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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 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

On 30 September 2009, ZTE Telecom India Private Limited (hereinafter referred to as "ZTE India"), a wholly-owned subsidiary of ZTE Corporation (hereinafter referred to as "ZTE" or the "Company") entered into the "Frame Contract for the Supply of Network Infrastructure" (hereinafter referred to as the "Frame Contract") with Unitech Wireless Limited (hereinafter referred to as "Unitech Wireless"), a mobile telecommunications carrier in India, for a term of 5 years. Unitech Wireless is a joint venture between the Telenor Group, a famous multinational carrier, and Unitech Group of India. ZTE India and Unitech Wireless will exercise and perform their respective rights and obligations in future under the Frame Contract, pursuant to which ZTE India will supply to Unitech Wireless GSM system and core network equipment, as well as related systems installation and testing, systems upgrade, on-site technical support and maintenance services.

ZTE has proposed to provide guarantee on behalf of ZTE India for an amount not exceeding US\$33 million, comprising 1): joint-liability guarantee (hereinafter referred to as the "Guarantee by Assurance") in respect of the performance obligations of ZTE India under the Frame Contract for an amount not exceeding US\$30 million, with a term commencing on the date on which the Frame

Contract takes effect upon execution and ending on the date on which the performance of ZTE India's obligations under the Frame Contract is completed; and 2) The Company has also proposed to apply to the relevant bank for the issuance of an assurance letter in respect of contract performance (hereinafter referred to as the "Guarantee by Bank Letter") to provide guarantee with an amount not exceeding US\$3 million in favour of the local Indian bank who has issued on behalf of ZTE India a bank assurance letter in respect of contract performance in favour of Unitech Wireless in connection with the Frame Contract.

As ZTE India is a wholly-owned subsidiary of ZTE, ZTE India has not provided any counter-guarantee to ZTE in respect of the aforesaid guarantee.

The aforesaid guarantee has been considered and passed at the Thirty-First Meeting of the Fourth Session of the Board of Directors of the Company. As the gearing ratio of ZTE India exceeds 70%, the said guarantee is subject to consideration and approval by the general meeting of the Company.

II. Information on the guarantee

1. Name: ZTE Telecom India Private Limited
2. Date of incorporation: 9 December 2003
3. Registered address: New Delhi, India
4. Authorised representative: Dr. Ghosh
5. Registered capital: INR2 billion
6. Scope of business: Sales of systems, software, services and terminals; project installation, repair and maintenance and technical support.
7. Relationship with the Company: ZTE India is a wholly-owned subsidiary of the Company.
8. Operating and financial conditions:

The accounts of ZTE India are denominated in Indian Rupee (INR). For 2008, ZTE India recorded operating income, total profit and net profit of approximately RMB699,699,600, RMB-164,099,100 and RMB-144,991,900, respectively, based on the foreign exchange rate of 1INR=0.14017CNY (RMB) adopted by ZTE as at 31 December 2008. As at 31 December 2008, the total assets, total liabilities and net assets of ZTE India amounted to approximately RMB634,490,600, RMB686,937,400 and RMB-52,446,800, respectively, with a gearing ratio of 108%. For the nine months ended 30 September

2009, ZTE India recorded operating income, total profit and net profit of approximately RMB562,777,400, RMB43,382,700 and RMB41,667,100, respectively, based on the foreign exchange rate of 1INR=0.14215CNY (RMB) adopted by ZTE as 30 September 2009. As at 31 March 2009, the total assets, total liabilities and net assets of ZTE India amounted to approximately RMB1,041,643,400, RMB1,053,163,900 and RMB-11,520,500, respectively, with a gearing ratio of 101%.

III. Principal terms of the Guarantee Document

1. Guarantor: ZTE
2. Guarantee: ZTE India
3. Amount guaranteed: (1) Guarantee by Assurance: In the event of ZTE India's non-performance of the Frame Contract, ZTE shall perform the contract on behalf of ZTE India and guarantee the execution of the contract for an amount not exceeding US\$30 million; (2) Guarantee by Bank Letter: for a maximum accumulated amount of US\$3 million.
4. Term of guarantee: (1) Guarantee by Assurance: commencing on the date on which the Frame Contract takes effect upon execution and ending on the date on which the performance of ZTE India's obligations under the Frame Contract is completed; (2) Guarantee by Bank Letter: commencing on the date on which the relevant bank assurance letter is issued and ending on the date of expiry of the bank assurance letter in respect of contract performance provided by ZTE India in favour of Unitech Wireless under the Frame Contract. The bank assurance letter in respect of contract performance provided by ZTE India shall be valid from the date of issuance until the conclusion of a 12-month period after the expiry of the last warranty period of the equipment provided or the date on which the performance of ZTE India's obligations under the Frame Contract is fully completed, whichever is later.
5. Type of assurance: joint liability

IV. Opinion of the Board of Directors and Independent Directors

1. The Board of Directors of the Company approves the provision of performance guarantee by the Company on behalf of ZTE India, with a view to the smooth execution of the Frame Contract between ZTE India and Unitech Wireless as part of the effort to advance ZTE India's business development and sustained operation, which is set to enhance ZTE's overseas business expansion and

generate sound investment returns for the Company.

2. As ZTE India is a wholly-owned subsidiary of ZTE, . The Board of Directors of the Company is of the view that the aforesaid guarantee will be conducive to advancing ZTE India's business development and sustained operation and is therefore in the interests of the Company as a whole.

The Independent Directors of the Company are of the view that the aforesaid guarantee was 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為的通知》) (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 RMB172,523,200 (including an amount of US\$16,405,000, which has been translated at the exchange rate of US\$1: RMB6.8281 published by the People's Bank of China on 30 October 2009), representing 1.14% of the net asset value of the Company as set out in the 2008 audited combined accounting statement of the Company. The Company has no overdue guarantees.

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

VI. Documents for inspection

1. The Performance Guarantee Agreement
2. The Bank Assurance Letter
3. Resolutions of the Thirty-first 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
4. The business licence in photocopies and financial statements of ZTE India
5. Opinion of the Independent Directors

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
12 November 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 Shiyong; six non-executive directors, Hou Weigui, Wang Zongyin, Xie Weiliang, Zhang Junchao, Li Juping and Dong Lianbo; and five independent non-executive directors, Mi Zhengkun, Li Jin, Qu Xiaohui, Wei Wei and Chen Naiwei.