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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)**

## **Announcement**

### **Resolutions of the Fortieth Meeting of the Fifth Session of the Board of Directors**

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

ZTE Corporation (the "Company") issued the "Notice of convening the Fortieth Meeting of the Fifth Session of the Board of Directors of the Company" to all the Directors of the Company by electronic mail and telephone on 12 March 2013. The Fortieth Meeting of the Fifth session of the Board of Directors of the Company (the "Meeting") was convened at the Shenzhen headquarters of the Company, Shanghai, by way of video conference on 27 March 2013. Of the 14 Directors required to attend the Meeting, 10 Directors attended in person and 4 Directors appointed proxies to attend on their behalf. Mr. Zhang Jianheng, Vice Chairman, was unable to attend the Meeting due to work reasons, and has authorised Mr. Wang Zhanchen, Director, to vote on his behalf. Mr. Xie Weiliang, Vice Chairman, was unable to attend the Meeting due to work reasons, and has authorised Mr. Dong Lianbo, Director, to vote on his behalf. Mr. Zhang Junchao, Director, was unable to attend the Meeting due to work reasons, and has authorised Mr. Wang Zhanchen, Director, to vote on his behalf. Mr. Shi Lirong, Director, was unable to attend the Meeting due to work reasons, and has authorised Mr. Yin Yimin, Director, to vote on his behalf. The Meeting was convened and held in accordance with the relevant laws, administrative regulations, departmental rules and the

Articles of Association of the Company (the “Articles of Association”), and was legal and valid.

**The following resolutions were considered and approved at the Meeting:**

**I. Consideration and approval of the “Full Text of the 2012 Annual Report of the Company” and the “2012 Annual Report Summary and Results Announcement of the Company.”**

Voting result: For: 14; Against: 0; Abstained: 0.

**II. Consideration and approval of the “2012 Report of the Board of Directors of the Company” and approval of submission to the 2012 Annual General Meeting for consideration.**

Voting result: For: 14; Against: 0; Abstained: 0.

**III. Consideration and approval of the “2012 Report of the President of the Company” and approval of submission to the 2012 Annual General Meeting for consideration.**

Voting result: For: 14; Against: 0; Abstained: 0.

**IV. Consideration and approval of the “2012 Financial Statements of the Company Audited by PRC and Hong Kong Auditors” and approval of submission to the 2012 Annual General Meeting for consideration.**

Voting result: For: 14; Against: 0; Abstained: 0.

**V. Consideration and approval of the “Final Financial Accounts of the Company for 2012” and approval of submission to the 2012 Annual General Meeting for consideration.**

Voting result: For: 14; Against: 0; Abstained: 0.

**VI. Consideration and approval of the “Resolution on the Write-Off of Bad Debts of the Company for the second half of 2012”, the details of which are as follows:**

That the write-off by the Company of six accounts of trade receivables which had been considered unrecoverable totalling RMB5.3717 million be approved. The Company has fully provided for the bad debts of trade receivables to be written off in 2012 and the prior years and the write-off will not have any material adverse impact on the current financial conditions and operating results of the Company.

Voting result: For: 14; Against: 0; Abstained: 0.

**VII. Consideration and approval of the “Proposals of Profit Distribution of the Company for 2012” and approval of submission to the 2012 Annual General Meeting for consideration, the details of which are as follows:**

The proposals of profit distribution for 2012 recommended by the Board of Directors of the Company are as follows:

In view of the actual operating conditions of the Company, no profit distribution or capitalisation of capital reserve for 2012 has been proposed.

Voting result: For: 14; Against: 0; Abstained: 0.

Independent Non-executive Directors of the Company Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert have expressed an independent opinion:

We are of the view that the proposal of no profit distribution complies with the actual operating conditions of the Company and relevant requirements of the Company Law, PRC ASBEs and Articles of Association.

**VIII. Consideration and approval of the “Report of the Audit Committee under the Board of Directors of the Company on the 2012 Audit of the Company Performed by PRC and Hong Kong Auditors.”**

Voting result: For: 14; Against: 0; Abstained: 0.

