

RBC Canadian Open

Thursday, July 27, 2017

Lixin Cheng

Brent McLaughlin

Laurence Applebaum

Press Conference

THE MODERATOR: Thank you for coming out today. We are so thrilled to be here. My name is Keltie Lavitt. I'm the marketing manager of ZTE Canada.

Special thank you to RBC Canadian Open and Golf Canada for having us and hosting this world-renowned event all week long.

We have a very special announcement today and to deliver that announcement is ZTE's global CEO of mobile devices and chairman of ZTE North America, Mr. Lixin Cheng.

Lixin joined ZTE in 2010, and has since grown the company to become the fourth-largest smartphone vendor in North America. In April, he was promoted to CEO of global mobile devices, and actually just got back from China to join us here today.

LIXIN CHENG: Good morning, ladies and gentlemen. I'm very excited to come back to Glen Abbey and to share some great news with my colleagues from RBC Canadian Open and Golf Canada. So Canada is a strategic important market for ZTE, as Canada has helped ZTE solidify our No. 4 smartphone brand position in North America. As of today we have 32 affordable premium devices selling actively across every single carrier and major retailer in Canada. ZTE's flagship family continues to exceed expectations and Grand X4 we launched last December. It's the first LT device as a freedom mobile.

Just last week we announced smart drive, ZTE Smart Drive Connected Car Solution with Rogers. We bring the new category of Connected Car Solutions to Canadian consumers. An important aspect of our growth has been the ability to connect face-to-face and deeply engage with consumers, as we put consumers at the heart of everything we do at ZTE, from defining products, designing, delivery and supporting devices.

In the US, our smartphone partnerships with five NBA teams including the championship Golden State Warriors and the Cleveland Cavaliers provide us with the ability to engage more with ZTE brand in those



important markets. In 2015, ZTE extended our sponsorship from NBA to golf. We started to endorse PGA golf pro with ZTE global brand ambassador, Danny Lee, and who won the championship at Greenbrier right after he put ZTE Axon logo on his shirt. And now Danny is competing here this week in Glen Abbey. Good luck to Danny.

So last year, we further expanded our sponsorship into golf by partnering with Farmers Insurance in San Diego, California, and in Canada, ZTE partnered with the RBC Canadian Open, the first time in the history, in supporting launching our flagship Axon 7 in Canada.

The success of that partnership is why we are here today, as I am excited to announce a new three-year agreement as the official smartphone of the Canadian Open. So now ZTE becomes the Official Smartphone of the Canadian Open for the next three years.

This partnership is another milestone in ZTE's ongoing commitment to invest in Canada, and it's part of a large movement to grow our company's presence on the world stage. This partnership also advanced ZTE's mission to serve the community where we live and work, to grow the ZTE brand as a global smartphone brand and deliver affordable premium devices that bring golf fans much closer to the game. Thank you.

THE MODERATOR: Thank you, Lixin. Please now join me in welcoming the man behind this fantastic event from the RBC Canadian Open, tournament director, Brent McLaughlin.

BRENT MCLAUGHLIN: Thank you, Lixin. We're so excited to have this partnership. The RBC Canadian Open truly is a festival. I think for those of you that have been on site the last couple of days, you can definitely feel the vibe and spirit of the event. There's a lot going on.

We're very, very proud of this championship. It's the 108th playing of the Canadian Open, which is the third-oldest championship in the world. So a long and storied history is behind this event.

We've focused on the three C's this year: Canadiana, community and competition, and through these partnerships that we have, truly elevates our

championships to the next level. You can tell by the field that's out there, the quality of strength with world No. 1 Dustin Johnson, Bubba Watson, and the list goes on, obviously with Danny Lee and a strong contingent of Canadians. We're very proud of the field, the momentum that we've gathered.

We are so proud to have ZTE as the exclusive smartphone of the RBC Canadian Open. It means a lot to us to have these continued partnerships, to have these long-term commitments that help us align our great brands together. You can't run a world-class event without these kind of partnerships, and we are so grateful and we look forward to the next few years with ZTE. Thank you.

