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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 Thirtieth 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 or misleading statement or material omission in this announcement.*

ZTE Corporation (the "Company") issued the "Notice of convening the Thirtieth Meeting of the Fifth Session of the Board of Directors (the "Board") of ZTE Corporation" to all the Directors of the Company by electronic mail and telephone on 19 June 2012. The Thirtieth Meeting of the Fifth session of the Board of Directors of the Company (the "Meeting") was convened at the Shenzhen headquarters of the Company, Beijing, Xiamen and Hong Kong by way of video conference on 26 June 2012. Of the 14 Directors required to attend the Meeting, 9 Directors attended in person and 5 Directors appointed proxy to attend on his behalf. Mr. Zhang Jianheng, Vice Chairman, was unable to attend the Meeting due to work reasons and has appointed in writing Mr. Wang Zhanchen, Director, to vote on his behalf; Mr. Zhang Junchao, Director, was unable to attend the Meeting due to work reasons and has appointed in writing Mr. Wang Zhanchen, Director, to vote on his behalf; Mr. Dong Lianbo, Director, was unable to attend the Meeting due to work reasons and has appointed in writing Mr. Xie Weiliang, Vice Chairman, to vote on his behalf; Mr. Yin Yimin, Director, was unable to attend the Meeting due to work reasons and has appointed in writing Mr. Shi Lirong, Director, to vote on his behalf; Mr. He Shiyong, Director, was unable to attend the Meeting due to work reasons and has appointed in writing Mr. Shi Lirong, Director, to vote on his behalf. The Meeting was convened and held in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association of the Company (hereinafter "Articles"), and was legal and valid.

**The following resolutions were considered and approved at the Meeting:**

**I. Consideration and approval of the “Resolution on the disposal of equity interests in Shenzhen Zhongxing Hetai Hotel Investment and Management Company Limited (深圳市中興和泰酒店投資管理有限公司) and connected transaction,” the details of which are as follows:**

That the disposal of an 82% equity interest in Shenzhen Zhongxing Hetai Hotel Investment and Management Company Limited (深圳市中興和泰酒店投資管理有限公司) by the Company to Zhongxing Development Company Limited for a consideration of RMB25.174 million be approved.

**Voting results: For: 13; Against: 0; Abstained 0.**

Mr. Hou Weigui, Chairman, is also chairman of Zhongxing Development Company Limited (hereinafter “Zhongxing Development”). In accordance with the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (hereinafter “Shenzhen Listing Rules”) and Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter “Hong Kong Listing Rules”), Mr. Hou Weigui did not take part in the votes in respect of the connected transaction with Zhongxing Development during the consideration of such matter at the Meeting.

Prior to the Meeting, Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert and the Audit Committee of the Board had reviewed the “Equity Transfer Agreement” signed between the Company and Zhongxing Development and other relevant information and concurred with the submission of the aforesaid connected transaction to the Board for consideration.

Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished their opinion in respect of the aforesaid connected transaction as follows: the transaction is in compliance with the requirements of pertinent laws and regulations including the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the

Shenzhen Listing Rules and the Hong Kong Listing Rules, conducted on the basis of valuations audited by audit firms with fair pricing through legal and complete procedures. The terms of the “Equity Transfer Agreement” signed between the Company and Zhongxing Development have been arrived at through arm’s length negotiations on normal commercial terms, and the terms of the transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Directors who were deemed related parties in respect of the connected transaction did not taken part in the vote during the Board’s consideration of the resolution. The voting procedures in respect of the connected transaction were in compliance with the provisions of the Shenzhen Listing Rules, the Hong Kong Listing Rules and the Articles and were legal and valid.

For details of the connected transaction, please refer to the “Overseas Regulatory Announcement” published on the same date as this announcement.

Notes:

1. In accordance with the Shenzhen Listing Rules, the acting of Mr. Hou Weigui, Chairman of the Company, as chairman of Zhongxing Development falls within the scope of Rule 10.1.3 (III) of the Shenzhen Listing Rules and Zhongxing Development is an associated corporation of the Company.