**IX. Consideration and approval of the “Resolutions of the Company on Determining the Audit Fees of the PRC Auditor and the Hong Kong Auditor for 2012”, the details of**

**which are as follows:**

That the payment of the financial report audit fees of the PRC auditor and Hong Kong auditor for 2012 on a consolidated basis and the fixing of the aggregate financial report audit fees payable to Ernst & Young Hua Ming LLP and Ernst & Young at RMB5.7368 million (including expenses related to auditing such as travelling, accommodation, meals expenses and related taxes) be confirmed; the fixing of the internal control audit fees payable to Ernst & Young Hua Ming LLP for 2012 at RMB0.808 million (including expenses related to auditing such as travelling, accommodation, meals expenses and related taxes) be confirmed.

Voting result: For: 14; Against: 0; Abstained: 0.

Note: In August 2012, Ernst & Young Hua Ming changed its name to Ernst & Young Hua Ming LLP upon its conversion from a sino-foreign co-operative joint venture into a limited liability partnership.

**X. Consideration and approval of the “Resolutions on the Appointment of the PRC Auditor and the Hong Kong Auditor of the Company for 2013” on an individual basis and approval of submission to the 2012 Annual General Meeting for consideration, the details of which are as follows:**

1. That Ernst & Young Hua Ming LLP be re-appointed as the PRC auditor of the Company’s financial report for 2013 and a proposal be made to the 2012 Annual General Meeting to authorise the Board of Directors to fix the financial report audit fees of Ernst & Young Hua Ming LLP for 2013 based on specific audit work to be conducted be approved.

Voting result: For: 14; Against: 0; Abstained: 0.

2. That Ernst & Young be re-appointed as the Hong Kong auditor of the Company’s financial report for 2013 and a proposal be made to the 2012 Annual General Meeting to authorise the Board of Directors to fix the financial report audit fees of Ernst & Young for 2013 based on the specific audit work to be conducted be approved.

Voting result: For: 14; Against: 0; Abstained: 0.

3. That Ernst & Young Hua Ming LLP be re-appointed as the internal control auditor of the Company for 2013 and a proposal be made to the 2012 Annual General Meeting to authorise the Board of Directors to fix the internal control audit fees of Ernst & Young Hua Ming LLP

for 2013 based on specific audit work to be conducted be approved.

Voting result: For: 14; Against: 0; Abstained: 0.

Independent Non-executive Directors of the Company Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert have expressed an independent opinion:

Prior to the convening of the Meeting, the Independent Non-executive Directors of the Company have reviewed the “Resolutions on the Appointment of the PRC Auditor and the Hong Kong Auditor of the Company for 2013,” and the Independent Non-executive Directors of the Company concur to the re-appointment of Ernst & Young Hua Ming LLP and Ernst & Young as the PRC auditor and the Hong Kong auditor of the Company’s financial report for 2013 respectively, and the re-appointment of Ernst & Young Hua Ming LLP as the internal control auditor of the Company for 2013.

**XI. Consideration and approval of the “Resolutions on the Performance of and Annual Bonus Amount for the President of the Company for 2012.”**

Mr. Shi Lirong, Director, abstained in the voting in respect of this matter owing to his capacity as the President of the Company.

Voting result: For: 13; Against: 0; Abstained: 0.

**XII. Consideration and approval of the “Resolutions on the Performance of and Annual Bonus Amount for Other Senior Management Personnel of the Company for 2012.”**

Mr. He Shiyong, Director, abstained in the voting in respect of this matter owing to his capacity as a senior management personnel of the Company.

Voting result: For: 13; Against: 0; Abstained: 0.

