

*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.*



**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 Resolution of the Forty-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 Forty-second 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 19 December 2018. The Forty-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 and other locations by way of video and telephone conference on 25 December 2018. The Meeting was presided over by Mr. Li Zixue, Chairman. 9 Directors were required to attend the Meeting and duly attended the Meeting. 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 resolution were considered and approved at the Meeting:**

#### **I. Consideration and approval of the “Resolution on the Amendment of Certain Clauses of the ‘Performance Management Measures for the Company’s President for 2018’”.**

Owing to his capacity as the President of the Company, Mr. Xu Ziyang, Director, did not take part in the voting in respect of this resolution at the Meeting.

Voting result: For: 8; Against: 0; Abstained: 0

#### **II. Consideration and approval of the “Resolution on the Amendment of Certain Clauses of the ‘Performance Management Measures for Other Senior Management Personnel of the Company for 2018’”.**

Owing to his capacity as an Executive Vice President of the Company, Mr. Gu Junying, Director, did not take part in the voting in respect of this resolution at the Meeting.

Voting result: For: 8; Against: 0; Abstained: 0

**III. Consideration and approval of the “Resolution on the Amendment of Certain Clauses of the ‘Working Rules for Audit Committee of the Board of Directors’”, the details of which are set out as follows:**

That the amendment in accordance with the law of relevant clauses the Working Rules for Audit Committee of the Board of Directors be approved, the details of which are set out as follows:

<b>The original clause which reads:</b>	<b>Is amended to read:</b>
Article 6 – A former partner of the auditing firm currently responsible for auditing the Company’s accounts shall be prohibited from serving as member of the Audit Committee before a period of one year has lapsed since the date on which he ceases: (I) to be a partner of the firm; or (II) to have any financial interest in the auditing firm, whichever is later.	Article 6 – A former partner of the auditing firm currently responsible for auditing the Company’s accounts shall be prohibited from serving as member of the Audit Committee before a period of <del>one year</del> <b>two years</b> has lapsed since the date on which he ceases: (I) to be a partner of the firm; or (II) to have any financial interest in the auditing firm, whichever is later.

Voting result: For: 9; Against: 0; Abstained: 0

The revised Working Rules for Audit Committee of the Board of Directors (December 2018) is published on the same day as this announcement.

**IV. Consideration and approval of the “Resolution on the Amendment of the Internal Control System of ZTE Corporation”.**

Voting result: For: 9; Against: 0; Abstained: 0

The revised clauses are 1.2, 2.2 and clauses under 2.2. The revised Internal Control System of ZTE Corporation (December 2018) is published as overseas regulatory announcement on the same day as this announcement.

**V. Consideration and approval of the “Resolutions on determining the 2018 audit fees of the PRC and Hong Kong auditors”, the details of which are set out as follows:**

That the payment of 2018 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 RMB8.10 million (including relevant tax expenses but excluding meal expenses) to Ernst & Young Hua Ming LLP and Ernst & Young; that the payment of 2018 internal control audit fee in the amount of RMB1.20 million (including relevant tax expenses but excluding meal expenses) to Ernst & Young Hua Ming LLP be confirmed.

Voting result: For: 9; Against: 0; Abstained: 0

**VI. Consideration and approval of the “Resolution on Continuing Connected Transactions under the ‘2019-2021 Purchase Framework Agreement’ with Zhongxingxin, a Connected Party”, the details of which are set out as follows:**

1. That the execution in accordance with the law of the “2019-2021 Purchase Framework Agreement” by the Company with Zhongxingxin Telecom Company Limited (“Zhongxingxin”) with respect to the purchase of cabinets and related accessories, cases and related accessories, shelters, railings, antenna poles, optical products, refined-processing products, packaging materials, flexible printed circuits (FPC), rigid and flexible printed circuits (R-FPC) and its components and other products with the maximum aggregate amount of transactions (before VAT) relating to the purchase of raw materials by the Group<sup>1</sup> from Zhongxingxin, its subsidiaries and companies in which Zhongxingxin has shareholdings of 30% or above under the framework agreement for each year during 2019-2021 estimated at RMB700 million, RMB800 million and RMB900 million, respectively, be approved; with the view that the terms of the “2019-2021 Purchase Framework Agreement” have been arrived at through arm’s length negotiations between the two parties on normal commercial terms during the ordinary course of business and that the transaction terms and the respective annual caps for transaction amounts for the years 2019-2021 are fair and reasonable and in the interests of the Company and its shareholders as a whole;
2. That the Legal Representative of the Company or his appointed attorney be authorised to sign, among others, the “2019-2021 Purchase Framework Agreement” in accordance with the law;
3. That the tabling of the resolution at the general meeting of the Company be approved.

Voting result: For: 8; Against: 0; Abstained: 0

Owing to his capacity as director of Zhongxingxin, Mr. Zhu Weimin, Director, did not take part in the voting in respect of this resolution at the Meeting.

**VII. Consideration and approval of the “Resolutions on Continuing Connected Transactions under the ‘ZTE Channel Cooperation Framework Agreement 2019 – General Distributor’ with 航天歐華, a Connected Party”, the details of which are set out as follows:**

1. That the execution in accordance with the law of the “ZTE Channel Cooperation Framework Agreement 2019 – General Distributor” by the Company with 深圳市航天歐華科技發展有限責任公司 (“航天歐華”), with the maximum aggregate amount of transactions (before VAT) relating to the sales of to 航天歐華 by the Group in 2019 under the framework agreement estimated at RMB800 million be approved; with the view that the terms of the “ZTE Channel Cooperation Framework Agreement 2019 – General Distributor” have been arrived at through arm’s length negotiations between the two parties on normal commercial terms during the ordinary course of business and that the transaction terms and the annual cap for transaction amounts for 2019 are fair and reasonable and in the interests of the Company and its shareholders as a whole;

---

<sup>1</sup> The Group comprises ZTE and its subsidiaries.

2. That the Legal Representative of the Company or his appointed attorney be authorised to sign, among others, the “ZTE Channel Cooperation Framework Agreement 2019 – General Distributor” in accordance with the law.

Voting result: For: 8; Against: 0; Abstained: 0

Owing to his capacity as the chief accountant of Shenzhen Aerospace Industrial Technology Research Institute Limited, the parent company of 航天歐華, Mr. Li Buqing, Director, did not take part in the voting in respect of this resolution at the Meeting.

**VIII. Consideration and approval of the “Resolution on Continuing Connected Transactions under the ‘2019 Framework for the Software Outsourcing Service Cooperation Framework Agreement’ with Huatong, a Connected Party,” the details of which are set out as follows:**

1. That the execution in accordance with the law of the “2019 Framework for the Software Outsourcing Service Cooperation Framework Agreement” by the Company with Huatong Technology Company Limited (“Huatong”), a connected party, with the maximum aggregate amount of transactions (before VAT) relating to the purchase of software outsourcing services from Huatong by the Group in 2019 under the framework agreement estimated at RMB70 million be approved; with the view that the terms of the “2019 Framework for the Software Outsourcing Service Cooperation Framework Agreement” have been arrived at after arm’s length negotiations between the two parties on normal commercial terms in the ordinary course of business, and that the transaction terms and the annual cap for transaction amounts for 2019 are fair and reasonable and in the interests of the Company and its shareholders as a whole;

2. That the Legal Representative of the Company or his appointed attorney be authorised to sign, among others, the “2019 Framework for the Software Outsourcing Service Cooperation Framework Agreement” in accordance with the law.

Voting result: For: 8; Against: 0; Abstained: 0

Owing to her capacity as director and deputy vice president of Zhongxing Development Company Limited, the parent company of Huatong, Ms. Fang Rong, Director, did not take part in the voting in respect of this resolution at the Meeting.

