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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-sixth Meeting of the Eighth 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” or “ZTE”) issued the “Notice of the Twenty-sixth Meeting of the Eighth Session of the Board of Directors (the “Board”) of ZTE Corporation” to all the Directors of the Company by electronic mail on 14 October 2020. The Twenty-sixth Meeting of the Eighth Session of the Board of Directors of the Company (the “Meeting”) was convened at the Shenzhen headquarter of the Company and other locations by way of video and telephone conference on 28 October 2020. The Meeting was presided over by Mr. Li Zixue, Chairman. 9 Directors were required to vote at the Meeting and duly voted at 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 resolutions were considered and approved at the Meeting:

I. Consideration and approval of the “2020 Third Quarterly Report”.

Voting results: For: 9; against: 0; abstained: 0

II. Consideration and approval of the “Resolution on the Company’s fulfilment of conditions to conduct share issue for asset acquisition and to raise ancillary funds”

The Company proposes to acquire 18.8219% equity interests in ZTE Microelectronics Technology Company Limited (“ZTE Microelectronics” or “Target Company”), a subsidiary of the Company, held in aggregate by Guangdong Hengjian Xinxin Investment Partnership Enterprise (Limited Partnership) (“Hengjian Xinxin”) and Shenzhen Huitong Rongxin Investment Co., Ltd (“Huitong Rongxin”) (the “Target Assets”) by way of share issue, and to raise ancillary funds (the “Transaction”).

In accordance with pertinent provisions of the Company Law of the People’s Republic of China (the “Company Law”), Securities Law of the People’s Republic of China (the

“Securities Law”), Administrative Measures for the Major Asset Restructuring of Listed Companies and Regulations on Certain Issues Concerning the Regulation of Major Asset Restructuring of Listed Companies issued by China Securities Regulatory Commission (“CSRC) and other laws, regulations and regulatory documents and the Articles, the Board of the Company is of the view that the Company is in compliance with various requirements and substantial conditions governing the share issue for asset acquisition and the raising of ancillary funds under the current laws, regulations and regulatory documents.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

III. Consideration and approval of each item under the “Resolution on the Company’s plan to conduct share issue for asset acquisition and to raise ancillary funds”

(I) General plan

The Company proposes to acquire 18.8219% equity interests in ZTE Microelectronics, a subsidiary of the Company, held in aggregate by Hengjian Xinxin and Huitong Rongxin by way of share issue, and to raise ancillary funds with a total amount of not more than 100% of the transaction price for the proposed acquisition of the Target Assets by way of share issue. The volume of shares to be issued under the Transaction shall comply with the pertinent provisions of CSRC and other regulatory authorities and requirements under the general mandate.

Prior to the Transaction, ZTE and its subsidiaries Shenzhen Sai Jia Xun Investment Development Enterprise (Limited Partnership) and Shenzhen Renxing Technology Company Limited together held 81.1781% equity interests in ZTE Microelectronics. Following the completion of the Transaction, ZTE will hold 100% equity interests in ZTE Microelectronics in aggregate.

Pursuant to the plan for the Transaction, the raising of ancillary funds is subject to the share issue for asset acquisition, but the share issue for asset acquisition is not conditional upon the success of the raising of ancillary funds.

Voting results: For: 9; against: 0; abstain: 0.

(II) Information on the share issue for asset acquisition

1. Counterparties

The counterparties to the asset acquisition are Hengjian Xinxin and Huitong Rongxin.

Voting results: For: 9; against: 0; abstain: 0.

2. Target Assets

The Target Assets of the Transaction are the 18.8219% equity interests in ZTE

Microelectronics held in aggregate by Hengjian Xinxin and Huitong Rongxin.

Voting results: For: 9; against: 0; abstain: 0.

3. Transaction price of the Target Assets

As of the date of this announcement, the audit and valuation processes in connection with the Transaction have yet to be completed and the transaction price of the Target Assets has yet to be determined. The price of the Target Assets under the Transaction shall be determined through separate negotiations with the counterparties after the audit and valuation processes have been completed and a further Board meeting shall be convened to consider such price.

Voting results: For: 9; against: 0; abstain: 0.

4. Method of payment

The Company proposes to pay the full amount of the consideration for the acquisition to the counterparties by way of share issue.

Voting results: For: 9; against: 0; abstain: 0.

5. Class and par value of shares to be issued

The shares to be issued for asset acquisition are RMB ordinary shares (A Shares) with a par value of RMB1.00 per share.

