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 of Resolutions of the Third 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 and misleading statement or material omission in this announcement.

The "Notice of the Third Meeting of the Fifth Session of the Board of Directors" was dispatched by ZTE Corporation (the "Company" or "the Company") to all Directors of the Company via electronic mail and by telephone on 12 April 2010. The Third Meeting of the Fifth session of the Board of Directors of the Company (the "Meeting") was convened by way of video conference at the Shenzhen headquarters of the Company, Beijing, Shanghai, Xi'an and Xiamen on 27 April 2010. Of the 14 Directors required to attend the Meeting, 11 Directors duly attended in person and 3 Directors appointed proxies to attend on behalf of them. Mr. Wang Zhanchen, Director, was unable to attend the Meeting due to work reasons, and had authorized Mr. Hou Weigui, Chairman, to vote on his behalf. Mr. He Shiyou, Director, was unable to attend the Meeting due to work reasons, and had authorized Mr. Shi Lirong, Director, to vote on his behalf. Mr. Chen Naiwei, Independent Director, was unable to attend the Meeting due to work reasons, and had authorized Ms. Qu Xiaohui, Independent Director, to vote on his behalf. The Meeting, which was held in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association, was legal and valid.

The following resolutions were considered and passed at the Meeting:

I. Consideration and passing of the "2010 First Quarterly Report of the Company"
Voting results: For: 14; against: 0, and abstained: 0.

II. Consideration and passing of the "System for Risk Control and Information Disclosure relating to Investments in Derivatives"
Voting results: For: 14; against: 0, and abstained: 0.

The "System for Risk Control and Information Disclosure relating to Investments in Derivatives" is being published on http://www.cninfo.com.cn on the same date as this announcement.

III. Consideration and passing of the "Resolution of the Company on the Application for the 2010 Investment Quota for Fixed-income Derivatives", some key information of which are as follows:

(I) Basic information on fixed-income derivatives

Given market opportunities arising from the presence of different deposit and loan interest rates at given timeframes, as well as the difference between spot / forward exchange rates in different currency markets, and in view of the significant foreign currency payments required by its import activities, the Company will make risk-free investments in fixed income derivatives utilising financial portfolio products provided by financial institutions. This investment operation mainly involves domestic deliverable forward (DF) contracts, overseas non-deliverable forward (NDF) contracts and foreign currency payables negotiation under guarantee.

A common formula for the calculation of investment income of such fixed-income derivatives upon maturity (using RMB as example) is set out as follows: Investment income of fixed-income derivatives upon maturity = foreign currency payments for imports * foreign currency to RMB spot exchange rate * (1+RMB deposit interest rate) – loans with amounts equivalent to foreign currency payments for imports * (1+foreign currency loan interest rate) * foreign currency to RMB forward contract exchange rate.

The gains from fixed-income derivatives comprise two portions: income from the interest spread between RMB pledged deposits and USD loan interests, and income from the purchase of foreign currency for offsetting forward foreign currency debts (by way of DF or NDF).. From the perspective of a portfolio of fixed-income derivative contracts, there is a constant yield rate upon maturity. However, as the NDF contracts among the portfolio contracts are entered into by the Company's overseas subsidiaries, losses and payment obligations may be incurred when settlement is made in respect of the difference between the market exchange rate prevailing at the time and location of completion of an individual NDF contract and the NDF contract exchange rate. As a result; it might be necessary to provide an undertaking of guaranteed repayment to the signatory bank.

1. Necessity of the fixed-income derivative operation

The fixed-income derivative operation started by the Group is closely related to day-to-day operation. The Group is currently required to make substantial foreign currency payments each year for its significant imports of raw materials and equipment. The reduction of exchange losses and lock-up of trading costs through reasonable use of derivative financial instruments to avoid the risk associated with foreign currency payments for imports in anticipation of a floating RMB exchange rate would be conducive to lowering risks and enhancing competitiveness.

2. Preparations for the fixed-income derivative operation

(1) The "System for Risk Control and Information Disclosure relating to Investments in Derivatives of ZTE Corporation", containing specific provisions for risk control, review procedure and subsequent management relating to derivative investments by the Company and its subsidiaries, has been formulated to ensure that risks associated with the Group's fixed-income derivative operations are controllable.

