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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-fourth 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.

The "Notice of the Twenty-fourth Meeting of the Fifth Session of the Board of Directors" was dispatched by ZTE Corporation (the "Company") to all Directors of the Company via electronic mail and by telephone on 5 December 2011. The Twenty-fourth 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 and Xiamen on 13 December 2011. Of the 14 Directors required to attend the Meeting, 7 Directors duly attended in person and 7 Directors appointed proxies to attend on his behalf (Mr. Lei Fanpei, Vice Chairman, was unable to attend the Meeting due to work reasons, and had authorized in writing Mr. Wei wei, Independent Director, to vote on his behalf; Mr. Xie Weiliang, Vice Chairman, was unable to attend the Meeting due to work reasons, and had authorized in writing Mr. Dong Lianbo, Director, to vote on his behalf; Mr. Wang Zhanchen, Director, was unable to attend the Meeting due to work reasons, and had authorized in writing Mr. Wei wei, Independent Director, to vote on his behalf; Mr. Zhang Junchao, Director, was unable to attend the Meeting due to work reasons, and had authorized in writing Mr. Dong Lianbo, Director, to vote on his behalf; Mr. Yin Yimin, Director, was

unable to attend the Meeting due to work reasons, and had authorized 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 had authorized in writing Mr. Shi Lirong, Director, to vote on his behalf; Mr. Tan Zhenhui, Independent Director, was unable to attend the Meeting due to work reasons, and had authorized in writing Mr. Chen Naiwei, 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 approved at the Meeting:

I. Consideration and approval of the “Resolution relating to the Second Unlocking of Subject Shares under the Second Award of the Phase I Share Incentive Scheme”, the details of which are as follows:

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

(I) Confirmation of conditions precedent to the Second Unlocking of Subject Shares under the Phase I Share Incentive Scheme by 752 Scheme Participants of the Company participating in the Second Award being fulfilled and agreement to deal with the unlocking.

Pursuant to the Phase I Share Incentive Scheme, the lock-up period of 2 years commenced on 25 November 2008 (the date of the Second Award). As at 25 November 2010, the lockup period for the Subject Shares under the Second Award of the Company has expired. Since 25 November 2011, the Company may proceed with the Second Unlocking of the Subject Shares in the Share Incentive Scheme under the Second Award. 752 Scheme Participants of the Company satisfied the conditions precedent to the Second Unlocking of the Subject Shares under the Phase I Share Incentive Scheme. The number of shares proposed to be unlocked

shall account for 35% of the share quota granted to the Scheme Participants. Details 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:

2.1 Resignations of Scheme Participants

Since the registration of Subject Shares under the Phase I Share Incentive Scheme of the Company with the Shenzhen Branch of China Securities Depository and Clearing Company Limited in July 2009, 19 Scheme Participants under the Second Award have left employment. The 331,226 shares held by them (after the share capital increase) shall not be unlocked, and the subscription monies paid by the said Scheme Participants for the Subject Shares remaining under lock-up were refunded by the Company in accordance with the provisions of the Phase I Share Incentive Scheme.

2.2 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 2008 were 12.36% and 11.52%, 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, all 752 Scheme Participants currently under employment had met the staff performance appraisal conditions for unlocking.

5. Subscription monies of Subject Shares paid by Scheme Participants

The price for the Subject Shares under the Second 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 on which the Twentieth Meeting of the Fourth Session of the Board of Directors granting the Subject Shares was held. 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.

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 Subject to the Current Unlocking

752 Scheme Participants of the Company applying for the current unlocking have satisfied the conditions precedent to the Second Unlocking of Subject Shares under the Phase I Share Incentive Scheme. Circumstances in which one person is not eligible to become a scheme participants or 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 “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 the Company did not exist.

(II) Confirmation of the List of Scheme Participants and the Share Quotas to be Unlocked under the Unlocking

In connection with the 771 Scheme Participants who had participated in the Second Award,

(1) A total of 115,929 Subject Shares were not unlocked due to 19 Scheme Participants having left employment. 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) 752 Scheme Participants have fulfilled the staff performance appraisal conditions for unlocking. The number of shares proposed to be unlocked under the Second Unlocking was 5,230,667 (fractional entitlements to shares that may arise upon the unlocking of the Subject Shares are subject to the relevant rules of the Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Company Limited, and the actual number of Subject Shares unlocked by Scheme Participants may slightly vary).

