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ZTE中兴
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)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 19 April 2007 in relation to the Beijing Tenancy Agreement with Zhongxing Development. In light of the Company's business expansion on the relevant premises, the Company has entered into the Supplemental Beijing Tenancy Agreement with Zhongxing Development on 23 April 2009 for a term from 23 April 2009 to 17 April 2010.

As Zhongxing Development is 45% owned by Juxian, a substantial shareholder of ZTE Microelectronics Technology Co., Ltd. (深圳市中興微電子技術服務公司) and ZTE Kangxun Telecom Company Limited (深圳市中興康訊電子有限公司), which are subsidiaries of the Company, Zhongxing Development is an associate of Juxian and therefore a connected person of the Company as defined under Rule 14A.11 of the Listing Rules. Accordingly, the transaction under the Supplemental Beijing Tenancy Agreement constitutes a continuing connected transaction for the Company under the Listing Rules. On 23 October 2008, the Company entered into the Chongqing Tenancy Agreement with Chongqing Zhongxing Development, a wholly-owned subsidiary of Zhongxing Development, in relation to the lease of certain premises of Chongqing Zhongxing Development located in Chongqing, the PRC. The transactions under the Supplemental Beijing Tenancy Agreement and the Chongqing Tenancy Agreement should be aggregated pursuant to Rule 14A.26 of the Listing Rules.

Given that the aggregated percentage ratios under the Supplemental Beijing Tenancy Agreement and the Chongqing Tenancy Agreement are more than 0.1% but less than 2.5%, the transaction under the Supplemental Beijing Tenancy Agreements is exempt from the independent shareholders' approval, but is subject to reporting and announcement requirements under the Listing Rules.

Reference is made to the Company's announcement dated 19 April 2007 in relation to the Beijing Tenancy Agreement with Zhongxing Development. In light of the Company's business expansion on the relevant premises, the Board has approved the Company to enter into the Supplemental

Beijing Tenancy Agreement with Zhongxing Development on 23 April 2009, the details of which are set out below:

SUPPLEMENTAL BEIJING TENANCY AGREEMENT TO BE DATED 23 APRIL 2009

- Landlord : Zhongxing Development
- Tenant : The Company
- Premises : No.19, Hua Yuan Road East, Hai Dian District, Beijing, PRC with a total floor area of approximately 31,000 square metres, namely, an area of approximately 6,000 square metres in addition to the premises as set out under the Beijing Tenancy Agreement
- Term : From 23 April 2009 to 17 April 2010 (both days inclusive)
- Rental : RMB3,565,000 per month for the total area of approximately 31,000 square metres, which is based on RMB115 per square metre each month. The monthly rental per square metre is the same as that set out under the Beijing Tenancy Agreement, which was determined by reference to the market rental in other similar properties located in the neighbouring area in Beijing.
- The rental will be paid by the Group out of its internal resources.
- Historical figures : The rental paid by the Company under the Beijing Tenancy Agreement amounted to approximately RMB21,417,600 and RMB RMB33,142,600 for the years ended 31 December 2007 and 2008, respectively.
- Cap : The maximum annual rental during the term of the Supplemental Beijing Tenancy Agreement will not exceed RMB42,780,000. The proposed cap was determined by reference to the monthly rental set out under the Supplemental Beijing Tenancy Agreement.
- Other terms : Save as disclosed above, the terms under the Beijing Tenancy Agreement remains unchanged.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL BEIJING TENANCY AGREEMENT

The Supplemental Beijing Tenancy Agreement has been entered into by the Company with Zhongxing Development in light of the Company's business expansion of business on the relevant premises. The Directors (including the independent non-executive Directors) are of the opinion

that the terms of the Tenancy Agreements are negotiated on an arm's length basis and are on normal commercial terms , the terms of the Supplemental Beijing Tenancy Agreement are fair, reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in the design, development, production, distribution and installation of a broad range of advanced telecommunications equipment, including carriers' network, handsets, and telecommunications software systems and services.

Zhongxing Development is principally engaged in enterprise investment, the supply and marketing of goods and materials in the PRC (excluding restricted items and franchised, state controlled and monopolized merchandises) and the import and export business (pursuant to its relevant licence).

LISTING RULES IMPLICATIONS

As Zhongxing Development is 45% owned by Juxian, a substantial shareholder of ZTE Microelectronics Technology Co., Ltd.* (深圳市中興微電子技術服務公司) and ZTE Kangxun Telecom Company Limited* (深圳市中興康訊電子有限公司), which are subsidiaries of the Company, Zhongxing Development is an associate of Juxian and therefore a connected person of the Company as defined under Rule 14A.11 of the Listing Rules. Accordingly, the transaction under the Supplemental Beijing Tenancy Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

On 23 October 2008, the Company entered into the Chongqing Tenancy Agreement with Chongqing Zhongxing Development, a wholly-owned subsidiary of Zhongxing Development, in relation to the lease of certain premises of Chongqing Zhongxing Development located in Chongqing, the PRC. The transactions under the Supplemental Beijing Tenancy Agreement and the Chongqing Tenancy Agreement should be aggregated pursuant to Rule 14A.26 of the Listing Rules.

Given that the aggregated percentage ratios under the Supplemental Beijing Tenancy Agreement and the Chongqing Tenancy Agreement are more than 0.1% but less than 2.5%, the transaction under the Supplemental Beijing Tenancy Agreements is exempt from the independent shareholders' approval, but is subject to reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Tenancy Agreement”	the tenancy agreement dated 18 April 2007 entered into between Zhongxing Development as the landlord and the Company as the tenant in respect of the premises in Beijing, the PRC

“Board”	the board of Directors
“Chongqing Zhongxing Development”	重慶中興發展有限公司 (Chongqing Zhongxing Development Company, Limited*)
“Chongqing Tenancy Agreement”	the tenancy agreement dated 23 October 2008 entered into between Chongqing Zhongxing Development as the landlord and the Company as the tenant in respect of the premises in Chongqing, the PRC
“Company”	中興通訊股份有限公司 (ZTE Corporation*), a joint stock limited company incorporated on 11 November 1997 under the Chinese Company Law in the PRC whose shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Juxian”	深圳市聚賢投資有限公司 (Shenzhen Juxian Investment Company Limited*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“RMB”	renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Beijing Tenancy Agreement”	the tenancy agreement dated 23 April 2009 entered into between Zhongxing Development as the landlord and the Company as the tenant to supplement the Beijing Tenancy Agreement
“Zhongxing Development”	深圳中興發展有限公司 (Shenzhen Zhongxing Development Company Limited*)

By Order of the Board of Directors

Hou Weigui

Chairman

Shenzhen, PRC

23 April 2009

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Yin Yimin, Shi Lirong and He Shiyong; six non-executive directors, Hou Weigui, Wang Zongyin, Xie Weiliang, Zhang Junchao, Li Juping and Dong Lianbo; and five independent non-executive directors, Zhu Wuxiang, Chen Shaohua, Qiao Wenjun, Mi Zhengkun and Li Jin.

** for identification purposes only.*