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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 Twenty-Second 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 Twenty-Second Meeting of the Fifth Session of the Board of Directors" was dispatched by ZTE Corporation (the "Company") to all Directors of the Company via electronic mail and by telephone on 11 August 2011. The Twenty-Second Meeting of the Fifth Session of the Board of Directors of the Company (the "Meeting") was convened by way of video conference at the Shenzhen headquarters of the Company and Shenyang on 30 August 2011. Of the 14 Directors required to attend the Meeting, 13 Directors duly attended in person (Mr. Zhang Junchao, Director, was unable to attend the Meeting due to prior work commitment, and had authorized Mr. Wang Zhanchen, Director, to vote on his behalf.). 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 following resolutions were considered and passed at the Meeting:

- 1. The "Full Text and Summary of the Report and the Results Announcement for the First Half of 2011 of the Company" was considered and passed:**

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

- 2. The "Work Report of the President for the First Half of 2011 of the Company" was considered and passed:**

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

**3. The “Final Financial Report for the First Half of 2011 of the Company” was considered and passed:**

In accordance with the PRC Accounting Standards for Business Enterprises and the Hong Kong Financial Reporting Standards, the operating revenue and the net profit attributable to the shareholders of the Company for January to June 2011 were RMB 37.34 billion and RMB 770 million respectively.

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

**4. The “Resolution on the Write-Off of Bad Debts of the Company for the First Half of 2011” was considered and passed, the details of which are as follows:**

The Company was approved to write off four amounts of trade receivables which had been considered unrecoverable totalling RMB12,507,048.78. The write-off will not have any material adverse impact on the current financial conditions and operating results of the Company as the Company has fully provided for such write-off of bad debts in the years prior to 2011.

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

**5. Each of the “Resolutions of the Company on the Proposed Applications for Composite Credit Facilities from Banks in the Second Half of 2011” was considered and passed, the details of which are as follows:**

The Company is proposing to apply for composite credit facilities from the following banks in the second half of 2011, details of which are set out in the following table, subject to the approvals of the applicable banks. The Company shall comply with requisite approval procedures in accordance with the provisions of its internal rules currently in force, relevant laws and regulations and the Listing Rules when dealing with specific transactions under the aforesaid composite credit facilities.

<b>Applicable Banks</b>	<b>Proposed Composite Credit Facility Limit</b>	<b>Key Contents of Composite Credit Facilities</b>
Industrial Bank Co., Ltd., Shenzhen Gaoxinqu Sub-branch	RMB4,200 million	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
Bank of Communications, Shenzhen Nanshan Sub-branch	RMB6,000 million	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
China CITIC Bank Corporation Limited, Shenzhen Luohu Kouan Sub-branch	RMB2,000 million	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.

The Export-Import Bank of China, Shenzhen Branch	RMB5,000 million	Loans, guarantee letters, trade finance
Agricultural Bank of China Limited, Shenzhen Branch	RMB2,000 million	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
Ping An Bank Co., Ltd., Shenzhen Luohu Sub-branch	RMB800 million	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
<b>Total RMB</b>	<b>RMB20 billion</b>	
Standard Chartered (China) Company Limited, Shenzhen Branch	USD50 million	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
Citibank (China) Company Limited, Shenzhen Branch	USD100 million	Loans, acceptance bills, discounting, guarantee letters, letters of credit, factoring, trade finance, etc.
<b>Total USD</b>	<b>USD150 million</b>	

**Note:** Each of the composite credit facility limit set out above is the maximum limit offered by the bank in respect of the Company’s operating activities based on the bank’s assessment of the Company, and the Company is not required to provide any assets as security. The Company operates its various types of businesses within the composite credit facility limit in accordance with the actual production and operating requirements and the fulfillment of the corresponding approval procedures required by the Company internally and the bank. The above composite credit facility limit is the proposed amount to be applied by the Company, subject to the final amount determined and approved by the bank.

