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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 seven months ended 31 July 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 record a net profit attributable to shareholders of the listed company in a range of RMB500million to RMB750million and the basic earnings per share in a range of RMB0.15/share to RMB0.22/share for the nine months ending 30 September 2013 as compared to the net loss attributable to shareholders of the listed company recorded at approximately RMB1,700 million and the basic earnings per share at RMB-0.5/share in the same period 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 same period last year; and the Group has also strengthened its cost control by increasing cost efficiency, therefore the expenses of the Group (including selling expenses, administrative expenses and research and development expenses) in the nine months ending 30 September 2013 will have been decreased significantly compared with the same period last year.

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 quarterly results of the Group for the nine months ending 30 September 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

21 August 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.