In respect of the aforesaid Resolutions XI and XII, the Independent Non-executive Directors of the Company Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert have expressed an independent opinion on the remuneration for the Company’s senior management personnel as follows:

The Board of Directors of the Company and the Remuneration and Evaluation Committee of the Board of Directors of the Company have carried out inspection of the 2012 performance appraisal for the senior management personnel of the Company. We are of the view that the remuneration of senior management of the Company in 2012 complied with the measures for the administration of remuneration and performance management and pertinent provisions of the Articles of Association and Working Rules of the Remuneration and Evaluation Committee of the Board of Directors of ZTE Corporation.

**XIII. Consideration and approval of the “Resolutions on the Performance Management Measures for the Company President for 2013.”**

Mr. Shi Lirong, Director, abstained in the voting in respect of this matter owing to his capacity as the President of the Company.

Voting result: For: 13; Against: 0; Abstained: 0.

**XIV. Consideration and approval of the “Resolutions on the Performance Management Measures for Other Senior Management Personnel for 2013.”**

Mr. He Shiyong, Director, abstained in the voting in respect of this matter owing to his capacity as a senior management personnel of the Company.

Voting result: For: 13; Against: 0; Abstained: 0.

**XV. Consideration and approval of the “Resolutions of the Company on the Application for Composite Credit Facilities for the Six Months ended 30 June 2013” on an individual basis, the details of which are as follows:**

The Company has proposed to apply for composite credit facilities from certain banks (details of which are set out in the table below) for the six months ended 30 June 2013 which are subject to approval by the banks.

Bank	Proposed composite credit facilities amount	Principal types of the composite credit facilities
The Export-Import Bank of	RMB5.0 billion	Loans, guarantee, trade financing, etc.

<b>Bank</b>	<b>Proposed composite credit facilities amount</b>	<b>Principal types of the composite credit facilities</b>
China ,Shenzhen Branch		
Bank of China Limited, Shenzhen Branch	RMB23.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
China Construction Bank Corporation, Shenzhen Branch	RMB11.5 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
PingAn Bank Co., Ltd., Shenzhen Nantou Branch	RMB 10.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
China Minsheng Banking Corp., Ltd., Shenzhen Branch	RMB3.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
China Guangfa Bank, Shenzhen Branch	RMB2.5 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
<b>Total credit facilities amount in RMB</b>	<b>RMB50.0 billion</b>	-
China Development Bank Corporation, Shenzhen Branch	USD6.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
Industrial Bank Co., Ltd., Shenzhen Hi-tech Branch	USD500 million	Loans, trade financing, etc.
HSBC Bank (China) Company Limited, Shenzhen Branch	USD250 million	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, foreign exchange trading, etc.
Societe Generale (China) Limited, Guangzhou Branch	USD40 million	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
<b>Total credit facilities amount in USD</b>	<b>USD6.79 billion</b>	-

*Note: The above composite credit facilities are the maximum amounts to be granted by the banks to the Company for its business operations based on their assessments of the Company's conditions, and the Company is not required to provide any assets as mortgage for such facilities. The Company will utilise such facilities for different types of business operations in accordance with actual production demand, after conducting internal approval procedures of the Company and corresponding approval procedures required by the banks. The amounts of composite credit facilities set out above represent amounts proposed by the Company and are subject to final amounts approved by the banks.*

Each of the above resolutions, except for those on the applications for composite credit facilities from Bank of China Limited, Shenzhen Branch, China Construction Bank Corporation, Shenzhen Branch and China Development Bank Corporation, Shenzhen Branch shall be valid with effect from 27 March 2013 until (1) the approval of the next new credit facilities, or (2) 31 March 2014 (whichever is earlier). Unless otherwise required, no subsequent resolution of the Board of Directors is required with respect to any single application for financing operations within such cap under such credit facility. Mr. Hou Weigui, the legal representative of the Company, or his authorised signatory, is authorised by the Board of Directors to sign all facilities agreements, financing agreements and other

related legal contracts and documents which are related to the above composite credit facilities.

