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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 Thirty-seventh 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 Thirty-seventh Meeting of the Fifth Session of the Board of Directors” was dispatched by ZTE Corporation (“ZTE” or the “Company”) to all Directors of the Company via electronic mail and by telephone on 29 November 2012. The Thirty-seventh Meeting of the Fifth Session of the Board of Directors of the Company (the “Meeting”) was convened by way of voting via telecommunication means on 6 December 2012. All of the 14 Directors required to vote at the Meeting duly participated in the voting. The Meeting, which was held in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association, was legal and valid.

The “Resolution relating to the Third Unlocking of Subject Shares under the Second Award of the Phase I Share Incentive Scheme”, were considered and approved at the Meeting, the details of which are as follows:

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

(I) Confirmation of conditions precedent to the Third Unlocking of Subject Shares under the Phase I Share Incentive Scheme by 735 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 lock-up period for the Subject Shares under the Second Award of the Company has expired. Since 25 November 2012, the Company may proceed with the Third Unlocking of the Subject Shares in the Share Incentive Scheme under the Second Award. 735 Scheme Participants of the Company satisfied the conditions precedent to the Third Unlocking of the Subject Shares under the Phase I Share Incentive Scheme. The number of shares proposed to be unlocked shall account for 45% 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 China Securities Regulatory Commission (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, 36 Scheme Participants under the Second Award have left employment. The 285,026 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;
- (3) Circumstances under which the Scheme Participant is prohibited from acting as Director, Supervisor and Senior Management of the Company, as stipulated in the Company Law;
- (4) Violations of relevant laws and regulations of the State and articles of association of listed company;
- (5) Engagement in illegal and irregular acts such as bribery, embezzlement and theft, divulging of confidential operational and technical information and connected transactions of the listed company that harm the interests, damage the reputation and bear a material adverse impact on the image of the listed company, resulting in losses to the listed company;
- (6) Other serious infringements of relevant regulations of the Company, as determined by the Board of Directors.

3. Conditions relating to Performance Appraisal of the Company

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

4. Conditions relating to Staff Performance Appraisal

Based on the results of the 2010 appraisal of Scheme Participants conducted in accordance with the ZTE Performance Appraisal System, 735 Scheme Participants currently under employment had met the staff performance appraisal conditions for the 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

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

(1) A total of 285,026 Subject Shares were not unlocked due to 36 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) 735 Scheme Participants in the Second Award have fulfilled the staff performance appraisal conditions for the unlocking. The number of shares proposed to be unlocked under the Third Unlocking was 6,589,151 (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 the Shenzhen Branch of China Securities Depository and Clearing Company Limited, and the actual number of Subject Shares unlocked by Scheme Participants may slightly vary).

(3) When the current unlocking is finished, the Subject Shares under the Phase I Share Incentive Scheme of the Company which have fulfilled conditions precedent to the unlocking will be completely unlocked. The number of Subject Shares under the Phase I Share Incentive Scheme of the Company which will be cancelled is 2,536,742.

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 the 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 of Directors. 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 the Shenzhen Stock Exchange, and the specific timing will be subject to confirmation by the Shenzhen Stock Exchange and the Shenzhen Branch of China Securities Depository and Clearing Company Limited.

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

The Independent Non-executive 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, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, Independent Non-executive Directors of the Company, are of the view that 735 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 Third Unlocking of Subject Shares under the Second Award of the Phase I Share Incentive Scheme. The number of Subject Shares under the Third Unlocking by such Scheme Participants is 6,589,151 shares.

Having conducted verification on the list of Scheme Participants entitled to the Third 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 735 Scheme Participants are true, that they are in compliance with conditions precedent to the application for the Third 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 the 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 and the relevant procedures stipulated in the Administrative Measures, Trial Measures and the Phase I Share Incentive Scheme have been fulfilled.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
6 December 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.