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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 GUARANTEE

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.

I. Brief description of the guarantee

ZTE France SASU ("ZTE France"), a wholly-owned subsidiary of ZTE Corporation ("ZTE" or the "Company") entered into the Framework Contract for the Provision of Equipment and Services (the "SFR Framework Contract") and the 2010 SMS Service Execution Contract ("SMS Contract") on 23 July 2010 and intended to enter into the PATES-NG Execution Contract ("PATES Contract") in December 2011 in Paris with LA SOCIETE FRANCAISE DU RADIOTELEPHONE ("SFR"), a mobile carrier in France. The SFR Framework Contract is a framework cooperation agreement between ZTE France and SFR with an effective term of three years. Execution contracts under the SFR Framework Contract will be signed between ZTE France and SFR subsequently. The SMS Contract and the PATES Contract are two execution contracts under the SFR Framework Contract. ZTE France shall supply equipment and services related to SMS and value-added service administration platforms to SFR under these two contracts.

With a view to facilitating the long-term cooperation between ZTE France and SFR, ZTE proposes to provide a guarantee in respect of the performance obligations of ZTE France under the SMS Contract and the PATES Contract for an amount not exceeding EUR10 million. The guarantee shall be effective from the date on which the same is considered and approved at a Board meeting of ZTE. The guarantee period shall commence on 23 July 2010

(namely, the date on which the SMS Contract was signed) and shall remain valid until the expiry or termination (whichever is later) of the performance obligations of ZTE France under the SMS Contract and the PATES Contract.

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

The said guarantee was considered and approved at the Twenty-fourth 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 not require the approval of the general meeting of ZTE.

II. Information of the guarantee

1. Name: ZTE France SASU
2. Date of incorporation: 21 January 2008
3. Registered address: 114 rue Galliéni, Boulogne-Billancourt, France
4. Registered capital: EUR9,999,900
5. Authorised representative: Qiao Chao (喬超)
6. Principal business: sales of systems, software, services and terminals; installation, repair, maintenance and technical support for engineering works
7. Relationship with the Company: 100% held through ZTE (H.K.) Limited, a wholly-owned subsidiary of the Company
8. Operating and financial conditions:

The financial accounts of ZTE France are expressed in EUR. Based on the accounting exchange rate adopted by ZTE as at 31 December 2010 of EUR1=RMB8.7645, operating revenue of ZTE France for 2010 amounted to approximately RMB553 million. Total profit amounted to approximately RMB-9 million and net profit amounted to approximately

RMB-9 million. As at 31 December 2010, ZTE France had total assets of approximately RMB235 million, total liabilities of approximately RMB243 million and net assets of approximately RMB-8 million. Gearing ratio was 103%. Based on the accounting exchange rate adopted by ZTE as at 30 September 2011 of EUR1=RMB9.2122, operating revenue of ZTE France for January to September 2011 amounted to approximately RMB530 million. Total profit amounted to approximately RMB62 million and net profit amounted to approximately RMB62 million. As at 30 September 2011, ZTE France had total assets of approximately RMB453 million, total liabilities of approximately RMB308 million and net assets of approximately RMB145 million. Gearing ratio was 68%.

III. Principal terms of the guarantee document

ZTE proposes to provide a guarantee in respect of the performance obligations of ZTE France under the SMS Contract and the PATES Contract. In the event that ZTE France fails to perform the SMS Contract and the PATES Contract, ZTE will perform the same on behalf of ZTE France to ensure the full execution of the SMS Contract and the PATES Contract.

1. Guarantor: ZTE
2. Guarantee: ZTE France
3. Amount guaranteed: not exceeding EUR10 million.
4. Term of guarantee: The guarantee shall be effective as from the date on which the same is considered and approved at a Board meeting of ZTE. The guarantee period shall commence on 23 July 2010 (namely, the date on which the SMS Contract was signed) and shall remain valid until the expiry or termination (whichever is later) of the performance obligations of ZTE France under the SMS Contract and the PATES Contract.
5. Type of guarantee: guarantee

IV. Opinion of the Board of Directors

The Board of Directors of the Company is of the opinion that: the provision of a performance guarantee by ZTE in respect of the performance obligations of ZTE France under the SMS Contract and the PATES Contract is conducive to the facilitation of long-term cooperation between ZTE France and SFR and the overseas business expansion of ZTE, and is therefore

in line with the long-term interests of the Company in general.

As ZTE France is a wholly-owned subsidiary of ZTE, ZTE France has not provided a counter-guarantee in favour of ZTE in respect of the aforesaid 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 RMB6,397,358,100 (comprising USD986,405,000, EUR10 million and INR6,848,100, which have been translated at the respective accounting exchange rates of the Company as at 30 November 2011 as follows: USD1=RMB6.3482, EUR1=RMB8.4625 and INR1=RMB0.1222), representing 27.70% of the net asset value of the Company as set out in the audited consolidated accounting statement of the Company as at 31 December 2010. The aforesaid guarantee is in compliance with pertinent provisions of the CSRC. There are no guarantees in violation of regulations.

The Company has no overdue guarantees.

VI. Documents for inspection

1. Agreement of Performance Guarantee
2. Resolutions of the Twenty-fourth Meeting of the Fifth Session of the Board of Directors of the Company

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
13 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.