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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 COMPLETION OF RELEASE OF LOCK-UP FOR SUBJECT SHARES UNDER THE FIRST UNLOCKING OF THE PHASE I SHARE INCENTIVE SCHEME**

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

A no-comment letter was issued from the CSRC to ZTE Corporation (hereinafter referred to as "ZTE" or the "Company") in respect of the Phase I Share Incentive Scheme (Revised Version dated 5 February 2007) (hereinafter referred to as the "Phase I Share Incentive Scheme"), the implementation of which was commenced upon consideration and approval at the first extraordinary general meeting of the Company for 2007 convened on 13 March 2007. The Company granted subject share quotas of 47,980,000 shares to the Scheme Participants by way of the issue of new shares (A shares), including the grant to 3,435 Scheme Participants of subject share quotas with 43,182,000 shares (accounting for 90% of the subject share quotas under the Phase I Share Incentive Scheme, hereinafter referred to as the "First Award") and the hold-up of 10% as reserved subject share quotas (namely 4,798,000 shares). At the Twentieth Meeting of the Fourth Session of the Board of Directors held on 25 November 2008, and the grant of the full amount of the reserved subject share quotas to 794 Scheme Participants (hereinafter referred to as the "Second Award") was considered and approved.

As a result of adjustments to subject share quotas following the implementation of the Company's plans for capitalisation of capital reserve and profit distribution for 2007 and 2008, and owing to the departure of or waiver of the Phase I Share Incentive Scheme by certain Scheme Participants, it was confirmed at the Twenty-sixth Meeting of the Fourth Session of the Board of Directors of the Company held on 6 July 2009 that the number of Scheme Participants under the First Award of the Phase I Share Incentive Scheme of the Company was adjusted to 3,274 and the subject share quotas granted were correspondingly adjusted to 76,563,578 shares, and that the number of Scheme Participants under the Second Award of the Phase I Share Incentive Scheme of the Company was adjusted to 771 (including 23 employees who are also Scheme Participants under the First Award) and the subject share quotas granted were correspondingly adjusted to 8,486,660 shares. The aforesaid Scheme Participants have made payments of the subscription price for the subject share quotas granted and such payments have been verified by BDO Guangdong Dahua Delu CPA, who has

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).

Subject share quotas with a total of 85,050,238 subject shares granted to 4,022 Scheme Participants under the Phase I Share Incentive Scheme of the Company has been registered with China Securities Depository and Clearing Company Limited, Shenzhen Branch on 20 July and the release of lock-up for the subject shares under the First Unlocking of the Phase I Share Incentive Scheme of the Company was completed on 22 July 2009. The total share capital of the Company has increased by 85,006,813 shares, after deducting 43,425 subject shares which have not been unlocked and have lapsed. Details are announced as follows:

#### **I. Release of Lock-up for Subject Shares under the First Unlocking**

1. In accordance with the requirements of the Phase I Share Incentive Scheme of the Company, the total number of subject shares under the First Unlocking is 15,269,290 A Shares, out of which a total of 709,582 subject shares granted to 19 directors and senior management officers currently in office and 1 senior management officer who has departed effective 19 March 2009 shall continue to be locked up and subject to sale restriction under the relevant regulations of the Company Law and the Guidelines for the Administration of Company Shareholdings by Directors, Supervisors and Senior Management Officers of Companies Listed on Shenzhen Stock Exchange and Changes in Shareholdings (《深圳證券交易所上市公司董事、監事和高級管理人員所持本公司股份及其變動管理業務指引》).

Therefore, the total number of subject shares for which lock-up is released is 14,559,708 shares, representing 0.795% of the total share capital of the Company (as enlarged).

2. Subject shares under the First Unlocking after the release of lock-up will be listed and become tradable on: Thursday, 23 July 2009.

#### **II. Change in Share Capital upon Completion of the First Unlocking of Subject Shares**

As confirmed at the Twenty-sixth Meeting of the Fourth Session of the Board of Directors of the Company, total subject share quotas of 85,050,238 shares were granted to 4,022 Scheme Participants under the Phase I Share Incentive Scheme, and the total share capital of the Company has increased by 85,006,813 shares, after deducting subject shares quotas of 43,425 which have not been unlocked and have lapsed.

Following the release of lock-up for the subject shares under the First Unlocking, the share capital structure of the Company has been changed as follows:

(Unit: shares)

	Classes of shares	Before the change		Increase/decrease as a result of the change (+/-)	After the change	
		Number of shares	Percentage (%)	Number of shares	Number of shares	Percentage (%)
I	Shares subject to lock-up	2,107,175	0.12	+70,447,105	72,554,280	3.96
1.	State-owned share	-	-	-	-	-
2.	State-owned legal person share	-	-	-	-	-
3.	Other domestic shares	2,107,175	0.12	+70,447,105	72,554,280	3.96
	comprising: Domestic legal person shares	-	-	-	-	-
	Domestic natural person shares (including shares held by senior management)	2,107,175	0.12	+70,447,105	72,554,280	3.96
4.	Foreign shares	-	-	-	-	-
	comprising: Foreign legal person shares	-	-	-	-	-
	Foreign natural person shares	-	-	-	-	-
II	Shares not subject to lock-up	1,744,222,227	99.88	+14,559,708	1,758,781,935	96.04
1.	RMB ordinary shares	1,452,747,335	83.19	+14,559,708	1,467,307,043	80.12
2.	Domestic-listed foreign share	-	-	-	-	-
3.	Overseas-listed foreign shares (H shares)	291,474,892	16.69	-	291,474,892	15.92
4.	Others	-	-	-	-	-
III	Total Number of shares	1,746,329,402	100	+85,006,813	1,831,336,215	100

By order of the Board

Hou Weigui

Chairman

Shenzhen, PRC

22 July 2009

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