exchange). Mr. Wang has extensive experience in management and operations.

Mr. Tian Dongfang (田東方), born 1960, graduated from Chengdu Institute of Telecommunication Engineering in 1982 majoring in solid state devices and currently holds the professional title of researcher. From August 1982 to January 2014, he had been section head, deputy chief engineer and executive deputy head of Xi'an Microelectronics Technology Research Institute. He has been head of Xi'an Microelectronics Technology Research Institute since January 2014, as well as chief economist of China Aerospace Electronics Technology Research Institute since September 2014. Mr. Tian has extensive experience in management and operations.

Mr. Luan Jubao (樂聚寶), born 1962, graduated from the Department of Metal Materials and Processes of Harbin Institute of Technology in 1983 majoring in welding and from Zhongnan University of Economics and Law in 2000 with an MBA degree, and currently holds the professional title of researcher-grade senior engineer. Mr. Luan worked with Wanshan Plant of the 066 Base of the Ministry of Aerospace Industry from 1983 to 1993. From 1993 to 2000, he was successively principal deputy plant manager and plant manager of Wanshan Plant of the 066 Base of the headquarters of Aerospace. From 2000 to 2006, he was plant manager of Hongfeng Plant of the 066 Base of China Aerospace Science and Industry Corporation. From 2006 to 2008, he was head of the technology centre of Research Institute No. 9 of China Aerospace Science and Industry Corporation. From February 2008 to July 2008, he was chairman of 萬山特種車輛有限公司 under Research Institute No. 9 of China Aerospace Science and Industry Corporation. From July 2008 to October 2014, he was general manager of Henan Aerospace Science and Industry Corporation and chief of the Henan Aerospace Administration. Since October 2014, he has been director and general manager of CASIC Shenzhen (Group) Company Limited and director of Shenzhen Aerospace Guangyu Industrial Company Limited. Mr. Luan has extensive experience in management and operations.

Mr. Zhan Yichao (詹毅超), born 1963, graduated from the Department of Finance and Accounting of Jiangxi University of Finance and Economics in 1986 majoring in accounting and from International East-West University of the United States in 1999 with an MBA degree, and currently holds the professional title of senior accountant. Mr. Zhan had been deputy manager, manager and deputy general manager of Shenzhen Aerospace Guangyu Industrial Company Limited from August 1986 to October 2004. From October 2004 to August 2005, he had been director and deputy general manager of 上海久聯證券經紀有限責任公司. From August 2005 to August 2014, he had been director/deputy general manager and director/general manager of 航天證券有限責任公司. Since August 2014, he has been deputy general manager of CASIC Shenzhen (Group) Company Limited and director of Shenzhen Aerospace Guangyu Industrial Company Limited. Mr. Zhan has extensive experience in management and operations.

Mr. Zhao Xianming (趙先明), born 1966, has been Executive Vice President of the Company since January 2014 and is currently in charge of the Strategic and Platform Operations and the System Products Division of the Company, and concurrently acting as CTO. Mr. Zhao graduated from the Harbin Institute of Technology in 1997 specialising in telecommunications and electronic systems with a doctorate degree in engineering. He joined the Company in 1998 to be engaged in the research, development and management of CDMA products. He had been head of the research and development group, project manager and general product manager from 1998 to 2003. After appointment as Senior Vice President of the Company in 2004, he had been in charge of the CDMA Division and the Wireless Product Division. In January 2014, he was appointed Executive Vice President of the Company in charge of the Strategic and Platform Operations of the Company. Mr. Zhao has many years of experience in the telecommunications industry and over 24 years of management experience.

I. INTERESTS OF CANDIDATES FOR NON-INDEPENDENT DIRECTORS

As at the Latest Practicable Date, the interests and short position of the candidates for non-independent directors of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) were as follows:

Name	Number of shares or share options held	Class of shares or share options
Zhao Xianming	291,515 shares 600,000 shares options ^{Note}	A shares of the Company Share options of A shares of the Company

Note: Number of share options has been adjusted according to the Proposal for Conversion of Capital Reserve of the Company for 2014.

Save as disclosed above, as at the Latest Practicable Date, none of the candidates for non-independent directors of the Company had any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) that is required to be recorded in the register to be kept under Section 352 of the SFO, or otherwise notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, none of the candidates for non-independent directors of the Company, or their respective spouses or children under the age of 18 had been granted or had exercised any rights to subscribe for the share capital or debentures of the Company or its associated corporations.