2. In accordance with the Hong Kong Listing Rules, Shenzhen Juxian Investment Co., Ltd. (hereinafter “Juxian”) is a connected person of the Company by virtue of its holding of a 10% equity interest in each of Shenzhen Zhongxing Microelectronics Technology Company Limited, Shenzhen ZTE Kangxun Telecom Company Limited and Guangdong New Pivot Technology & Service Company Limited, all three of which are subsidiaries of the Company. As Juxian owns a 45% interest in Zhongxing Development, in accordance with Rule 14A.11 of the Hong Kong Listing Rules, Zhongxing Development is an associate of Juxian and therefore also a connected person of the Company.

3. Zhongxing Development is a connected person of the Company solely because it is related to the subsidiaries of the Company. Pursuant to Rule 14A.31 (2) (b) of the Hong Kong Listing Rules, if a transaction is based on normal commercial terms and none of the 5 test ratios for the transaction amounts of the transaction concerned exceeds 1%, the Company

may be exempted from the reporting, announcement and independent shareholders' approval requirements. As each of the test ratios in respect of the connected transaction of the equity transfer has been tested to be less than 1%, the said connected transaction between the Company and Zhongxing Development is exempted from the reporting, announcement and independent shareholders' approval requirements.

4. Following the disposal of the 82% equity interest in Shenzhen Zhongxing Hetai Hotel Investment and Management Company Limited (深圳市中興和泰酒店投資管理有限公司) ("Zhongxing Hetai") to Zhongxing Development, Zhongxing Hetai, as a subsidiary of Zhongxing Development, has also become a connected person of the Company under the Shenzhen Listing Rules and the Hong Kong Listing Rules.

**II. Consideration and approval of the "Resolution on continuing connected transaction relating to the execution of the 'Real Estate Tenancy Framework Agreement' and 'Equipment and Facilities Lease Framework Agreement' with Zhongxing Hetai," the details of which are as follows:**

1. That the execution of the "Real Estate Tenancy Framework Agreement" between the Company and Shenzhen Zhongxing Hetai Hotel Investment and Management Company Limited (深圳市中興和泰酒店投資管理有限公司), a related party, for a term of 1 year from 1 July 2012 to 30 June 2013 with the aggregate amount of transactions carried out during the effective period of the contract capped at RMB40 million be approved.

2. That the execution of the "Equipment and Facilities Lease Framework Agreement" between the Company and Shenzhen Zhongxing Hetai Hotel Investment and Management Company Limited (深圳市中興和泰酒店投資管理有限公司), a related party, for a term of 1 year from 1 July 2012 to 30 June 2013 with the aggregate amount of transactions carried out during the effective period of the contract capped at RMB6 million be approved.

**Voting results: For: 13; Against: 0; Abstained 0.**

Mr. Hou Weigui, Chairman, is also chairman of Zhongxing Development, the parent company of Zhongxing Hetai. In accordance with the Shenzhen Listing Rules and the Hong Kong Listing Rules, Mr. Hou Weigui did not take part in the votes in respect of the

continuing connected transaction with Zhongxing Hetai during the consideration of such matter at the Meeting.

Prior to the Meeting, Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert and the Audit Committee of the Board had reviewed the aforesaid continuing connected transaction and concurred with the submission of the aforesaid two continuing connected transaction framework agreements and the cap for the aggregate amount of transactions carried out during the effective period of the contract to the Meeting for consideration.

Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished their opinion in respect of the aforesaid two continuing connected transaction framework agreements as follows: the procedures for the consideration of the aforesaid connected transactions were legal and necessary, in line with normal commercial terms, fairly priced and in the interests of the Company and its shareholders as a whole.

For details of the connected transaction, please refer to the “Overseas Regulatory Announcement” published on the same date as this announcement.

Note:

Following the aforesaid disposal of equity interests in Zhongxing Hetai, Zhongxing Hetai will become a subsidiary of Zhongxing Development as well as an associate of Juxian and, in accordance with Rule 14A.11 of the Hong Kong Listing Rules, a connected person of the Company. Zhongxing Hetai is a connected person of the Company solely because it is related to the subsidiaries of the Company. Pursuant to Rule 14A.33 (3) (b) of the Hong Kong Listing Rules, if a transaction is based on normal commercial terms and none of the 5 test ratios for the transaction amounts of the transaction concerned exceeds 1%, the Company may be exempted from the reporting, announcement and independent shareholders’ approval requirements. In accordance with Rule 14A.25 of the Hong Kong Listing Rules, the transaction amounts of the aforesaid two connected transaction framework agreements with Zhongxing Hetai shall be aggregated and, as each of the aggregated test ratios has been tested to be less than 1%, the said continuing connected transaction between the Company and Zhongxing Hetai is exempted from the reporting, announcement and independent shareholders’ approval requirements.

