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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)

Announcement

Resolutions of the Eighth Meeting of the Seventh 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 in this announcement or material omission therefrom.

ZTE Corporation (the “Company”) issued the “Notice of the Eighth Meeting of the Seventh Session of the Board of Directors (the “Board”) of ZTE Corporation” to all the Directors of the Company by electronic mail and telephone on 10 August 2016. The Eighth Meeting of the Seventh Session of the Board of Directors of the Company (the “Meeting”) was convened by way of on-site meeting on 25 August 2016 at the Shenzhen headquarters of the Company. The Meeting was presided over by Mr. Zhao Xianming, Chairman. Of the 14 Directors required to vote at the Meeting, 10 Directors duly participated and 4 Directors appointed proxies to attend on their behalves. Mr. Luan Jubao, Vice Chairman, was unable to attend the Meeting due to work reasons and has authorized in writing Mr. Zhan Yichao, Director, to vote on his behalf. Mr. Tian Dongfang, Director, was unable to attend the Meeting due to work reasons and has authorized in writing Mr. Wang Yawen, Director, to vote on his behalf. Mr. Yin Yimin, Director, was unable to attend the Meeting due to work reasons and has authorized in writing Mr. Shi Lirong, Director, to vote on his behalf. Mr. Lü Hongbing, Independent Non-executive Director, was unable to attend the Meeting due to work reasons and has authorized in writing Mr. Chen Shaohua, Independent Non-executive Director, to vote on his behalf. Members of the Supervisory Committee of the Company and certain personnel concerned also attended the Meeting. The Meeting was convened and held in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association of ZTE Corporation, 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 2016 Interim Report and 2016

Interim Report Summary and Results Announcement of the Company”

Voting result: For: 14; against: 0; abstained: 0.

II. Consideration and approval of the “2016 Interim Work Report of the President of the Company”

Voting result: For: 14; against: 0; abstained: 0.

III. Consideration and approval of the “Final Financial Report of the Company for the Six Months ended 30 June 2016”

For the six months ended 30 June 2016, the Company reported operating revenue of RMB47,757 million and net profit attributable to holders of ordinary shares in the listed company of RMB1,766 million, according to PRC Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards.

Voting result: For: 14; against: 0; abstained: 0.

IV. Consideration and approval of the “Resolution on the Write-Off of Bad Debts of the Company for the Six Months ended 30 June 2016”, the details of which are as follows:

The Company was approved to write off seven amounts of trade receivables which had been considered unrecoverable totaling RMB62,278,500. The write-off will not have any material adverse impact on the current financial conditions and operating results of the Company as the Company has fully provided for such write-off of bad debts as at 30 June 2016.

Voting result: For: 14; against: 0; abstained: 0.

V. Consideration and approval of the “Resolutions of the Company on the Proposed Applications for Composite Credit Facilities for the Six Months ended 31 December 2016” on an individual basis, the details of which are as follows:

For the six months ending 31 December 2016, the Company has proposed to apply for composite credit facilities from certain banks (the details of which are set out in the table below), which are subject to approvals by the respective banks. The Company is required to go through necessary approval procedures in accordance with requirements of the prevailing internal regulations of the Company, pertinent laws and regulations and listing rules when conducting specific transactions under such composite credit facilities.

Banks	Proposed Composite Credit Facility Limit for the Period	Key Contents of Composite Credit Facility
China Merchants Bank Co., Ltd, Shenzhen Branch	RMB8 billion	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
China CITIC Bank Corporation Limited, Shenzhen Branch	RMB5 billion	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.

Banks	Proposed Composite Credit Facility Limit for the Period	Key Contents of Composite Credit Facility
Shanghai Pudong Development Bank Co., Ltd, Shenzhen Branch	RMB1.3 billion	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
China Resources Bank of Zhuhai Co., Ltd, Shenzhen Branch	RMB1.5 billion	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
Postal Savings Bank of China Co., Ltd, Shenzhen Branch	RMB5 billion	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
Industrial Bank Co. , Ltd, Shenzhen Branch	RMB7 billion	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
Total credit facilities in RMB	RMB27.8 billion	
Citibank (China) Company Limited, Shenzhen Branch	USD100 million	Loans, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
Santander Bank, Shanghai Branch	USD80 million	Loans, trade finance, guarantee letters, foreign exchange transaction, etc.
DBS Bank (China) Co., Ltd, Shenzhen Branch	USD40 million	Guarantee letters, foreign exchange transaction, etc.
BNP Paribas (China) Co., Ltd, Guangzhou Branch	USD5 million	Guarantee letters, foreign exchange transaction, etc.
Total credit facilities in USD	USD225 million	

Note: Each of the composite credit facility limits set out above is the maximum limit offered by the corresponding bank in respect of the Company's operating activities based on the bank's assessment of the Company, and the Company is not required to provide any assets as collateral. The Company shall conduct various types of facilities within the composite credit facility limit in accordance with its actual production and operating requirements after fulfillment of corresponding approval procedures required by the Company internally and the bank. The above composite credit facility limits are the proposed amounts to be applied by the Company, subject to the final amounts determined and approved by the banks.

