

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

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

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ZTE

ZTE CORPORATION

中興通訊股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 763)

**(1) PROPOSED ACQUISITION OF 24% EQUITY INTERESTS
IN ZTE MICROELECTRONICS BY RENXING TECHNOLOGY
AND THE WAIVER OF PREEMPTIVE SUBSCRIPTION RIGHTS
BY THE COMPANY**

**(2) PROPOSED SIGNING OF THE COOPERATION AGREEMENT
WITH HENGJIAN XINXIN AND HUITONG RONGXIN
AND**

**(3) NOTICE OF THE FIRST EXTRAORDINARY GENERAL
MEETING OF 2020**

A letter from the Board is set out in pages 4 to 13 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 3:30 p.m. on Wednesday, 30 September 2020 is set out in pages 14 to 16 of this circular.

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.

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DEFINITIONS

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
“Acquisition”	the Company has proposed to acquire, through Renxing Technology, a wholly-owned subsidiary of the Company, the 24% equity interests in ZTE Microelectronics, a subsidiary of the Company, held by IC Fund
“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
“Cooperation”	the Company and Renxing Technology entered into a “Cooperation Agreement” with Hengjian Xinxin and Huitong Rongxin
“Director(s)”	member(s) of the board of directors of the Company
“EGM”	the first extraordinary general meeting of 2020 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 3:30 p.m. on Wednesday, 30 September 2020
“EGM Notice”	notice of the First Extraordinary General Meeting of 2020
“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
“Hengjian Xinxin”	Guangdong Hengjian Xinxin Investment Partnership Enterprise (Limited Partnership)

DEFINITIONS

“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
“Huitong Rongxin”	Shenzhen Huitong Rongxin Investment Co., Ltd
“IC Fund”	National Integrated Circuit Industry Investment Fund Corporation
“Latest Practicable Date”	Wednesday, 10 September 2020, being the latest practicable date prior to the printing of this circular for determining certain information set out in this circular
“Ministry of Finance”	Ministry of Finance of the PRC
“Renxing Technology”	Shenzhen Renxing Technology Company Limited
“RMB”	Renminbi, the statutory currency of the PRC
“Sai Jia Xun”	Shenzhen Sai Jia Xun Investment Development Enterprise (Limited Partnership)
“SEHK”	The Stock Exchange of Hong Kong Limited
“Share(s)”	A Share(s) and H Share(s)
“Shareholders”	A Shareholders and H Shareholders
“Shenzhen Listing Rules”	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
“SZSE”	The Shenzhen Stock Exchange
“ZTE Microelectronics”	ZTE Microelectronics Technology Company Limited

EXPECTED TIMETABLE

2020

Latest time for lodging transfers of the H Shares to
qualify for attendance and voting at the EGM4:30 p.m., Thursday, 24 September

H Share register closedFriday, 25 September to
Wednesday, 30 September
(both dates inclusive)

Latest time for lodging proxy forms for the EGM . . . 3:30 p.m., Tuesday, 29 September

EGM. 3:30 p.m., Wednesday, 30 September

H Share register re-opensMonday, 5 October



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) PROPOSED ACQUISITION OF 24% EQUITY INTERESTS
IN ZTE MICROELECTRONICS BY RENXING TECHNOLOGY
AND THE WAIVER OF PREEMPTIVE SUBSCRIPTION RIGHTS
BY THE COMPANY**
- (2) PROPOSED SIGNING OF THE COOPERATION AGREEMENT
WITH HENGJIAN XINXIN AND HUITONG RONGXIN
AND**
- (3) NOTICE OF THE FIRST EXTRAORDINARY GENERAL
MEETING OF 2020**

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, among others, the following matters:

1. Proposed Acquisition of 24% Equity Interests in ZTE Microelectronics by Renxing Technology and the Waiver of Preemptive Subscription Rights by the Company
2. Proposed Signing of the Cooperation Agreement with Hengjian Xinxin and Huitong Rongxin

II. PROPOSED ACQUISITION OF 24% EQUITY INTERESTS IN ZTE MICROELECTRONICS BY RENXING TECHNOLOGY AND THE WAIVER OF PREEMPTIVE SUBSCRIPTION RIGHTS BY THE COMPANY

Reference is made to the “Announcement Introduction of a Strategic Investor by a Subsidiary and Waiver of Preemptive Subscription Rights by the Company” published by the Company on 23 November 2015 in relation to the IC Fund, the Company, Sai Jia Xun and ZTE Microelectronics entered into the “Capital Increase Agreement” and “Shareholders’ Agreement” (the “**Previous Transaction Documents**”), pursuant to which IC Fund subscribed for the capital increase of ZTE Microelectronics with a capital contribution of RMB2,400 million in cash for a 24% equity interests in ZTE Microelectronics upon the completion of such capital increase; and the “Announcement on the Acquisition of 24% Equity Interests in ZTE Microelectronics by Renxing Technology and the Waiver of Preemptive Subscription Rights by the Company” published by the Company on 10 September 2020 in relation to the acquisition of 24% equity interests in ZTE Microelectronics held by IC Fund by Renxing Technology, a wholly-owned subsidiary of the Company.

Following friendly negotiations between IC Fund and the Company, the Company has proposed to acquire, through Renxing Technology, a wholly-owned subsidiary of the Company, the 24% equity interests in ZTE Microelectronics, a subsidiary of the Company, held by IC Fund. In connection with the Acquisition, the Company and its subsidiary partnership enterprise Sai Jia Xun will waive their respective preemptive subscription rights in relation to the Acquisition. On 10 September 2020, IC Fund (the “**transferor**”), Renxing Technology (the “**transferee**”), the Company and ZTE Microelectronics entered into the “Share Transfer Agreement” (IC Fund, Renxing Technology, the Company and ZTE Microelectronics together called the “**Parties**”) in respect of the Acquisition.

1. **Subject of transaction:** 24% equity interests in ZTE Microelectronics.

LETTER FROM THE BOARD

2. **Transaction price:** pursuant to the agreed terms of the Previous Transaction Documents, the pricing of the Acquisition shall be the higher of the following:

- (1) $\text{RMB2,400 million} + \text{RMB2,400 million} \times 8\% \times \text{period of transaction and investment} \div 365 - \text{cumulative dividend payment of ZTE Microelectronics received by the transferor} - \text{dividend declared but not yet paid to the transferor by ZTE Microelectronics} - \text{distributions in any other forms received by the transferor.}$

The price arrived at based on this formula is approximately RMB3,315,287,671.

- (2) The appraised price for the entire shareholders' equity of ZTE Microelectronics is RMB13,530,227,900, and the appraised price for 24% equity interests in ZTE Microelectronics is RMB3,247,254,696. Based on the assumptions of ongoing application of the assets, ongoing concern, consistency in scope and approach of operations with the current business strategy and balanced operating cash inflow and outflow, the appraised value, appraised by the third party, of the entire shareholders' equity of ZTE Microelectronics as at the valuation date (namely, 31 March 2020) is RMB13,530,227,900. The aforesaid appraised price will be finalised pending completion of assessment and registration by the Ministry of Finance.

The consideration for the equity transfer based on the amount arrived at using the aforesaid formula is RMB3,315,287,671, while the finalised appraised price after assessment and registration by the Ministry of Finance is pending. The consideration for the equity transfer shall be the higher of the two amounts.

3. **Arrangement for payment:** the consideration for the equity transfer shall be settled by a one-off payment, whereby Renxing Technology shall make a payment of the consideration in full to IC Fund within 90 working days after 8 September 2020 or such other later dates as may be agreed between Renxing Technology and IC Fund.

4. **Registration of change with industrial and commercial administration authorities:** After IC Fund has received the payment for the consideration in full, it will work with Renxing Technology and ZTE Microelectronics to process registration changes with the industrial and commercial administration authorities in accordance with the "Share Transfer Agreement".

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5. **Conditions for taking effect:** the “Share Transfer Agreement” shall be established on the date on which it is signed by the legal representatives or authorised representatives of the Parties with the affixing of corporate seals, and shall come into effect on the date on which the Acquisition is approved at the ZTE general meeting and assessment and registration by the Ministry of Finance is completed.
6. **Risk alert:** As the Acquisition is subject to approval at the general meeting of ZTE and assessment and registration by the Ministry of Finance, in the event that the Acquisition has not been approved by the general meeting of ZTE or has not completed the process of assessment and registration by the Ministry of Finance by 30 September 2020 (inclusive), the Acquisition will automatically lapse unless the Parties has entered into a supplemental agreement or new transaction document through separate negotiations.

As at the Latest Practicable Date, ZTE Microelectronics was held as to 68.4% by the Company, 24% by IC Fund and 7.6% by Sai Jia Xun, a subsidiary partnership enterprise of the Company. Following the completion of the Acquisition, ZTE Microelectronics will be held as to 68.4% by the Company, 24% by Renxing Technology and 7.6% by Sai Jia Xun, and ZTE Microelectronics will become a wholly-owned subsidiary of the Company.

IC Fund is a joint stock company incorporated in the PRC principally engaged in equity investment, investment consultation, project investment and asset management, and business management consultation. As at the Latest Practicable Date, IC Fund was held as to 36.47% by the Ministry of Finance; 22.29% by China Development Bank Capital Co. Ltd.; 11.14% by China National Tobacco Corporation; 10.13% by Etown Capital International Investment and Development Company Limited; 5.06% by China Mobile Communications Group Co., Ltd.; and 14.91% by other shareholders in aggregate.

To the information, knowledge and belief of the Directors having made all reasonable enquiries, IC Fund and its ultimate beneficial owner are not connected persons of the Company and the Acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As all applicable percentage ratios relating to the Acquisition are lower than 5%, the Acquisition does not constitute a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules either.

In accordance with Article 160 of the Articles of Association, as the amount of acquisition exceeds 10% of the latest audited net assets of the Company, the approval of the Company’s shareholder is required. Therefore, the general meeting is asked to approve the proposed acquisition of 24% equity interests in ZTE Microelectronics by Renxing Technology and the waiver of preemptive subscription rights by the Company.

LETTER FROM THE BOARD

III. PROPOSED SIGNING OF THE COOPERATION AGREEMENT WITH HENGJIAN XINXIN AND HUITONG RONGXIN

Reference is made to the “Announcement on the Signing of the ‘Cooperation Agreement’ with Hengjian Xinxin and Huitong Rongxin” published by the Company on 10 September 2020.

Hengjian Xinxin and Huitong Rongxin have proposed to enter into cooperation with the Company and Renxing Technology. Hengjian Xinxin and Huitong Rongxin will provide cooperation funds of RMB1.4 billion and RMB1.2 billion, respectively, to Renxing Technology to finance the payment of the consideration for the Acquisition, and will negotiate further cooperation with the Company and Renxing Technology after the completion of the Acquisition. The Company and Renxing Technology entered into the “Cooperation Agreement” with Hengjian Xinxin and Huitong Rongxin (together the “Parties”) on 10 September 2020.

1. **Principal amount of cooperation funds:** Hengjian Xinxin and Huitong Rongxin (together the “Investors”) shall provide cooperation funds of RMB1.4 billion and RMB1.2 billion (together the “Principal Amount of Cooperation Funds”), respectively, to Renxing Technology.
2. **Tenure of the cooperation funds:** 30 days from the date on which Renxing Technology receives the respective amounts of the Principal Amount of Cooperation Funds paid by the Investors (“Drawdown Date for Cooperation Funds”) in full, which may be extended if so agreed among the Parties.
3. **Application of the Principal Amount of Cooperation Funds and rate of drawdown fees:** the Principal Amount of Cooperation Funds amounting to RMB2.6 billion in aggregate provided by the Investors shall be applied by Renxing Technology solely to fund the payment of the consideration for the Acquisition. The rate of drawdown fees for the cooperation funds shall be the most recently announced market quotation interest rate for one-year loans (LPR) on the date immediately preceding the date of execution of the “Cooperation Agreement” plus 10%. If the Company and Renxing Technology complete the debt-to-equity arrangement in accordance with the “Cooperation Agreement” or the Parties have agreed otherwise, the Investors agree that the Company and Renxing Technology shall not be required to pay any drawdown fees in accordance with the foregoing.
4. **Subsequent arrangements for cooperation**
 - (1) **Arrangement for cooperation:** Prior to the conclusion of the tenure of the cooperation funds, the Parties shall make active effort to drive the conversion of the cooperation funds towards Renxing Technology legally owned by the Investors into equity interests in Renxing Technology (the “Debt-to-Equity Conversion Arrangement”), or the withdrawal of the cooperation funds otherwise as separately agreed by the Parties, subject to the terms of the agreement to be signed by the Parties thereupon.

LETTER FROM THE BOARD

- (2) **Arrangement for repurchase:** From the date which is 18 months after the date on which the relevant arrangements for debt-to-equity conversion or the withdrawal of the creditors' rights of the Investors otherwise (namely, the date by which such arrangements are reflected in the relevant register of shareholders or capital contribution certificate), unless otherwise negotiated by the Parties, the Investors have the right to require the Company to repurchase in full all equity interests in Renxing Technology held by them or equity interests in other entities held by the Investors according to subsequent arrangements for cooperation subsequent at a price arrived at through the following formula. Such equity interests may be repurchased by the Company or a third party designated by the Company.

The Principal Amount of Cooperation Funds paid by any one of the Investors + the Principal Amount of Cooperation Funds paid by any one of the Investors × 8% × investment period ÷ 365 — cumulative dividend payment of Renxing Technology received by any one of the Investors — dividend payment considered and approved at Renxing Technology's general meeting but yet to be paid to any one of the Investors — distributions in any other forms received by any one of the Investors

The aforesaid "investment period" refers to the total number of natural dates during the period from the Drawdown Date for Cooperation Funds to the date on which the repurchase amount is paid in full in accordance with the terms under the "Cooperation Agreement" by the Company (excluding the date on which the repurchase amount is paid in full).

5. **Arrangement for repayment:** In the event that the Company and Renxing Technology fail to complete the debt-to-equity arrangement in accordance with the "Cooperation Agreement", unless the tenure of the cooperation funds is extended with the unanimous approval of all Parties, within 30 days from the date on which the tenure of the cooperation funds expires, (1) Renxing Technology and the Company shall repay the respective cooperation funds extended to Renxing Technology by Hengjian Xinxin and Huitong Rongxin at the price computed in accordance with the following formula; or (2) the Company may also elect to complete the acquisition of such cooperation funds respectively and in a timely manner at a price computed in accordance with the following formula by itself or through an appointed third party, to facilitate the release of the liability to make repayment to the Investors under the preceding point (1):

The Principal Amount of Cooperation Funds amount of any one of the Investors + the Principal Amount of Cooperation Funds amount of any one of the Investors × most recently announced market quotation interest rate for one-year loans (LPR) on the date immediately preceding the date of execution of the "Cooperation Agreement" plus 10% × tenure of the cooperation funds ÷ 365

(This formula shall separately apply to Hengjian Xinxin and Huitong Rongxin in computation. "Any one of the Investors" shall mean Hengjian Xinxin and Huitong Rongxin in actual application.)

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Under the circumstances described in (1), the “tenure of the cooperation funds” shall mean the total number of natural dates during the period from the Drawdown Date for Cooperation Funds to the date on which the Principal Amount of Cooperation Funds provided by such Investor together with drawdown fees accrued thereon are paid in full in accordance with the terms under the “Cooperation Agreement” by Renxing Technology and the Company (excluding the date on which the Principal Amount of Cooperation Funds and drawdown fees are paid in full); Under the circumstances described in (2), the “tenure of the cooperation funds” shall mean the total number of natural dates during the period from the drawdown date for Principal Amount of Cooperation Funds to the date on which the amount for acquiring the cooperation funds in accordance with the terms under the “Cooperation Agreement” by the Company or a third party appointed by the Company (excluding the date on which the amount for acquiring the cooperation funds is paid in full).

6. **Conditions for taking effect:** the “Cooperation Agreement” shall be established on the date on which it is signed by the legal representatives or authorised representatives of the Parties with the affixing of corporate seals, and shall come into effect on the date on which the resolution on the “Cooperation Agreement” is passed at the Company’s general meeting.
7. Cooperation amounts involved in the Cooperation should be applied to the acquisition of 24% equity interests in ZTE Microelectronics by Renxing Technology only. In the event that the aforesaid acquisition of equity interests does not come into effect, the Cooperation will lapse.

Hengjian Xinxin is a limited partnership enterprise incorporated in the PRC principally engaged in investing activities. As at the Latest Practicable Date, the general partner of Hengjian Xinxin is Guangdong Guanghengshun Investment Co., Ltd. (with a capital contribution ratio of 42.90%); and the limited partners are Guangdong Hengjian Asset Management Co., Ltd. (with a capital contribution ratio of 28.55%) and Guangdong Henghang Industrial Investment Fund Partnership (limited partnership) (with a capital contribution ratio of 28.55%).

Huitong Rongxin is a company with limited liability incorporated in the PRC principally engaged in the investment in and establishment of industrial operations, venture investment, and venture investment consultation. As at the Latest Practicable Date, Huitong Rongxin was 100% held by Shenzhen Huitong Rongxin Fund Investment Company Limited.

Huitong Rongxin holds 43,032,108 A shares of the Company, accounting for 0.93% of the total share capital of the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

To the information, knowledge and belief of the Directors having made all reasonable enquiries, Hengjian Xinxin and Huitong Rongxin and their respective ultimate beneficial owners are not connected persons of the Company, the Cooperation do not constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The Cooperation do not constitute discloseable transactions of the Company under Chapter 14 of the Hong Kong Listing Rules either.

In accordance with Article 160 of the Articles of Association, as the amount of acquisition exceeds 10% of the latest audited net assets of the Company, the approval of the Company's shareholder is required. Therefore, the general meeting is asked to approve the proposed signing of the Cooperation Agreement with Hengjian Xinxin and Huitong Rongxin.