Voting results: For: 9; against: 0; abstain: 0.

6. Place of listing

The shares to be issued for asset acquisition will be listed on the Shenzhen Stock Exchange.

Voting results: For: 9; against: 0; abstain: 0.

7. Issue price and pricing principles

In accordance with Article 45 of the Administrative Measures for the Major Asset Restructuring of Listed Companies, the price of a listed company's share issue shall not be lower than 90% of the market reference price. The market reference price shall be one of the average traded prices of the Company's A shares for the 20, 60 or 120 trading days immediately before the date of announcement of the Board resolution approving the share issue for asset acquisition.

The pricing benchmark date for the share issue for asset acquisition shall be the date of announcement of the resolution of the Twenty-sixth Meeting of the Eighth Session of the Board of Directors of the Company. Following thorough consultation with the counterparties on an equal basis taking into full consideration the interests of all parties, the Company has set the issue price at RMB30.80 / share, which is not lower than 90% of the average traded price of ZTE A shares for 20 trading days immediately before the pricing benchmark date.

During the period from the pricing benchmark date to the issuance date, in case of any ex-rights or ex-dividends events of the Company, such as distribution of dividends, bonus shares, capitalisation issue or right issue, the issue price will be adjusted in accordance with relevant rules promulgated by CSRC and the Shenzhen Stock Exchange. The formula for the adjustment of the issue prices is as follows:

Assuming P0 as the issue price per share before adjustment, N as the number of bonus shares or shares to be issued upon capitalisation issue per share, K as the number of new shares to be allotted per share, A as the share allotment price, D as the dividend per share and P1 as the adjusted issue price:

Dividend distribution: $P1 = P0 - D$

Bonus issue or capitalisation issue: $P1 = P0 / (1 + N)$

Allotment of Shares: $P1 = (P0 + AK) / (1 + K)$

If all three events above are conducted simultaneously: $P1 = (P0 - D + AK) / (1 + K + N)$

Voting results: For: 9; against: 0; abstain: 0.

8. Plan for adjustment of issue price

No plan for the adjustment of the issue price has been formulated for the Transaction.

Voting results: For: 9; against: 0; abstain: 0.

9. Number of share issue

The number of shares to be issued = transaction price / price of shares issued for asset acquisition. The finalised number of issue shall be subject to the official approval of CSRC.

During the period from the pricing benchmark date to the issuance date, in case of any ex-rights or ex-dividends events of the Company, such as distribution of dividends, bonus shares, capitalisation issue or share placing, the issue number will be adjusted in accordance with relevant rules promulgated by CSRC and the Shenzhen Stock Exchange.

Voting results: For: 9; against: 0; abstain: 0.

10. Arrangements relating to the lock-up period

The lock-up period for the shares subscribed for by Hengjian Xinxin and Huitong Rongxin under the issue is as follows:

If the equity interest in ZTE Microelectronics applied in the subscription for new shares has been continuously held for less than 12 months, new shares received by the parties as a result of the acquisition shall not be transferred within 36 months from the date of listing of the shares;

If the equity interest in ZTE Microelectronics applied in the subscription for new shares has been continuously held for more than 12 months, new shares received by the parties as a result of the acquisition shall not be transferred within 12 months from the date of listing of the shares;

During the lock-up period for the shares, the abovementioned lock-up arrangement shall also apply to any increase of shares in the Company received by Hengjian Xinxin and Huitong Rongxin under the issue as a result of ex-right or ex-dividend events of the Company, including distribution of bonus shares, capitalisation issue or right issue, etc.

Voting results: For: 9; against: 0; abstain: 0.

11. Arrangement for the retained undistributed profits

The retained undistributed profits of the Company prior to the share issue for asset acquisition will be shared by existing and new shareholders pro-rata to their respective shareholdings in the Company after the share issue for asset acquisition.

Voting results: For: 9; against: 0; abstain: 0.

12. Validity of resolution

The resolution on the share issue for asset acquisition shall be effective for a period of 12 months from the date of approval of the shareholders at the general meeting. Subject to the approval of CSRC, the effective period may be extended to the date of completion of the Transaction.

Voting results: For: 9; against: 0; abstain: 0.

(III) Information on the raising of ancillary funds

1. Class and par value of the share issue

Shares to be issued for raising ancillary funds shall be RMB ordinary shares (A Shares) with a par value of RMB1.00 per share.

