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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 Subsidiary

The Company and all the members of the Board of Directors confirm that the information contained in this announcement is true, accurate and complete and that there are no false and misleading statements in or material omissions from this announcement.

I. Brief description of the guarantee

Closed Joint-Stock Company CJSC TK Mobile (hereinafter referred to as "CJSC TK Mobile") has entered a contract for the purchase of telecommunications equipment, relevant software and services for the construction of the CDMA 800M national network in Tajikistan (hereinafter referred to as the "CDMA National Network Project") with ZTE Corporation (hereinafter referred to as "ZTE" or the "Company"), pursuant to which the Company will provide equipment and engineering services to CJSC TK Mobile. To ensure the smooth completion of the CDMA National Network Project, CJSC TK Mobile has entered into a Loan Agreement with China Development Bank for a US\$70,600,000 loan with a term of 9 years. CJSC TK Mobile has issued a guarantee letter with an undertaking that the loan will be applied solely to the CDMA National Network Project and payments for the purchase of equipment and services from ZTE, and has authorised the lending bank to credit the amounts concerned directly to the accounts designated by ZTE.

ZTE will provide a guarantee by way of the pledge of its 51% equity interests in CJSC TK Mobile as a security against the aforesaid loan.

The said guarantee has been considered and approved at the 24th Meeting of the Fourth Session of the Board of Directors of ZTE with 14 votes approving, 0 votes against and 0 votes abstained. As the gearing ratio of CJSC TK Mobile exceeded 70%, the said guarantee is further subject to the consideration and approval by the general meeting of the Company in accordance with the requirements of the "Notice on Regulating the External Guaranties Provided by Listed Companies" (《關於規範上市公司對外擔保行為的通知》) issued by China Securities Regulatory Commission and China Banking Regulatory Commission and other relevant regulatory documents.

II. Information on the guarantee

1. Name: Closed Joint-Stock Company CJSC TK Mobile
2. Date of registration: December 2003
3. Registered address: Tajikistan
4. Authorised representative: Ding Mingfeng
5. Registered capital: US\$4,000,000
6. Scope of business: construction of telephone networks, provision of telecommunications services and production of communications equipment.

7. Shareholding structure

CJSC TK Mobile is a telecommunications operator established in Tajikistan in December 2003 in joint venture by ZTE and SERVICE SVYAZ KOMPLEKT Ltd. (hereinafter referred to as "CCK") with a registered capital of US\$4,000,000. It is held as to 51% by ZTE and 49% by CCK and is therefore a subsidiary of ZTE.

8. Operating and financial conditions:

Operating revenue, total profit and net profit of CJSC TK Mobile for 2008 amounted to US\$15,840,000, US\$-400,000 and US\$-560,000, respectively. Total assets, total liabilities and net assets of CJSC TK Mobile as at 31 December 2008 amounted to US\$55,740,000, US\$52,470,000 and US\$3,270,000, respectively, and the gearing ratio was 94%. Operating revenue, total profit and net profit of CJSC TK Mobile for the first quarter of 2009 amounted to US\$3,120,000, US\$-6,280,000 and US\$-6,380,000, respectively. Total assets, total liabilities and net assets of CJSC TK Mobile as at 31 March 2009 amounted to US\$52,790,000, US\$54,340,000 and US\$-1,550,000, respectively, and the gearing ratio was 103%.

III. Principal terms of the Agreement on the Pledge of Equity Interests

The Company will provide a guarantee by way of the pledge of its 51% equity interests in CJSC TK Mobile as a security against the US\$70,600,000 bank loan extended to CJSC TK Mobile.

1. Guarantor: ZTE

2. Guarantee: CJSC TK Mobile

3. Debt amount/Indebtedness guaranteed: The amount guaranteed is the full debt amount/indebtedness owed by CJSC TK Mobile as borrower under the financing documents, but not exceeding the total amount of US\$70,600,000 under the Loan Agreement.

4 Term of guarantee: from the date on which the Agreement on the Pledge of Equity Interests is executed and becomes effective to the date on which the debts owed by CJSC TK Mobile under the financing documents are repaid in full.

5. Type of assurance: pledge of equity interests

IV. Opinion of the Board of Directors and Independent Directors

The Board of Directors of the Company is of the view that the aforesaid guarantee would facilitate the smooth execution of the CDMA National Network Project by CJSC TK Mobile, which is therefore conducive to expediting its network construction, enhancing its overall competitive strengths, driving sustainable development of its principal business, improving its operational efficiency, profitability and financial conditions and thereby generating sound investment returns for ZTE as its controlling shareholder. As such, the said guarantee is in the interests of the Company as a whole.

The Board of Directors of the Company is also of the view that CJSC TK Mobile, as a subsidiary of the Company, is under normal operations and is capable of fulfilling its obligations under the Loan Agreement signed by the bank. In addition, CCK, the other shareholder of CJSC TK Mobile, has undertaken to provide a guarantee by way of the pledge of its 49% equity interests in CJSC TK Mobile as a security against the said loan, and the guarantees are fair and carrying the same weight.

In connection with the aforesaid guarantee, a counter-guarantee will be provided to the Company by CJSC TK Mobile by creating a preferential second charge over the relevant equipment.

The Independent Directors of the Company are of the view that the aforesaid guarantee provided by the Company for its subsidiary CJSC TK Mobile is in compliance with relevant provisions of the Notice Regulating the External Guaranties Provided by Listed Companies (《關於規範上市公司對外擔保行爲的通知》) and the Articles of Association of ZTE Corporation, and that the decision-making procedures are legal and valid.

V. Aggregate amount of outstanding external guarantees and overdue external guarantees of the Company

As at the date of this announcement, the aggregate amount of external guarantees provided by the Company is approximately RMB316,462,700 (including an amount of US\$32,862,200, which has been translated at the exchange rate of US\$1: RMB6.8359 published by the People's Bank of China on 31 March 2009), representing 2.07% of the net asset value of the Company as at 31 March 2009. The Company has no overdue guarantees.

All of the aforesaid guarantees are in compliance with relevant provisions of relevant laws and regulations without any violation of applicable rules and regulations.

VI. Documents for inspection

1. Agreement on the Pledge of Equity Interests
2. Resolutions of the 24th Meeting of the Fourth Session of the Board of Directors of the Company duly signed by the attending Directors to give effect to the same
3. The business licence in photocopies and financial statements of CJSC TK Mobile
4. Opinion of the Independent Directors

By order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
11 May 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 Shiyou; 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.