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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)**

## **SUPPLEMENTARY NOTICE OF THE 2017 ANNUAL GENERAL MEETING**

***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 without any false or misleading statement or material omission.***

Reference is made to the Notice of the 2017 Annual General Meeting (the “**AGM Notice**”) dated 27 March 2018 of the ZTE Corporation (the “**ZTE**” or “**Company**”) which contains the details relating to the time, venue, agenda of the 2017 Annual General Meeting (the “**AGM**”), the announcement dated 8 May 2018 in relation to the postponement of the AGM and extension of book closure period of the Company, and the announcement of the Company dated 13 June 2018 (the “**Announcement**”) in relation to the (1) proposed amendment of the Articles of Association and the Rules of Procedure of the Board of Directors Meetings, (2) proposed election and appointment of Non-independent Directors and (3) proposed election and appointment of Independent Non-executive Directors. Unless otherwise stated, capitalised terms used in this supplementary notice shall have the same meaning as those defined in the AGM Notice and the Announcement.

In accordance with the pertinent provisions of laws and regulations and the Articles of Association based on the actual circumstances of the Company, the Chairman of the Company has decided to postpone the AGM originally scheduled to be held at 9:00 a.m. on Friday, 11 May 2018 to 9:00 a.m. on Friday, 29 June 2018. The venue of the meeting will remain unchanged 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.

According to the superseding settlement agreement entered into by the Company and Shenzhen ZTE Kangxun Telecom Company Limited, its wholly-owned subsidiary, with the United States Department of Commerce Bureau of Industry and Security, all Directors will resign from the position of Directors and the duties of each specialist committee under the Board of Directors upon the approval of the appointment of new Directors at the AGM of the Company. On 13 June 2018, the Board of Directors the Company received three ex tempore motions from its shareholder, Zhongxingxin Telecommunication Company Limited (hereinafter referred to as “**Zhongxingxin**”, which held 1,269,830,333 A shares and 2,038,000 H shares of the Company, representing 30.34% of the total number of shares of the Company in aggregate as at 13 June 2018), which requested the Board of Directors to table such motions for consideration at the AGM, the details of which are set out as follows:

### **Special Resolution**

#### **14. Resolution on the Amendment of Relevant Clauses in the Articles of Association and the Rules of Procedure of the Board of Directors Meetings**

- (1) That the amendment of relevant clauses of the Articles of Association in accordance with the law be approved, the details of which are set out as follows:

**Existing articles**

**Article 143.....**

The Chairman and Vice Chairmen shall be elected and removed by a simple majority vote of all members of the Board of Directors. The Chairman must be elected from directors or members of the senior officers of the Company who have served for three years or more. The term of office of the Chairman and Vice Chairmen shall not be more than three years, which is renewable upon re-election.

.....

**To be amended as**

**Article 143.....**

The Chairman and Vice Chairmen shall be elected and removed by a simple majority vote of all members of the Board of Directors. ~~The Chairman must be elected from directors or members of the senior officers of the Company who have served for three years or more.~~ The term of office of the Chairman and Vice Chairmen shall not be more than three years, which is renewable upon re-election.

.....

**Existing articles**

**Article 151.....**

Independent non-executive directors shall comprise one-third or more of the Board of Directors of the Company, of whom there shall be at least one accounting professional. An independent non-executive director shall faithfully fulfill his duties and protect the Company's interests, in particular, ensuring that the legal interests of public shareholders are not impaired.

**Article 159** The Company shall establish a Board of Directors. The Board of Directors shall consist of fourteen directors, including one Chairman, two Vice Chairmen and five independent non-executive directors. Executive directors shall account for at least one-fifth of the total number of directors on the board.

**To be amended as**

**Article 151.....**

**Independent non-executive directors shall account for at least one-third of the Board of Directors**, of whom there shall be at least one accounting professional. An independent non-executive director shall faithfully fulfill his duties and protect the Company's interests, in particular, ensuring that the legal interests of public shareholders are not impaired.

**Article 159** The Company shall establish a Board of Directors. The Board of Directors shall consist of fourteen directors, including one Chairman, two Vice Chairmen. Independent non-executive directors **shall account for at least one-third of the Board of Directors**. Executive directors shall account for at least one-fifth of the total number of directors on the board.

- (2) That the amendment of relevant clauses of the Rules of Procedure of the Board of Directors Meetings in accordance with the law be approved, the details of which are set out as follows:

**Existing articles**

**Article 25** Qualifications for appointment as Chairman of the Company:

.....

(VI) Having served in the capacity of the Company's Director or senior management for 3 years or above; and

(VII) Being in compliance with other requirements stipulated under the laws, regulations and Articles of Association.

.....

**To be amended as**

**Article 25** Qualifications for appointment as Chairman of the Company:

.....

~~(VI) Having served in the capacity of the Company's Director or senior management for 3 years or above;~~ and

(VI) Being in compliance with other requirements stipulated under the laws, regulations and Articles of Association.

.....

