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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 Thirty-eighth 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 the Thirty-eighth Meeting of the Fifth Session of the Board of Directors (the "Board") of the Company" to all the Directors of the Company by electronic mail and telephone on 26 December 2012. The Thirty-eighth Meeting of the Fifth session of the Board of Directors of the Company (the "Meeting") was convened at the Shenzhen headquarters of the Company, Nanjing, Shanghai, Xiamen, Sanya, Hebei Huanghua, United States by way of video conference on 28 December 2012. Of the 14 Directors required to attend the Meeting, 11 Directors attended in person and 3 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. Shi Lirong, Director, to vote on his behalf. Mr. Wang Zhanchen, Director, was unable to attend the Meeting due to work reasons, and has authorised Mr. Shi Lirong, Director, to vote on his behalf. Mr. Zhang Junchao, 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, and was legal and valid.

The following resolutions were considered and approved at the Meeting:

I. Consideration and approval of the “Resolution on the Disposal of Equity Interests in Shenzhen ZNV Technology Co. Ltd,” details of which are as follows:

1. That the disposal of 65% equity interest in Shenzhen ZNV Technology Co. Ltd (“ZNV”) to Ocean Delight Investments Limited (“Ocean Delight”) by the Company in accordance with the terms and conditions under the “Equity Transfer Agreement in respect of the Transfer of 65% Equity Interest in the Target Company” and its related appendices (including but not limited to the agreed manner of transfer and the pricing basis) agreed following negotiations with Ocean Delight be approved; and that the authorisation of Mr. Hou Weigui, the legal representative of the Company, or a representative duly authorised by Mr. Hou Weigui to sign the equity transfer agreement and other relevant documents and to apply for the approval of the relevant Ministry of Commerce department, process registration changes with the relevant Administration of Industry and Commerce department and handle other requisite procedures in connection with the aforesaid transfer of equity interest in ZNV be approved.

2. That the disposal of 16% equity interest in ZNV to Ocean Delight by ZTE (H.K.) Limited in accordance with the terms and conditions under the “Equity Transfer Agreement in respect of the Transfer of 16% Equity Interest in the Target Company” and its related appendices (including but not limited to the agreed manner of transfer and the pricing basis) agreed following negotiations with Ocean Delight be approved; and that the authorisation of relevant personnel by the board of directors of ZTE (H.K.) Limited to sign the equity transfer agreement and other relevant documents and to apply for the approval of the relevant Ministry of Commerce department, process registration changes with the relevant Administration of Industry and Commerce department and handle other requisite procedures in connection with the aforesaid transfer of equity interest in ZNV be approved.

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

For details of the aforesaid disposal of equity interest in Shenzhen ZNV Technology Co. Ltd, please refer to the announcement entitled “Discloseable Transaction Disposal of 81% Equity Interest in the Target Company” published on the same date as this announcement.

II. Consideration and approval of the “Resolution on Continuing Connected Transactions in respect of the Purchase of Raw Materials from Zhongxingxin (a Connected Person),” the details of which are as follows:

That the “2013-2015 Purchase Framework Agreement” proposed to be entered into between the Company and Shenzhen Zhongxingxin Telecommunications Equipment Company Limited (“Zhongxingxin”), a connected person, in respect of the purchase of cabinets and related accessories, cases and related accessories, shelters, railings, antenna rods, optical products, refined processed products, packaging materials, flexible printed circuit (FPC), rigid and flexible printed circuit(R-FPC) and its components and other products, with the maximum aggregate amount of transactions under the framework agreement for each year from 2013 to 2015 estimated at RMB900 million, RMB1,000 million and RMB1,100 million (excluding VAT), respectively, be approved; with the view that the terms of the “2013-2015 Purchase Framework Agreement” have been arrived at after arm’s length negotiations on normal commercial terms in the ordinary course of business, and that the transaction terms and annual caps for transaction amounts for the years 2013-2015 are fair and reasonable and in the interests of the Company and its shareholders as a whole;

Mr. Xie Weiliang (Vice Chairman of the Board), Mr. Zhang Junchao (Director) and Mr. Dong Lianbo (Director), as the chairman, vice chairman and director, respectively, of Zhongxingxin, did not participate in the consideration and voting in respect of the connected transaction at the Meeting.