(2) An investment working group has been set up under the leadership of the chief financial officer and other relevant officers. Members of the derivative investment working group are responsible for the actual operation of fixed-income derivative investments. The investment working group formulates plans for fixed-income derivative investments and implement such plans according to the scope mandated by the Board of Director or the general meeting.

(3) Personnel involved in fixed-income derivative operations are fully aware of the characteristics and risks of this type of investment, and are operating in strict compliance with the operational and risk management systems for such investments.

3. Risk analysis of fixed-income derivative investments

The Group will receive a fixed income upon maturity for each fixed-income derivative investment made, so there is no volatility in income. The Group's fixed-income derivative operations are subject to the following potential risks:

(1) Possible closedown of banks: in the event that a bank where our pledged deposits are placed is closed down, it might be difficult to recover the pledged deposits in full;

(2) Possible closedown of banks providing fixed-income derivatives, in which case we might be unable to receive the income that might have been generated from the fixed-income derivatives.

As the Group chooses to deal with large banks with high investment grades, such as the Bank of China and HSBC, etc, in its fixed-income derivative operations, the possibility of losses arising from bank closedowns can basically be ruled out given the sound operations and strong credit standing of such banks and the minimal possibility of their closedown.

4. Risk management strategy

In connection with the Group's fixed-income derivative operations, all variables are determined on the date of operation and therefore its income upon maturity is pre-determined without any unforeseeable exposures or risks.

5. Fair-value analysis of fixed-income derivatives

The Group's fixed-income derivatives generate pre-determined income upon maturity, and the fair value of the investment is determined in accordance with the Accounting Standards for Business Enterprises.

6. Accounting policies and principles

The Group shall adopt accounting methods for it fixed-income derivative operations in accordance with the Accounting Standards for Business Enterprises.

(II) Consideration and passing of the "Resolution of the Company on the Application for the 2010 Investment Quota for Fixed-income Derivatives" by the Board of Directors, the details of which are as follows:

1. It is hereby approved that a request be made to the general meeting for the review and authorisation of the Company's engagement in fixed-income derivative operations subject to a quota of USD1 billion or equivalent in total secured bank loans (such quota covering subsidiaries), taking into account projections on foreign currency payments for imports to be made by the Company and its subsidiaries. The said authorisation shall be effective from the date on which it is passed at the general meeting by way of resolution until the conclusion of the next annual general meeting of the Company or the modification or revocation of the authorisation at a general meeting, whichever is earlier.

2. It is hereby approved that an undertaking of repayment be furnished by the Company and its subsidiaries to the signing bank in respect of potential losses arising from the fixed-income derivative DF/NDF contract.
Voting results: For: 14; against: 0, and abstained: 0.

(III) Independent opinion furnished by the Independent Directors
Independent Directors of the Company Mr. Li Jin, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei and Mr. Tan Zhenhui have furnished an independent opinion as follows:

Given that the Company and its subsidiaries are required to make substantial foreign currency payments each year for their significant amount of imports, the reduction of exchange losses and lock-up of trading costs through reasonable use of derivative financial instruments by the Company and its subsidiaries to avoid the risk associated with foreign currency payments for imports in anticipation of a floating RMB exchange rate would be conducive to lowering risks and enhancing competitiveness. Risks are under effective control as the Company has conducted stringent internal assessment in respect of the fixed-income derivative operation, which is involved in elementary financial derivatives, and has established a regulatory regime in this regard. Institutions which have signed agreements with the Company and its subsidiaries for the commencement of their fixed-income derivative operations are prudently managed entities with sound credit ratings. We are of the view that: the fixed-income derivative operations to be carried out by the Company and its subsidiaries are closely related to the requirements of their day-to-day business, their risks are within control, and they are in compliance with relavant provisions of relevant laws and regulations.

IV. Consideration and passing of the "Resolution of the Company on the Connected Transaction relating to Property Tenancy", the details of which are as follows:

1. It is approved that a tenancy agreement with a term of 3 years be entered into by the Company and related party Shenzhen Zhongxing Development Company Limited, pursuant to which property located at 19 Huayuan East Road, Haidian District, Beijing with a leased area of 32,000 sq. m. is rented by the Company for a monthly rent of RMB115/sq. m. (property management undertaken by the Company and no management fees are

payable), for a contract term commencing on 18 April 2010 and ending on 17 April 2013 subject to an annual rental cap of RMB44.16 million.

