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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 OF THE RESOLUTIONS
PASSED AT THE SIXTEENTH MEETING OF THE FIFTH SESSION
OF THE BOARD OF DIRECTORS**

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

ZTE Corporation (hereinafter referred to as the "Company") issued the "Notice of convening the Sixteenth Meeting of the Fifth Session of the Board of Directors" to all the Directors of the Company by electronic mail and telephone on 4 March 2011. The Sixteenth meeting of the Fifth session of the Board of Directors of the Company (the "Meeting") was convened at the conference room on the 4th floor of the headquarters of the Company on 17 March 2011. Of the 14 Directors required to attend the Meeting, 13 Directors attended in person and 1 Director appointed proxy to attend on his behalf. Mr. Lei Fanpei, Vice Chairman, was unable to attend the Meeting due to work reasons, and has authorised in writing Mr. Hou Weigui, Chairman, to vote on his/her 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, and was legal and valid.

The following resolutions were considered and approved at the Meeting:

I. Consideration and approval of the "Full Text of the 2010 Annual Report of the Company" and the "2010 Annual Report Summary and Results Announcement of the Company".

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

II. Consideration and approval of the "2010 Report of the Board of Directors of the Company" and approval of submission to the 2010 Annual General Meeting for consideration.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

III. Consideration and approval of the “2010 Report of the President of the Company” and approval of submission to the 2010 Annual General Meeting for consideration.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

IV. Consideration and approval of the “2010 Financial Statements of the Company Audited by PRC and Hong Kong Auditors” and approval of submission to the 2010 Annual General Meeting for consideration.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

V. Consideration and approval of the “Final Financial Accounts of the Company for 2010” and approval of submission to the 2010 Annual General Meeting for consideration.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

VI. Consideration and approval of the “Resolution on the Write-Off of Bad Debts of the Company for 2010”, which is summarised as below:

The Company was approved to write off four amounts of trade receivables which had been considered unrecoverable totalling RMB196,550. The write-off will not have any material adverse impact on the current financial conditions and operating results of the Company as the Company has fully provided for such write-off of bad debts in the years prior to 2010.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

VII. Consideration and approval of the “Proposals of Profit Distribution and Capitalisation from Capital Reserves of the Company for 2010” and approval of submission to the 2010 Annual General Meeting for consideration, the details of which are set out below:

The audited net profit of the Company for 2010 calculated in accordance with PRC ASBEs amounted to RMB323,088,000. After adding the undistributed profit of RMB2,100,753,000 brought forward at the beginning of the year, profit available for distribution amounted to RMB2,423,841,000 and statutory surplus reserves allocation amounted to RMB32,309,000. Excluding the difference between actual distribution of dividend and proposed dividend for the previous year of RMB7,936,000, profit available for distribution to shareholders amounted to RMB2,383,596,000.

The audited net profit of the Company for 2010 calculated in accordance with HKFRSs amounted to RMB302,899,000. After adding the undistributed profit of RMB2,092,341,000 brought forward at the beginning of the year, profit available for distribution amounted to RMB2,395,240,000 and statutory surplus reserves allocation amounted to RMB32,309,000. Excluding the difference between actual distribution of dividend and proposed dividend for the previous year of RMB7,936,000, profit available for distribution to shareholders amounted to RMB2,354,995,000.

In accordance with the requirements of the Ministry of Finance of the People’s Republic of China and

the Company's Articles of Association, profit available for distribution shall be the lower of profit available for distribution as calculated in accordance with PRC ASBEs and that calculated in accordance with HKFRSs. Accordingly, the amount of profit available for distribution is RMB2,354,995,000.

The proposals of profit distribution and capitalisation from capital reserves for 2010 recommended by the Board of Directors of the Company are as follows:

1. Proposed profit distribution for 2010: cash dividend of RMB3 (before tax) for every 10 shares held will be paid on the basis of the total share capital of the Company as at 17 March 2011 less the number of Subject Shares remaining in lockup under the Share Incentive Scheme as at the A share record date for the purpose of the 2010 profit distribution (the "Record Date"). As of 17 March 2011, 62,407,186 registered Subject Shares under the Share Incentive Scheme remained in lock-up. In accordance with relevant provision of the Share Incentive Scheme, restricted shares remaining in lock-up shall not be entitled to the cash dividend. The number of shares entitled to the cash dividend under the 2010 profit distribution plan will be 2,804,324,498 shares in case the third unlocking of registered Subject Shares granted under the first award of the Share Incentive Scheme (the "Third Unlocking") is not completed by the Record Date, on which basis the 2010 profit distribution plan will be implemented. In case that the third unlocking is completed by the Record Date, the maximum of shares to be unlocked in accordance with the Share Incentive Scheme will be 45% of the Subject Shares under the first award, that is 51,680,416 shares, which will be entitled to the cash dividend.

