

*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.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of ZTE Corporation.*



*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 763)**

**(1) REVISED TERMS OF THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES  
UNDER THE GENERAL MANDATE**

**(2) EXTENSION OF VALIDITY PERIOD OF THE SHAREHOLDERS' RESOLUTIONS IN  
RELATION TO THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES**

**AND**

**(3) NEW AUTHORIZATION TO THE BOARD IN RELATION TO THE PROPOSED NON-  
PUBLIC ISSUANCE OF A SHARES**

Reference is made to (i) the announcement of ZTE Corporation (the “**Company**”) dated 31 January 2018 (the “**Original Announcement**”); (ii) the announcement of the Company dated 1 February 2018; (iii) the circular of the Company dated 2 March 2018 (the “**Circular**”); (iv) the poll results announcement of the Company dated 28 March 2018; and (v) the overseas regulatory announcements of the Company dated 10 April 2018, 29 October 2018 and 19 November 2018 in respect of, amongst other things, the Proposed Non-public Issuance of A Shares under the General Mandate. Unless otherwise defined, capitalized terms used herein shall have the same meanings as defined in the Circular.

**REVISED TERMS OF THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES UNDER  
THE GENERAL MANDATE**

As disclosed on pages 6 to 7 in the Circular and in the announcement of the Company dated 1 February 2018, the issue price of the Proposed Non-public Issuance of A Shares will not be lower than RMB30.00 per A Share (the “**Floor Price**”). If the Company is unable to enter into the Proposed Non-public Issuance of A Shares with the subscribers at an issue price higher than or equal to the Floor Price during the effective period specified in the approval from the CSRC after obtaining such approval, the Company will terminate the Proposed Non-public Issuance of A Shares.

In light of the conditions in the capital market and the circumstances of the Company, the Board has determined to cancel the Floor Price for the Proposed Non-public Issuance of A Shares (the “**Revised Terms**”).

Pursuant to the Hong Kong Listing Rules, the issue price of the Proposed Non-public Issuance of A Shares shall not represent a discount of 20% or more to the benchmarked price of the H Shares as described under Rule 13.36(5) of the Hong Kong Listing Rules, such benchmarked price being the higher of:

- (a) the closing price of the H Shares on the date of the relevant agreement involving the Proposed Non-public Issuance of A Shares; and
- (b) the average closing price of the H Shares in the 5 trading days immediately prior to the earlier of:
  - (i) the date of this announcement on the Revised Terms;
  - (ii) the date of the relevant agreement involving the Proposed Non-public Issuance of A Shares; and
  - (iii) the date on which the issue price of the Proposed Non-public Issuance of A Shares is fixed.

The previous reference date for the benchmark price set out in paragraph (b)(i) above as disclosed in the Circular was the date of the Original Announcement (i.e. 31 January 2018).

The average closing price of the H Shares in the 5 trading days immediately prior to the date of this announcement is HK\$15.672. Therefore, pursuant to Rule 13.36(5) of the Hong Kong Listing Rules, the issue price of the Proposed Non-public Issuance of A Shares shall not represent a discount of 20% or more to the benchmarked price, being the higher of (i) the closing price of the H Shares on the date of the relevant agreement involving the Proposed Non-public Issuance of A Shares; and (ii) HK\$15.672.

As disclosed on page 6 of the Circular, the final issue price of the Proposed Non-public Issuance of A Shares shall be determined as follows:

Pursuant to the Implementation Rules of Non-public Issuance of Shares by Listed Companies, the Price Determination Date shall be the first day of the issue period of the Proposed Non-public Issuance of A Shares. The issue price of the Proposed Non-public Issuance of A Shares shall not be lower than 90% of the average trading price of the Company's A Shares for the 20 trading days immediately preceding the Price Determination Date. The final issue price shall be determined through negotiations between the Board (or its authorized representative(s)) and the sponsor (the lead underwriter) based on the bidding results and in accordance with the Implementation Rules of Non-public Issuance of Shares by Listed Companies, after the Company has obtained the approval for the Proposed Non-public Issuance of A Shares from the CSRC.

