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)

Working Rules for Audit Committee of the Board of Directors

Chapter I - General Provisions

Article 1 – In order to facilitate better performance of duties by the Board of Directors ("Board") of the Company, ensure effective Board supervision over the management and to improve its corporate governance structure the Company has set up an Audit Committee under the Board and formulated these working rules ("Rules") in accordance with the Company Law of the People's Republic of China, Corporate Governance Standards for Listed Companies, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), the Articles of Association of ZTE Corporation ("Articles") and other pertinent regulations.

Article 2 – The Audit Committee of the Board is a specialized working body set up by the Board pursuant to a resolution of the general meeting, being mainly responsible for communications with, supervision over and inspection of the internal and external auditors of the Company.

Chapter II – Composition of the Committee

Article 3 – The Audit Committee shall comprise no less than three Directors, all of them should be Non-executive Directors with the majority of them being Independent Non-executive Directors. The convenor of the audit committee shall be a professional accountant.

Article 4 – Members of the Audit Committee shall be nominated by the Board Chairman, more than half of the Independent Non-executive Directors or one-third of all Directors and shall be appointed through election by the Board.

Article 5 – The Audit Committee shall have one convener responsible for presiding over the work of the Committee. The convener must be elected among Committee members who are Independent Non-executive Directors.

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 two years 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 7 – The term of office for a member of the Audit Committee shall be concurrent with the term of his/her directorship. A Committee member may be re-elected for appointment upon the conclusion of his/her term of office. A Committee member shall be automatically disqualified as such if during his/her term of office he/she ceases to be a Director of the Company, and the Committee shall make up the number of Committee members in accordance with provisions set out in Articles 3 to 6 above.

Chapter III - Scope of Authority

Article 8 – The principal duties and scope of authority of the Audit Committee shall be:

(I) principally responsible to make recommendations to the Board in respect of the appointment, reappointment and removal of external auditors, approve the remuneration and terms of engagement for external auditors;

(II) to review and monitor the independence and objectivity of external auditors and the effectiveness of audit procedures in accordance with applicable standards; the Audit Committee shall discuss with the auditor the nature, scope and relevant reporting responsibilities of the audit work prior to its commencement; the Audit Committee may review and monitor the independence of external auditors by way of the following:

(1) Examining all relationships between the Company and the auditor (including the provision of non-auditing services, if any);

(2) Obtaining information from the auditor annually to inform itself of policies and procedures adopted by the auditor for maintaining independence and monitoring the implementation of pertinent rules; which pertinent rules shall include the current provisions

governing changes in the partners and employees of the auditor;

(3) Meeting the auditor without the presence of the management at least annually to discuss matters pertaining to the auditor's fees, any matters arising from the auditor's work and other matters that the auditor might wish to bring up;

(4) May consider agreeing with the Board the Company's policies on hiring employees or former employees of the external auditors and monitoring the application of these policies, so that the Audit Committee will be in a position to consider whether there has been or appears to be any impairment of the auditor's judgement or independence for the audit.

(5) Ensuring that an external auditor's provision of non-audit services does not impair its independence or objectivity. When assessing the external auditor's independence or objectivity in relation to non-audit services, the audit committee may wish to consider:

(i) whether the skills and experience of the audit firm make it a suitable supplier of non-audit services;

(ii) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit because the external auditor provides non-audit services;

(iii) the nature of the non-audit services, the related fee levels and fee levels individually and in total relative to the audit firm; and

(iv) criteria for compensation of the individuals performing the audit.