2. The proposal of capitalisation from capital reserves for 2010: The issue of 2 bonus shares for every 10 shares by way of capitalization of capital reserves. In case that the aforesaid second unlocking has not completed by the Record Date, the capitalization from capital reserve will be based on the total share capital of the Company of 2,866,731,684 shares as at 17 March 2011 and the share capital will be increased by a total of 573,346,336 shares. Fractional entitlements arising from the capitalisation of capital reserves shall be dealt with in accordance relevant rules of the stock exchange and the clearing house of the place where the shares of the Company are listed. As a result, the actual amount of share capital increased and the actual number of shares created in aggregate after implementation of the proposed capitalisation from capital reserves might be slightly different from the aforesaid estimates.

The above proposals of profit distribution and capitalisation from capital reserves comply with relevant requirements of the Company Law, PRC ASBEs and Articles of Association.

The Board of Directors proposed that the general meeting authorise the Board of Directors to deal with matters relating to the profit distribution and capitalisation from capital reserves for 2010, to amend relevant clauses of the Articles of Association based on the implementation of the capitalisation from capital reserves to increase the registered capital of the Company and reflect the new capital structure after the capitalisation from capital reserves, and to process any changes in industrial and commercial registration required as a result of such alteration in registered capital.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

VIII. Consideration and approval of the "Report of the Audit Committee under the Board of Directors of the Company on the 2010 Audit of the Company Performed by PRC and Hong Kong Auditors".

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

IX. Consideration and approval of the “Resolutions of the Company on Determining the Audit Fees of the PRC Auditors and the Hong Kong Auditors for 2010” on an individual basis, the details of which are as follows:

1. That the audit fees of Ernst & Young Hua Ming, PRC auditors of the Company, for 2010 be determined at RMB1,000,000 (including expenses related to auditing such as travelling, accommodation, meals and telecommunications expenses).

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

2. That the audit fees of Ernst & Young, Hong Kong auditors of the Company, for 2010 be determined at HK\$5,180,000 (including expenses related to auditing such as travelling, accommodation, meals and telecommunications expenses).

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

X. Consideration and approval of the “Resolutions on the Appointment of the PRC Auditors and the Hong Kong Auditors of the Company for 2011” on an individual basis and approval of submission to the 2010 Annual General Meeting for consideration, details of which are as follows:

1. That Ernst & Young Hua Ming be re-appointed as the PRC auditors of the Company for 2011 and a proposal be made to the 2010 Annual General Meeting to authorise the Board of Directors to determine the audit fees of Ernst & Young Hua Ming for 2011 based on specific audit work to be conducted.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

2. That Ernst & Young be re-appointed as the Hong Kong auditors of the Company for 2011 and a proposal be made to the 2010 Annual General Meeting to authorise the Board of Directors to determine the audit fees of Ernst & Young for 2011 based on the specific audit work to be conducted.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

XI. Consideration and approval of the “Resolutions of the Company on the Application for Composite Credit Facilities for the Six Months ended 30 June 2011” on an individual basis, the details of which are as follows:

The Company has proposed to apply for composite credit facilities from certain banks (details of which are set out in the table below) during the first half of 2011, which are subject to approval by the bankers.