**III. Consideration and approval of the “Resolution on continuing connected transaction relating to the execution of the ‘Purchase Framework Agreement’ for hotel services with Zhongxing Hetai,” the details of which are as follows:**

That the execution of the “Purchase Framework Agreement” between the Company and Shenzhen Zhongxing Hetai Hotel Investment and Management Company Limited (深圳市中興和泰酒店投資管理有限公司), a related party, for a term of 1 year from 1 July 2012 to 30 June 2013 with the aggregate amount of transactions carried out during the effective period of the contract capped at RMB90 million be approved.

**Voting results: For: 13; Against: 0; Abstained 0.**

Mr. Hou Weigui, Chairman, is also chairman of Zhongxing Development, the parent company of Zhongxing Hetai. In accordance with the Shenzhen Listing Rules and the Hong Kong Listing Rules, Mr. Hou Weigui did not take part in the votes in respect of the continuing connected transaction with Zhongxing Hetai during the consideration of such matter at the Meeting.

Prior to the Meeting, Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert and the Audit Committee of the Board had reviewed the aforesaid continuing connected transaction and concurred with the submission of the aforesaid continuing connected transaction framework agreement and the cap for the aggregate amount of transactions carried out during the effective period of the contract to the Meeting for consideration.

Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished their opinion in respect of the aforesaid connected transaction framework agreement as follows: the procedures for the consideration of the aforesaid connected transactions were legal and necessary, in line with normal commercial terms, fairly priced and in the interests of the Company and its shareholders as a whole.

For details of the connected transaction, please refer to the “Overseas Regulatory Announcement” published on the same date as this announcement.

Note:

Following the aforesaid disposal of equity interests in Zhongxing Hetai, Zhongxing Hetai will become a subsidiary of Zhongxing Development as well as an associate of Juxian and, in accordance with Rule 14A.11 of the Hong Kong Listing Rules, a connected person of the Company. Zhongxing Hetai is a connected person of the Company solely because it is related to the subsidiaries of the Company. Pursuant to Rule 14A.33 (3) (b) of the Hong Kong Listing Rules, if a transaction is based on normal commercial terms and none of the 5 test ratios for the transaction amounts of the transaction concerned exceeds 1%, the Company may be exempted from the reporting, announcement and independent shareholders' approval requirements. As each of the test ratios in respect of transactions under the "Purchase Framework Agreement" for hotel services has been tested to be less than 1%, the said connected transaction between the Company and Zhongxing Hetai is exempted from the reporting, announcement and independent shareholders' approval requirements.

**IV. Consideration and approval of the "Resolution on continuing connected transaction relating to the procurement of software outsourcing services from Huatong," the details of which are as follows:**

That the execution of the "2012 Software Outsourcing Procurement Framework Agreement" in respect of the procurement of software outsourcing services between the Company and Huatong Technology Company Limited (華通科技有限公司), a related party, with the cap of the aggregate amount of transactions (before VAT) in 2012 under the framework agreement estimated at RMB90 million be approved.

**Voting results: For: 13; Against: 0; Abstained 0.**

Mr. Hou Weigui, Chairman, is also chairman of Zhongxing Development, the parent company of the related party, Huatong Technology Company Limited (華通科技有限公司) (hereinafter "Huatong"). In accordance with the Shenzhen Listing Rules and the Hong Kong Listing Rule, Mr. Hou Weigui did not take part in the votes in respect of the continuing connected transaction with Huatong during the consideration of such matter at the Meeting.

Prior to the Meeting, Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert and the

Audit Committee of the Board had reviewed the aforesaid continuing connected transaction and concurred with the submission of the aforesaid continuing connected transaction framework agreement and the relevant annual cap for the aggregate amount of transactions to the Meeting for consideration.

Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished their opinion in respect of the aforesaid continuing connected transaction framework agreement as follows: the procedures for the consideration of the aforesaid continuing connected transactions were legal and necessary, in line with normal commercial terms, fairly priced and in the interests of the Company and its shareholders as a whole.

For details of the connected transaction, please refer to the “Overseas Regulatory Announcement” published on the same date as this announcement.

Notes:

1. In accordance with the Shenzhen Listing Rules, Huatong as a wholly-owned subsidiary of Zhongxing Development falls within the scope of Rule 10.1.3 (V) of the Shenzhen Listing Rules. In accordance with the principle of “substance over form,” Huatong is a related party of the Company.

2. In accordance with the Hong Kong Listing Rules, Huatong as a wholly-owned subsidiary of Zhongxing Development is an associate of Juxian and is therefore, in accordance with Rule 14A.11 of the Hong Kong Listing Rules, a connected person of the Company.

**V. Consideration and approval of the “Resolution on continuing connected transaction relating to the procurement of software outsourcing services from Nanchang Software,” the details of which are as follows:**

That the execution of the “2012 Software Outsourcing Procurement Framework Agreement” in respect of the procurement of software outsourcing services between the Company and Zhongxing Software Technology (Nanchang) Company Limited (中興軟件技術(南昌)有限公司), a related party, with the cap of the aggregate amount of transactions (before VAT) in 2012 under the framework agreement estimated at RMB42 million be approved.



**Voting results: For: 12; Against: 0; Abstained 1.**

Mr. Chen Naiwei, Independent Director, is of the view that, given the current financial conditions of Zhongxing Software Technology (Nanchang) Company Limited (中興軟件技術(南昌)有限公司) ("Nanchang Software"), it is difficult to ensure its ongoing ability to perform the contract in respect of the software outsourcing services of the Company that it intends to undertake. Therefore, Mr. Chen Naiwei abstained in his vote in respect of the resolution.

The Board has decided upon discussion that, if Nanchang Software fails to realise a turnaround to profit and reverse its insolvent financial conditions within one year, the Company will discontinue cooperation with Nanchang Software in future.

Mr. Hou Weigui, Chairman, is also chairman of Zhongxing Development, while more than half of the members of the board of directors of Nanchang Software are nominated by Zhongxing Development. In accordance with the Shenzhen Listing Rules and the Hong Kong Listing Rule, Mr. Hou Weigui did not take part in the votes in respect of the continuing connected transaction with Nanchang Software during the consideration of such matter at the Meeting.

Prior to the Meeting, Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert and the Audit Committee of the Board had reviewed the aforesaid continuing connected transaction and concurred with the submission of the aforesaid continuing connected transaction framework agreement and the relevant annual cap for the aggregate amount of transactions to the Meeting for consideration.

Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished their opinion in respect of the aforesaid continuing connected transaction framework agreement as follows: the procedures for the consideration of the aforesaid continuing connected transactions were legal and necessary, in line with normal commercial terms, fairly priced and in the interests of the Company and its shareholders as a whole.

Mr. Chen Naiwei, Independent Director, is of the view that, given the current financial conditions of Nanchang Software, it is difficult to ensure its ongoing ability to perform the contract in respect of the software outsourcing services of the Company that it intends to undertake.

For details of the connected transaction, please refer to the “Overseas Regulatory Announcement” published on the same date as this announcement.

Notes:

1. Zhongxing Development holds a 40% interest in Nanchang Software and nominates more than half of the members of the board of directors of Nanchang Software, and is therefore capable of controlling the majority of the board of directors of Nanchang Software. This falls within the scope of Rule 10.1.3 (V) of the Shenzhen Listing Rules. In accordance with the principle of “substance over form,” Nanchang Software is a related party of the Company.

2. In accordance with the Hong Kong Listing Rules, as Zhongxing Development nominates more than half of the members of the board of directors of Nanchang Software and is therefore capable of controlling the majority of the board of directors of Nanchang Software, Nanchang Software is an associate of Juxian and is therefore, in accordance with Rule 14A.11 of the Hong Kong Listing Rules, a connected person of the Company.