Voting results: For: 9; against: 0; abstain: 0.

2. Place of listing

Shares to be issued for raising ancillary funds will be listed on the Shenzhen Stock Exchange.

Voting results: For: 9; against: 0; abstain: 0.

3. Target subscribers

The target subscribers of shares to be issued for raising ancillary funds will be not more than 35 specific subscribers.

Voting results: For: 9; against: 0; abstain: 0.

4. Method of issue and subscription

It is proposed that ancillary funds will be raised by way of non-public issuance of shares

through price bidding. The target subscribers will subscribe in cash for shares to be issued for raising ancillary funds.

Voting results: For: 9; against: 0; abstain: 0.

5. Pricing basis and issue prices

The pricing determination date for the raising of ancillary funds shall be the first day of the issue period in connection with the raising of ancillary funds, and the issue prices shall not be lower than 80% of the average traded price of the Company's A shares for the 20 trading days immediately before the pricing determination date. The finalised issue price shall be determined by the Board of the Company or persons authorised by the Board under the mandate granted by the general meeting in consultation with the independent financial advisor (lead underwriter) of the issue based on the outcome of price bidding in accordance with the provisions of pertinent laws, administrative regulations and regulatory documents.

Voting results: For: 9; against: 0; abstain: 0.

6. Total amount of ancillary funds to be raised and issue number

The total amount of ancillary funds to be raised shall not exceed 100% of the transaction price for the proposed acquisition of the Target Assets by way of share issue. The exact amount shall be considered at a further Board meeting to be convened by the Company after the completion of the audit and valuation processes in connection of the Target Assets under the Transaction and the finalisation of the transaction price.

Number of shares under the ancillary fund-raising issue = total amount of the ancillary fund-raising issue / issue price of the ancillary fund-raising issue.

Voting results: For: 9; against: 0; abstain: 0.

7. Arrangements relating to the lock-up period

Shares to be subscribed for by the target subscribers under the ancillary fund-raising issue in connection with the Transaction shall be subject to a lock-up period of 6 months from the date of conclusion of the issue. Any transfer thereafter shall be carried out in accordance with the relevant regulations of CSRC and the Shenzhen Stock Exchange.

Voting results: For: 9; against: 0; abstain: 0.

8. Use of ancillary funds to be raised

The ancillary funds raised shall be applied to replenish the Company's working capital and finance the development of the projects of the Target Company, among others; of which not more than 50% of the gross proceeds shall be used for the replenishment of working capital. The actual use and amount shall be considered at a further Board meeting to be convened by the Company after the completion of the audit and valuation processes in connection of the Target Assets under the Transaction and the finalisation of the transaction price. Any shortfall in the gross amount of ancillary funds raised shall be met by the internal funds of or other financing options adopted by the Company. If internal funds of the Company are used, they

will be replaced by the proceeds upon receipt of the proceeds.

Voting results: For: 9; against: 0; abstain: 0.

9. Arrangement for the retained undistributed profits

The retained undistributed profits of the Company prior to the ancillary fund-raising issue will be shared by existing and new shareholders pro-rata to their respective shareholdings in the Company after the ancillary fund-raising issue.

Voting results: For: 9; against: 0; abstain: 0.

10. Validity of resolution

The resolution on the share issue for ancillary fund-raising issue shall be effective for a period of 12 months from the date of approval of the shareholders at the general meeting. Subject to the approval of CSRC, the effective period may be extended to the date of completion of the Transaction.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration on an item-by-item basis.

IV. Consideration and approval of the “Resolution on ‘ZTE Corporation Proposal for Share Issue for Asset Acquisition and Raising of Ancillary Funds’ and its summary”

In accordance with pertinent provisions of the Company Law, Securities Law, Administrative Measures for the Major Asset Restructuring of Listed Companies, Standards for Contents and Format of Corporate Information Disclosure relating to Public Issuance of Securities No. 26 - Major Asset Restructuring of Listed Companies and other laws, regulations and regulatory documents and taking in account the details of the Transaction, the Company has formulated ZTE Corporation Proposal for Share Issue for Asset Acquisition and Raising of Ancillary Funds and its summary. For details, please refer to “Overseas Regulatory Announcement” published on the same date as this announcement.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