Banker	Proposed composite credit facilities amount	Principal types of the composite credit facilities
Bank of China Limited, Shenzhen Branch	RMB23.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
Industrial and Commercial Bank of China Limited, Shenzhen Branch	RMB8.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
China Construction Bank Corporation, Shenzhen Branch	RMB6.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
China Minsheng Banking Corp., Ltd., Shenzhen Branch	RMB3.0 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
Total credit facilities amount in RMB	RMB40.0 billion	
China Development Bank Corporation, Shenzhen Branch	US\$4.5 billion	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
HSBC Bank (China) Company Limited, Shenzhen Branch	US\$170 million	Loans, acceptance bill, discounting, guarantee, letter of credit, factoring, trade financing, etc.
Societe Generale (China) Limited, Guangzhou Branch	US\$40 million	Loans, discounting, guarantee, letter of credit, etc.
Bank of America Corporation, Guangzhou Branch	US\$20 million	Loans, discounting, guarantee, letter of credit, etc.
Total credit facilities amount in US dollars	US\$4.73 billion	

Note: The above composite credit facilities are the maximum amounts to be granted by the bankers to the Company for its business operations based on their assessments of the Company's conditions. The Company will utilise such facilities for different types of business operations in accordance with actual production demand, after conducting internal approval procedures of the Company and corresponding approval procedures required by the banks. The amounts of composite credit facilities set out above represent amounts proposed by the Company and are subject to final amounts approved by the banks.

Each of the above resolutions, except for those on the applications for composite credit facilities from Bank of China Limited, Shenzhen Branch and China Development Bank Corporation, Shenzhen Branch, shall be valid with effect from 17 March 2011 until (1) the next new credit facilities have been granted, or (2) 31 December 2011 (whichever is earlier). Unless otherwise required, no subsequent resolution of the Board of Directors is required with respect to any single application for financing operations. Mr. Hou Weigui, the legal representative of the Company, or his authorised signatory is authorised by the Board of Directors to execute all facilities agreements, financing agreements and other related legal contracts and documents which are related to the above composite credit facilities.

The aforesaid resolutions of the Company proposing the applications to Bank of China Limited, Shenzhen Branch for a composite credit facility amounting to RMB23.0 billion and to China Development Bank Corporation, Shenzhen Branch for a composite credit facility amounting to US\$4.5 billion are subject to consideration and approval by the 2010 Annual General Meeting. The Board of Directors requested the general meeting to authorise the Board of Directors to adjust the details and actual duration of the credit facilities pursuant to the Company's requirements or negotiations with the banks, subject to the cap of the aforesaid RMB23.0 billion and US\$4.5 billion composite credit facilities within the effective

term required by such resolutions once they are approved by the general meeting. The Board of Directors and other parties delegated by the Board of Directors are authorised to negotiate with the banks and sign all facilities agreements, financing agreements and other related legal contracts and documents relating to the above composite credit facilities and to deal with other matters relating to such agreements.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

XII. Consideration and approval of the “Resolution on the Application for Investment Limits in Derivative Products of the Company for 2011”, the details of which are set out below:

1. That the Company be authorised by the general meeting to invest in derivative products for value protection against its US Dollar risk exposure for an amount not exceeding USD800 million (such limit may be applied on a revolving basis during the effective period of the authorisation). The authorisation shall be effective from the date on which it is approved by way of resolution at the general meeting to the date on which the next annual general meeting of the Company closes or to the date on which this authorisation is modified or revoked at a general meeting, whichever is earlier.

2. That the Company be authorised by the general meeting to invest in derivative products for value protection against its Euro risk exposure for an amount not exceeding EUR150 million (such limit may be applied on a revolving basis during the effective period of the authorisation). The authorisation shall be effective from the date on which it is approved by way of resolution at the general meeting to the date on which the next annual general meeting of the Company closes or to the date on which this authorisation is modified or revoked at a general meeting, whichever is earlier.

3. That the Company be authorised by the general meeting to invest in fixed income derivative products for an amount not exceeding USD1,000 million (such limit may be applied on a revolving basis during the effective period of the authorisation). The authorisation shall be effective from the date on which it is approved by way of resolution at the general meeting to the date on which the next annual general meeting of the Company closes or to the date on which this authorisation is modified or revoked at a general meeting, whichever is earlier.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

The Independent Non-Executive Directors of the Company, namely, Ms. Qu Xiaohui, Mr. Chen Naiwei, Mr. Wei Wei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have reviewed the Company’s planned derivative investments and furnished an independent opinion in relation thereto as follows:

As the foreign exchange income of the Company and its majority-owned subsidiaries has been increasing in line with the ongoing development of their international businesses, the mitigation of exchange rate volatility risks associated with foreign exchange operations by locking up currency translation costs through the reasonable application of financial derivative instruments is beneficial to the enhancement of the financial stability and competitiveness of the Company. The Company has conducted meticulous internal assessment in respect of the investment in derivative products and has established relevant regulatory regimes. We are of the view that the engagement of derivative investments by the Company is closely related to its day-to-day operational requirements and that

risks involved are controllable, and that it is in compliance with relevant provisions of pertinent laws and regulations.

