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**ZTE中兴**  
**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)**

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

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

The Notice of the Fourth Meeting of the Fifth Session of the Board of Directors has been despatched by ZTE Corporation (the "Company") to all Directors of the Company via electronic mail and telephone on 17 May 2010. The Fourth Meeting of the Fifth session of the Board of Directors of the Company (the "Board Meeting") was held by way of video-conference on 20 May 2010, with Directors present in person at the Shenzhen headquarters and various locations in Beijing, Shanghai, Xi'an and Wuhan. Of the 14 Directors eligible to attend the meeting, 9 Directors were present in person and 5 Directors appointed proxy to attend on their behalf. Mr. Lei Fanpei, Vice Chairman, who was unable to attend the Board Meeting due to work reasons, had authorised in writing Mr. Hou Weigui, Chairman, to vote on his behalf. Mr. Xie Weiliang, Vice Chairman, who was unable to attend the Board Meeting due to work reasons, had authorised in writing Mr. Dong Lianbo, Director, to vote on his behalf. Mr. Wang Zhancheng, Director, who was unable to attend the Board Meeting due to work reasons, had authorised in writing Mr. Hou Weigui, Chairman, to vote on his behalf. Mr. Shi Lirong, Director, who was unable to attend the Board Meeting due to work reasons, had authorised in writing Mr. Yin Yimin, Director, to vote on his behalf. Mr. Chen Naiwei, Independent Director, who was unable to attend the Board Meeting due to work reasons, had authorised in writing Mr. Li Jin, Independent Director, to vote on his behalf. The Board Meeting, which was held in accordance with relevant requirements of relevant laws, administrative regulations, departmental rules and the Articles of Association of the Company, was legal and valid.

The following resolutions were considered and passed by the Board Meeting:

- 1. That the "Administrative Measures of the Phase I Share Incentive Scheme of the Company" be and was hereby considered and passed.**

Voting results: votes in favour of: 11, votes against: 0 and votes abstained: 0.

Mr. Xie Weiliang, Vice Chairman, and Mr. Zhang Junchao and Mr. Dong Lianbo, Directors, being beneficiaries of the Phase I Share Incentive Scheme, did not participate in the vote in respect of the above resolution.

- 2. That the "Resolution relating to the Second Unlocking of Subject Shares under the First Grant of the Phase 1 Share incentive Scheme" be and was hereby considered and passed.**

Voting results: votes in favour of: 11, votes against: 0 and votes abstained: 0.

Mr. Xie Weiliang, Vice Chairman, and Mr. Zhang Junchao and Mr. Dong Lianbo, Directors, being beneficiaries of the Phase I Share Incentive Scheme, did not participate in the vote in respect of the above resolution.

**(I) Confirmation of conditions precedent to the Second Unlocking of Subject Shares under the Phase I Share Incentive Scheme by 3,239 Scheme Participants of the Company participating in the First Grant being fulfilled and agreement to deal with the Second Unlocking of Subject Shares under the Phase I Share Incentive Scheme**

Pursuant to the Phase I Share Incentive Scheme, the lock-up period of 2 years commenced on 13 March 2007 (the date of approval of the implementation of the Phase I Share Incentive Scheme by the 2007 First Extraordinary General Meeting of the Company) and the date of the First Grant. As at 13 March 2009, the lock-up period for the Subject Shares under the First Grant of the Company has expired. It was considered by the Twenty-Sixth Meeting of the Fourth Session of the Board of Directors that the First Unlocking of the Subject Shares under the First Grant of the Company had been completed in July 2009.

It was considered by the Fourth Meeting of the Fifth Session of the Board of Directors of the Company that the conditions precedent to the Second Unlocking of the Subject Shares under the First Grant had been fulfilled and that 3,239 Scheme Participants 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, aggregating 26,452,094 (subject to confirmation of the final number by the Shenzhen Stock Exchange), shall account for 1.38% of the total share capital of the Company. Details of the conditions precedent to the Second Unlocking being fulfilled are as follows:

1. In respect of the Company:

None of the following having occurred in respect of the Company:

- (1) The issue of a qualified audit opinion or a disclaimer of audit opinion on the financial and accounting report for the latest 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 granted as determined by the CSRC.

