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**ZTE中兴**  
**ZTE CORPORATION**  
**中兴通讯股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 763)**

**BONUS SHARES ISSUE AND DIVIDENDS PAYMENT**  
**DATE OF DESPATCH OF SHARE CERTIFICATES AND CHEQUES**  
**DATE OF COMMENCEMENT OF DEALINGS**  
**WITHHOLDING OF ENTERPRISE INCOME TAX FOR NON-RESIDENT**  
**ENTERPRISE SHAREHOLDERS**

Reference is made to the Circular and the Announcement.

The Shareholders have approved (1) to declare the final dividend of RMB0.30 per Share (including tax) for A Shareholders and HK\$0.34069 for H Shareholders (based on the average exchange rate of HK\$100 to RMB 88.0554 for the week of 19 May 2009 as announced by The People's Bank of China) for 2008; and (2) based on a total of 1,343,330,310 Shares (comprising a total of 224,211,456 H Shares and a total of 1,119,118,854 A Shares) in issue as at the respective record date for the A Shareholders and H Shareholders, to issue a total of 402,999,092 Bonus Shares, out of which 67,263,436 Bonus H Shares will be issued to the H Shareholders whose names appear on the H Shareholders' register on the H Share Record Date, being 17 April 2009.

The Board proposes to dispatch (1) the cheques for the Dividends; and (2) the share certificates for the Bonus H Shares to the H Shareholders entitled thereto at their own risk on or about Thursday, 4 June 2009 by ordinary post. The Dividends will be payable on 5 June 2009. The first day of dealing in the Bonus H Shares is expected to commence on Friday, 5 June 2009.

## **INTRODUCTION**

Reference is made to the circular of the Company dated 1 April 2009 (the "**Circular**") in relation to the Proposed Bonus Shares Issue and Dividends and the announcement dated of the voting results of the annual general meeting of the Company held on 19 May 2009 (the "**Announcement**"), which relates to, among other things, the approval of the Shareholders of the Bonus Share Issue and Dividends. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

The Shareholders have approved (1) to declare the final dividend of RMB0.30 per Share (including tax) for A Shareholders and HK\$0.34069 for H Shareholders (based on the average exchange rate of HK\$100 to RMB 88.0554 for the week of 19 May 2009 as announced by The People's Bank of China) for 2008; and (2) based on a total of 1,343,330,310 Shares (comprising a total of 224,211,456 H Shares and a total of 1,119,118,854 A Shares) in issue as at the respective record date for the A Shareholders and H Shareholders, to issue a total of 402,999,092 Bonus Shares, out of which 67,263,436 Bonus H Shares will be issued to the H Shareholders whose names appear on the H Shareholders' register on the H Share Record Date, being 17 April 2009. The Bonus Shares Issue is made, by way of capitalisation of the capital reserve of the Company, on the basis of three (3) Bonus Shares, credited as fully paid, for every ten (10) existing Shares held by its Shareholders as registered on the register of members on the respective record date for the A Shareholders and H Shareholders.

### **DESPATCHING OF CHEQUES AND SHARE CERTIFICATES**

The Board proposes to dispatch (1) the cheques for the Dividends; and (2) the share certificates for the Bonus H Shares to the H Shareholders entitled thereto at their own risk on or about Thursday, 4 June 2009 by ordinary post. The Dividends will be payable on 5 June 2009.

In case of joint shareholdings, the certificates for the Bonus H Shares will be posted to the address of the first person on the H Shareholder's register in respect of such joint shareholdings.

### **LISTING AND DEALINGS IN THE BONUS H SHARES**

All necessary arrangements have been made for the Bonus H Shares to be admitted into CCASS. The Bonus H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Bonus H Shares are now expected to commence on Friday, 5 June 2009.

### **WITHHOLDING OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS**

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China", both effective from 1 January 2008, any Chinese domestic enterprise which declares and pays dividend to a non-resident enterprise shareholder (i.e. legal person shareholder) in respect of any financial period beginning from 1 January 2008 shall withhold and pay enterprise income tax for such shareholder. The withholding and payment obligation lies with the dividend payer.

In respect of all the H Shareholders whose names appear in the H Shareholders' register on the H Share Record Date (being 17 April 2009) and who are not individuals

(including HKSCC Nominees Limited, corporate nominees or trustees, and other entities or organisations that are considered as non-resident enterprise shareholders), the Company will distribute the final dividend after deducting the income tax at the rate of 10%. The 10% income tax will not be deducted from the final dividend payable to any natural person shareholders.

By order of the board of Directors  
**ZTE CORPORATION**  
**Hou Weigui**  
*Chairman*

Shenzhen, PRC  
26 May 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 Shiyong; six Non-executive Directors, Hou Weigui, Wang Zongyin, Xie Weiliang, Zhang Junchao, Li Juping and Dong Lianbo; and five Independent Non-executive Directors, Zhu Wuxiang, Chen Shaohua, Qiao Wenjun, Mi Zhengkun and Li Jin.*