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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 Twentieth Meeting of the Fifth Session of the Board of Directors

The Company and all members of the Board of Directors confirm that the information contained in this announcement of Board resolutions is true, accurate and complete and that there are no false or misleading statements or material omissions in this announcement.

The "Notice of the Twentieth Meeting of the Fifth Session of the Board of Directors" has been despatched by ZTE Corporation ("ZTE" or the "Company") to all Directors of the Company via electronic mail and by telephone on 1 July 2011. The Twentieth Meeting of the Fifth session of the Board of Directors of the Company (the "Meeting") was held by way of voting via telecommunication means on 8 July 2011. All of the 11 Directors required to vote at the Meeting duly participated in the voting. The Meeting, which was held in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association, was legal and valid.

"Resolution relating to the Third Unlocking of Subject Shares under the First Award of the Phase I Share Incentive Scheme" was considered and passed, the details of which are as follows:

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

As beneficiaries of the Phase I Share Incentive Scheme, Mr. Xie Weiliang (Vice Chairman), Mr. Zhang Junchao (Director) and Mr. Dong Lianbo (Director) did not take part in the voting in respect of this resolution.

I. Confirmation of conditions precedent to the Third Unlocking of Subject Shares under the Phase I Share Incentive Scheme by 3,199 Scheme Participants of the Company participating in the First Award being fulfilled and agreement to proceed with the Third Unlocking of Subject Shares under the Phase I Share Incentive Scheme.

Pursuant to the Phase I Share Incentive Scheme of the Company, there shall be a lock-up period of 2 years commencing on 13 March 2007 (the date on which the implementation of the Phase I Share Incentive Scheme was approved at the Company's First Extraordinary General Meeting of 2007 and the date of the First Award). As at 13 March 2009, the lockup period for the Subject Shares under the First Award of the Company has expired. Following consideration by the Twenty-sixth Meeting of the Fourth Session of the Board of Directors of the Company, the First Unlocking of the Subject Shares under the First Award of the Company was completed in July 2009. Following consideration by the Fourth Meeting of the Fifth Session of the Board of Directors of the Company, the Second Unlocking of the Subject Shares under the First Award of the Company was completed in May 2010.

Following consideration by the Twentieth Meeting of the Fifth Session of the Board of Directors of the Company, the conditions for the Third Unlocking of the Subject Shares under the First Award of the Company have been fulfilled. Out of the Scheme Participants under the First Award, 3,199 Scheme Participants have met the conditions for the Third Unlocking of the Subjects Shares under the Phase I Share Incentive Scheme. The proposed unlocking will involve a total of 60,532,063 shares (the final volume shall be subject to the confirmation of the Shenzhen Stock Exchange), accounting for 1.76% of the total share capital of the Company. Details of fulfillment of the conditions for the Third Unlocking are as follows:

1. In respect of the Company:

None of the following having occurred in respect of the Company:

- (1) The issue of an adverse opinion or a disclaimer of audit opinion on the financial and accounting report for the most recent accounting year by a firm of certified public accountants;
- (2) The imposition of administrative penalties by the CSRC during the most recent year due to significant violation of laws or regulations by the Company;
- (3) The annual performance appraisal of the Company falling short of performance standards stipulated under the Share Incentive Scheme;
- (4) Significant objection to the results or annual financial and accounting report of the Company raised by state-owned assets regulatory authorities or departments, the supervisory committee or audit department;
- (5) Other circumstances under which share incentives should not be implemented as determined by the CSRC.

2. In respect of the Scheme Participants:

None of the following having occurred in respect of Scheme Participants applying for the unlocking:

- (1) Public censure or declaration as a person not fit and proper by the stock exchange in the previous three years;
- (2) The imposition of administrative penalties by the CSRC during the previous three years due to significant violation of laws or regulations by the Company;

- (3) Circumstances under which the Scheme Participant is prohibited from acting as Director, Supervisor and Senior Management of the Company, as stipulated in the Company Law;
- (4) Violations of relevant laws and regulations of the State and articles of association of listed company;
- (5) Engagement in illegal and irregular acts such as bribery, embezzlement and theft, divulging of confidential operational and technical information and connected transactions of the listed company that harm the interests, damage the reputation and bear a material adverse impact on the image of the listed company, resulting in losses to the listed company;
- (6) Other serious infringements of relevant regulations of the Company, as determined by the Board of Directors.

3. Conditions relating to Performance Appraisal of the Company

The ratios of weighted average return on net assets before and after extraordinary items of the Company for 2009 were 15.83% and 15.06%, respectively, both of which were not less than 10%.

4. Conditions relating to Staff Performance Appraisal

Based on the results of the 2009 appraisal of Scheme Participants conducted in accordance with the ZTE Performance Appraisal System, 3,199 Scheme Participants have met the conditions. However, 5 Scheme Participants should have the number of Subject Shares to be unlocked reduced by 50%, namely, the number of Subject Shares to be unlocked was 22.5% of the Subject Share quotas granted, in accordance with Administrative Measures for the Phase I Share Incentive Scheme of ZTE Corporation.

