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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 Twenty-ninth Meeting of the Sixth 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 ("ZTE" or the "Company") issued the "Notice of convening the Twenty-ninth Meeting of the Sixth Session of the Board of Directors of ZTE Corporation" to all the Directors of the Company by electronic mail and telephone on 11 August 2015. The Twenty-ninth Meeting of the Sixth Session of the Board of Directors of the Company (the "Meeting") was convened at the Shenzhen headquarters of the Company, Beijing, Xi'an, Shanghai, Xiamen and Changsha by way of video conference on 14 August 2015. The Meeting was presided over by Mr. Hou Weigui, Chairman. Of the 14 Directors required to attend the Meeting, 10 Directors attended in person and 4 Directors appointed proxies to attend on their behalfs. 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. Shi Lirong, Director, was unable to attend the Meeting due to work reasons, and has authorised Mr. Hou Weigui, Chairman, to vote on his behalf. Mr. Yin Yimin, Director, was unable to attend the Meeting due to work reasons, and has authorised Mr. Hou Weigui, Chairman, 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, and was legal and valid.

**The following resolution was considered and approved at the Meeting:**

**Consideration and approval of the “Resolution on Consent to the Conduct of Material Asset Reorganisation by Shenzhen Xingfei Technology Company Limited with Fujian Start Group Co., Ltd.,” the details of which are as follows:**

1. That the execution of the “Agreement for Asset Purchase with the Issue of Shares and Cash Payment Between Fujian Start Group Co., Ltd. and Shenzhen Changfei Investment Company Limited, Shenzhen Teng Xing Wang Da Company Limited, ZTE Corporation, Chen Feng, and 深圳市隆興茂達投資管理有限合夥企業（有限合夥）” (the “Asset Purchase Agreement”), the effectiveness of which is subject to the fulfillment of certain conditions and pursuant to which the Company will dispose of 4.9% equity interests in Shenzhen Xingfei Technology Company Limited (“Xingfei”) to Fujian Start Group Co., Ltd. (“Start Group”) for a consideration of RMB10 million in cash plus 9,482,218 consideration shares (Start Group shares to be received by the Company valued at approximately RMB75,004,349 based on the number of consideration shares rounded down to the nearest unit and an issue price of RMB7.91/share) to be issued by Start Group to the Company, be approved;

2. That the execution of the “Profit Forecast Compensation Agreement Between Fujian Start Group Co., Ltd. and Shenzhen Teng Xing Wang Da Company Limited, ZTE Corporation, Chen Feng, and 深圳市隆興茂達投資管理有限合夥企業（有限合夥）” (the “Profit Forecast Compensation Agreement”), the effectiveness of which is subject to the fulfillment of certain conditions and pursuant to which the Company has provided an undertaking for compensation in respect of the future (namely, the year in which the date of completion of the material asset reorganisation of Start Group falls and all subsequent accounting years up to 31 December 2018) business results of Xingfei and has reached agreements on arrangements relating to compensation for any impairment in the assets of Xingfei upon the conclusion of the compensation period, be approved;

3. That Mr. Hou Weigui, the legal representative of the Company, or his authorised signatory, be authorised to execute documents and deal with pertinent matters in the course of the transfer of equity interests in Xingfei, the compensation in respect of Xingfei’s future business results and the compensation for Xingfei’s asset impairment.

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

**Explanatory statements:**

(1) Explanatory statement on the business results compensation and asset impairment

compensation

Shenzhen Teng Xing Wang Da Company Limited (“Teng Xing Wang Da”), ZTE, Chen Feng, 深圳市隆興茂達投資管理有限合夥企業（有限合夥） (“Long Xing Mao Da”) will transfer all shares in Xingfei held by them to Start Group for a consideration comprising cash and consideration shares. Shenzhen Changfei Investment Company Limited (“Changfei”) will transfer all shares in Xingfei held by it to Start Group for cash (together the “Equity Disposal”).

In the event that the future net profit of Xingfei falls short of the level provided for in the Profit Forecast Compensation Agreement, or that there is an impairment in the assets of Xingfei upon the conclusion of the compensation period, each of the obligors for compensation (namely, Teng Xing Wang Da, ZTE, Chen Feng and Long Xing Mao Da, but excluding Changfei) will bear the amount of business results compensation or asset impairment compensation payable to Start Group according to a specific proportion (namely, the percentage of shareholding in Xingfei of each obligor for compensation prior to the Equity Disposal as a proportion of the percentage of shareholding in Xingfei of all obligors for compensation prior to the Equity Disposal). Each compensation obligor shall provide compensation with shares obtained in the Equity Disposal. The number of shares to be compensated shall be arrived at by dividing the shared business results compensation or asset impairment compensation by the issue price of RMB7.91 per share of Start Group shares, subject to a cap equivalent to the total number of shares in Start Group held by the obligors for compensation. No payment will be required for the portion exceeding such cap.

(2) Explanatory statement on the lock-up period for the consideration shares

Each of the obligors for compensation undertakes that: (a) he / it will not transfer the Start Group consideration shares so obtained within thirty-six (36) months from the date of completion of the shares issue; (b) during the period from the date of completion of share issue to the date of completion of the performance of compensation obligations or the date on which it is ascertained that no performance of compensation obligations is required, the compensation obligors shall not sell down, transfer or otherwise dispose of Start Group shares held by them that might be required for the performance of compensation obligations.

(3) An investment gain of RMB5,422,600 has been accrued from cash of RMB10 million in the consideration for the transfer of 4.9% equity interests in Xingfei by the Company. The investment gain of 9,482,218 consideration shares in Start Group received by the Company is subject to lock-up periods, profit compensation and stock price volatility, and cannot be accurately estimated at this stage.

By Order of the Board  
**Hou Weigui**  
*Chairman*

Shenzhen, the PRC  
14 August 2015

*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 Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Tan Zhenhui, Richard Xike Zhang, Chen Shaohua, Lü Hongbing and Bingsheng Teng.*