- (3) That any Director or the Secretary to the Board of the Company be authorized to process on behalf of the Company the filing, modification and registration (if necessary) procedures and other matters relating to the amendment of the Articles of Association and the Rules of Procedure of the Board of Directors Meetings.

### **Ordinary Resolutions**

#### **15. Resolution on the Election of Non-independent Directors**

- (1) That Mr. Li Zixue be elected as an Non-independent Director of the Seventh Session of the Board of Directors of the Company for a term commencing on the date on which the resolution is considered and approved at the AGM and ending upon the conclusion of the term of office of the Seventh Session of the Board of Directors of the Company (namely 29 March 2019).
- (2) That Mr. Li Buqing be elected as an Non-independent Director of the Seventh Session of the Board of Directors of the Company for a term commencing on the date on which the resolution is considered and approved at the AGM and ending upon the conclusion of the term of office of the Seventh Session of the Board of Directors of the Company (namely 29 March 2019).
- (3) That Mr. Gu Junying be elected as an Non-independent Director of the Seventh Session of the Board of Directors of the Company for a term commencing on the date on which the resolution is considered and approved at the AGM and ending upon the conclusion of the term of office of the Seventh Session of the Board of Directors of the Company (namely 29 March 2019).
- (4) That Mr. Zhu Weimin be elected as an Non-independent Director of the Seventh Session of the Board of Directors of the Company for a term commencing on the date on which the resolution is considered and approved at the AGM and ending upon the conclusion of the term of office of the Seventh Session of the Board of Directors of the Company (namely 29 March 2019).
- (5) That Ms. Fang Rong be elected as an Non-independent Director of the Seventh Session of the Board of Directors of the Company for a term commencing on the date on which the resolution is considered and approved at the AGM and ending upon the conclusion of the term of office of the Seventh Session of the Board of Directors of the Company (namely 29 March 2019).

## **16. Resolution on the Election of Independent Non-executive Directors**

- (1) That Ms. Cai Manli be elected as an Independent Non-executive Director of the Seventh Session of the Board of Directors of the Company for a term commencing on the date on which the resolution is considered and approved at the AGM and ending upon the conclusion of the term of office of the Seventh Session of the Board of Directors of the Company (namely 29 March 2019).
- (2) That Mr. Yuming Bao be elected as an Independent Non-executive Director of the Seventh Session of the Board of Directors of the Company for a term commencing on the date on which the resolution is considered and approved at the AGM and ending upon the conclusion of the term of office of the Seventh Session of the Board of Directors of the Company (namely 29 March 2019).
- (3) That Mr. Gordon Ng be elected as an Independent Non-executive Director of the Seventh Session of the Board of Directors of the Company for a term commencing on the date on which the resolution is considered and approved at the AGM and ending upon the conclusion of the term of office of the Seventh Session of the Board of Directors of the Company (namely 29 March 2019).

For details of the statement of candidates for Independent Non-executive Directors and statement of nominator of Independent Non-executive Directors, please refer to the Overseas Regulatory Announcements published by the Company on 13 June 2018.

The tabling of the resolutions for voting at the AGM is subject to SZSE's approval without dissent for the record in respect of the qualifications and independence for the aforesaid candidates for Independent Non-executive Directors.

For the details of the aforesaid resolutions, brief biography and other information of the candidates for the Directors, please refer to the Announcement of the Company dated 13 June 2018.

Pursuant to Rule 102 of the Company Law, “shareholders individually or collectively holding more than 3% of the shares of the company may propose ex tempore motions no later than ten days prior to the convening of a general meeting by submitting the same in writing to the board of directors; the board of directors should notify other shareholders within two days after the receipt of the motions and table the same at the general meeting for consideration. Ex tempore motions should carry specific subjects and matters to be resolved that fall within the scope of authority of the general meeting.” Moreover, pursuant to Article 78 of the Articles of Association, “shareholder(s) alone or in aggregate holding 3% or more of the total number of the company’s shares may propose ex tempore motions ten days prior to the general meeting by furnishing the same to the convener in writing. The convener shall issue a supplemental notice of general meeting within two days after receiving the proposed motions to make public the contents of the ex tempore motions.” Having examined the aforesaid ex tempore motions, the Board is of the view that it is in compliance with relevant provisions of the Company Law and the Articles of Association, with Zhongxingxin being qualified to propose ex tempore motions and the aforesaid ex tempore motions carrying specific subjects and matters to be resolved that fall within the scope of authority of the general meeting. Accordingly, the Board has approved the tabling of the aforesaid ex tempore motion at the AGM in accordance with the provisions of the Company Law, the Rules of Procedure for General Meetings of Listed Companies and other laws, regulations and regulatory documents as well as the Articles of Association.

Resolution No. 14 is a special resolution which shall require the approval of two-thirds of the voting rights held by shareholders attending the AGM in order to be passed. Voting in respect of Resolutions Nos. 15 and 16 will be conducted by way of accumulative voting.

