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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 Second 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 Second Meeting of the Seventh Session of the Board of Directors of the Company” to all the Directors of the Company by electronic mail and telephone on 24 March 2016. The Second Meeting of the Seventh Session of the Board of Directors of the Company (the “Meeting”) was convened at the Shenzhen headquarters of the Company by way of on-site meeting on 6 April 2016. The Meeting was presided over by Mr. Zhao Xianming, Chairman. Of the 14 Directors required to attend the Meeting, 12 Directors attended in person and 2 Directors appointed proxies to attend on their behalves. Mr. Richard Xike Zhang, Independent Non-executive Director, was unable to attend the Meeting due to work reasons, and has authorised Mr. Lü Hongbing, Independent Non-executive Director, to vote on his behalf. Mr. Bingsheng Teng, Independent Non-executive Director, was unable to attend the Meeting due to work reasons, and has authorised 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 (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 2015 Annual Report of the Company” and the “2015 Annual Report Summary and Results Announcement of the Company” and approval of submission of the 2015 Annual Report (including 2015 Financial Report of the Company Audited by the PRC and Hong Kong Auditors) to the 2015 Annual General Meeting of the Company for consideration.**

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

**II. Consideration and approval of the “2015 Report of the Board of Directors of the Company” and approval of submission to the 2015 Annual General Meeting of the Company for consideration.**

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

**III. Consideration and approval of the “2015 Report of the President of the Company” and approval of submission to the 2015 Annual General Meeting of the Company for consideration.**

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

**IV. Consideration and approval of the “Final Financial Accounts of the Company for 2015” and approval of submission to the 2015 Annual General Meeting of the Company for consideration.**

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

**V. Consideration and approval of the “Resolution on the Write-Off of Bad Debts of the Company for the second half of 2015”, the details of which are as follows:**

That the write-off by the Company of 15 accounts of trade receivables which had been considered unrecoverable totaling RMB 243,711,800 be approved. As at 31 December 2015, the Company has fully provided for the bad debts of trade receivables proposed to be written off hereby and the write-off will not have any material impact on the current financial conditions and operating results of the Company.

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

**VI. Consideration and approval of the “Proposal for Profit Distribution of the Company for 2015” and approval of submission to the 2015 Annual General Meeting of the Company for consideration, the details of which are as follows:**

Audited net profit of the Company for the year 2015 calculated in accordance with PRC ASBEs amounted to approximately RMB2,120,339,000. Together with undistributed profit of approximately RMB1,531,111,000 carried forward at the beginning of the year, 2014 dividend distribution to shareholders of RMB687,508,000 and after deducting statutory surplus reserves of RMB253,697,000, profit available for distribution to shareholders amounted to RMB2,710,245,000.

Audited net profit of the Company for the year 2015 calculated in accordance with HKFRSs amounted to approximately RMB2,038,133,000. Together with undistributed profit of approximately RMB1,493,589,000 carried forward at the beginning of the year, 2014 dividend distribution to shareholders of RMB687,508,000 and after deducting statutory surplus reserves of approximately RMB253,697,000, profit available for distribution to shareholders amounted to approximately RMB2,590,517,000.

In accordance with the requirements of the Ministry of Finance of the People’s Republic of China and the Articles of Association, profit available for distribution shall be the lower of profit available for distribution as calculated in accordance with PRC ASBEs and that calculated in accordance with HKFRSs. Therefore the amount of profit available for distribution is RMB2,590,517,000. The Board of Directors of the Company has recommended the proposal for profit distribution and conversion of capital reserve of the Company for 2015 as follows:

Proposed payment of RMB2.5 in cash (before tax) for every 10 shares held on the basis of the number of shares held by shareholders (including A shareholders and H shareholders) registered at the close of business on the record dates for registration of shareholdings for the purpose of dividend payments. Dividend payments are expected to be made to shareholders on 15 July 2016.

The first exercise period under the A share option incentive scheme of the Company commenced on 2 November 2015 and will last until 31 October 2016. The Company’s total share capital as at 6 April 2016 was 4,153,471,165 shares. As at 6 April 2016, there were

6,462,728 outstanding options exercisable in the first exercise period under the A share option incentive scheme of the Company. Assuming the said options are fully exercised prior to the close of business on the A share record date of dividend distribution, 4,159,933,893 shares in the Company will be entitled to dividend payment, which will result in a total dividend amount of not more than RMB1.040 billion.

The Board of Directors proposed that the general meeting authorise the Board of Directors of the Company to deal with matters relating to the profit distribution for 2015.