Details of the abovementioned derivative investments are set out at the “Announcement of the Application for Investment Limits in Derivative Products of the Company for 2011” published on the same date with this announcement.

XIII. Consideration and approval of the “Resolution on the Company's Investment in the Research and Development Base in Yuhuatai District, Nanjing and the Proposed Entering into of the Investment Agreement”, the details of which are set out below:

1. That the Company be authorised to invest in the establishment of the “ZTE (Nanjing) Three Districts Research and Development Base” in Yuhuatai District, Nanjing;

2. That Mr. Hou Weigui, the legal representative of the Company, or his authorised signatory be authorised to execute relevant legal contracts and documents related to the “ZTE (Nanjing) Three Districts Research and Development Base” project;

3. That Mr. Hou Weigui, the legal representative of the Company, or his authorised signatory be authorised to, based on the investment agreement, further negotiate with the government of Yuhuatai District, Nanjing and determine specific matters and enter into relevant supplementary agreements in terms of the payment methods for the land use rights of the “ZTE (Nanjing) Three Districts Research and Development Base” project;

4. That the above matters be submitted to the general meeting for consideration.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

Details of the abovementioned investments are set out at the “Announcement of External Investments” published on the same date with this announcement.

XIV. Consideration and approval of the “2010 Corporate Social Responsibility Report of the Company”.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

The “2010 Corporate Social Responsibility Report of the Company” is published on the same date with this announcement on <http://www.cninfo.com.cn>.

XV. Consideration and approval of the “2010 Self-Assessment Report on Internal Control of the Company”.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

The “2010 Self-Assessment Report on Internal Control of the Company” is published on the

same date with this announcement on <http://www.cninfo.com.cn>.

XVI. Consideration and approval of the “2011 Improvement Scheme and Implement Plan on Internal Control of the Company”.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

XVII. Consideration and approval of the “Resolution of the Company on the General Mandate for 2011” and approval of submission to the 2010 Annual General Meeting for consideration, details of which are as follows:

1. Subject to the conditions set out below, the Board of Directors be hereby granted an unconditional and general mandate during the Relevant Period to separately or concurrently allot, issue and deal with additional domestic shares and overseas-listed foreign shares (“H Shares”) of the Company (including securities convertible into domestic shares and/or H Shares of the Company) and to make or grant offers, agreements or options in respect of the above:

(1) such mandate shall not extend beyond the Relevant Period (as defined below), other than in the case of the making or granting of offers, agreements or options by the Directors during the Relevant Period which might require the performance or exercise of such powers after the close of the Relevant Period;

(2) the aggregate nominal amount of domestic shares and H shares authorised to be allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board of Directors, otherwise than pursuant to (i) a Rights Issue or (ii) any option scheme or similar arrangement from time to time being adopted for the grant or issue to Directors, Supervisors, senior management and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company approved by the Board of Directors, shall not exceed 20% of the aggregate nominal amount of each of the share capital of the domestic shares and H shares of the Company in issue at the date on which this Resolution is passed at the general meeting; and

(3) The Board of Directors will only exercise the above authority in compliance with the Company Law of the People’s Republic of China (as amended from time to time) and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and with the necessary approvals of the China Securities Regulatory Commission and/or other relevant PRC government authorities.