The resolution will be valid from 30 August 2011 until the earlier of (1) the approval of the new credit facility limit, or (2) 31 December 2011. Unless otherwise required by the Articles of Association, the Listing Rules and relevant laws and regulations, no Board resolution will be issued in respect of any single application for financing not exceeding such credit facility limit. Mr. Hou Weigui, legal representative of the Company, or the authorised signatory delegated by Mr. Hou Weigui, is hereby authorised by the Board to execute the relevant legal contracts and documents.

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

**6. The “Resolution on Approving the Revision of the Maximum Accumulative Amount of Transactions with Connected Parties for 2011” was considered and passed, the details of which are as follows:**

That the increase of the maximum accumulative transaction amount for the purchase of liquid crystal modules (LCM) from the connected party Shenzhen Lead Communications Ltd., by the Group to RMB580 million (excluding VAT) for 2011 be approved.

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

The Independent Non-executive Directors of the Company, namely Ms. Qu Xiaohui, Mr. Wei Wei, Mr.

Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have reviewed the aforesaid connected transactions prior to the Meeting, and agreed to submit the same to the Meeting for consideration. They have furnished an independent opinion on the above matter as follows:

The adjustment to the 2011 annual maximum accumulative transaction amount (excluding VAT) for the purchase of liquid crystal modules (LCM) from the connected party Shenzhen Lead Communications Ltd., by the Group is based on the requirements for business development of the Company and the continuing connected transactions arising therefrom are conducted in the ordinary course of business of the Group and on normal commercial terms. The amended annual maximum amount is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Note:

1. According to relevant provisions of the Rules Governing the Listing of Stocks On Shenzhen Stock Exchange, Shenzhen Lead Communications Company, Limited is not deemed as a connected party of the Company.

Shenzhen Lead Communications Company, Limited is a connected person of the Company pursuant to Rule 14A.11(5) of the Hong Kong Listing Rules, as its substantial shareholder Zhongxingxin (holding 22.5% equity interests in Lead) is the controlling shareholder of the Company.

2. The maximum accumulative amount of transactions between the Group and the connected party Shenzhen Lead Communications Company, Limited for 2011 was RMB375 million (excluding VAT), as considered and passed at the Thirteen Meeting of the Fifth Session of the Board of Directors of the Company held on 26 November 2010.

**7. The “Resolution of the Continuing Connected Transactions of the Company” was considered and passed, the details of which are as follows:**

It was agreed that 深圳市中興康訊電子有限公司 (ZTE Kangxun Telecom Company Limited), a subsidiary of the Company, should enter into the 2011 Purchasing Framework Agreement in respect of the purchases of products, such as telecommunication antenna and RF devices from 摩比天線技術(深圳)有限公司 (MOBI Antenna Technology (Shenzhen) Co., Ltd.), a related party. It was estimated that the maximum cumulated transaction amount under such 2011 Framework Agreement would not exceed RMB600 million for 2011.

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

Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chan Naiwei, Mr. Tan Zhenhui and Mr. Tim Timothy Alexander

Steinert, all of the Independent Directors of the Company have reviewed the above Connected Transactions prior to the Meeting, and agreed to submit the Framework Agreement to the Meeting for consideration.

During the Meeting, Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chan Naiwei, Mr. Tan Zhenhui and Mr. Tim Timothy Alexander Steinert, Independent Directors of the Company, furnished the following independent opinion in respect of the said Connected Transaction Framework Agreement as follows:

The pricing basis and other provisions prescribed in the said Connected Transaction Framework Agreement are in compliance with the requirements of laws and regulations and market principles and will not be adverse to the interests of the Company and its shareholders.

Please refer to the announcements of “Overseas Regulatory Announcement” published on the even date of this Announcement for details of the aforesaid Connected Transactions.