(III) To formulate and implement policies in respect of the provision of non-auditing services by external auditors. For the purpose of this Article, external auditors shall include a firm directly responsible for the audit, organizations under common control, ownership or governance with such firm, and organizations which may reasonably be considered domestic or international businesses of such firm. The Audit Committee shall report to the Board such actions or improvements as it deems necessary and make recommendations on possible steps to be taken;

(IV) To supervise the Company's internal audit system and its implementation

(V) To assist in the communications between the internal auditor and the external auditor to ensure coordination between the work of internal and external auditors, to ensure that internal auditing personnel are being provided with sufficient resources and granted a proper status, and to review and monitor the effectiveness of the internal audit system;

(VI) To examine the Company's financial information and its disclosure, including the inspection of the Company's financial statements and the Company's annual reports and accounts, interim reports and quarterly reports to ensure their completeness, and to review significant opinions on financial reporting set out in the statements and reports. The Audit Committee shall review the Company's annual reports and accounts, interim reports and quarterly reports prior to their submission to the Board, and shall pay special attention to the following:

(1) Changes in accounting policies and practices;

(2) Significant judgments;

(3) Significant adjustments after auditing;

(4) The "ongoing concern" assumption and any qualified opinion;

(5) Compliance with accounting standards; and

(6) Compliance with the Listing Rules and provisions pertinent to financial reporting in other laws;

(VII) For the purpose of the foregoing paragraph (VI):

(1) The Audit Committee shall liaise with the Board, senior management personnel and the appointed auditor of the Company. The Committee shall hold a meeting with the Company's auditor at least twice a year;

(2) The Committee shall consider material or irregular matters reflected or required to be reflected in such reports and accounts, and shall give due consideration to matters brought up by the Company's auditor;

(VIII) The Committee shall discuss with the external auditor any issues and doubtful matters identified in the audit of the interim and annual accounts, and other matters that the external auditor might wish to discuss (in the absence of the management if necessary);

(IX) To review the Company's financial control, risk management and internal control systems;

(X) To hold discussions with the management on the risk management and internal control systems to ensure that the management has performed its duty to develop effective systems; This discussion should include the adequacy of resources, staff qualification and experience, training programs and budget of the Company's accounting and financial reporting function;

(XI) To conduct research on significant investigation findings in respect of risk

management and internal control matters and management's response thereto in a proactive manner or upon the request of the Board;

(XII) To review any statement on the Company's risk management and internal control systems prior to its submission to the Board for approval, if the same is contained in an annual report;

(XIII) To review the financial and accounting policies and practices of the Group;

(XIV) To inspect the explanatory letter to the management in respect of the audit furnished by the external auditor, any significant doubt raised by the auditor to the management in respect of the accounting records, financial accounts or control system and the management's response;

(XV) To ensure timely Board response to the external auditor in respect of matters brought up by the external auditor in its explanatory letter to the management in respect of the audit;

(XVI) To assess the staff whistle blower policy or arrangement of the Company designed to allow employees to report in confidentiality irregularities concerning the financial statements, internal control or other matters. The Audit Committee shall ensure appropriate arrangements are in place for the fair and independent investigation and follow-up actions in respect of matters reported by employees;

(XVII) To report to the Board in respect of matters within the scope of authority of the Audit Committee;

(XVIII) Subject to compliance with legal or regulatory requirements, to report in all respects its actions, decisions and recommendations to the Board; and

(XIX) To consider the appointment or dismissal of the Chief Financial Officer of the Company;

(XX) To deal with other matters as entrusted by the Board of the Company.

Article 9 - The Audit Committee is authorized by the Board to conduct any investigation within its scope of authority. The Audit Committee shall have the power to acquire information it requires from any staff; all staff must duly oblige to meet any demand raised by the Audit Committee.

Article 10 – The Audit Committee shall be accountable to the Board and proposals of the Committee shall be submitted to the Board for consideration and determination.

Chapter IV – Resources

Article 11 – The Audit Committee shall be provided with sufficient human and physical resources so that it may duly perform its duties. The Audit Committee is authorized by the Board to obtain independent professional opinion from external parties if it deems necessary, at the cost of the Company.

Article 12 –The Company shall prepare for the daily liaison, data collection and meeting organization of the Audit Committee, and provide the Audit Committee with relevant materials of the Company:

(I) the Company's relevant financial report;

(II) the work reports of the internal and external auditors;

(III) the external auditor's contract and relevant work reports;

(IV) public disclosure of the Company's information;

(V) other relevant information.

Where necessary, the Board Secretary may conduct such coordination as relevant.

