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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**

# **Completion of Repurchase and Cancellation of Restricted Shares Not Qualified for Unlocking**

*The Company and all the 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.*

### **I. Information on the Repurchase and Cancellation of Restricted Shares Not Qualified for Unlocking**

ZTE Corporation (“ZTE” or the “Company”) has proposed to repurchase a total of 2,536,742 restricted shares not qualified for unlocking from 126 Scheme Participants and cancel such shares in accordance with the Phase I Share Incentive Scheme (Revised Version Dated 5 February 2007) (the “**Phase I Share Incentive Scheme**”) considered and passed at the First Extraordinary General Meeting of 2007. For details, please refer to the “Announcement of Repurchase and Cancellation of Restricted Shares Not Qualified for Unlocking” published by the Company on 8 May 2013.

On 8 May 2013, the “Resolution on the Repurchase and Cancellation of Restricted Shares Not Qualified for Unlocking” was considered and passed at the Third Meeting of the Sixth Session of the Board of Directors of the Company.

On 28 June 2013, the “Resolution on the Repurchase and Cancellation of Restricted Shares Not Qualified for Unlocking” was considered and passed at the Second Extraordinary General Meeting of 2013 of the Company.

On 28 June 2013, an Overseas Regulatory Announcement was published by the Company. The Company has not received, within 45 days since the date of the announcement, any requests from creditors demanding the provision of guarantee or early repayment of debts.

In accordance with the “Prospectus for the Public Issue of 2012 Corporate Bonds by ZTE Corporation (First Tranche)” (《中興通訊股份有限公司公開發行2012 年公司債券募集說明書 (第一期) 》) issued in June 2012, any capital reduction by the Company during the effective term of the corporate bonds shall be subject to the approval of bondholders or their proxies representing more than one-half of the total voting rights attached to the bonds at a bondholders’ meeting. On 31 July 2013, the “Resolution of ZTE Corporation on the Repurchase and Cancellation of Restricted Shares Not Qualified for Unlocking” was considered and passed at the First Bondholders’ Meeting 2013 of the 2012 Corporate Bonds (Tranche 1).

## **II. Information on the Repurchase and Cancellation**

The Company has completed the repurchase and transfer procedures and the cancellation of the 2,536,742 restricted shares aforesaid with China Securities Depository & Clearing Corporation Limited, Shenzhen Branch. The Company will process relevant procedures to update its industrial and commercial registration details.

## **III. Share Capital Structure Following the Completion of the Repurchase and Cancellation**

Following the completion of the repurchase and cancellation, the total share capital of the Company will be changed from 3,440,078,020 shares to 3,437,541,278 shares and the Company’s share capital structure will be changed as follows:

Unit: shares

Type of shares	Prior to the change		Increase / decrease (+/-)	Following the change	
	Number of shares (shares)	Percentage of shareholdings (%)		Number of shares (shares)	Percentage of shareholdings (%)
<b>I. Shares subject to lock-up</b>	<b>10,263,882</b>	<b>0.30%</b>	<b>-2,536,742</b>	<b>7,727,140</b>	<b>0.23%</b>
1. State-owned shares	-	-	-	-	-
2. State-owned corporate shares	-	-	-	-	-
3. Other domestic shares	2,536,742	0.07%	-2,536,742	-	-
Comprising: domestic non-state-owned corporate shares	-	-	-	-	-
Domestic natural person shares	2,536,742	0.07%	-2,536,742	-	-
4. Foreign shares	-	-	-	-	-
Comprising: foreign corporate shares	-	-	-	-	-
Foreign natural person shares	-	-	-	-	-
5. Senior management shares	7,727,140	0.23%	-	7,727,140	0.23%
<b>II. Shares not subject to lock-up</b>	<b>3,429,814,138</b>	<b>99.70%</b>	<b>-</b>	<b>3,429,814,138</b>	<b>99.77%</b>
1. RMB ordinary shares	2,800,228,693	81.40%	-	2,800,228,693	81.46%
2. Domestic-listed foreign shares	-	-	-	-	-
3. Overseas-listed foreign shares (H shares)	629,585,445	18.30%	-	629,585,445	18.31%
4. Others	-	-	-	-	-
<b>III. Total number of shares</b>	<b>3,440,078,020</b>	<b>100.00%</b>	<b>-</b>	<b>3,437,541,278</b>	<b>100.00%</b>

By Order of the Board

**Hou Weigui**

*Chairman*

Shenzhen, the PRC

3 September 2013

*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, Zhang Jianheng, Xie Weiliang, Wang Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Richard Xike Zhang.*