The average trading price of the Company's A Shares for the 20 trading days immediately preceding the Price Determination Date shall be calculated by the following formula:

$$\frac{\text{Total turnover of the Company's A Shares for the 20 trading days immediately preceding the Price Determination Date}}{\text{Total trading volume of the Company's A Shares for the 20 trading days immediately preceding the Price Determination Date}}$$

The A Shares to be issued pursuant to the Proposed Non-public Issuance of A Shares will be allotted and issued under the general mandate granted by the Shareholders to the Board at the annual general meeting of the Company held on 29 June 2018, which is proposed to be renewed at the annual general meeting of the Company for the year ended 31 December 2018 to be convened by the Company (the “**General Mandate**”). The Board has been authorized to allot and issue not more than 686,836,019 A Shares pursuant to the General Mandate. As at the date of this announcement, the Company had not issued any A Shares or H Shares pursuant to the General Mandate.

#### **EXTENSION OF VALIDITY PERIOD OF THE SHAREHOLDERS’ RESOLUTIONS IN RELATION TO THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES**

As disclosed in the poll results announcement of the Company dated 28 March 2018, resolutions were passed by the Shareholders to approve, amongst other things, the Proposed Non-Public Issuance of A Shares.

As disclosed on page 9 of the Circular, the resolutions in relation to the Proposed Non-Public Issuance of A Shares (the “**Shareholders’ Resolutions**”) shall remain valid for 12 months from the date on which the resolutions are considered and approved at the extraordinary general meeting of the Company held on 28 March 2018 (the “**First EGM**”).

Taking into consideration:

- (a) the validity period of the Shareholders’ Resolutions will expire on 27 March 2019; and
- (b) the Company has not yet received the approval of the CSRC, which is a condition precedent to the Proposed Non-Public Issuance of A Shares, and it is anticipated that the Company will need additional time to complete the Proposed Non-Public Issuance of A Shares,

The Board proposes to seek approval from the Shareholders to extend the validity period of the Shareholders’ Resolutions for a further period of 12 months, to 27 March 2020, to ensure the smooth implementation of the Proposed Non-Public Issuance of A Shares.

#### **NEW AUTHORIZATION TO THE BOARD IN RELATION TO THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES**

As disclosed on page 12 of the Circular, the authorization to the Board and its authorized representatives to deal with matters in connection with the Proposed Non-Public Issuance of A Shares (the “**Original Board Authorization**”) shall be effective for 12 months from the date of approval of the relevant resolution at the First EGM.

As the validity period of the Original Board Authorization will expire on 27 March 2019, to ensure the smooth implementation of the Proposed Non-Public Issuance of A Shares, the Board proposed to seek approval from the Shareholders for a new authorization to the Board and its authorized representatives to deal with all matters in connection with the Proposed Non-Public Issuance of A Shares with full discretion (the “**New Board Authorization**”), including:

- (a) authorization to deal with all matters relating to the plan for the Proposed Non-public Issuance of A Shares, including but not limited to the method and time of issuance, the target subscribers and method of subscription, the issue price and pricing principles, the number of

A Shares to be issued and lock-up period under the Proposed Non-public Issuance of A Shares;