II. POSITIONS HELD WITH THE COMPANY OR OTHER MEMBERS OF THE GROUP

As at the Latest Practicable Date, the following candidate for non-independent director held positions as directors or employers with the Company or other members of the Group:

Name	Name of the company	Position
Zhao Xianming	ZTE Corporation	Executive Vice President
	南京中興集群軟件有限公司	Chairman
	ZTE Trunking Technology Corporation	Chairman
	ZTE Integration Telecom Company Limited	Chairman
	Tianjin Zhongxing Software Company Limited	Chairman
	ZTE Intelligent IOT Technology Company Limited	Chairman
	ZTE-Guotong Special Equipment and Technology (Beijing) Company Limited	Chairman

Save as disclosed above, none of candidates for non-independent directors held positions in the Company or other members of the Group.

III. RELATIONSHIP WITH SUBSTANTIAL OR CONTROLLING SHAREHOLDER, OTHER DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

As at the Latest Practicable Date, the following candidates for non-independent directors are also the directors of companies which are substantial or controlling shareholders of the Company:

Name	Name of shareholders	Position with shareholders
Wang Yawen	China Aerospace Electronics Technology Research Institute (indirect shareholder of Zhongxingxin)	Deputy dean
Tian Dongfang	Zhongxingxin (controlling shareholder of the Company)	Vice Chairman
	Xi'an Microelectronics Technology Research Institute (shareholder of Zhongxingxin)	Head
	China Aerospace Electronics Technology Research Institute (indirect shareholder of Zhongxingxin)	Chief economist

Name	Name of shareholders	Position with shareholders
Luan Jubao	Zhongxingxin (controlling shareholder of the Company)	Vice Chairman
	Shenzhen Aerospace Guangyu Industrial Company Limited (shareholder of Zhongxingxin)	Director
	CASIC Shenzhen (Group) Company Limited (indirect shareholder of Zhongxingxin)	Director, general manager
Zhan Yichao	Zhongxingxin (controlling shareholder of the Company)	Director
	Shenzhen Aerospace Guangyu Industrial Company Limited (shareholder of Zhongxingxin)	Director
	CASIC Shenzhen (Group) Company Limited (indirect shareholder of Zhongxingxin)	Deputy general manager

Save as disclosed above, none of the candidates for non-independent directors had any relationship with substantial or controlling shareholder, any director, supervisor and senior management of the Company.

IV. SERVICE AGREEMENTS AND EMOLUMENTS

Upon election, each of the elected non-independent directors will enter into a service contract with the Company. The term of office will commence on 25 November 2015 and expire upon the conclusion of the Sixth Session of the Board of Directors of the Company (namely 29 March 2016). According to the service contract, the emolument of non-executive director is RMB100,000 per year (before tax) and executive director does not have emolument. The emoluments payable to each of the non-executive directors will be determined and reviewed by the Board of Directors (as the case may be) with reference to his or her duties and responsibilities with the Company from time to time and subject to the approval by the shareholders at a general meeting.

V. DIRECTORSHIPS HELD AT OTHER LISTED COMPANIES AND OTHER MAJOR APPOINTMENTS AND PROFESSIONAL QUALIFICATIONS

Save as disclosed in this circular, none of the candidates for non-independent directors has held any directorship in any other listed companies or other major appointments or professional qualifications in the past three years.

VI. OTHERS

Save as disclosed in this circular, as at the Latest Practicable Date, so far as the Directors of the Company are aware, there were no other matters, information required to be disclosed under Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules in relation to the candidates for non-independent directors in particular, that need to be brought to the attention of the shareholders of the Company.

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2015

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.

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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 FIRST EXTRAORDINARY GENERAL MEETING OF 2015

The Company and all the members of the Board of Directors confirm that all the information contained in this announcement is true, accurate and complete and that there is no false and misleading statement or material omission in this announcement.

NOTICE IS HEREBY GIVEN that the First Extraordinary General Meeting of 2015 (hereinafter referred to as the “EGM”) of ZTE Corporation (hereinafter referred to as the “Company”) will be convened at 9 a.m., on Wednesday, 25 November 2015 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 25 September 2015, unless otherwise required by the context):

Ordinary Resolutions

1. RESOLUTION OF THE COMPANY ON THE ELECTION OF NON-INDEPENDENT DIRECTORS

Mr. Xie Weiliang, Mr. Dong Lianbo, Mr. He Shiyou, Mr. Wang Zhanchen and Mr. Zhang Junchao, Directors of the Company, planed to resign in the near future from their respective directorships with the Company and positions as members of the specialised committees under the Board of Directors, for reasons of changes in duties in the cases of Mr. Xie Weiliang, Mr. Dong Lianbo and Mr. He Shiyou and owing to retirement in the cases of Mr. Wang Zhanchen and Mr. Zhang Junchao. To prevent the performance of duties by the Board of Directors of the Company from being affected by the simultaneous resignations of several Directors, the aforesaid Directors have consented to continue the