5. Subscription monies of Subject Shares paid by Scheme Participants

The price for the Subject Shares under the First Award paid by the Scheme Participants shall be the closing price of ZTE A Shares as quoted on the Shenzhen Stock Exchange on the trading day immediately preceding the date of the Board meeting at which the Phase I Share Incentive Scheme of ZTE was first presented for consideration. Upon the award of the Subject Shares to the Scheme Participants by the Company, the Scheme Participants shall pay the subscription monies for the reserved Subject Shares at the said grant price in cash on the basis of the purchase of 5.2 shares for every 10 shares granted, out of which the subscription amounts for 3.8 shares shall be funded by Scheme Participants at their own cost and the subscription amounts for 1.4 Subject Shares shall be funded by the conversion of deferred bonus amounts under the 2006 deferred bonus that Scheme Participants have not participated, calculated as a percentage of the Grant Price.

Scheme Participants applying for the current unlocking of Subject Shares have paid the subscription monies in accordance with the said price and based on the Subject Share quotas granted. The payments of the said subscription monies have been verified by BDO Guangdong Dahua Delu CPA, which issued Capital Verification Report on the Total Proceeds Received from the Implementation of the Share Incentive Scheme of ZTE Corporation (Hua De Zhuan Shen Zi [2009] No. 268) 《關於對中興通訊股份有限公司實施股權激勵所募集資金總額的驗資報告》(華德專審字[2009]268號).

6. Scheme Participants Entitled to the Current Unlocking

The 3,199 Scheme Participants of the Company applying for the current unlocking have satisfied the conditions precedent to the Third Unlocking of Subject Shares under the Phase I Share Incentive Scheme. There are no circumstances that give rise to non-eligibility as scheme participants or in which unlocking is prohibited under the *Administrative Measures on Share Incentives of Listed Companies (Trial)* 《上市公司股權激勵管理辦法（試行）》，the *Trial Measures for the Implementation of Share Incentives by State-owned Listed Companies (Domestic)* 《國有控股上市公司(境內)實施股權激勵試行辦法》 and the “Phase I Share Incentive Scheme” of the Company.

II. Confirmation of the List of Scheme Participants and the Share Quotas to be Unlocked in the Third Unlocking under the First Award

According to the Subject Share quota under the First Award and the adjustment of Subject Share quota under the Share Incentive Scheme, details of Scheme Participants fulfilling conditions for the current unlocking and the share quota available for the current unlocking for each Scheme Participant are as follows:

1. Unlocking of Subject Shares granted to the Directors and Senior Management of the Company

(1) The Subject Share quota available in the current unlocking for 17 current Directors and senior management of the Company who are Scheme Participants is 2,696,900 shares, which do not exceed 5% of the total Subject Share quota available for unlocking;

(2) In accordance with the Administrative Measures for the Phase I Share Incentive Scheme of ZTE Corporation: “8.3.1 If any of the following changes occur to Scheme Participants during the effective term of the Share Incentive Scheme, shares granted to such Scheme Participants shall be dealt with according to procedures and timing stipulated by the Share Incentive Scheme prior to such changes and the unlocking conditions are deemed to have been fulfilled by virtue of the results of their personal performance appraisals; 8.3.1.1 If a Director ceases to be in office after the performance appraisal period by reason of Board re-election or other arrangements by the shareholders,” The total Subject Share quota available for the current unlocking by Mr. Wang Zongyin and Mr. Li Juping, 2 Directors who left office in March 2010 as a result of Board re-election, is 29,484 shares.

(3) Details of the share quota for each of aforesaid senior management Directors and Subject Share quota available for unlocking are as follows:

Name	Position	Number of Subject Shares granted	Number of shares unlocked	Number of shares proposed to be unlocked in the current unlocking	Number of shares remaining in lock-up
Current Directors and Senior Management of the Company					
Xie Weiliang	Vice Chairman	32,760	18,018	14,742	0
Zhang Junchao	Director	32,760	18,018	14,742	0

Name	Position	Number of Subject Shares granted	Number of shares unlocked	Number of shares proposed to be unlocked in the current unlocking	Number of shares remaining in lock-up
Dong Lianbo	Director	32,760	18,018	14,742	0
Xie Daxiong	Executive Vice President	327,600	180,180	147,420	0
Tian Wenguo	Executive Vice President	327,600	180,180	147,420	0
Qiu Weizhao	Executive Vice President	327,600	180,180	147,420	0
Fan Qingfeng	Executive Vice President	491,400	270,270	221,130	0
Chen Jie	Senior Vice President	327,600	180,180	147,420	0
Ye Weimin	Senior Vice President	327,600	180,180	147,420	0
Ni Qin	Senior Vice President	327,600	180,180	147,420	0
Zhao Xianming	Senior Vice President	589,680	324,324	265,356	0
Xu Huijun	Senior Vice President	589,680	324,324	265,356	0
Pang Shengqing	Senior Vice President	491,400	270,270	221,130	0
Zeng Xuezhong	Senior Vice President	491,400	270,270	221,130	0
Wu Zengqi	Senior Vice President	491,400	270,270	221,130	0
Zhu Jinyun	Senior Vice President	456,674	251,172	205,502	0
Feng Jianxiong	Secretary to the Board	327,600	180,180	147,420	0
Sub-total	-----	5,993,114	3,296,214	2,696,900	0
Ex-Directors of the Company					
Wang Zongyin	Ex-Director	32,760	18,018	14,742	0
Li Juping	Ex-Director	32,760	18,018	14,742	0
Sub-total	-----	65,520	36,036	29,484	0