- (b) authorization to deal with all matters pertaining to applications to and the receipt of approvals from PRC domestic authorities and relevant overseas authorities in respect of the Proposed Non-public Issuance of A Shares, to formulate, prepare, modify, fine-tune and execute all documents relating to the Proposed Non-public Issuance of A Shares, to execute contracts, agreements and documents relating to the Proposed Non-public Issuance of A Shares (including but not limited to agreements for the hiring or appointment of intermediaries) and to approve and handle information disclosures relating to the Proposed Non-public Issuance of A Shares;
- (c) authorization to adjust specific arrangements for the projects invested with the proceeds from the Proposed Non-public Issuance of A Shares within the scope of the resolution adopted by the extraordinary general meeting of the Company (the “EGM”);
- (d) authorization to adjust the plan of the Proposed Non-public Issuance of A Shares and the use of proceeds and to carry on with the Proposed Non-public Issuance of A Shares in accordance with relevant provisions of the State, requirements of relevant government authorities and securities regulatory authorities (including feedback after examination of the application for the non-public issuance) in the event of new provisions relating to the policy on non-public issuance under laws and regulations or announced by the securities regulatory authorities and any change in market conditions and operation of the Company, save for matters required to be voted upon anew at the general meeting under pertinent laws and regulations and the Articles of Association;
- (e) authorization to process capital verification formalities in connection with the Proposed Non-public Issuance of A Shares;
- (f) authorization to execute material contracts during the course of implementation of the projects invested with issue proceeds from the Proposed Non-public Issuance of A Shares;
- (g) authorization to process registration of shares, lock-up of shares and listing matters and the submission of relevant documents following the Proposed Non-public Issuance of A Shares;
- (h) authorization to deal with amendment of relevant clauses of the Articles of Association, corresponding approval procedures, and various registration procedures for the change in the registered capital of the Company following the Proposed Non-public Issuance of A Shares;
- (i) authorization to deal with all other matters pertaining to the Proposed Non-public Issuance of A Shares;
- (j) authorization to cause a direct transfer of powers to the Chairman of the Company and his delegate by the Board to deal with matters described above after obtaining the aforesaid authorization at the EGM;
- (k) the authorizations set out above shall be effective from 28 March 2019 to 27 March 2020.

Save as disclosed above, all other terms and conditions of the Proposed Non-public Issuance of A Shares remain unchanged.

## **FURTHER TERMS OF THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES**

Further details of the Proposed Non-public Issuance of A Shares are set out below.

### **Class and par value of Shares to be issued**

The Shares to be issued are A Shares with a par value of RMB1.00 per share.

### **Method and time of issuance**

The Proposed Non-public Issuance of A Shares will be carried out by way of non-public issuance to specific subscribers. The A Shares will be issued at any appropriate time within the validity period as approved by the CSRC.

### **Target subscribers and method of subscription**

The target subscribers of the Proposed Non-public Issuance of A Shares will be not more than 10 specific subscribers which satisfy the relevant requirements of the CSRC, including securities investment fund management companies, securities companies, insurance institutional investors, trust investment companies, finance companies, qualified foreign institutional investors and other legally qualified investors. A securities investment fund management company subscribing through 2 or more funds under its management shall be deemed as one single subscriber. A trust investment company, as a subscriber, can only subscribe for the A Shares with its internal funds.

Subject to the above requirements, the Company will determine the specific target subscribers through bidding in accordance with the Implementation Rules of Non-public Issuance of Shares by Listed Companies after obtaining the approval of the CSRC for the Proposed Non-public Issuance of A Shares.

All A Shares to be issued under the Proposed Non-public Issuance of A Shares will be subscribed for in cash.

As at the date of this announcement, (i) the Company has not entered into any agreement with any potential subscribers in respect of the Proposed Non-public Issuance of A Shares, and (ii) the Company expects that the A shares to be issued under the Proposed Non-public Issuance of A Shares will be issued to subscribers who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Issue price and pricing principles**

Please refer to the above section headed “Revised Terms of the Proposed Non-Public Issuance of A Shares Under the General Mandate” in this announcement.

### **Number of A Shares to be issued**

The number of A Shares to be issued under the Proposed Non-public Issuance of A Shares shall not exceed 686,836,019 A Shares, which represents:

- (1) approximately 19.98% of the existing issued A Shares and approximately 16.38% of the existing total issued share capital of the Company as at the date of this announcement; and

- (2) approximately 16.65% of the enlarged issued A Shares and approximately 14.08% of the enlarged total issued share capital of the Company upon Completion.

After obtaining the written approval for the Proposed Non-public Issuance of A Shares from the CSRC, the Board or its authorized representative(s) shall, pursuant to the authorization of the Shareholders in the First EGM and EGM, negotiate with the sponsor (the lead underwriter) to determine the final number of A Shares to be issued according to the relevant regulations of the CSRC and the price bids submitted by the target subscribers.

