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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 of the Board of Directors

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.

The Board of Directors of ZTE Corporation (hereinafter known as the "Company") hereby explains the relative situation regarding the Investigative Report of the House Permanent Select Committee on Intelligence of the United States and the termination by Cisco Systems Inc. (hereinafter known as the "Cisco") of the strategic cooperation agreement with the Company.

1. Regarding the Investigative Report of the House Permanent Select Committee on Intelligence of the United States

On 8 October 2012, the House Permanent Select Committee on Intelligence of the United States issued an investigative report to state that the carriers' networks products of the Company may generate an unfavorable impact on the national security of the United States.

In November 2011, the Company started to cooperate with the House Permanent Select Committee on Intelligence of the United States on the investigation (hereinafter known as the "Current Investigation"), which served the major purpose of an understanding of the real situation of the Company by the United States Government in various aspects and established the foundation for the subsequent business development of the Company in the United States market.

The proportion represented by the sales revenue contributed by the carriers' networks

products of the Company in the United States market is relatively small. Therefore, the outcome of the Current Investigation will not have any material adverse impact on the financial conditions and operating results of the Company for the current period.

2. Regarding Cisco's termination of the strategic cooperation agreement with the Company

In July 2012, Cisco informed the Company that it terminated the strategic cooperation agreement entered with the Company in 2005 mainly in relation to the Company's purchase of routers and other products.

The Company has other alternate products to the routers provided by Cisco, therefore, the termination of the strategic cooperation agreement will not have any material adverse impact on the financial conditions and operating results of the Company for the current period.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
9 October 2012

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 Timothy Alexander Steinert.