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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 Third 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 20 December 2012, ZTE Corporation (the “Company” or “ZTE”) received a “Confirmation Letter of Shares Change Registration” (《股份變更登記確認書》) 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 6,589,151 Subject Shares have been unlocked, accounting for 0.19% of the total share capital of the Company.
2. Date of listing and circulation of Subject Shares under the Unlocking subsequent to the release of restrictions: 24 December 2012 (Monday).

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

At the Thirty-seventh Meeting of the Fifth Session of the Board of Directors of the Company, it was confirmed that 735 persons out of the Scheme Participants entitled to the Second Award under the Phase I Share Incentive Scheme of the Company had fulfilled the conditions for the Third Unlocking of Subject Shares, and a total of 6,589,151 shares were unlocked.

Following the completion of the 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)	Shareholding percentage (%)
<b>I. Shares subject to lock-up</b>	<b>17,849,708</b>	<b>0.52%</b>	<b>-6,589,151</b>	<b>11,260,557</b>	<b>0.33%</b>
1. State-owned shares	-	-	-	-	-
2. State-owned corporate shares	-	-	-	-	-
3. Other domestic shares	9,125,893	0.27%	-6,589,151	2,536,742	0.08%
Including: Domestic corporate shares	-	-	-	-	-
Domestic natural person shares	9,125,893	0.27%	-6,589,151	2,536,742	0.08%
4. Foreign shares	-	-	-	-	-
Including: Foreign corporate shares	-	-	-	-	-
Foreign natural person shares	-	-	-	-	-
5. Senior management shares	8,723,815	0.25%	-	8,723,815	0.25%
<b>II. Shares not subject to lock-up</b>	<b>3,422,228,312</b>	<b>99.48%</b>	<b>6,589,151</b>	<b>3,428,817,463</b>	<b>99.67%</b>
1. RMB ordinary shares	2,792,642,867	81.18%	6,589,151	2,799,232,018	81.37%
2. Domestic listed foreign shares	-	-	-	-	-
3. Overseas listing foreign shares (H shares)	629,585,445	18.30%	-	629,585,445	18.30%
4. Others	-	-	-	-	-
<b>III. Total number of shares</b>	<b>3,440,078,020</b>	<b>100.00%</b>	<b>-</b>	<b>3,440,078,020</b>	<b>100.00%</b>

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

Shenzhen, the PRC  
20 December 2012

*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 Timothy Alexander Steinert.*