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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

on the Provision of Guarantee for a Wholly-owned Subsidiary

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. Brief description of the guarantee

With a view to further optimising the long-term and short-term debt structure of ZTE Corporation ("ZTE" or the "Company") and the subsidiaries included in its consolidated financial statements (the "Group") and meeting additional working capital requirements of the Company's medium / long-term development at appropriate finance costs, ZTE proposes to seek medium / long-term debt financing (including but not limited to syndicate loans, bank facilities and the issue of corporate bonds) in 2011 with ZTE (H.K.) Limited ("ZTE (H.K.)"), its wholly-owned subsidiary, as the principal. Proceeds received by ZTE (H.K.) from such debt financing will primarily be applied to fund overseas purchase payments and international market expenses.

In view of the current financial conditions and credit rating of ZTE (H.K.), ZTE will provide guarantee for an amount of not more than USD900 million in relation to the aforesaid debt financing of ZTE (H.K.), in order to secure debt financing at favourable costs.

As ZTE (H.K.) is a wholly-owned subsidiary of ZTE, ZTE (H.K.) has not provided any counter-guarantee to ZTE in respect of the said guarantee.

The said guarantee was considered and approved at the Seventeenth Meeting of the Fifth Session of the Board of Directors of ZTE. In accordance with requirements of regulatory documents such as the "Notice on Regulating Third-party Guarantees of Listed Companies" promulgated by the China Securities Regulatory Commission ("CSRC") and the China Banking Regulatory Commission, the said guarantee shall require the approval of the general meeting of ZTE.

II. Information of the guarantee

1. Name: ZTE (H.K.) Limited
2. Place of incorporation: Hong Kong
3. Registered capital: HKD500 million
4. Scope of business: sales of products and purchase of original parts and ancillary equipment; development and transfer of technologies; training and consultant services; investment and financing activities.
5. Relationship with the Company: wholly-owned subsidiary 100% held by ZTE
6. Operating and financial conditions: ZTE (H.K.) was incorporated in 2000 as a platform for international sales and technical services and international financing for ZTE.

For 2010, ZTE (H.K.) reported operating revenue of HKD8,159 million and net profit of HKD291 million. As at 31 December 2010, total assets and net assets of ZTE (H.K.) amounted to HKD11,938 million and HKD1,413 million, respectively. Its assets-liabilities ratio was 88.17%.

III. Principal terms of the guarantee document

ZTE will provide guarantee with an amount of not more than USD900 million in relation to the debt financing of ZTE (H.K.):

1. Guarantor: ZTE
2. Guarantee: ZTE (H.K.)
3. Amount guaranteed: not more than USD900 million.
4. Term of guarantee: not more than 5 years (from the date on which the debt financing agreement takes effect)
5. Type of guarantee: joint liability assurance

IV. Opinion of the Board of Directors

The Board of Directors of the Company is of the view that: In view of the current credit tightening in the PRC and expected strengthening of the RMB currency, the conduct of debt financing with ZTE (H.K.) as the principal guaranteed by ZTE is conducive to the optimisation of its long-term and short-term debt structure as well as meeting additional working capital requirements of the Company's medium- to long-term development at appropriate finance costs, and is in line with the overall long-term interests of the Company.

As a wholly-owned subsidiary of ZTE, the treasury and financial accounting operations of ZTE (H.K.) are centrally managed by the Company and the risk of the guarantee is controllable.

As ZTE (H.K.) is a wholly-owned subsidiary of ZTE, ZTE (H.K.) has not provided any counter-guarantee to ZTE in respect of the said guarantee.

V. Cumulative amount of outstanding third-party guarantees and overdue guarantees of the Company

As at the date of this announcement, the aggregate amount of third-party guarantees provided by the Company is approximately RMB623,239,200, representing 2.70% of the net asset value of the Company as set out in the audited combined accounting statement of the Company as at 31 December 2010. Such guarantees are in compliance with pertinent provisions of the CSRC. There are no guarantees in violation of regulations.

The Company has no overdue guarantees.

By Order of the Board

Hou Weigui

Chairman

Shenzhen, PRC

8 April 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 Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.