The aforesaid resolutions of the Company proposing the applications to Bank of China Limited, Shenzhen Branch for a composite credit facility amounting to RMB23.0 billion, to China Construction Bank Corporation, Shenzhen Branch for a composite credit facility amounting to RMB11.5 billion and to China Development Bank Corporation, Shenzhen Branch for a composite credit facility amounting to USD6.0 billion are subject to consideration and approval by the 2012 Annual General Meeting. The Board of Directors requested the general meeting to authorise the Board of Directors to adjust the details and actual duration of the credit facilities pursuant to the Company's requirements or negotiations with the banks, subject to the aforesaid caps of composite credit facilities within the effective term required by such resolutions of the general meeting. The Board of Directors and other parties delegated by the Board of Directors are authorised to negotiate with the banks and sign all facilities agreements, financing agreements and other related legal contracts and documents relating to the above composite credit facilities and to deal with other matters relating to such agreements.

Voting result: For: 14; Against: 0; Abstained: 0.

**XVI. Consideration and approval of the “Resolution on the Application for Investment Limits in Derivative Products of the Company for 2013”, the details of which are as follows:**

1. That the Company be authorised by the general meeting to invest in value protection derivative products against its foreign exchange risk exposure by hedging through dynamic coverage rate for an net amount not exceeding the equivalent of USD3.0 billion (such limit may be applied on a revolving basis during the effective period of the authorisation). The authorization shall be effective from the date on which it is approved by way of resolution at the general meeting to the date on which the next annual general meeting of the Company closes or to the date on which this authorisation is modified or revoked at a general meeting, whichever is earlier.

Voting result: For: 14; Against: 0; Abstained: 0.



2. That the Company be authorised by the general meeting to invest in fixed income derivative products for an net amount not exceeding the equivalent of USD500 million (such limit may be applied on a revolving basis during the effective period of the authorisation). The authorisation shall be effective from the date on which it is approved by way of resolution at the general meeting to the date on which the next annual general meeting of the Company closes or to the date on which this authorisation is modified or revoked at a general meeting, whichever is earlier.

Voting result: For: 14; Against: 0; Abstained: 0.

Independent Non-Executive Directors of the Company, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished an independent opinion in relation thereto as follows:

As the foreign exchange income of the Company and its subsidiaries has been increasing in line with the ongoing development of their international businesses, the mitigation of exchange rate risks associated with foreign exchange operations by locking up currency translation costs through effective applications of financial derivative instruments is beneficial to the enhancement of the financial stability and competitiveness of the Company. The Company has conducted meticulous internal assessment in respect of its derivative investments and has established relevant regulatory regimes. We are of the view that the Company's engagement in derivative investments is closely related to its day-to-day operational requirements, subject to controllable risks and in compliance with relevant provisions of pertinent laws and regulations.

Details of the foresaid derivative investments are set out at the "Announcement on the Application for Derivative Investment Limits for 2013" published on the same date as this announcement.

**XVII. Consideration and approval of the "2012 Corporate Social Responsibility Report of the Company."**

Voting result: For: 14; Against: 0; Abstained: 0.

The "2012 Corporate Social Responsibility Report of the Company" is published on 28

March 2013 on <http://www.cninfo.com.cn>.

**XVIII. Consideration and approval of the “2012 Self-Assessment Report on Internal Control of the Company.”**

Voting result: For: 14; Against: 0; Abstained: 0.

The “2012 Self-Assessment Report on Internal Control of the Company” is published on 28 March 2013 as this announcement on <http://www.cninfo.com.cn>.

The opinion of the Independent Non-executive Directors on the self-assessment on internal control of the Company is published on 28 March 2013 on <http://www.cninfo.com.cn> under the title of “Opinion of the Independent Non-Executive Directors on the Self-assessment on Internal Control of the Company.”