2. For the purpose of this resolution:

“Relevant Period” means the period from the passing of this Resolution by the general meeting until the earliest of:

(1) the conclusion of the next annual general meeting of the Company following the passing of this Resolution;

(2) the expiration of a 12-month period following the passing of this Resolution; or

(3) the revocation or variation of the authority given to the Directors under this Resolution by the passing of a special resolution of the Company at a general meeting; and

“Rights Issue” means an offer to all shareholders of the Company (except any shareholders to which the making of such offers by the Company is not permitted under the laws of the jurisdictions where they

reside) and, as appropriate, holders of other equity securities of the Company who are qualified for such offers, for the allotment and issue of shares or other securities in the Company which will or might require the allotment and issue of shares in proportion to their existing holdings of such shares or other equity securities (subject to the exclusion of fractional entitlements);

3. Where the Board of Directors resolves to issue shares pursuant to paragraph 1 of this resolution, the Board of Directors be hereby authorised to approve and execute all documents and deeds and do all things or to procure the execution of such documents and deeds and the doing of such things necessary in their opinion for the issue of the new shares (including but not limited to determining the time and place for issue, class and number of new shares to be issued, the pricing method and/or issue prices (including price ranges) of the shares, submitting all necessary applications to relevant authorities, entering into underwriting agreements (or any other agreements), determining the use of proceeds, and fulfilling filing and registration requirements of the PRC, Hong Kong and other relevant authorities, including but not limited to registration with relevant PRC authorities of the increase in registered share capital as a result of the issue of shares pursuant to paragraph 1 of this Resolution); and

4. The Board of Directors be hereby authorised to amend the Company's Articles of Association as they deem necessary to increase the registered share capital of the Company and to reflect the new capital structure of the Company following the allotment and issue of the Company's shares contemplated in paragraph 1 of this Resolution.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

XVIII. Consideration and approval of the "Resolution on the Amendment to Relevant Clauses of the Articles of Association" and approval of submission to the 2010 Annual General Meeting for consideration, details of which are as follows:

It is approved to amend relevant contents in Article 160 of Chapter 10 of the Articles of Association according to laws, details of which are as follows:

Article 160 of Chapter 10

The original article which reads: The Board of Directors shall be accountable to the general meeting of shareholders and shall exercise the following functions and powers:

.....

(19) to approve to conduct an external investment which is related to the principal business of the Company and is less than 10% of the Company's most recently audited net asset value, or an external investment which is outside the principal business of the Company and is less than 5% of the Company's most recently audited net asset value;

.....

The Company shall comply with the following requirements when determining matters relating to the provision of a guarantee in favour of a third party as set out in sub-paragraph (17) of the first paragraph hereof:

.....

Is amended to read: The Board of Directors shall be accountable to the general meeting of

shareholders and shall exercise the following functions and powers:

.....

(19) to approve to conduct an external investment which is related to the principal business of the Company and is less than 10% of the Company's most recently audited net asset value, or an external investment which is outside the principal business of the Company and is less than 5% of the Company's most recently audited net asset value;

.....

The Company shall comply with the following requirements when determining matters relating to the provision of a guarantee in favour of a third party as set out in sub-paragraph (17) of the first paragraph hereof:

.....

The external investment made by the Company, as mentioned in the first paragraph under the sub-paragraph (19), includes securities and derivative products investments. Derivative products in which the Board can exert discretion to invest include, in substance, products such as options, forwards, swaps or portfolios of such products, with their underlying assets being interest rates, exchange rates, currencies or portfolios of such underlying assets. The Company shall comply with the laws and regulations as well as rules of relevant securities exchanges when investing in securities and derivative products.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

XIX. Consideration and approval of the "Resolution on the Convening of the 2010 Annual General Meeting".

The Company has decided to convene the 2010 Annual General Meeting on Tuesday, 17 May 2011 at the conference room on the 4th floor of the Shenzhen headquarters of the Company.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

"Notice of the 2010 Annual General Meeting" of the Company will be despatched to H shareholders of the Company according to the Articles of Association and requirements of applicable laws and regulations.

The Company will close its H share register from Monday, 18 April 2011 to Monday, 16 May 2011 (both days inclusive) for the 2010 Annual General Meeting. Any H Shareholder who wishes to attend the general meeting and to be entitled to the final dividend and bonus shares from capitalisation from capital reserve (refer to item VII of this announcement for details of the proposals of profit distribution and capitalisation from capital reserves) shall lodge an instrument of transfer, together with the corresponding share certificate(s) with Computershare Hong Kong Investor Services Limited at Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4: 30p.m., 15 April 2011.

By Order of the Board

Hou Weigui

Chairman

Shenzhen, PRC

17 March 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.