2. In respect of the Scheme Participants

None of the following having occurred in respect of Scheme Participants:

- (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, unauthorised disclosure of confidential operational and technical information and connected transactions of the listed company that harm the interests, damage the reputation and bearing 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 2008 appraisal of Scheme Participants conducted in accordance with the ZTE Performance Appraisal System, 3,239 Scheme Participants had met the staff performance appraisal conditions for unlocking. For 7 Scheme Participants, however, the number of Subject Shares to be unlocked should be reduced by 50%, namely, the number of Subject Shares to be unlocked was 17.5% of the Subject Share quotas granted, in accordance with Administrative Measures for the Phase I Share Incentive Scheme of ZTE Corporation.

#### 5. Subscription monies of Subject Shares paid by Scheme Participants

The price for the Subject Shares under the First Grant to be 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 of the Board Meeting at which the Phase I Share Incentive Scheme of ZTE was reviewed for the first time. Upon the First Grant of the Subject Shares to the Scheme Participants by the Company, the Scheme Participants shall pay the subscription monies at the grant price for the Subject Shares on the basis of the purchase of 5.2 Subject Shares for every 10 Subject Shares granted, out of which 3.8 Subject Shares shall be funded by Scheme Participants at their own costs and 1.4 Subject Shares shall be funded by the conversion of the deferred bonus that Scheme Participants would have received prior to their agreement not to participate in the distribution of 2006 deferred bonus, calculated as a percentage of the grant price.

Scheme Participants applying for the Second Unlocking have paid the subscription monies in accordance with prices stipulated by the Phase I Share Incentive Scheme and based on the Subject Share quotas granted. The payments of the said subscription price have been verified by BDO Guangdong Dahua Delu CPA, who 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

3,239 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. Prohibitions from becoming scheme participants or unlocking stipulated in the “Interim Administrative Measures for Share Incentives of Listed Companies”, the “Interim Measures for Implementation of Share Incentives of Stated-owned Listed Companies (Domestic)” 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 Second Unlocking**

#### 1. Details of the Second Unlocking

Of the 3,274 Scheme Participants who had participated in the First Grant,

- (1) A total of 326,653 Subject Shares was not unlocked due to 33 Scheme Participants having left employment and 2 Scheme Participants having failed their 2008 staff performance appraisal. The said Scheme Participants are not allowed to apply in later years for unlocking of those Subject Shares, the quotas of which will be cancelled.
- (2) 3,239 Scheme Participants have fulfilled the staff performance appraisal conditions for unlocking. For 7 Scheme Participants, however, the number of Subject Shares to be unlocked, in accordance with the Administrative Measures for the Phase I Share Incentive Scheme of ZTE Corporation, should be reduced by 50% and a total of 18,505 Subject Shares had not been unlocked. The said 7 Scheme Participants will not be entitled to apply in later years for unlocking of those Subject Shares, the quotas of which will be cancelled. The number of shares proposed to be unlocked under the Second Unlocking was 26,452,094 (fractional entitlements to shares that may arise upon 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. Discrepancies in the number of Subject Shares actually unlocked by Scheme Participants may arise).
- (3) Subject Shares granted to 3 employees, who were deceased at the First Unlocking, and to be unlocked at the current unlocking will be inherited by their 4 successors and the shares unlocked shall be registered in the names of such successors, respectively. For the list of the employees entitled to the unlocking, please refer to the “List of Scheme Participants entitled to the Second Unlocking of Subject Shares under the First Grant of the Phase I Share Incentive Scheme of the Company” uploaded by the Company onto the website of CNINFO at <http://www.cninfo.com.cn> on the same date as this announcement.

#### 2. Unlocking of Subject Shares Granted to Directors and Senior Management of the Company:

- (1) The Subject Share quota to be unlocked for Scheme Participants, including 17 present Directors and senior management of the Company, are 1,165,328 shares, which do not exceed 5% of the total Subject Share quota that may be unlocked.
- (2) Pursuant to the provisions of the Administrative Measures for the Phase I Share Incentive Scheme of the Company, that "during the validity period of the Share Incentive Scheme, the shares granted to any directors, who are not longer directors of the Company subsequent to the expiry of the performance appraisal period as a result of change of session of the Board of Directors or other arrangements by

shareholders, shall proceed in accordance with the procedures and timing stipulated by the Share Incentive Scheme prior to such change and should be considered as having fulfilled the conditions precedent for unlocking". The Subject Share quotas to be unlocked at the current unlocking for 2 Directors, Mr. Wang Zongyin and Mr. Li Juping, who left office in March 2010 due to the change of session of the Board of Directors, totalled 12,740 shares.