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

**VII. Consideration and approval of the “Report of the Audit Committee of the Company on the 2015 Audit of the Company Performed by the PRC and Hong Kong Auditors.”**

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

**VIII. Consideration and approval of the “Resolution of the Company on Determining the 2015 Audit Fees of the PRC and Hong Kong Auditors,” the details of which are as follows:**

That the payment of 2015 financial report audit fees to the PRC and Hong Kong auditors on a consolidated basis be confirmed, namely a payment of financial report audit fees in the aggregate amount of RMB6.2 million (comprising transportation, accommodation and dining expenses and relevant tax expenses in connection with the audit) to Ernst & Young Hua Ming LLP and Ernst & Young; that the payment of 2015 internal control audit fee in the amount of RMB880,000 (comprising transportation, accommodation and dining expenses and relevant tax expenses in connection with the audit) to Ernst & Young Hua Ming LLP be confirmed.

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

**IX. Consideration and approval of the “Resolutions on the Appointment of the PRC Auditor and the Hong Kong Auditor of the Company for 2016” on an individual basis and approval of submission to the 2015 Annual General Meeting of the Company 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 2016 and a proposal be made to the 2015 Annual General Meeting to authorise the Board of Directors to fix the financial report audit fees of Ernst & Young Hua Ming LLP for 2016 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 2016 and a proposal be made to the 2015 Annual General Meeting to authorise the Board of Directors to fix the financial report audit fees of Ernst & Young for 2016 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 2016 and a proposal be made to the 2015 Annual General Meeting to authorise the Board of Directors to fix the internal control audit fees of Ernst & Young Hua Ming LLP for 2016 based on specific audit work to be conducted be approved.

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

**X. Consideration and approval of the “Resolutions of the Company on the Proposed Application for Composite Credit Facilities for the Six Months ended 30 June 2016” 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 2016 which are subject to approval by the banks.

<b>Bank</b>	<b>Proposed composite credit facilities amount</b>	<b>Principal types of composite credit facilities</b>
Bank of China Limited	RMB30.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
Industrial and Commercial Bank of China, Shenzhen Branch	RMB10.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
China Construction Bank Corporation, Shenzhen Branch	RMB12.5 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
Agricultural Bank of China, Shenzhen Branch	RMB3.6 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
China Guangfa Bank, Shenzhen Branch	RMB4.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
Industrial Bank Co., Ltd, Shenzhen Branch	RMB3.6 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.

<b>Bank</b>	<b>Proposed composite credit facilities amount</b>	<b>Principal types of composite credit facilities</b>
China Minsheng Banking Corp., Ltd., Shenzhen Branch	RMB3.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
Postal Savings Bank of China Co., Ltd, 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>RMB69.2 billion</b>	-
China Development Bank Corporation, Shenzhen Branch	USD7.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
Societe Generale (China) Limited, Guangzhou Branch	USD0.1 billion	Guarantee, letter of credit, foreign exchange trade, etc.
Banque de l'Indochine (China) Limited, Shanghai Branch	USD0.08 billion	Guarantee, letter of credit, foreign exchange trade, etc.
Banco Bilbao Vizcaya Argentaria Limited, Shanghai Branch	USD0.05 billion	Loans, trade financing, guarantee, etc.
<b>Total credit facilities amount in USD</b>	<b>USD7.23 billion</b>	-

*Note: The above composite credit facilities represent 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 determine the type(s) of facilities to be utilised, subject to the aforesaid limits, based on the actual requirements of its production operations, after fulfilling 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 to the banks 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 and China Development Bank Corporation, Shenzhen Branch, shall be valid with effect from 6 April 2016 until (1) the approval of the next new credit facilities, or (2) 31 March 2017 (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. 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 and China Development Bank Corporation, Shenzhen Branch for composite credit facilities amounting to RMB30.0 billion and USD7.0 billion, respectively, are subject to consideration and approval by the 2015 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.

**XI. Consideration and approval of the “Resolution on the Application for Investment Limits in Derivative Products of the Company for 2016”, and approval of submission to the 2015 Annual General Meeting of the Company for consideration, the details of which are as follows:**

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.

Details of the foresaid derivative investments are set out at the “Announcement on the Application for Derivative Investment Limits for 2016” published on the same date as this announcement.

**XII. Consideration and approval of the “Statement on the Company’s Investments in Securities in 2015.”**

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

For details please refer to the Overseas Regulatory Announcement published on the same date as this announcement.

**XIII. Consideration and approval of the “Resolution on the Performance of and Annual Bonus Amount for the President of the Company for 2015.”**

As Mr. Shi Lirong, Director, served as the President of the Company in 2015, he did not take part in the voting in respect of this matter at the Meeting.