Note: The share number figures stated above have been adjusted to reflect the 2007, 2008, 2009 and 2010 profit distribution plans implemented by the Company (2007: creation of 4 shares for every 10 shares held by way of capitalisation of capital reserves; 2008: creation of 3 shares for every 10 shares held by way of capitalisation of capital reserves; 2009: creation of 5 shares for every 10 shares held by way of capitalisation of capital reserves; 2010: creation of 2 shares for every 10 shares held by way of capitalisation of capital reserves).

(III) Timing of and Working Arrangements for Unlocking of Subject Shares

The timing of the unlocking of shares shall be the first trading day immediately following the day when the unlocking has been considered and approved by the Board. The Remuneration and Appraisal Committee of the Company, or other persons authorised by the Remuneration and Appraisal Committee, has been authorised to determine the timing for the listing of the Subject Shares and apply for such listing in accordance with the rules of Shenzhen Stock Exchange, and the specific timing 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 of the Share Incentive Scheme (Version Dated 5 February 2007)" announced on 14 February 2007.

The Independent Directors of the Company have reviewed the list of Scheme Participants and issued their independent opinion, and Supervisory Committee of the Company have verified the list of Scheme Participants and issued their verification opinions.

Having conducted review on the list of 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 752 Scheme Participants submitted by the Remuneration and Appraisal Committed to the Board of Directors for examination are in compliance with conditions precedent to the application for the Second Unlocking of Subject Shares under the Second Award of the Phase I Share Incentive Scheme. The number of Subject Shares under the Second Unlocking by such Scheme Participants is 5,230,667 shares.

Having conducted verification on the list of Scheme Participants entitled to the Second Unlocking as approved by the Board of Directors, the Supervisory Committee of the Company is of the view that the facts relating to the dispensations of duties at the Company by the 752 Scheme Participants are true, that they are in compliance with conditions precedent to the application for the Second Unlocking of Subject Shares under the Second Award of the Phase I Share Incentive Scheme and that the list of Scheme Participants is legal and valid.

The legal opinion in respect of the current unlocking of Subject Shares issued by Jun He Law Offices, the legal advisor to the Company, 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, 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.

II. Consideration and approval of the “Resolution of the Company on the Provision of Performance Guarantee for ZTE France”, the details of which are as follows:

1. That the provision by the Company of a performance guarantee for an amount of not more than EUR10 million in respect of the performance obligations of ZTE France under the SMS Contract and the PATES Contract, effective from the date on which such guarantee is considered and approved by the Board of Directors of ZTE guarantee for a period commencing on 23 July 2010 and ending upon the expiry or termination (whichever is later) of the performance obligations under the SMS Contract and the PATES Contract, be hereby approved;

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

2. That the authorisation of Mr. Hou Weigui, the legal representative of the Company, or his authorised signatory to execute relevant legal contracts and documents and handle relevant approving processes be hereby approved.

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

Note:

ZTE France, the full name of which is ZTE France SASU, is 100% owned by the Company through ZTE (H.K.) Limited, a wholly-owned subsidiary of the Company.

For details of the aforesaid provision of performance guarantee for ZTE France, please refer to the “Announcement of External Guarantee” published on the same date as this announcement.

III. Consideration and approval of the “Resolution of the Company on a Connected Transaction – Property Lease”, the details of which are as follows:

That the execution of Property Lease Contract between the Company and Chongqing Zhongxing Development Company Limited (a connected party) for a term of three years from 1 January 2012 to 31 December 2014 in respect of the lease by the Company of the property located at No.3 Xing Guang Wu Road, North New District, Chongqing with a leased area of 20,000 sq.m. at a rental price of RMB45/sq.m. per month and a property management fee of RMB2.5/sq.m. per month, subject to an annual rental cap of RMB11.40 million, be hereby approved.

Mr. Hou Weigui, Chairman of the Company, who is concurrently the chairman of Shenzhen Zhongxing Development Company Limited, the parent company of Chongqing Zhongxing Development Company Limited (a connected party), did not take part in the voting in respect of the matter at the Meeting.

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

Having reviewed the aforesaid contract of connected transaction prior to the Meeting, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, Independent Directors of the Company, and the Audit Committee of the Board of Directors have agreed to submit the aforesaid contract of connected transaction to the Board for consideration.