The resolution will be valid from 25 August 2016 until the earlier of (1) the approval of new credit facility limits, or (2) 31 August 2017. Unless otherwise required, no Board resolution will be issued in respect of any single application for financing not exceeding such credit facility limit. Legal representative of the Company, or the authorised signatory delegated by legal representative of the Company, is hereby authorised by the Board to execute legal contracts and documents pertaining to the composite credit facility limits.

Voting result: For: 14; against: 0; abstained: 0.

VI. Consideration and approval of the “Resolution of the Company on the provision of guarantee in respect of the debt financing of ZTE Heyuan Company Limited*(中興通訊(河源)有限公司)”, the details of which are as follows:

1. That the provision of guarantee by way of joint liability assurance for an amount of not

more than RMB500 million by the Company in respect of the debt financing (including but not limited to banks facilities, fixed-asset loans and working capital loans) of ZTE Heyuan Company Limited*(中興通訊(河源)有限公司) (“ZTE Heyuan”), for a term of not more than 3 years (commencing on the date on which the debt financing agreement comes into effect, during which the guarantee will be effective on a revolving basis subject to the aforesaid guarantee amounts), be approved.

2. That the legal representative of the Company or his delegated attorney be authorised to determine the actual amount and term of guarantee based on the results of negotiations between ZTE Heyuan and parties relating to the debt financing subject to the aforesaid cap and timeframe for the guarantee, to negotiate and enter into all guarantee agreements and other relevant legal contracts and documents pertinent to the aforesaid guarantee with parties relating to the debt financing, and to deal with other matters relating to the guarantee.

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

For details of the aforesaid provision of guarantee in respect of the debt financing of ZTE Heyuan, please refer to the “Announcement on the Provision of Guarantee for a Wholly-owned Subsidiary” published on the same date as this announcement.

VII. Consideration and approval of the “Resolution of the Company on the investment by CDB Development Fund Co., Ltd.*(國開發展基金有限公司) in Xi’an Zhongxing New Software Company Limited*(西安中興新軟件有限責任公司), a wholly-owned subsidiary of the Company,” the details of which are as follows:

1. That the investment of RMB675 million by CDB Development Fund Co., Ltd.*(國開發展基金有限公司) in Xi’an New Software Company Limited*(西安中興新軟件有限責任公司) by way of capital increase (the “**Capital Increase**”), and the execution of the CDB Development Fund Investment Contract and all documents pertinent to the Capital Increase among ZTE, Xi’an Zhongxing New Software Company Limited*(西安中興新軟件有限責任公司) and CDB Development Fund Co., Ltd.*(國開發展基金有限公司) (the “**Capital Increase Document**”) be approved;

2. That the legal representative of the Company or his delegated signatory be authorised to execute the Capital Increase Documents and perform other duties required to execute the Capital Increase Document and complete the Capital Increase.

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

For details of the investment by CDB Development Fund Co., Ltd.*(國開發展基金有限公司) in Xi’an Zhongxing New Software Company Limited*(西安中興新軟件有限責任公司), a wholly-owned subsidiary of the Company, please refer to the “Announcement on the

investment by CDB Development Fund Co., Ltd. in Xi'an Zhongxing New Software Company Limited, a wholly-owned subsidiary of the Company" published on the same date as this announcement.

VIII. Consideration and approval of the “Resolution on the Renewal of Directors’, Supervisors’ and Senior Management’s Liability Insurance”, the details of which are as follows:

In order to enable the Directors, Supervisors and senior management to perform their duties in a more vigorous manner, the Company has decided to renew the “Directors’, Supervisors’ and Senior Management’s Liability Insurance” for the Directors, Supervisors and senior management of the Company and agreed with Chartis Insurance Company Limited, Shenzhen Branch to renew the said liability insurance for a period of one year with a compensation limit of RMB100 million per annum.

Voting result: For: 14; against: 0; abstained: 0.

The Independent Non-Executive Directors of the Company, namely Mr. Richard Xike Zhang, Mr. Chen Shaohua, Mr. Lü Hongbing, Mr. Bingsheng Teng and Mr. Zhu Wuxiang, have furnished an independent opinion as follows:

The continual procurement of the liability insurance for Directors, Supervisors and senior management is beneficial to investors in general as it will procure the said personnel to perform their duties in a vigorous manner and provide timely and comprehensive compensation for economic losses that may be suffered by third parties in the course of performance of duties by the Directors, supervisors and senior management, thereby reducing the Company’s losses. The transaction has been conducted in adherence to the principles of fairness, impartiality and openness and in compliance with relevant laws and regulations, devoid of any actions and circumstances prejudicial to the interests of non-controlling shareholders.

By Order of the Board
Zhao Xianming
Chairman

Shenzhen, the PRC
25 August 2016

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

**for identification purposes only*