2. The Subject Share quota available in the current unlocking for the remaining 3,180 employees of the Company is 57,805,679 shares. Subject Shares originally granted to 3 deceased former employees and scheduled to be unlocked in the current unlocking will be inherited by their 4 successors. The unlocked shares will be registered in the names of the said successors.

3. Overview of the Third Unlocking:

Of the 3,274 Scheme Participants under the First Award:

(1) A total of 1,484,437 Subject Shares will not be unlocked due to the resignations of 75 Scheme Participants and sub-standard 2009 personal performance appraisal for 5 Scheme Participants. The said Scheme Participants shall not re-apply in later years for the unlocking of such Subject Shares, the quotas of which will be cancelled.

(2) 3,199 Scheme Participants under the First Award who have fulfilled the staff performance appraisal conditions for unlocking, 5 Scheme Participant will have their share unlocking reduced by 50% in accordance with the Administrative Measures for the Phase I Share Incentive Scheme of ZTE Corporation. As a result, a total of 40,466 Subject Shares will not be unlocked. The said 5 Scheme Participant shall not be entitled to re-apply in later years for the unlocking of such Subject Shares, the quotas of which will be cancelled. The

number of shares proposed to be unlocked under the Third Unlocking was 60,532,063 shares, accounting for 1.76% of the total share capital of the Company.

For the list of the Scheme Participants entitled to the unlocking, please refer to the "List of Scheme Participants entitled to the Third Unlocking of Subject Shares under the First Award of the Phase I Share Incentive Scheme of the Company" uploaded by the Company onto the website of CNINFO at <http://www.cninfo.com.cn> on the same date as this announcement.

III. Timing of and Work Arrangements for Unlocking of Subject Shares

The listing timing of the current unlocking of shares will be subject to confirmation by Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Company Limited.

There is no discrepancy between the Share Incentive Scheme being implemented currently and the "Phase I Share Incentive Scheme (5 February 2007 revision)" announced on 14 February 2007.

The Remuneration and Appraisal Committee, Independent Directors and Supervisory Committee of the Company have verified the list of Scheme Participants and have furnished their respective verification opinions

Having conducted verification of the dispensations of duties by the Scheme Participants and the performance appraisal of 2009, the Remuneration and Appraisal Committee of the Company confirms that 3,199 Scheme Participants of the Company have met the conditions for the Third Unlocking of the Subject Shares under the First Award as stipulated by the Phase I Share Incentive. The number of Subject Shares under the Third Unlocking by such Scheme Participants is 60,532,063 shares.

Having conducted review on the list of the Scheme Participants applying for the current unlocking of shares, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, Independent Directors of the Company, are of the view that, the 3,199 Scheme Participants submitted by the Remuneration and Appraisal Committee to the Board of Directors for examination are in compliance with conditions precedent to the application for the Third Unlocking of Subject Shares under the First Award of the Phase I Share Incentive. The number of Subject Shares under the Third Unlocking by such Scheme Participants is 60,532,063 shares.

Having conducted verification on the list of Scheme Participants entitled to the Third Unlocking, the Supervisory Committee of the Company is of the view that the facts relating to the dispensations of duties at the Company by the 3,199 Scheme Participants are true and that they are in compliance with conditions precedent to the application for the Third Unlocking of Subject Shares under the First Award of the Phase I Share Incentive Scheme.

Jun He (Shenzhen) Law Offices, the legal advisor to the Company who has issued a legal opinion in respect of the current unlocking of Subject Shares, is of the view that:

The qualifications and conditions precedent to unlocking of the Scheme Participants applying for the current unlocking are in compliance with the requirements of the *Administrative Measures on Share Incentives of Listed Companies (Trial)*《上市公司股權激勵管理辦法(試行)》(the “Administrative Measures”), the *Trial Measures for the Implementation of Share Incentives by State-owned Listed Companies (Domestic)*《國有控股上市公司(境內)實施股權激勵試行辦法》(the “Trial Measures”) and the Phase I Share Incentive Scheme of ZTE Corporation and the relevant procedures stipulated in the Administrative Measures, Trial Measures and the Phase I Share Incentive Scheme have been fulfilled.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
8 July 2011

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, Lei Fanpei, 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.