At the Meeting, the Independent Directors of the Company, namely, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished an independent opinion in relation to the aforesaid connected transaction as follows:

The rental price has been arrived at through arm’s length negotiation and is not higher than

market rental prices for similar properties in the neighbouring area. The pricing method and other terms of the Property Lease Contract are fair and reasonable and in the interests of the shareholders and the Company as a whole. The aforesaid transactions are conducted in the Company's ordinary course of business on normal commercial terms.

Directors who were connected parties did not take part in the consideration of nor vote in respect of this resolution at the Meeting. The voting procedures were legal and valid.

Note:

1. Shenzhen Juxian Investment Company Limited ("Juxian") is the substantial shareholder of each of Shenzhen ZTE Microelectronics Technology Company Limited, Shenzhen ZTE Kangxun Telecom Company Limited and Guangdong Xinzhidian Technology & Service Company Limited, all three of which being subsidiaries of the Company, and is therefore a Connected Person of the Company. Juxian is interested in 45% of Shenzhen Zhongxing Development Company Limited ("Shenzhen Zhongxing Development"), while Chongqing Zhongxing Development Company Limited ("Chongqing Zhongxing Development") is a wholly-owned subsidiary of Shenzhen Zhongxing Development. Therefore, Chongqing Zhongxing Development is an Associate of Juxian and a Connected Person of the Company as defined under Rule 14A.11 of the Listing Rules.

2. Shenzhen Zhongxing Development is an associated corporation of the Company according to Paragraph (III) of Rule 10.1.3 of the Rules Governing the Listing of Securities on Shenzhen Stock Exchange (the "Shenzhen Listing Rules"), as Mr. Hou Weigui, Chairman of the Company, is concurrently the chairman of Shenzhen Zhongxing Development. Chongqing Zhongxing Development, as a wholly-owned subsidiary of Shenzhen Zhongxing Development, is an associated corporation of the Company according to Paragraph (V) of Rule 10.1.3 of the Shenzhen Listing Rules.

For details of the aforesaid connected transaction – property lease, please refer to the "Voluntary Announcement - Continuing Connected Transactions - Tenancy Agreements"

published on the same date as this announcement.

IV. Consideration and approval of the “Resolution on the Revision of the Annual Cap of Aggregated Amounts of Transactions with a Connected Party for 2011”, the details of which are as follows:

That the increase of the annual cap of the aggregated transaction amount for the Group’s purchase of liquid crystal modules (LCM) from Shenzhen Lead Communications Company Limited (a connected party) in 2011 to RMB800 million (before VAT) be hereby approved.

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

Having reviewed the aforesaid connected transaction prior to the Meeting, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, Independent Directors of the Company, and the Audit Committee of the Board of Directors have agreed to submit the aforesaid connected transaction to the Board for consideration.

At the Meeting, the Independent Directors of the Company, namely, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished an independent opinion in relation to the aforesaid connected transaction as follows:

The revision of the annual cap of the aggregated transaction amount (before VAT) for the Group’s purchase of LCM, etc from Shenzhen Lead Communications Company Limited (a connected party) in 2011 is necessary for the business development of the Company. The continuing connected transactions are conducted on normal commercial terms in the Group’s ordinary course of business. The revised annual cap is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Note:

1. Pursuant to relevant provisions of the Shenzhen Listing Rules, Shenzhen Lead Communications Company Limited is not deemed a connected party of the Company.

Pursuant to Rule 14A.11(5) of the Hong Kong Listing Rules, Shenzhen Lead Communications Company Limited is a connected person of the Company, as the controlling shareholder of the Company, Shenzhen Zhongxingxin Telecommunications Equipment Company Limited, a substantial shareholder of Shenzhen Lead Communications Company Limited holding 22.5% equity interests, is a connected person of the Company within the meaning of the Hong Kong Listing Rules.

2. The annual cap of the aggregated transaction amount (before VAT) for transactions between the Group and Shenzhen Lead Communications Company Limited (a connected party), in 2011 as approved at the Twenty-second Meeting of the Fifth Session of the Board of Directors held on 30 August 2011 is RMB580 million.

For details of the aforesaid revision of the annual Cap of aggregated amounts of transactions with a connected party for 2011, please refer to the “Revised Annual Cap for the 2011 Lead Purchase Framework Agreement” published on the same date as this announcement.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
13 December 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 Zhancheng, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.