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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 External Investment

on the Establishment of ZTE (Heyuan) Company Limited

The Company and all 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. Overview of the external investment

1. Basic information of the external investment

At the Eleventh Meeting of the Fifth Session of the Board of Directors of ZTE Corporation ("ZTE" or the "Company") held on 12 October 2010, the "Resolution on the Establishment of ZTE (Heyuan) Company Limited (中兴通讯(河源)有限公司)" was considered and passed for the proposed establishment of ZTE (Heyuan) Company Limited with an investment of RMB 500 million (the "Investment"), which has been included in the total investment amount of RMB10 billion of the "ZTE Heyuan Production, Research and Development Training Base Project" considered and approved at the second extraordinary general meeting of 2010 of the Company, in order to fulfill the needs of the Company's business development. The Investment does not constitute a connected transaction of the Company.

2. Consideration by the Board of Directors and approval procedures

The "Resolution on the Establishment of ZTE (Heyuan) Company Limited" was considered and passed at the Eleventh Meeting of the Fifth Session of the Board of Directors of the Company on 12

October 2010. All of the 14 Directors required to vote duly voted at the meeting, with 14 votes for, 0 vote against and 0 vote abstained from the resolution. The Investment falls within the scope of the approval authority of the Board of Directors of the Company and does not require approval at the general meeting of the Company.

II. Basic information of the subject of investment

1. Name: ZTE (Heyuan) Company Limited
2. Form of company: company with limited liability
3. Scope of operation: procurement, production and sales of electronic products and accessories; import and export trade; storage services and electronic product technology services
4. Registered capital: RMB500 million
5. Form of capital contribution: cash
6. Name of shareholder and percentage of capital contribution: ZTE shall make a capital contribution of RMB500 million funded by its internal resources and will own 100% equity interests in ZTE (Heyuan) Company Limited.

III. Objective, inherent risks and effects on the Company of the external investment

Following the consideration and approval of the Company's investment in the "ZTE Heyuan Production, Research and Development Training Base Project" at the second extraordinary general meeting of 2010 of the Company held on 10 September 2010, the Company proposes to invest in and establish ZTE (Heyuan) Company Limited in Heyuan to operate the "ZTE Heyuan Production, Research and Development Training Base Project."

This Investment will further facilitate the construction of the "ZTE Heyuan Production, Research and Development Training Base Project", drive the business development of the Company and offer sound economic benefits. The Investment will be funded by the Company's internal resources and will not have any material effects on the operating results of the Company.

IV. Documents for inspection

Resolutions of the Eleventh Meeting of the Fifth Session of the Board of Directors of the Company.

By Order of the Board

Hou Weigui

Chairman

Shenzhen, PRC

12 October 2010

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.