Voting results: For: 11; Against: 0; Abstained: 0.

Notes:

1. Zhongxingxin currently holds a 30.76% interest in the Company as the single largest shareholder of the Company. Zhongxingxin is a connected person of the Company under Rule 10.1.3(I) of the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (the “Shenzhen Listing Rules”).
2. Zhongxingxin is a connected person of the Company as defined under Rule 14A.11 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”).
3. As one or more of the applicable percentage ratios of the proposed annual caps for the purchase of raw materials by the Group from Zhongxingxin and its subsidiaries on an aggregated basis exceed 0.1% but are less than 5%, such continuing connected transactions are subject to the reporting, annual review and announcement requirements but are exempt

from the independent shareholders' approval requirement under the Hong Kong Listing Rules.

III. Consideration and approval of the “Resolution on Continuing Connected Transactions in respect of the Purchase of Raw Materials from Mobi Antenna (a Connected Person),” the details of which are as follows:

That the “2013-2015 Purchase Framework Agreement” proposed to be entered into between the Company and Mobi Antenna Technologies (Shenzhen) Co., Ltd. (“Mobi Antenna”), a connected person, in respect of the purchase of products such as various communications antennas, radio frequency modules, feeder cables, terminal antennas and other products, with the maximum aggregate amount of transactions under the framework agreement for each year from 2013 to 2015 estimated at RMB600 million, RMB800 million and RMB900 million (excluding VAT), respectively, be approved; with the view that the terms of the “2013-2015 Purchase Framework Agreement” have been arrived at after arm’s length negotiations on normal commercial terms in the ordinary course of business, and that the transaction terms and annual caps for transaction amounts for the years 2013-2015 are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

Notes:

1. Mobi Antenna is not a connected person of the Company as defined under the Hong Kong Listing Rules.
2. According to the Shenzhen Listing Rules, the connected relationship of Mr. Qu Deqian, supervisor of Zhongxingxin which is the controlling shareholder of the Company, with the Company in his capacity as a director of Mobi Antenna falls within the scope of Rule 10.1.3(III) of the Shenzhen Listing Rules.

IV. Consideration and approval of the “Resolution on Continuing Connected Transactions in respect of the Purchase of Software Outsourcing Services from Huatong (a Connected Person),” the details of which are as follows:

That the “2013 Software Outsourcing Procurement Framework Agreement” in respect of the

procurement of software outsourcing services between the Company and Huatong Technology Company Limited (“Huatong”), a connected person, with the maximum aggregate amount of transactions (excluding VAT) in 2013 under the framework agreement estimated at RMB78 million be approved, with the view that the terms of the “2013 Software Outsourcing Procurement Framework Agreement” have been arrived at after arm’s length negotiations on normal commercial terms in the ordinary course of business, and that the transaction terms and annual caps for transaction amounts for 2013 are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

V. Consideration and approval of the “Resolution on Continuing Connected Transactions in respect of the Purchase of Software Outsourcing Services from Nanchang Software,” the details of which are as follows:

That the “2013 Software Outsourcing Procurement Framework Agreement” in respect of the procurement of software outsourcing services between the Company and Zhongxing Software Technology (Nanchang) Company Limited (“Nanchang Software”), a connected person, with the maximum aggregate amount of transactions (excluding VAT) in 2013 under the framework agreement estimated at RMB33 million be approved, with the view that the terms of the “2013 Software Outsourcing Procurement Framework Agreement” have been arrived at after arm’s length negotiations on normal commercial terms in the ordinary course of business, and that the transaction terms and annual caps for transaction amounts for 2013 are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

VI. Consideration and approval of the “Resolution on a Connected Transaction pertaining to Property Lease,” the details of which are as follows:

That the signing of a “Property Lease Contract” between the Company and Zhongxing Development Company Limited (“Zhongxing Development”) (a connected person) for a term of two years from 18 April 2013 to 17 April 2015 with the annual rental rate capped at RMB50.80 million be approved.