Article 13 – The report furnished by the Company shall be assessed and considered at the Audit Committee meeting, and resolution information or meeting minutes related thereto shall be submitted to the Board for discussion:

(I) assessment of the work of the external audit firm, and engagement and replacement of the external audit firm;

(II) whether the Company internal audit system has been effectively implemented and whether the Company's financial report is true in all respects;

(III) whether the Company's publicly disclosed financial reports and other information is objective and true;

(IV) other relevant matters.

Article 14 – In the event that the Board does not consent with the opinion of the Audit Committee in respect of the selection, appointment, reappointment or removal of external auditors, the Company shall set out the statement of the Audit Committee explaining its recommendation, as well as the grounds for the Board's differing opinion, in the Corporate Governance Report required to be included in the annual report under the Listing Rules.

Chapter V - Rules of Proceedings

Article 15 – The Audit Committee shall meet at least once a quarter, and a notice of meeting shall be served on all members three days before the meeting is convened. A temporary meeting shall be held immediately for urgent issues. The meeting shall be presided over by the convener, or by another member (who is an Independent Non-executive Director) appointed in case the convener is absent for any reason. An external auditor may also request a meeting to be convened if deemed necessary.

Article 16 – An Audit Committee meeting shall only be held with more than two-thirds of the members attending; each member shall have one vote; resolutions of the meeting shall be adopted more than half of from the full Committee.

Article 17 – An Audit Committee may be convened by way of on-site meetings, video conferences, conference calls or communications.

Article 18 – Voting at an Audit Committee meeting shall be conducted by way of a show of hands in case of an on-site meeting and by way of signing up in writing in case of a meeting convened through communication devices.

Article 19 – The Chief Financial Officer, the Head of the Internal Audit Department and the external auditor shall generally be required to attend the meeting as non-voting attendees. Other Directors, Supervisors and other senior management personnel and external parties with relevant experience and expertise may also be invited to attend the meeting as non-voting attendees. However, the Audit Committee shall meet with the external auditor and the internal auditor at least once a year without the presence of the Executive Directors of the Company.

Article 20 – The procedures of convening an Audit Committee meeting, method of voting thereat and resolutions passed thereby must be in accordance with provisions of pertinent laws, regulations, the Articles and these Rules.

Article 21 – Complete records of an Audit Committee meeting shall be kept and members attending the meeting shall sign against the minutes of meeting; the minutes of meeting shall be kept by Board Secretary of the Company in such manner and for such duration as determined by reference to the filing of Board documents. The preliminary draft and finalized version of the Audit Committee minutes of meeting shall be respectively delivered to all members of the Audit Committee within a reasonable period of time after the meeting, for comments in case of the preliminary draft and filing in case of the finalized version by the members.

Article 22 – Resolutions and results of voting adopted by an Audit Committee meeting shall be reported in writing to the Board of the Company.

Article 23 – Members attending any meetings of the Committee shall have the

obligation to keep confidential all matters discussed at such meetings and shall refrain from unauthorized disclosures of information relating thereto.

Article 24 – The Committee shall make available the convener of the Committee (or in his absence, at least one of its members) to attend the Company's annual general meeting to answer shareholders' questions.

Chapter VI - Supplemental Rules

Article 25 – These Rules shall come into effect from the date on which they are adopted by way of a Board resolution.

Article 26 – Matters not provided for under these Rules shall be dealt with in accordance with the provisions of pertinent national laws and regulations and the Articles; in case of any contradiction with laws and regulations promulgated by the State in future and any revised Articles amended through legal procedures, provisions of such national laws and regulations as pertinent and such Articles shall prevail and these Rules shall be amended forthwith and submitted to the Board for consideration and approval.

Article 27 – These Rules and the interpretation of the functions of the Audit Committee and the authority vested therein by the Board have been published on the Company's website and the statutory website for information disclosure.

Article 28 – The authority of interpretation of these Rules shall be vested in the Board of the Company.

Shenzhen, PRC 23 October 2023

Note: This Working Rules has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail.