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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 of the Completion of the Second Unlocking of Subject Shares under the Second Award of the Phase I Share Incentive Scheme

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 and misleading statement or material omission in this announcement.

On 27 December 2011, ZTE Corporation (hereinafter referred to as the “Company”) received a “Reply Slip in Acknowledgment of the Application for Unlocking of Shares under Share Incentive Schemes” (《股權激勵股份解除鎖定申請受理回執》) issued by China Securities Depository & Clearing Corporation Limited, Shenzhen Branch, the details of which are announced as follows:

I. Unlocking of restricted shares

1. A total of 5,230,667 Subject Shares have been unlocked, accounting for approximately 0.15% of the total share capital of the Company.
2. Date of listing and circulation of Subject Shares subsequent to the release of restrictions: 29 December 2011 (Thursday).

II. Changes in share capital structure following the completion of the Unlocking of Subject Shares

At the Twenty-fourth Meeting of the Fifth Session of the Board of Directors of the Company, it was confirmed that for the Scheme Participants who were entitled to the Second Award under the Phase I Share Incentive Scheme of the Company, 752 of which had fulfilled the conditions for the Second Unlocking of Subject Shares under the Phase I Share Incentive Scheme, and a total of 5,230,667 shares were unlocked. Following the completion of this Unlocking, the total share capital of the Company has remained unchanged, while details of the changes in the share capital structure are set out as follows:

Unit: share

Class of shares	Prior to the change		Increase / decrease as a result of the change (+/-)	Subsequent to the change	
	Number of shares (shares)	Shareholding percentage (%)	Number of shares (shares)	Number of shares (shares)	Shareholding percentage (%)
I. Shares subject to lock-up	19,968,072	0.58%	-5,230,667	14,737,405	0.43%
1. State-owned shares	—	—	—	—	—
2. State-owned corporate shares	—	—	—	—	—
3. Other domestic shares	19,968,072	0.58%	-5,230,667	14,737,405	0.43%
Comprising: Domestic corporate shares	—	—	—	—	—
Domestic natural person shares (including senior management shares)	19,968,072	0.58%	-5,230,667	14,737,405	0.43%
4. Foreign shares	—	—	—	—	—
Comprising: Foreign corporate shares	—	—	—	—	—
Foreign natural person shares	—	—	—	—	—
II. Shares not subject to lock-up	3,420,109,948	99.42%	5,230,667	3,425,340,615	99.57%
1. RMB ordinary shares	2,790,524,503	81.12%	5,230,667	2,795,755,170	81.27%
2. Domestic-listed foreign shares	—	—	—	—	—
3. Overseas-listed foreign shares (H shares)	629,585,445	18.30%	—	629,585,445	18.30%
4. Others	—	—	—	—	—
III. Total number of shares	3,440,078,020	100%	—	3,440,078,020	100%

(The specific figures should be based on the listed company's shareholding structure statement issued by the Shenzhen Branch of China Securities Depository & Clearing Corporation Limited).

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
27 December 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.