**IX. Consideration and approval of the “Resolution on Continuing Connected Transactions under the ‘2019 Framework for the Software Outsourcing Service Cooperation Framework Agreement’ with Nanchang Software, a Connected Party,” the details of which are set out as follows:**

1. That the execution in accordance with the law of the “2019 Framework for the Software Outsourcing Service Cooperation Framework Agreement” by the Company with Zhongxing Software Technology (Nanchang) Company Limited (“Nanchang Software”), a connected party, with the maximum aggregate amount of transactions (before VAT) in 2019 relating to the purchase of software outsourcing services from Nanchang Software by the Group under the framework agreement estimated at RMB30 million be approved; with the view that the terms of the “2019 Framework for the Software Outsourcing Service Cooperation Framework Agreement” have been arrived at after arm’s length negotiations between the two parties on

normal commercial terms in the ordinary course of business, and that the transaction terms and the annual cap for transaction amounts for 2019 are fair and reasonable and in the interests of the Company and its shareholders as a whole;

2. That the Legal Representative of the Company or his appointed attorney be authorised to sign, among others, the “2019 Framework for the Software Outsourcing Service Cooperation Framework Agreement” in accordance with the law.

Voting result: For: 8; Against: 0; Abstained: 0

Owing to her capacity as director of Nanchang Software, Ms. Fang Rong, Director, did not take part in the voting in respect of this resolution at the Meeting.

**X. Consideration and approval of the “Resolution on Continuing Connected Transactions under the ‘International Project Engineering Service Annual Framework Cooperation Agreement’ with Nanchang Software, a Connected Party,” the details of which are set out as follows:**

1. That the execution in accordance with the law of the “International Project Engineering Service Annual Framework Cooperation Agreement” by the Company with Nanchang Software, a connected party, with the maximum aggregate amount of transactions (before VAT) for the period from 25 December 2018 to 31 October 2019 and the period from 1 November 2019 to 31 October 2020 relating to the purchase of engineering services from Nanchang Software by the Group under the framework agreement estimated at RMB1 million and RMB1 million, respectively, be approved; with the view that the terms of the “International Project Engineering Service Annual Framework Cooperation Agreement” have been arrived at after arm’s length negotiations between the two parties on normal commercial terms in the ordinary course of business, and that the transaction terms and the caps for transaction amounts for the respective periods are fair and reasonable and in the interests of the Company and its shareholders as a whole;

2. That the Legal Representative of the Company or his appointed attorney be authorised to sign, among others, the “International Project Engineering Service Annual Framework Cooperation Agreement” in accordance with the law.

Voting result: For: 8; Against: 0; Abstained: 0

Owing to her capacity as director of Nanchang Software, Ms. Fang Rong, Director, did not take part in the voting in respect of this resolution at the Meeting.

**XI. Consideration and approval of the “Resolution of the Company on continuing connected transactions under the ‘Purchase Framework Agreement’ for hotel services with Zhongxing Hetai, a Connected Party,” the details of which are set out as follows:**

1. That the execution in accordance with the law of the “Purchase Framework Agreement” for hotel services by the Company with Shenzhen Zhongxing Hetai Hotel Investment and Management Company Limited (“Zhongxing Hetai”), a connected party, with the maximum aggregate amount of continuing connected transactions (before VAT) in relation to the purchase of hotel services from Zhongxing Hetai or its subsidiaries by the Group under the agreement for each year during 2019-2021 estimated at RMB36.00 million, RMB36.50

million and RMB37.50 million, respectively, be approved; with the view that the terms of the “Purchase Framework Agreement” have been arrived at after arm’s length negotiations between the two parties on normal commercial terms in the ordinary course of business, and that the transaction terms and the respective annual caps for transaction amounts for 2019-2021 are fair and reasonable and in the interests of the Company and its shareholders as a whole;

2. That the Legal Representative of the Company or his appointed attorney be authorised to sign, among others, the “Purchase Framework Agreement” in accordance with the law.

Voting result: For: 8; Against: 0; Abstained: 0

Owing to her capacity as director of Zhongxing Hetai, Ms. Fang Rong, Director, did not take part in the voting in respect of this resolution at the Meeting.

For details of resolutions VI to XI set out above, please refer to the “CONTINUING CONNECTED TRANSACTIONS PURCHASES OF RAW MATERIALS FROM ZHONGXINGXIN” and “Overseas Regulatory Announcement Announcement on Projected Continuing Connected Transactions under the Rules Governing Listing of Stocks on The Shenzhen Stock Exchange” published on the same day as this announcement.

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

Shenzhen, the PRC  
26 December 2018

*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.*