LIXIN CHENG: I also would like to recognize Senator Victor Oh from Canada here today.

LAURENCE APPLEBAUM: New relationships for Golf Canada is fundamental to our success, and I want to extend my warmest welcome and appreciation to Lixin and his entire team.

For those of you who don't know ZTE, this company, you will know about it. You will find out more about it. They have made amazing investments in the world of sports. It's fundamental to their sports strategy, and we feel very fortunate to have him join us here at Golf Canada and at Glen Abbey for the RBC Canadian Open in 2017.

We have a long-term partnership that we will grow. We welcome them. We welcome all of their partners and their dealers. They are a global force. I'm so proud of our relationship and starting out together. He has some members of his team who are outstanding golfers, a couple of guys, and we enjoyed spending some time together with them on the course.

This is going to be an amazing relationship, and I wanted to say thank you very much.

Q. I know you did a lot of investment with basketball. I think that was the first sports you entered. Are you a golfer yourself? Was there a strategy behind going into golf?

LIXIN CHENG: Yes, so when we started partnerships with NBA teams, first we started with the Houston Rockets and then we expanded to Golden State Warriors, the Knicks, Chicago Bulls and also Cleveland Cavaliers.

So the key things, as I said, in all those sponsorships serves our mission to give back and to serve the community where we work and we live.

So we find, you know, as most of our consumers are

based in the United States, matches quite well with NBA fans. That's why we started with NBA teams. So that has also provided a good platform for us to continually engage with consumers while we give back to the community where we have business.

So now as we grow our market segment, particularly we are launching Axon as our flagship, so we are getting more affordable premiums, to premiere affordable segment of this market. So we started and see that actually golf fans has a lot of good matching and enjoy the features and the value we provided by our Axon products, and that's why we also engaged with golf.

Another important thing is that so we feel that we share the same mission to give back to the community with Golf Canada and RBC Canadian Open. We see that is a very good platform, so we can work together to give back to the community.

Q. The Connected Car Solution with Rogers, this is part of the growing ecosystem of Internet of things, of putting a SIM card in anything, doesn't necessarily have to be a screen. What part does ZTE play in this? What's the next step for a product or a category like this?

LIXIN CHENG: A very good question. Our vision in the future is that everything will be connected, as you said, Internet of everything. We predict that by 2020, there will be around 100 connections around each person.

So when we launched our Axon flagship about three years ago, and we believe smartphone will be like Axon of human body, will be the nerve center of everything around you.

So ZTE is investing heavily in this IoT area from the cloud, pipe and also devices. So this is just one of the first devices we launched for the connected car, and we are going to invest heavily in many other connections around you, and these particular devices we have launched with T-Mobile in U.S., very successfully, and it's come together with an app. So you will be able to understand every single detail of the status of your car, but also you understand your family's situation with the car, about their driving behavior.

So there is many applications around these devices. For example, for the parents, you will be able to know where are your teenage child and their driving behavior. Geo fans, you can select over there. For the insurance provider, you will be providing discount much smarter to the best driver you can have.

And for the carriers, they will be able to provide a lot of value-added services over this platform. So there is a

lot of possibility. I'm very happy to see that Rogers launched this last week, already have a lot of positive feedback and response from consumers.

We are expecting more carriers in Canada will follow these kind of devices and providing a lot of good solutions, not only for the people but also for the environment.

So Laurence is the new CEO of Golf Canada, if you have any questions to him.

LAURENCE APPLEBAUM: I just want to use the Connected Car Solution for my kids. This is the best thing I've ever heard of. I've seen the demo. I've seen the use. I know the success of T-Mobile in the US with it, and now with the adoption of Rogers in Canada, which is a big move, I think this is the start of the future. I think this is an amazing, an amazing innovation, and I know with our two teams working together, we're looking forward to really helping them grow that segment, which is an absolute priority for us here in Canada.

LIXIN CHENG: Yeah, for partnership with Golf Canada and also here at Glen Abbey, so you will be able to experience a lot of the solutions here on site while you enjoy the golf game.