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

Notes to connected transactions set out in resolutions IV, V, VI:

1. In accordance with the Shenzhen Listing Rules, the acting of Mr. Hou Weigui, Chairman of the Company, as chairman of Zhongxing Development falls within the scope of Rule 10.1.3 (III) of the Shenzhen Listing Rules, and Zhongxing Development is an associated corporation of the Company. Huatong is a wholly-owned subsidiary of Zhongxing Development; Zhongxing Development holds a 40% interest in Nanchang Software and nominates more than half of the members of the board of directors of Nanchang Software and is therefore capable of controlling the majority of the board of directors of Nanchang Software. Under Rule 10.1.3 (V) of the Shenzhen Listing Rules, based on the principle of “substance over form,” Huatong and Nanchang Software are connected persons of the Company.

2. Pursuant to the Hong Kong Listing Rules, Shenzhen Juxian Investment Co., Ltd. (hereinafter “Juxian”) is a connected person of the Company by virtue of its holding of a 10% equity interest in each of Shenzhen ZTE_Microelectronics Technology Company Limited, Shenzhen ZTE Kangxun Telecom Company Limited and Guangdong New Pivot Technology & Service Company Limited, all three of which are subsidiaries of the Company. As Juxian owns a 45% interest in Zhongxing Development, Zhongxing Development is an associate of Juxian and therefore a connected person of the Company under Rule 14A.11 of the Hong Kong Listing Rules. At the Thirty-first Meeting of the Fifth Session of the Board, it was approved that Shenzhen ZTE Microelectronics Technology Company Limited and Shenzhen ZTE Kangxun Telecom Company Limited would reduce their respective capital by way of Juxian’s disposal of its respective equity interests in the said companies, and that the Company would acquire from Juxian a 10% equity interest in Guangdong New Pivot Technology & Service Company Limited. Following the completion of the aforesaid transaction and registration of changes with industrial and commercial authorities, Juxian would no longer be interested in the three aforesaid companies and would cease to be a connected person of the Company. Therefore, in accordance with pertinent provisions of the Hong Kong Listing Rules, Zhongxing Development, Huatong and Nanchang Software are not connected persons of the Company.

3. Mr. Hou Weigui, Chairman, as chairman of Zhongxing Development, a connected person, did not take part in the votes in respect of the connected transactions with Huatong,

Nanchang Software and Zhongxing Development during the consideration of such matters at the Meeting.

Prior to the Meeting, Independent Non-executive Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert had reviewed the aforesaid connected transaction framework agreements and property lease contract and concurred with the submission of the aforesaid connected transaction framework agreements and property lease contract and relevant annual cap for the aggregated transaction amount.

At the Meeting, Independent Non-executive Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished an independent opinion in respect of the aforesaid connected transaction framework agreements and property lease contract as follows:

The pricing method and other terms of the connected transaction framework agreements and property lease contract are in compliance with the requirements of pertinent laws and regulations and market principles without compromising the interests of the Company and its shareholders. The procedures by which the Board meeting considered the resolutions concerning the transactions have been in compliance with requirements of pertinent laws and regulations and the Articles of Association of the Company, the connected Directors have not participated in the voting in the consideration of the connected transactions, and the voting procedures have been legal and valid.

For details of the aforesaid connected transactions, please refer to the “Overseas Regulatory Announcement” published on the same date as this announcement.

For details of the respective connected transactions described under the foregoing paragraph II, please refer to the “Continuing Connected Transactions Purchases of Raw Materials from Zhongxingxin” published on the same date as this announcement.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC

28 December 2012

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, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.