V. Consideration and approval of the “Resolution on the Transaction not constituting a connected transaction”

Upon examination, the Board of the Company is of the view that Hengjian Xinxin and Huitong Rongxin, counterparties to the Transaction, are not connected parties of the Company. Upon completion of the share issue for asset acquisition (excluding the ancillary fund-raising issue), the percentage of the shareholdings of Hengjian Xinxin and Huitong

Rongxin in the Company is expected to be not more than 5%. Accordingly, the Transaction does not constitute a connected transaction.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

VI. Consideration and approval of the “Resolution stating that the Transaction is not expected to constitute a major asset restructuring”

Upon examination, the Board of the Company is of the view that the Transaction is not expected to constitute a major asset restructuring under Articles 12 and 14 of the Administrative Measures for the Major Asset Restructuring of Listed Companies. After the audit and valuation processes for the Target Company have been completed, the Company will further determine whether the Transaction constitutes a major asset restructuring based on the audited financial information of the Target Company and finalised pricing of the Transaction.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

VII. Consideration and approval of the “Resolution on the Transaction not constituting listing by way of restructuring under Article 13 of ‘the Administrative Measures for the Major Asset Restructuring of Listed Companies’”

Upon examination, the Board of the Company is of the view that within 36 months prior to the Transaction, the controlling shareholder of the Company was Zhongxingxin Telecom Company Limited (“**Zhongxingxin**”) and there was no de facto controller. The finalised transaction price for the Target Assets has yet to be determined, but it is expected that, following the completion of the Transaction, Zhongxingxin will remain the Company’s controlling shareholder and the Company will continue to have no de facto controller. Accordingly, the Transaction will not result in any change in the Company’s controlling shareholder and de facto controller, and the Transaction will not constitute listing by way of restructuring.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

VIII. Consideration and approval of the “Resolution on compliance of the Transaction with Articles 11 and 43 of the ‘Administrative Measures for the Major Asset Restructuring of Listed Companies’”

Upon examination, the Board of the Company is of the view that the Transaction is in compliance with the pertinent provisions of Articles 11 and 43 of the Administrative Measures for the Major Asset Restructuring of Listed Companies.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

IX. Consideration and approval of the “Resolution on the Transaction is in compliance with Article 4 of the ‘Regulations on Certain Issues Concerning the Regulation of Major Asset Restructuring of Listed Companies’”

Upon examination, the Board of the Company is of the view that the Transaction is in compliance with pertinent provisions of Article 4 of the Regulations on Certain Issues Concerning the Regulation of Major Asset Restructuring of Listed Companies.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

X. Consideration and approval of the “Resolution on execution of the ‘Agreement in respect of Share Issue for Asset Acquisition’ with precedent conditions”

Upon examination, the Board of the Company approves the Company’s execution of the Agreement in respect of Share Issue for Asset Acquisition with precedent conditions with Hengjian Xinxin and Huitong Rongxin.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

XI. Consideration and approval of the “Resolution on the statement of completeness and compliance of statutory procedures performed in relation to the Transaction and validity of legal documents submitted”

Upon examination, the Board of the Company is of the view that the statutory procedures in relation to the Transaction performed so far by the Company are complete, lawful, valid and in compliance with the provisions of pertinent laws, regulations, departmental rules, regulatory documents and the Articles, and that the legal documents submitted by the Company in connection with the Transaction are lawful and valid.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

XII. Consideration and approval of the “Resolution on the statement of principals involved in the Transaction not being subject to Article 13 of the ‘Interim Provisions on Strengthening Regulation over Unusual Trading in Stocks relating to Major Asset Restructuring of Listed Companies’”

Upon examination, the Board of the Company is of the view that the principals involved in the Transaction are not subject to Article 13 of the Interim Provisions on Strengthening Regulation over Unusual Trading in Stocks relating to Major Asset Restructuring of Listed Companies.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

XIII. Consideration and approval of the “Resolution on the statement of the Company’s share price movement not reaching the relevant benchmark set out in Article 5 of the ‘Notice on the Regulation of Information Disclosure by Listed Companies and Acts of Relevant Parties’”

According to the Company’s self-examination and excluding the effect of general market factors and factors affecting the industry sector to which it belongs, the cumulative increase/decrease in the Company’s share price for the 20 trading days before the disclosure of the proposal for the Transaction has not exceeded 20% and hence has not reached the benchmark set out in Article 5 of the Notice on the Regulation of Information Disclosure by Listed Companies and Acts of Relevant Parties.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