Save for the ex tempore motions added as aforesaid, details in respect of other resolutions to be considered and passed at the AGM remain unchanged. Please refer to the AGM Notice dated 27 March 2018 of the Company for further details.

*Notes:*

1. In order to determine the qualifications of the shareholders to attend and vote at the AGM, the H share register was originally scheduled to be closed from Wednesday, 11 April 2018 to Thursday, 10 May 2018 (both days inclusive). Due to the postponement of the AGM originally scheduled to be held on Friday, 11 May 2018, the period of closure of the H share register in order to determine the qualifications of the shareholders to attend and vote at the AGM will be extended to a period **from Wednesday, 11 April 2018 to Thursday, 28 June 2018 (both days inclusive)**.

2. In order to determine the qualifications of the shareholders to receive the final dividends of the Company for 2017, the H share register was originally scheduled to be closed from Thursday, 17 May 2018 to Tuesday, 22 May 2018 (both days inclusive). Due to the postponement of the AGM originally scheduled to be held on Friday, 11 May 2018, the period of closure of the H Share register in order to determine the qualifications of the shareholders to receive the dividends has been changed to **a period from Friday, 6 July 2018 to Wednesday, 11 July 2018 (both dates inclusive)**. Any H shareholder who wishes to qualify for the dividends **shall lodge an instrument of transfer, together with the corresponding share certificate(s) with Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m., Thursday, 5 July 2018.**

The last day of dealing in the H shares cum-entitlements to the dividends and first day of dealing in the H shares ex-entitlements to the dividends shall be changed from Monday, 14 May 2018 and Tuesday, 15 May 2018, respectively, to Tuesday, 3 July 2018 and Wednesday, 4 July 2018, respectively. The H share record date shall be changed from Tuesday, 22 May 2018 to Wednesday, 11 July 2018. **The expected date of dividend payment to shareholders by the Company has also been changed from 29 June 2018 to 20 August 2018.** Proposal of profit distribution for 2017 of the Company shall require consideration and approval at the AGM.

3. Due to the postponement of the AGM originally scheduled to be held on Friday, 11 May 2018, the expiry date for the general mandate granted to the Board of Directors at the previous annual general meeting of the Company held on 20 June 2017 shall be changed from 11 May 2018 to 29 June 2018.
4. For the avoidance of doubt, where an H shareholder has completed the reply slip delivered to the shareholders on 27 March 2018 in accordance with the instructions printed thereon and returned the same, such reply slip shall be valid for the purposes of the postponed AGM.
5. In order to be valid, the instruments appointing a proxy (namely the revised proxy form) and the power of attorney or other authorization documents (if any) of the signatory or notarized copies of such power of attorney or authorization documents must be completed and deposited, no later than 24 hours before the time appointed for holding the AGM or any adjournment thereof at Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for H shareholders). For the avoidance of doubt, if an H shareholder submitted the original proxy form delivered to shareholders on 27 March 2018, the revised proxy form submitted to the Company by the shareholder not later than 24 hours before the time appointed for the AGM shall supersede the original proxy form submitted by the shareholder, whereby the original proxy form shall be revoked and the revised proxy form (subject to accuracy of information entered thereon) shall be deemed the valid proxy form submitted by the H shareholder. If a shareholder fails to submit a revised proxy form to the Company not later than 24 hours before the time appointed for the AGM, the original proxy form previously submitted will remain valid (subject to accuracy of information entered thereon). In respect of the aforementioned resolutions Nos. 14, 15 and 16 which have not been set out in the original proxy form, if no direction is given, shareholders’ proxy holding the original proxy form shall be entitled to vote as he thinks fit.

The completion and return of the proxy form shall not preclude a shareholder from attending and voting in person at the AGM or any adjournment thereof if he so wishes.



6. A shareholder entitled to attend and vote at the AGM shall be entitled to appoint one or more proxies to attend and vote for him. A proxy need not be a shareholder of the Company.
7. In case of joint holders of a share, any one of such holders is entitled to vote at the AGM, by himself or by proxy, as if he is the only one entitled to do so among the joint holders. However, only the vote of the person whose name stands first on the register of members in respect of such share shall be accepted if more than one joint holder attend the AGM personally or by proxy.
8. The AGM is expected to last for half a day. All transportation and accommodation expenses incurred by shareholders or their proxies in attending the AGM shall be borne by themselves. Shareholders or their proxies attending the AGM shall be required to produce identifications.

By Order of the Board  
**Yin Yimin**  
Chairman

Shenzhen, the PRC  
14 June 2018

*As at the date of this announcement, the Board of Directors of the Company comprises two executive directors, Yin Yimin and Zhao Xianming; seven non-executive directors, Zhang Jianheng, Luan Jubao, Wang Yawen, Tian Dongfang, Zhan Yichao, Wei Zaisheng and Zhai Weidong; and five independent non-executive directors, Richard Xike Zhang, Chen Shaohua, Lü Hongbing, Bingsheng Teng and Zhu Wuxiang.*