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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)

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 Corporation ("ZTE" or the "Company") has proposed to enter into the Sole and Exclusive Supply Agreement ("Exclusive Supply Agreement") with TRANSAM S.A, a domestic mobile telecommunications operator of Chile ("TRANSAM"). Following the execution of the said agreement, the Company will become the sole equipment supplier for TRANSAM's nationwide GSM/WCDMA network construction project in Chile, supplying on an exclusive basis such equipment as GSM wireless equipment, WCDMA wireless equipment, microwave wireless equipment, core net equipment, power supply equipment and all other relevant communications equipment required for the completion of the network construction as a whole. As a condition precedent to the performance of the said agreement, the Company or ZTE (H.K.) Limited ("ZTE HK"), a wholly-owned subsidiary of the Company, shall provide, through a relevant bank, a guarantee in the amount of USD2.80 million in favour of the competent telecommunications authorities of Chile, in connection with TRANSAM's performance of its undertaking to comply with designated timeframes for network coverage construction in designated regions given in tender documents for the tender of 900MHZ frequencies in all regions throughout Chile other than the capital area of Santiago publicly offered by the Chilean Government in November 2009. The guarantee shall be valid for a period of 5 years from the date on which the tender results for the 900MHZ license and frequency is announced by the competent telecommunications authorities of Chile.

In connection with the said guarantee, TRANSAM shall provide counter-guarantees as follows: joint liability for TRANSAM's payment obligations undertaken by its parent company Inversiones Access S.A. ("Inversiones"); guarantee by shareholders of Inversiones which is secured by their 80% equity interests in Inversiones; subsequent purchase of equipment by TRANSAM from ZTE as collateral. In the event of any claims against the bank's letter of guarantee for ZTE's provision of guarantee for TRANSAM for reasons not relating to ZTE, the Company shall have the right to enforce the counter-guarantees provided by TRANSAM in order to recover the losses incurred in connection with the guarantee.

The said guarantee was considered and approved at the Third Meeting of the Fifth Session of the Board of Directors of ZTE with 14 votes in favour of, 0 vote against and 0 votes abstained. In accordance with the requirements of relevant regulatory documents such as the “Notice Regarding the Regulation of the Provision of External Guarantees by Listed Companies” (《關於規範上市公司對外擔保行爲的通知》) 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 the Company.

II. Information of the guarantee

1. Name: TRANSAM S.A.
2. Date of incorporation: 20 October 1992
3. Registered address: SANTO DOMINGO 1894 1 SANTIAGO
4. Authorised representative: Mr. MATIAS POUPIN SWINBURN
5. Registered capital: CLP9 million
6. Scope of business: mobile communications
7. Relationship with the Company: customer of the Company
8. Operating and financial conditions:

The accounts of ZTE India are denominated in Chilean Peso (CLP). For 2009, TRANSAM recorded operating income, EBITDA (earnings before income tax, depreciation and amortisation) and net profit of approximately USD1,506,497.20, USD929,859.81 and USD572,224.30, respectively, based on the foreign exchange rate of USD1=CLP535. As at 31 December 2009, the total assets, total liabilities and net assets of TRANSAM amounted to approximately USD3,753,734.58, USD1,935,026.17 and USD1,818,708.41, respectively, with a asset-liability ratio of 52%.

III. Principal terms of the guarantee document

1. Guarantor: ZTE or ZTE HK
2. Guarantee: TRANSAM S.A.
3. Amount guaranteed: Bank letter of guarantee for an amount of USD2.80 million.
4. Term of guarantee: 5 years from the date on which the tender results for the 900MHZ license and frequency is announced by the competent telecommunications authorities of Chile
5. Type of guarantee: joint liability guarantee

IV. Opinion of the Board of Directors and Independent Directors

1. The Board of Directors of the Company is of the view that the Exclusive Supply Agreement proposed to be entered into between the Company and TRANSAM is conducive to the Company’s business development and sustained operation in Chile and is therefore in the general interest of the Company.

2. The Board of Directors of the Company approves the provision of the said performance guarantee by the Company or through ZTE HK for TRANSAM, with a view to the smooth execution of the Exclusive Supply Agreement between the Company and TRANSAM as part of the effort to advance ZTE’s long-term cooperation with TRANSAM, thereby generating sound investment returns for the Company and enhancing ZTE’s overseas business expansion.

The independent directors of the Company are of the view that the said guarantee was in compliance with relevant provisions of, among others, the “Notice Regarding the Regulation of the Provision of External Guarantees by Listed Companies” (《關於規範上市公司對外擔保行爲的通知》) (Document [2005] No. 120 issued by CSRC) and the Articles of Association, and the decision-making procedures were 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 RMB640,866,700 (including an amount of USD86,405,000, which has been translated at the exchange rate of USD1: RMB6.8263 published by the People’s Bank of China on 31 March 2010), representing 3.81% of the net asset value of the Company as set out in the 2009 audited combined accounting statement of the Company. The Company has no overdue guarantees.

All of the said 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. Letter of Guarantee issued by the bank
2. Resolutions of the Third Meeting of the Fifth 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 TRANSAM S.A.
4. Opinions of independent directors

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
27 April 2010

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, Li Jin, Qu Xiaohui, Wei Wei, Chen Naiwei and Tan Zhenhui.