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2015

performance of their duties as Directors until the election of new Directors at the general meeting of the Company, and to officially submit respective “Resignation Reports” before such election of new Directors at the general meeting of the Company. As the aforesaid Directors planned to resign in the near future as Directors of the Company, the Sixth Session of the Board of Directors of the Company nominates Mr. Wang Yawen, Mr. Tian Dongfang, Mr. Luan Jubao, Mr. Zhan Yichao, Mr. Zhao Xianming as the candidates for non-independent directors of the Sixth Session of the Board of Directors of the Company, whereby Mr. Wang Yawen, Mr. Tian Dongfang, Mr. Luan Jubao, Mr. Zhan Yichao as candidates for non-executive directors, Mr. Zhao Xianming as candidate for executive director, for a term commencing on the date on which the resolution is considered and approved at the EGM upon the conclusion of the term of office of the Sixth Session of the Board of Directors of the Company (namely 29 March 2016).

Please refer to the circular of the Company dated 25 September 2015 for brief biographies and other information relating to the candidates for non-independent directors listed above.

In accordance with relevant provisions of the Articles of Association, the resolution shall be determined by way of accumulative voting, whereby each candidate for non-independent director shall be voted upon on an individual basis.

2. RESOLUTION OF THE COMPANY ON CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF THE PURCHASE OF RAW MATERIALS FROM MOBI ANTENNA (A CONNECTED PERSON)

That the 2016–2018 Purchase Framework Agreement proposed to be entered into between the Company and Mobi Antenna, a connected person, in respect of the purchase of products such as various communications antennas, radio frequency modules, feeder cables, terminal antennas and other products, with the maximum aggregate amount of transactions for the purchase of raw materials by the Group from Mobi Antenna under the framework agreement for each year from 2016 to 2018 estimated at RMB1,700 million, RMB1,900 million and RMB2,100 million (excluding VAT), respectively, be approved; with the view that the terms of the 2016–2018 Purchase Framework Agreement have been arrived at after arm’s length negotiations on normal commercial terms in the ordinary course of business, and that the transaction terms and annual caps for transaction amounts for each year from 2016 to 2018 are fair and reasonable and in the interests of the Company and its shareholders as a whole.

3. RESOLUTION OF THE COMPANY ON CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF THE PROVISION OF FINANCIAL SERVICES TO MOBI ANTENNA (A CONNECTED PERSON)

That the 2016–2018 Financial Service Agreement proposed to be entered into between ZTE Group Finance, a wholly-owned subsidiary of the Company, and Mobi Antenna, a connected person, with the estimated maximum daily balance (principal cum interest) of outstanding discounted bills under the bill discounting service provided by ZTE Group Finance to Mobi Antenna under the agreement for each year from 2016 to 2018 estimated at RMB400 million, RMB450 million and RMB500 million, respectively, be approved; with

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2015

the view that the terms of the 2016–2018 Financial Service Agreement have been arrived at after arm's length negotiations on normal commercial terms in the ordinary course of business, and that the transaction terms and annual caps for transaction amounts for each year from 2016 to 2018 are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The above resolutions of No. 2 and No. 3 were considered and approved at the Thirty-first Meeting of the Sixth Session of the Board of Directors held on 22 September 2015 and it was approved that the resolutions be tabled at the general meeting of the Company for consideration. For details, please refer to the Overseas Regulatory Announcement published by the Company on 22 September 2015.

Notes:

- 1. The Company will close its H share register from Monday, 26 October 2015 to Tuesday, 24 November 2015 (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, 23 October 2015.**
- Shareholders intending to attend the EGM, whether in person or by proxy, should deliver the reply slip of EGM by hand, post or facsimile to the Company's principal place of business in Hong Kong (for H shareholders) on or before Wednesday, 4 November 2015. The principal place of business of the Company in Hong Kong is: 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong (Facsimile No.: +852-35898555).
- In order to be valid, the instruments appointing a proxy (namely the proxy form) and the power of attorney or other authorisation documents (if any) of the signatory or notarised copies of such power of attorney or authorisation documents must be completed and deposited, no later than 24 hours before the time appointed for holding the EGM 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 EGM or any adjournment thereof if he so wishes.
- A shareholder entitled to attend and vote at the EGM 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.
- In case of joint holders of a share, any one of such holders is entitled to vote at the EGM, 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 EGM personally or by proxy.

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2015

6. The EGM is expected to last for half a day. All transportation and accommodation expenses incurred by shareholders or their proxies in attending the EGM shall be borne by themselves. Shareholders or their proxies attending the EGM shall be required to produce identifications.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
25 September 2015

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Shi Lirong, Yin Yimin and He Shiyong; six non-executive directors, Hou Weigui, Zhang Jianheng, Xie Weiliang, Wang Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Tan Zhenhui, Richard Xike Zhang, Chen Shaohua, Lü Hongbing and Bingsheng Teng.