**8. The “Resolution of the Capital Increase of ZTE Kangxun Telecom Company Limited” was considered and passed, the details of which are as follows:**

It was agreed that the Company should subscribe to the capital increase of its non-wholly-owned subsidiary, ZTE Kangxun Telecom Company Limited, by RMB1.71 billion to RMB1.95 billion. Subsequent to the capital increase, the Company's equity interests in its subsidiary shall remain unchanged at 90%.

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

**9. The “Resolution of the Company on the Replacement of Securities Affairs Representative” was considered and passed, the details of which are as follows:**

That the resignation of Ms. Li Fei from the post of Securities Affairs Representative and the appointment of Ms. Cao Wei as Securities Affairs Representatives be approved, effective from the passing of this resolution.

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

For details please refer to the “Overseas Regulatory Announcement” published simultaneously with this announcement.

**10. The “Resolution of the Continual Procurement of Directors’, Supervisors’ and Senior Management’s Liability Insurance”, details of which are as follows:**

In order to enable the Directors, Supervisors and senior management to actively perform their duties, the Company has decided to continue to procure “Directors’, Supervisors’ and Senior Management’s Liability Insurance” for the Directors, Supervisors and senior management of the Company and agreed with Chartis Insurance Company China Limited, Shenzhen Branch to renew the said insurance policy for a period of one year with a compensation limit of RMB100 million per annum.

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

The Independent Non-Executive Directors of the Company, namely Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have furnished an independent opinion as follows:

The continual procurement of the liability insurance for Directors, Supervisors and senior management is beneficial to the investors as it will procure the said personnel to actively perform their duties and provide timely and comprehensive compensation for economic losses that may be suffered by third parties in the course of the Directors, supervisors and senior management performing their duties, thereby minimising the Company’s losses. The transaction has followed the principles of fairness, equity and openness, complied with relevant laws and regulations and is devoid of any actions and circumstances which are prejudicial to the interests of minority shareholders.

**11. The “Resolution in respect of the amendments to the relevant provisions of the Articles of Association of the Company” was considered and passed:**

Pursuant to the “Resolution on the 2010 profit distribution and share capital increase by way of capitalisation of reserves” which was considered and passed at the 2010 Annual General Meeting, the Board of Directors was authorised by the general meeting to implement the 2010 profit distribution and share capital increase by way of capitalisation of reserves, amend the corresponding provisions of the Articles of Association in accordance with the implementation of share capital increase by way of capitalisation of reserves to increase the Company’s registered capital and to reflect the new share capital structure of the Company after the share capital increase by way of capitalisation of reserves, and to process the changes in industrial and commercial registration required by the change in registered capital. Subsequent to the completion of the implementation of the proposals of the 2010 profit distribution and the share capital increase by way of capitalisation of reserves on 7 July 2011, the actual number of shares was 3,440,078,020 shares and the registered capital was RMB3,440,078,020.

Pursuant to the implementation of the proposals of 2010 profit allocation and the share capital increase by way of capitalisation of reserves, the relevant contents of Articles 24 and 27 of Chapter 3 of the Articles of Association (May 2011 version), which was considered and passed by the 2010 annual general meeting,

are required to be amended correspondingly as follows:

**1. Article 24**

The original article reads: Subsequent to its establishment, the Company shall issue 2,866,731,684 ordinary shares, comprising 524,654,538 H Shares, accounting for 18.3% of the total number of ordinary shares issuable by the Company; and 2,342,077,146 Domestic Shares, accounting for 81.7% of the total number of ordinary shares issuable by the Company.

The article is amended to read: Subsequent to its establishment, the Company shall issue 3,440,078,020 ordinary shares, comprising 629,585,445 H Shares, accounting for 18.3% of the total number of ordinary shares issuable by the Company; and 2,810,492,575 Domestic Shares, accounting for 81.7% of the total number of ordinary shares issuable by the Company.

**2. Article 27**

The original article reads: The registered capital of the Company is RMB2,866,731,684.

The article is amended to read: The registered capital of the Company is RMB3,440,078,020.

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

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

Shenzhen, PRC  
30 August 2011

*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, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.*