IV. EGM

EGM Notice, Proxy Form

The EGM will be convened by the Company at 3:30 p.m. on Wednesday, 30 September 2020 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 Acquisition of 24% Equity Interests in ZTE Microelectronics by Renxing Technology and the Waiver of Preemptive Subscription Rights by the Company; (ii) Proposed Signing of the Cooperation Agreement with Hengjian Xinxin and Huitong Rongxin. The EGM Notice is set out on pages 14 to 16 of this circular.

A proxy form for use at the EGM 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 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.

Close of share register

The Company will close its H share register from Friday, 25 September 2020 to Wednesday, 30 September 2020 (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., Thursday, 24 September 2020.

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.

Huitong Rongxin holds 43,032,108 A shares of the Company, accounting for 0.93% of the total share capital of the Company as at the Latest Practicable Date. Huitong Rongxin and its respective associates will not participate in the voting in respect of ordinary resolutions No. 1 and No. 2 set out in the EGM Notice in accordance with the Hong Kong Listing Rules and Shenzhen Listing Rules.

Save as aforesaid, to the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, no other shareholders are required to give up voting at the EGM in accordance with requirements of the Hong Kong Listing Rules, Shenzhen Listing Rules and applicable laws and regulations.

V. RECOMMENDATION

The Board is of the view that the resolutions set out in the EGM Notice in respect of the: (i) Proposed Acquisition of 24% Equity Interests in ZTE Microelectronics by Renxing Technology and the Waiver of Preemptive Subscription Rights by the Company; (ii) Proposed Signing of the Cooperation Agreement with Hengjian Xinxin and Huitong Rongxin, 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
Li Zixue
ZTE Corporation
Chairman

Shenzhen, the PRC
15 September 2020

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2020

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ZTE CORPORATION

中興通訊股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 763)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2020

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 2020 (the “EGM”) of ZTE Corporation (the “Company”) will be convened at 3:30 p.m., on Wednesday, 30 September 2020 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 15 September 2020, unless otherwise required by the context):

Ordinary Resolutions

1. Resolution on the Acquisition of 24% Equity Interests in ZTE Microelectronics by Renxing Technology and the Waiver of Preemptive Subscription Rights by the Company

- (1) That the acquisition of 24% equity interests in ZTE Microelectronics Technology Company Limited (“ZTE Microelectronics”) (held by National Integrated Circuit Industry Investment Fund Corporation) by Shenzhen Renxing Technology Company Limited (“Rexing Technology”) pursuant to the terms of the “Share Transfer Agreement” be approved;

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2020

- (2) That the legal representative of the Company or his delegated signatory be authorised to sign the “Share Transfer Agreement” and other documents relating to the acquisition”, and to perform such other duties as may be required for the implementation of the acquisition document and completion;
- (3) That the waiver of preemptive subscription rights for equity interests in ZTE Microelectronics by the Company and its subsidiary partnership enterprise Shenzhen Sai Jia Xun Investment Development Enterprise (Limited Partnership), as shareholders of ZTE Microelectronics, to facilitate the Acquisition be approved.

2. Resolution on the Signing of the “Cooperation Agreement” with Hengjian Xinxin and Huitong Rongxin

- (1) That approval be granted to the Company and Renxing Technology, a wholly-owned subsidiary, to enter into cooperation with Guangdong Hengjian Xinxin Investment Partnership Enterprise (Limited Partnership) (“**Hengjian Xinxin**”) and Shenzhen Huitong Rongxin Investment Co., Ltd (“**Huitong Rongxin**”) pursuant to terms agreed under the “Cooperation Agreement” and other documents relating to the cooperation;
- (2) That the legal representative of the Company or his delegated signatory be authorised to sign the “Cooperation Agreement” and other documents relating to the cooperation, and to perform such other duties as may be required for the implementation of the cooperation document and completion, including the negotiation and execution of relating transaction documents in future with Hengjian Xinxin and Huitong Rongxin under the framework of the “Cooperation Agreement”.

Resolution No. 1 and No. 2 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. The resolutions have been considered and approved at the Twenty-third Meeting of the Eighth Session of the Board of Directors of the Company held on 10 September 2020. For the details of the aforesaid resolutions, please refer to the relevant announcements published by the Company on 10 September 2020.

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2020

Notes:

1. **The Company will close its H share register from Friday, 25 September 2020 to Wednesday, 30 September 2020 (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., Thursday, 24 September 2020.**
2. 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 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.
3. 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.
4. 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.
5. 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
Li Zixue
Chairman

Shenzhen, the PRC
15 September 2020

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.