Pursuant to Rule 14A.33 (3) (b) of the Hong Kong Listing Rules, if a transaction is based on normal commercial terms and none of the 5 test ratios for the transaction amounts of the transaction concerned exceeds 1%, the Company may be exempted from the reporting, announcement and independent shareholders’ approval requirements. In accordance with Rule 14A.25 of the Hong Kong Listing Rules, the estimated amount of the Company’s connected transactions with Huatong and Nanchang Software in 2012 shall be aggregated and, as each of the aggregated test ratios has been tested to be less than 1%, the Company’s said connected transactions with Huatong and Nanchang Software is exempted from the reporting, announcement and independent shareholders’ approval requirements.

**VI. Consideration and approval of the “Resolution on continuing connected transaction relating to the provision of financial services,” the details of which are as follows:**

1. That the execution of the “2012 Financial Service Agreement” between ZTE Group

Finance Co., Ltd (“ZTE Finance”), a subsidiary of the Company and Shenzhen Ruide Electronic Industrial Company Limited (“Ruide”), a related party, with an estimated maximum balance of RMB369.27 million for loans and notes discounting services, daily outstanding loans and discounted notes (principal cum interests) provided by ZTE Finance to Ruide in 2012 under the agreement and an estimated maximum service fee of RMB2 million for the provision of settlement and other financial services from ZTE Finance to Ruide in 2012 be approved.

2. That the execution of the “2012 Financial Service Agreement” between ZTE Finance and Shenzhen Lead Communications Company Limited (“Lead”), a related party, with an estimated maximum balance of RMB612.138 million for loans and notes discounting services, daily outstanding loans and discounted notes (principal cum interests) provided by ZTE Finance to Lead in 2012 under the agreement and an estimated maximum service fee of RMB2 million for the provision of settlement and other financial services from ZTE Finance to Lead in 2012 be approved.

**Voting results: For: 14; Against: 0; Abstained 0.**

Prior to the Meeting, Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert and the Audit Committee of the Board had reviewed the aforesaid continuing connected transaction and concurred with the submission of the aforesaid two continuing connected transaction agreement and the relevant annual cap for the aggregate amount of transactions to the Meeting for consideration.

Independent Directors of the Company, including Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished their opinion in respect of the aforesaid two continuing connected transaction agreements as follows: the procedures for the consideration of the aforesaid connected transactions were legal and necessary, in line with normal commercial terms, fairly priced and in the interests of the Company and its shareholders as a whole.

Notes:

1. Neither Ruide nor Lead is a related party of the Company under relevant provisions of the Shenzhen Listing Rules.

2. Ruide is a connected person of the Company under Rule 14A.11 (5) of the Hong Kong Listing Rules because Shenzhen Zhongxing Xindi Telecommunications Equipment Company Limited (“Zhongxing Xindi”), its substantial shareholder holding a 23% equity interest, is a connected person at the level of the Company. (Note: Zhongxing Xindi is a non-wholly owned subsidiary of Zhongxingxin and therefore an associate (within the meaning of the Hong Kong Listing Rules) of Zhongxingxin, who holds a 70% equity interest in Zhongxing Xindi. As Zhongxingxin is the controlling shareholder and one of the promoters of the Company, Zhongxing Xindi is a connected person of the Company as the associate of Zhongxingxin.)

3. In accordance with Rule 14A.11 (5) of the Hong Kong Listing Rules, Lead is a connected person of the Company because Zhongxingxin, its substantial shareholder with a 22.5% equity interest, is the controlling shareholder of the Company and constitutes a connected person of the Company pursuant to the Hong Kong Listing Rules.

4. As one or more applicable percentage ratios of the aforesaid proposed annual cap for the continuing connected transactions entered into by ZTE Finance with Lead and Ruide exceed 0.1% but are less than 5% on an aggregated basis, the continuing connected transactions are subject to the reporting and announcement requirements under the Hong Kong Listing Rules and are exempted from the independent shareholders’ approval requirement under the Hong Kong Listing Rules.

For details of the announcement, please refer to the “Continuing Connected Transactions Provision of Financial Services” published on the same date as this announcement.

By Order of the Board  
**Hou Weigui**  
*Chairman*

Shenzhen, PRC  
26 June 2012

*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, Zhang Jianheng, Xie Weiliang, Wang Zhancheng, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.*