XIV. Consideration and approval of the “Resolution on a mandate granted to the Board and its authorised persons by the General Meeting to deal with matters pertaining to the Transaction with full discretion”

To ensure the smooth progress of matters pertaining to the Transaction, the Board seeks the shareholders’ mandate at the general meeting for the Board and its authorised persons to deal with full discretion with matters pertaining to the Transaction, including but not limited to the following:

1. to formulate, adjust and implement the actual plan of the Transaction in accordance with the provisions of laws, regulations and regulatory documents, market conditions and resolutions of the general meeting, including but not limited to determining or adjusting the scope of relevant Target Assets based on the actual conditions, scope of the counterparties, price of the Target Assets, payment method, issue number, issue period, issue price, selection of target subscribers for the ancillary fund-raising issue, total amount of ancillary funds to be raised, exact method of subscription, amount of proceeds to be allocated to various

investment projects utilising issue proceeds, order of priority in investment and other matters pertaining to the Transaction plan;

2. to deal with and determine specific matters pertaining to the Transaction in accordance with the approval of CSRC, market conditions and the plan considered and approved at the general meeting;

3. to amend, supplement, execute, submit, report and implement all agreements and documents relating to the share issue for asset acquisition and raising of ancillary funds subject to laws, regulations, pertinent regulatory documents and the Articles;

4. to adjust the Transaction plan and approve and sign all documents and agreements relating to the Transaction, such as relevant financial reports, audit reports and asset valuation reports (including their amended and supplemental versions) upon the request of the approving authorities or in compliance with pertinent new laws announced by the regulatory authorities;

5. to make relevant adjustments to the detailed plan of the Transaction subject to the resolution of the general meeting based on the new policies and regulations of the securities regulatory authorities and actual market conditions during the effective period of the resolution of the general meeting, in the event of any change in the policy requirements of regulatory authorities or market conditions;

6. to deal with reporting matters pertaining to the Transaction and prepare, amend and submit reporting materials for the Transaction in accordance with the requirements of the securities regulatory authorities; and respond to feedback from CSRC and other relevant government authorities;

7. to be in charge of the actual execution and implementation of the Transaction plan in accordance with laws, regulations and resolutions of the general meeting, including but not limited to fulfilling the obligations stipulated under the transaction contracts / agreements, processing registration changes in relation to the settlement and handover of Target Assets under the Transaction and registration of the issuance of new shares, and execution of relevant legal documents;

8. to amend relevant clauses of the Articles, process change in industrial and commercial registration and deal with other pertinent filing requirements after the completion of the Transaction;

9. to deal with registration of shares issued under the Transaction with securities registration and clearing companies and Shenzhen Stock Exchange, as well as the lock-up and listing on Shenzhen Stock Exchange of such shares, following the completion of the Transaction;

10. to select and appoint intermediaries, such as the independent financial advisor, legal advisor, appraiser and accounting firm, and to fix the relevant service fees and sign relevant service agreements;

11. to deal with other matters pertaining to the Transaction subject to laws, regulations, pertinent regulatory documents and the Articles;

12. to delegate as appropriate the handling of procedural matters under the aforesaid mandate

to the Chairman of the Company and his attorney authorised in writing based on the progress of and as actually required by the Transaction.

The said mandate shall be effective for a period of 12 months from the date of consideration and approval at the general meeting. Subject to the approval of the Transaction by CSRC, the effective period may be extended to the date of completion of the Transaction.

Voting results: For: 9; against: 0; abstain: 0.

This resolution is required to be tabled at the general meeting of the Company for consideration.

XV. Consideration and approval of the “Resolution on withholding the general meeting for consideration of matters pertaining to the Transaction”

As the audit and valuation processes in connection with the Transaction have yet to be completed, the Board of the Company has resolved not to convene for the time being a general meeting to consider resolutions relating to the Transaction.

The Company shall convene a Board meeting to consider matters pertaining to the Transaction after the audit and valuation processes in connection with the Transaction have been completed, and shall publish a notice of general meeting to seek the consideration of the Transaction plan and related resolutions.

Voting results: For: 9; against: 0; abstain: 0.

The Independent Non-executive Directors of the Company have furnished an independent opinion on matters pertaining to the Transaction. For details, please refer to the Overseas Regulatory Announcement published on the same date as this announcement.

By Order of the Board
Li Zixue
Chairman

Shenzhen, the PRC
28 October 2020

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, Gordon Ng, Zhuang Jiansheng.