Mr. Hou Weigui, as Chairman of connected party Shenzhen Zhongxing Development Company Limited, did not vote in respect of this matter at the Board meeting.
Voting results: For: 13; against: 0, and abstained: 0.

For details of the said connected transaction, please refer to the "Announcement of Connected Transaction" published on the same date as this announcement.

2. It is approved that a tenancy agreement with a term of 3 years be entered into by Tianjin Zhongxing Software Company Limited (天津中興軟件有限責任公司) ("Tianjin Zhongxing Software"), a subsidiary of the Company, and connected party Tianjin Zhongxing International Investment Company Limited, pursuant to which property located at the Airport Industrial Zone, Tianjin with a leased area of 25,000 sq. m. is rented by the Company for a monthly rent of RMB40/sq. m. (inclusive of public management fees, while interior property management will be undertaken by Tianjin Zhongxing Software), for a contract term commencing on 18 April 2010 and ending on 17 April 2013 subject to an annual rental cap of RMB12 million.
Voting results: For: 14; against: 0, and abstained: 0.

The execution and performance of the aforesaid tenancy agreement between Tianjin Zhongxing Software, a subsidiary of the Company, and connected party Tianjin Zhongxing International constitutes a connected transaction only under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Independent Directors, Mr. Li Jin, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei and Mr. Tan Zhenhui have reviewed the proposed connected transactions under the tenancy agreements to be entered into by the Company and subsidiary Tianjin Zhongxing Software, respectively, prior to the meeting and agreed to submit the above-mentioned connected transactions to the Board of Directors of the Company for consideration.

Independent Directors of the Company Mr. Li Jin, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei and Mr. Tan Zhenhui have furnished an independent opinion on the above-mentioned connected transactions at the meeting as follows:

The rental has been determined on the basis of arm's length negotiations and is not higher than market rates for the lease of similar properties in neighbouring areas. The pricing method and other terms of the tenancy agreement are fair and reasonable and in the interests of the shareholders and the Company as a whole. The said transactions are conducted in the ordinary course of business of the Company on normal commercial terms.

No connected Directors voted in respect of the resolution in the course of the consideration of the resolution by the Board of Directors and the voting process of the connected transaction is legal and effective.

V. Consideration and passing of the "Resolution of the Company on the Provision of Guarantee for Chilean Mobile Telecommunications Operator TRANSAM S.A. ("TRANSAM")", the details of which are as follows:

1. It is approved that the Company will sign the "Performance Guarantee Support Agreement" with TRANSAM;

2. It is approved that the Company or ZTE (H.K.) Limited, the Company's wholly-owned subsidiary, will apply to the relevant bank for the issuance of a performance guarantee letter for a guarantee in the amount of USD2.80 million in favour of the competent telecommunications authorities of Chile in connection with TRANSAM's performance of its undertaking to comply with designated timeframes for network coverage construction in designated regions given in tender documents for the tender of 900MHZ frequencies in all regions throughout Chile other than the capital area of Santiago publicly offered by the Chilean Government in November 2009. The guarantee shall be effective for a period of 5 years from the date on which the tender results for the 900MHZ license and frequency is announced by the competent telecommunications authorities of Chile;

3. It is approved that Mr. Hou Weigui, the legal representative of the Company, or the signatory authorized by Mr. Hou Weigui be authorised to sign all relevant legal contracts and documents.
Voting results: For: 14; against: 0, and abstained: 0.

For details of the said external guarantee, please refer to the "Announcement of External Guarantee" published on the same date as this announcement.

Independent Directors of the Company Mr. Li Jin, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei and Mr. Tan Zhenhui have furnished an independent opinion on the above-mentioned guarantee at the meeting as follows:

The above-mentioned provision of guarantee by the Company on behalf of Chilean telecommunications operator TRANSAM is in compliance with relevant provisions of the ''Notice Regulating the External Guaranties Provided by Listed Companies'' (《關於規範上市公司對外擔保行爲的通知》) and the Articles of Association of ZTE Corporation, and the decision-making procedures were legal and valid.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
27 April 2010

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Shi Lirong, Yin Yimin and He Shiyou; six non-executive directors, Hou Weigui, Lei Fanpei, Xie Weiliang, Wang Zhancheng, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Li Jin, Qu Xiaohui, Wei Wei, Chen Naiwei and Tan Zhenhui.