**XIX. Consideration and approval of the “Resolution of the Company on the Application for General Mandate for 2013” and approval of submission to the 2012 Annual General Meeting for consideration, the details of which are as follows:**

1. Subject to the conditions set out below, the Board of Directors be hereby granted an unconditional and general mandate during the Relevant Period to separately or concurrently allot, issue and deal with additional domestic shares and overseas-listed foreign shares (“H Shares”) of the Company (including securities convertible into domestic shares and/or H Shares of the Company) and to make or grant offers, agreements or options in respect of the above:

(1) such mandate shall not extend beyond the Relevant Period (as defined below), other than in the case of the making or granting of offers, agreements or options by the Board of Directors during the Relevant Period which might require the performance or exercise of such powers after the close of the Relevant Period;

(2) the aggregate nominal amount of the share capital of domestic shares and H shares authorised to be allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board of Directors, otherwise than pursuant to (i) a Rights Issue (as defined below) or (ii) any option scheme or similar arrangement from time to time being adopted for the grant or issue to Directors, Supervisors,

senior management and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company approved by the Board of Directors, shall not exceed 20% of the aggregate nominal amount of each of the share capital of the domestic shares and H shares of the Company in issue at the date on which this resolution is passed at the general meeting; and

(3) The Board of Directors will only exercise the above authority in compliance with the Company Law of the People's Republic of China (as amended from time to time) and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and with the necessary approvals of the China Securities Regulatory Commission and/or other relevant PRC government authorities.

2. For the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution by the general meeting until the earliest of:

(1) the conclusion of the next annual general meeting of the Company following the passing of this resolution;

(2) the expiration of a 12-month period following the passing of this resolution; or

(3) the revocation or variation of the authority given to the Board of Directors under this resolution by the passing of a special resolution of the Company at a general meeting; and

“Rights Issue” means an offer to all shareholders of the Company (except any shareholders to which the making of such offers by the Company is not permitted under the laws of the jurisdictions where they reside) and, as appropriate, holders of other equity securities of the Company who are qualified for such offers, for the allotment and issue of shares or other securities in the Company which will or might require the allotment and issue of shares in proportion to their existing holdings of such shares or other equity securities (subject to the exclusion of fractional entitlements);

3. Where the Board of Directors resolves to issue shares (including securities convertible into domestic shares and/or H Shares of the Company) pursuant to paragraph 1 of this resolution, the Board of Directors be hereby authorised to approve and execute all documents and deeds and do all things or to procure the execution of such documents and deeds and the doing of such things necessary in their opinion for the issue (including but not limited to determining

the time and place for issue, class and number of new shares to be issued, the pricing method and/or issue prices (including price ranges) of the shares, submitting all necessary applications to relevant authorities, entering into underwriting agreements (or any other agreements), determining the use of proceeds, and fulfilling filing and registration requirements of the PRC, Hong Kong and other relevant authorities, including but not limited to registration with relevant PRC authorities of the increase in registered share capital as a result of the issue of shares pursuant to paragraph 1 of this resolution); and

4. The Board of Directors be hereby authorised to amend the Articles of Association as they deem necessary to increase the registered share capital of the Company and to reflect the new capital structure of the Company following the allotment and issue of shares of the Company contemplated in paragraph 1 of this resolution.

Voting result: For: 14; Against: 0; Abstained: 0.

## **XX. Consideration and approval of the “Resolution on the Convening of the 2012 Annual General Meeting.”**

The Company has decided to convene the 2012 Annual General Meeting (the “AGM”) on Thursday, 30 May 2013 at the conference room on the 4th floor of the Shenzhen headquarters of the Company.

Voting result: For: 14; Against: 0; Abstained: 0.

“Notice of the 2012 Annual General Meeting” of the Company will be delivered to H shareholders of the Company according to the Articles of Association and requirements of applicable laws and regulations.

The Company will close its H share register from 30 April 2013 (Tuesday) to 29 May 2013 (Wednesday), both days inclusive, for the purposes of determining shareholders who are eligible for attending and voting at the AGM. Any H Shareholder who wishes to attend and vote at the AGM, shall lodge an instrument of transfer, together with the corresponding share certificate(s) with Computershare Hong Kong Investor Services Limited at Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. 29 April 2013 (Monday).

By Order of the Board

**Hou Weigui**

*Chairman*

Shenzhen, PRC

27 March 2013

*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 Zhancheng, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.*