- (3) Details of the Subject Share quotas to be unlocked by the above senior management and Directors are as follows:

Name	Position	Number of Subject Shares granted	Number of shares unlocked	Number of shares proposed to be unlocked now	Number of shares pending unlocking
<b>Present Directors and Senior Management of the Company</b>					
Xie Weiliang	Vice Chairman	18,200	3,640	6,370	8,190
Zhang Junchao	Director	18,200	3,640	6,370	8,190
Dong Lianbo	Director	18,200	3,640	6,370	8,190
Xie Daxiong	Executive Vice President	182,000	36,400	63,700	81,900
Tian Wenguo	Executive Vice President	182,000	36,400	63,700	81,900
Qiu Weizhao	Executive Vice President	182,000	36,400	63,700	81,900
Fan Qingfeng	Executive Vice President	273,000	54,600	63,700	122,850
Chen Jie	Senior Vice President	182,000	36,400	63,700	81,900
Ye Weimin	Senior Vice President	182,000	36,400	63,700	81,900
Ni Qin	Senior Vice President	182,000	36,400	63,700	81,900
Zhao Xianming	Senior Vice President	327,600	65,520	114,660	147,420
Xu Huijun	Senior Vice President	327,600	65,520	114,660	147,420
Pang Shengqing	Senior Vice President	273,000	54,600	95,550	122,850
Zeng Xuezhong	Senior Vice President	273,000	54,600	95,550	122,850
Wu Zengqi	Senior Vice President	273,000	54,600	95,550	122,850
Zhu Jinyun	Senior Vice President	253,708	50,742	88,798	114,168
Feng Jianxiong	Secretary to the Board	182,000	36,400	63,700	81,900
Sub-total		3,329,508	665,902	1,165,328	1,498,278
<b>Past Directors of the Company</b>					
Wang Zongyin	Past Director	18,200	3,640	6,370	8,190
Li Juping	Past Director	18,200	3,640	6,370	8,190
Sub-total		36,400	7,280	12,740	16,380

Note: The number of shares tabulated above has been adjusted in accordance with the profit allocation proposals for 2007 and 2008 of the Company (2007: 4 shares for every 10 shares by means of capitalisation of reserves; 2008: 3 shares for every 10 shares by means of capitalisation of reserves).

### **(III) Timing of and 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 business of unlocking has been considered and passed by the Board Meeting. 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 to be unlocked and apply for such listing in accordance with the rules of Shenzhen Stock Exchange, and the actual timing will be subject to confirmation by 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 (5 February 2007 revision)" announced on 14 February 2007.

### **The Remuneration and Appraisal Committee, Independent Directors and Supervisory Committee of the Company have verified the list of Scheme Participants and issued their respective verification opinions.**

Having conducted inspections on the dispensation of duties by the Scheme Participants and the 2008 performance appraisal, the Remuneration and Appraisal Committee of the Company confirms that there are 3,239 Scheme Participants in the Company having complied with conditions precedent to the application for the second unlocking of Subject Shares under the First Grant of the Phase I Share Incentive Scheme. The number of Subject Shares under the Second Unlocking by such Scheme Participants is 26,452,094 shares.

Having conducted verification on the list of the Scheme Participants applying for the current unlocking of shares, Mr. Li Jin, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei and Mr. Tan Zhenhui, the independent directors of the Company are of the view that having conducted inspections on the conditions precedent for unlocking announced under Phase I Share Incentive Scheme of the Company and the 2008 performance appraisal of the company, 3,239 Scheme Participants submitted by the Remuneration and Appraisal Committee 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 First Grant of the Phase I Share Incentive Scheme. The number of Subject Shares under the Second Unlocking by such Scheme Participants is 26,452,094 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 dispensations of duties at the Company by the 3,239 Scheme Participants are true and that they are in compliance with conditions precedent to the application for the Second Unlocking of Subject Shares under the First Grant of the Phase I Share Incentive Scheme.

**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 current unlocking of the Scheme Participants of the Phase I Share Incentive Scheme are in compliance with the requirements of 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 ZTE Corporation and have fulfilled the relevant procedures stipulated in the Administrative Measures, Trial Measures and the Phase I Share Incentive Scheme.

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

Shenzhen, the PRC  
20 May 2010

*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, Li Jin, Qu Xiaohui, Wei Wei, Chen Naiwei and Tan Zhenhui.*