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

**XIV. Consideration and approval of the “Resolution on the Performance of and Annual Bonus Amount for Other Senior Management Personnel of the Company for 2015.”**

As Mr. Zhao Xianming, Chairman, served as the Executive Vice President of the Company in 2015, Mr. Wei Zaisheng, Director, served as the Executive Vice President and Chief Financial Officer of the Company, both or them did not take part in the voting in respect of this matter at the Meeting.

Voting result: For: 12; Against: 0; Abstained: 0.

**XV. Consideration and approval of the “Resolution on the Performance Management Measures for the Company President for 2016.”**

As Mr. Zhao Xianming, Chairman, served as the President of the Company, he did not take part in the voting in respect of this matter at the Meeting.

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

**XVI. Consideration and approval of the “Resolution on the Performance Management Measures for Other Senior Management Personnel of the Company for 2016.”**

As Mr. Wei Zaisheng, Director, served as the Executive Vice President and Chief Financial Officer of the Company, he did not take part in the voting in respect of this matter at the Meeting.

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

**XVII. Consideration and approval of the “Resolution on the provision of guarantee for PT. ZTE Indonesia, a wholly-owned overseas subsidiary” and approval of submission to the 2015 Annual General Meeting of the Company for consideration, the details of which are as follows:**

1. That the application to Bank of China Corporation (“BOC”) on behalf of PT. ZTE Indonesia (“ZTE Indonesia”) by the Company for credit facilities in connection with the



issuance of bank letters of guarantee and the provision of guarantee by way of joint liability assurance for a total amount of not more than USD50 million for ZTE Indonesia for a term of five years commencing on the date on which the guarantee agreement between the Company and BOC comes into effect, during which credit facilities will be available on a revolving basis subject to the aforesaid guarantee amounts, be approved.

2. That the legal representative of the Company, or the signatory delegated by such legal representative, be authorised to execute legal contracts and documents in connection with the guarantee and complete relevant procedures in accordance with requirements of the State Administration of Foreign Exchange pertaining to third-party guarantees.

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

For details of general information on the aforesaid provision of guarantee by way of joint liability assurance for ZTE Indonesia, please refer to the “Announcement on the Provision of Guarantee for a Wholly-owned Subsidiary” published on the same date as this announcement.

**XVIII. Consideration and approval of the “Resolution of the Company on the proposed application for quotation on the National Equities Exchange and Quotations (“NEEQ”) by ZTEsoft Technology Company Limited, a subsidiary,” the details of which are as follows:**

1. That the application for quotation on NEEQ by ZTEsoft Technology Company Limited be approved;

2. That the management of ZTE be authorised to submit an application to The Stock Exchange of Hong Kong Limited in connection with the application for quotation on NEEQ by ZTEsoft Technology Company Limited and to respond to queries or furnish relevant documents and explanations based on the feedback or requirements of The Stock Exchange of Hong Kong Limited;

3. That the legal representative of the Company, or the signatory delegated by such legal representative, be authorised to deal with or execute documents in connection with the application for quotation on NEEQ by ZTEsoft Technology Company Limited which require to be executed by ZTE.

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

For details, please refer to the “Voluntary Announcement - Potential Quotation of ZTEsoft on

the National Equities Exchange And Quotations” published on the same date as this announcement.

**XIX. Consideration and approval of the “Sustainable Development Report of 2015 of the Company.”**

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

The “Sustainable Development Report of 2015 of the Company” is published as an Overseas Regulatory Announcement on the same date as this announcement.

**XX. Consideration and approval of the “2015 Assessment Report on Internal Control of the Company.”**

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

The “2015 Assessment Report on Internal Control of the Company” is published as an Overseas Regulatory Announcement on the same date as this announcement.

**XXI. Consideration and approval of the “Resolution of the Company on the Application for General Mandate for 2016” and approval of submission to the 2015 Annual General Meeting of the Company 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 (as defined below) 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, 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 the Hong Kong Listing Rules (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 at 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.

**XXII. Consideration and approval of the “Resolution on the Convening of the 2015 Annual General Meeting of the Company.”**

The Company has resolved to convene the 2015 Annual General Meeting of the Company (the “AGM”) on Thursday, 2 June 2016 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 2015 Annual General Meeting” and circular 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 Tuesday, 3 May 2016 to Wednesday, 1 June 2016 (both days inclusive) to determine qualifications of shareholders to attend and vote 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 Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m., Friday, 29 April 2016.

The Company will close its H share register from Wednesday, 8 June 2016 to Monday, 13 June 2016 (both days inclusive) to determine qualifications of shareholders to receive the Dividends. 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., Tuesday, 7 June 2016.

By Order of the Board

**Zhao Xianming**

*Chairman*

Shenzhen, the PRC

6 April 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.*