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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)**

## **POSITIVE PROFIT ALERT**

This announcement is made by ZTE Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Based on the preliminary review of the management accounts of the Group for the nine months ended 30 September 2013 and other information currently available, the Board of Directors (the “**Board**”) of the Company wishes to inform its shareholders and potential investors that the Group is expected to realize a turnaround to profit for the year ending 31 December 2013, while the net loss attributable to the shareholders of the listed company was recorded at RMB2.84 billion in the last year.

The increase is primarily due to the reasons that the Group has strengthened its management over contract profitability by strictly controlling the signing of low gross margin contracts, therefore the gross margin of the Group will have been increased compared with the last year; the Group has also strengthened its cost control by focusing on cost efficiency, therefore the expenses of the Group (including selling, administrative and research and development expenses) in the year ending 31 December 2013 will have been decreased significantly compared with the last year.

The Board would like to point out that since the issue of 4G licenses in the PRC market has not been confirmed to date and the procurement of 4G equipment from domestic carriers remains uncertain, it has brought some uncertainties to the Group's sales revenue and profit for the year ending 31 December 2013.

The information contained in this announcement is only the preliminary estimation made by the management of the Company with reference to the information currently available, which have not been reviewed or audited by the auditors of the Company. Further details of the financial information of the Group will be disclosed as and when the year end results of the Group for the year ending 31 December 2013 are released.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Hou Weigui**  
*Chairman*

Shenzhen, the PRC

22 October 2013

*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, Zhang Jianheng, Xie Weiliang, Wang Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Richard Xike Zhang.*