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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)

UNUSUAL PRICE AND TRADING VOLUME MOVEMENT AND CLARIFICATION ANNOUNCEMENT

UNUSUAL PRICE AND TRADING VOLUME MOVEMENT

This announcement is made at the request of The Stock Exchange of Hong Kong Limited pursuant to rule 13.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Board of Directors (the "Board") of ZTE Corporation ("ZTE" or the "Company") has noted recent decreases in the price and increases in the trading volume of the shares of the Company. The Board wishes to state that, save as disclosed in the section headed "Clarification of Media Reports" below, it is not aware of any reason for such decreases in the price and increases in the trading volume of the shares.

The Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are disclosable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter disclosable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this statement.

CLARIFICATION OF MEDIA REPORTS

The Board also notes that there have been rumours in the market that the Company has lost the patent lawsuit with Telefonaktiebolaget LM Ericsson (publ) ("Ericsson"), such that ZTE will have to pay Ericsson an annual patent license fee of EUR150 million in addition to a substantial indemnity of EUR500 million payable to Ericsson, and that ZTE will be subject to an injunction that bars it from the European market.

The Board wishes to clarify as follows: the rumours are in gross contradiction to the facts.

1. The following relevant information has been set out in the “Announcement on Litigation,” “Interim Report 2011” and “2011 Third Quarterly Report” published by the Company on 7 April 2011, 31 August 2011 and 27 October 2011, respectively:

On 7 April 2011, the Company published the “Announcement on Litigation” in relation to the lawsuit filed by Ericsson against ZTE (UK) LIMITED (“ZTE (UK)”), a wholly-owned subsidiary of the Company, in respect of the alleged infringement on Ericsson’s patent technologies by several handset models of ZTE (UK). A demand was made on ZTE (UK) to discontinue such act of infringement and compensate for Ericsson’s losses, although no specific amount of compensation was raised by Ericsson in the statement of claim. ZTE (UK) submitted a response on 20 June 2011 and the local court of the U.K. issued a schedule of proceedings on 27 July 2011, confirming that trial of the case will commence in June 2012 at the earliest.

On 1 April 2011, Ericsson applied to the Court of Rome for provisional injunction procedures against ZTE Italy S.r.l. (“ZTE Italy”), the subsidiary of ZTE in Italy. Such request was rejected by the court on 6 April 2011, which ordered Ericsson to serve a claim on ZTE Italy. The claim was served upon ZTE Italy on 28 April 2011. In response to the aforesaid claim, ZTE Italy submitted its defence to the court in May 2011 and June 2011, requesting the court to reject the litigation claim of the claimant. On 8 July 2011, the Court of Rome officially ruled to reject Ericsson’s application for injunction and investigative impounding against ZTE Italy and further ruled that Ericsson should indemnify ZTE Italy for the latter’s legal fees. On 8 August 2011, Ericsson served a statement of appeal upon ZTE Italy. On 3 September 2011, the Court of Rome officially ruled to reject the appeal of Ericsson and further ruled that relevant procedural fees relating to the case should be reimbursed by Ericsson.

On 14 April 2011 and 23 May 2011, Ericsson filed lawsuits against ZTE Deutschland GmbH (“ZTE Deutschland”), a wholly-owned subsidiary of the Company, with the district court of Dusseldorf and the district court of Mannheim in Germany, respectively, alleging infringement of Ericsson’s patent technologies and demanding ZTE Deutschland to discontinue such act of infringement and compensate for Ericsson’s losses. The local courts initially estimated the amount in dispute in this case at EUR10.80 million and EUR2.275 million, respectively.

2. Current Progress of the Litigation between the Company and Ericsson

As of now, the Company and Ericsson have conducted extensive discussion and consultation in respect of the patent matters involved in the aforesaid litigation, and the two parties have agreed to withdraw all patent infringement litigations against each other, including the patent infringement lawsuits filed by Ericsson against ZTE in the United Kingdom, Germany and Italy, as well as the patent infringement lawsuit filed by ZTE against Ericsson in the PRC. Currently, the legal counsels of the two parties have submitted applications to the courts concerned for the withdrawal of the lawsuits, pending withdrawal rulings to be made by the respective courts.

The aforesaid matter will not have any material adverse impact on the financial conditions and operating results of the Group for the current period. The Company will disclose subsequent progress in a timely manner by way of announcement.

Other Information

Currently, the production and operating activities of the Company are carried on as normal. As at the date of this announcement, there are no other material litigations or arbitrations of the Company that are disclosable but remain undisclosed. The Company wishes to remind investors that only information published by the Company in designated media should be relied upon. Investors are urged to base their investments on rational considerations and beware risks.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
19 January 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 Shiyou; 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.