### **Lock-up period**

The A Shares to be subscribed for by the target subscribers under the Proposed Non-public Issuance of A Shares shall be subject to a lock-up period of 12 months from the date of Completion. After the expiration of the lock-up period, any transfer of the A Shares under the Proposed Non-public Issuance of A Shares shall be carried out in accordance with the relevant regulations of the CSRC and the SZSE.

### **Amount and use of proceeds**

The gross proceeds from the Proposed Non-public Issuance of A Shares will not exceed RMB13 billion. The net proceeds from the Proposed Non-public Issuance of A Shares (after deducting all expenses related to the issuance) will be applied as follows:

<b>Use of proceeds</b>	<b>Total amount required (RMB billion) (approximately)</b>	<b>Amount to be applied from the proceeds from the Proposed Non-public Issuance of A Shares (RMB billion) (approximately)</b>
Technology research and product development relating to 5G network evolution	42.878	9.1
Replenishment of working capital	3.9	3.9
<b>Total</b>	<b>46.778</b>	<b>13.0</b>

If there is any shortfall between the net proceeds from the Proposed Non-public Issuance of A Shares (after deducting all expenses related to the issuance) and the proposed amount of proceeds to be applied in each of the above items, the shortfall will be met by the internal funds of the Company. Prior to the receipt of the proceeds from the Proposed Non-public Issuance of A Shares, the Company will finance such project(s) with its internal funds based on the actual progress of the project(s). Such internal funds will be replaced by the proceeds upon the receipt of the proceeds.

### **Place of listing**

The A Shares to be issued under the Proposed Non-public Issuance of A Shares will be listed and traded on the SZSE upon expiration of the lock-up period.

## Arrangement for the retained undistributed profits prior to the Proposed Non-public Issuance of A Shares

The retained undistributed profits of the Company prior to the Proposed Non-public Issuance of A Shares will be shared by the existing Shareholders and the new Shareholders upon Completion.

## Validity period of the resolutions in relation to the Proposed Non-public Issuance of A Shares

Please refer to the above section headed “Extension of Validity Period of the Shareholders’ Resolutions in relation to the Proposed Non-public Issuance of A Shares” in this announcement.

## CONDITIONS PRECEDENT OF THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

The Proposed Non-public Issuance of A Shares is subject to the approval of the Shareholders at the EGM and the approval of the CSRC. Upon obtaining the approval of the CSRC, the Company will apply to the SZSE and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to complete the approval and registration procedures for the Proposed Non-public Issuance of A Shares.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the total issued share capital of the Company is 4,192,671,843 Shares, which comprises 3,437,169,309 A Shares and 755,502,534 H Shares. The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after Completion (assuming that (i) the maximum number of A Shares up to 686,836,019 A Shares is being issued and (ii) there is no change in the total issued share capital of the Company from the date of this announcement up to Completion save for Proposed Non-public Issuance of A Shares) is set out as follows:

Shareholder	Class of Shares	As at the date of this announcement			Upon Completion		
		Number of Shares	Approximate percentage of A Shares (%)	Approximate percentage of the total issued share capital (%)	Number of Shares	Approximate percentage of A Shares (%)	Approximate percentage of the total issued share capital (%)
<b>Zhongxingxin Telecom Company Limited</b>							
	A	1,269,276,633	36.93	30.27	1,269,276,633	30.78	26.01
	H	2,038,000	-	0.05	2,038,000	-	0.04
	<b>Subtotal</b>	<u>1,271,314,633</u>	-	<u>30.32</u>	<u>1,271,314,633</u>	-	<u>26.05</u>
<b>Public Shareholders</b>							
	A	2,167,892,676	63.07	51.71	2,854,728,695	69.22	58.50
	H	753,464,534	-	17.97	753,464,534	-	15.44
	<b>Subtotal</b>	<u>2,921,357,210</u>	-	<u>69.68</u>	<u>3,608,193,229</u>	-	<u>73.95</u>
<b>Total</b>		<u><b>4,192,671,843</b></u>		<u><b>100.00</b></u>	<u><b>4,879,507,862</b></u>		<u><b>100.00</b></u>

*Note: The approximate percentages of (i) the A Shares and (ii) the total issued share capital are rounded to the nearest two decimal places may not add up to 100% due to rounding*

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company had not conducted any equity fund raising exercises during the 12 months immediately preceding the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES, THE REVISED TERMS, THE SHAREHOLDERS' RESOLUTIONS EXTENSION RESOLUTION AND NEW BOARD AUTHORIZATION**

In recent years, the Company has been pursuing the strategy in leading 5G innovations through the continuous expansion of its investment in research and development as well as marketing for its core segments. With the global leading position in 5G network sector, the Company expects that 2018 to 2020 will be a crucial period for the formulation and industrialization of the global standard for 5G technology. The Company will continue to focus on 5G technology as its core strategy, and will commit its effort to various aspects including the formulation of standards, product research and development and commercial verification in order to maintain its leading position in terms of progress development, product functionality and cost advantage.

The Company considers that the Proposed Non-public Issuance of A Shares will enable the Company to maintain its high level of investment in research and development, help ensure its technological competitive edge and develop its main products and businesses with core advantages, which may help the Company increase its market shares in the mainstream products and markets as well as enhance customer satisfaction, thereby help increasing the profitability of the Company.

In addition, the demand for working capital of the Company for business development may be replenished by the Proposed Non-public Issuance of A Shares and the capital structure of the Company is expected to be further optimized, which may help the Company mitigate risks.

The closing price of the A Shares as traded on the SZSE as at the date of the Original Announcement was RMB31.12 per A Share, whereas the closing price of the A Shares as traded on the SZSE as at the date of this announcement on Revised Terms was RMB20.01 per A Share. In light of the benefits of the Proposed Non-public Issuance of A Shares as set out above, the Board believes that it is in the best interests of the Company and its shareholders as a whole for the Floor Price to be cancelled and for the Company to proceed with the Proposed Non-public Issuance of A Shares.

As at the date of this announcement, the Company had not yet received the approval of the CSRC, which is a condition precedent to the Proposed Non-Public Issuance of A Shares, and it is anticipated that the Company will need additional time to complete the Proposed Non-Public Issuance of A Shares. As such, the Board is of the view that the extension of validity period of the Shareholders' Resolutions and the New Board Authorization are necessary to ensure the smooth implementation of the Proposed Non-Public Issuance of A Shares and are in the best interests of the Company and the Shareholders as a whole.

## **GENERAL MANDATE TO ISSUE THE A SHARES**

The A Shares to be issued pursuant to the Proposed Non-public Issuance of A Shares will be allotted and issued under the General Mandate. The Board has been authorized to allot and issue not more than 686,836,019 A Shares pursuant to the General Mandate. As at the date of this announcement, the Company had not issued any A Shares or H Shares pursuant to the General Mandate.

## **EXTRAORDINARY GENERAL MEETING**



The EGM will be convened for the Shareholders to consider and, if thought fit, pass, the resolutions in relation to (a) the Revised Terms of the Proposed Non-public Issuance of A Shares under the General Mandate; (b) the extension of the validity period of the Shareholders' Resolutions; and (c) the New Board Authorization. A notice of the EGM, the proxy form and reply slip for use at the EGM will be despatched to the Shareholders in due course. A circular containing, among other things, further details of the Revised Terms, the extension of the validity period of the Shareholders' Resolutions and the New Board Authorization, will be despatched to the Shareholders as soon as practicable.

**The completion of the Proposed Non-public Issuance of A Shares are subject to the satisfaction of certain conditions. Accordingly, the Proposed Non-public Issuance of A Shares may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Li Zixue**  
Chairman

Shenzhen, the PRC  
17 January 2019

*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, Yuming Bao, Gordon Ng.*