

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no presentation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 Investment

The Company and all 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 or misleading statement or material omission in this announcement.

I. Overview of the external investment

1. Basic information of the external investment

To provide support for the future business development of ZTE Corporation ("ZTE" or the "Company"), the Company proposes to invest in and construct the "ZTE (Nanjing) Area No. 3 R&D Base" project (the "Project") in Yuhuatai District, Nanjing, and further proposes to enter into an investment agreement with Nanjing Yuhuatai District People's Government ("Yuhuatai Government") in the near future. The investment agreement does not constitute a connected transaction of the Company.

2. Consideration by the Board of Directors and approval procedures

The "Resolution of the Company on the Investment in a Research and Development Base Project in Yuhuatai District of Nanjing and the Proposed Execution of an Investment Agreement" was considered and passed at the Sixteenth Meeting of the Fifth Session of the Board of Directors of the Company held on 17 March 2011.

In accordance with Article 160 of the Articles of Association of ZTE Corporation: "The Board of Directors shall be accountable to the general meeting and exercise the following duties and powers: (XIX) to approve external investments with an amount not exceeding 10% of the latest audited net assets of the Company if such investments are related to the principal business of the Company, or with an amount not exceeding 5% of the latest audited net assets of the Company if such investments are not related to the principal business of the Company." As the total investment in the Project is expected to be RMB16 billion, which is beyond the scope of approval authority of the Board of Directors, the Project and the investment agreement is subject to approval by the general meeting.

II. Basic information of the counterparty to the investment agreement

1. Name: Nanjing Yuhuatai District People's Government

2. Legal (authorised) representative: Zhang Yixin (张一新)

3. Address: NO.2 Yuhua South Road, Yuhuatai District, Nanjing

Yuhuatai District is in the southwestern part of the urban area of Nanjing. It is the "Southern Gate" of Jinling (historical name of Nanjing) and the geographical hub of Nanjing's urban development, as well as an important area for development in the extension of Nanjing's main city zone to the East and the South. The planned and utilised landuse of Yuhuatai District has a total area of approximately 80 square kilometres.

III. Basic information of the Project

As the business of ZTE becomes increasingly internationalised in the course of its development, the Company plans to construct an integrated research and development base that is focused on research and development but also provides training and outsourcing services, with a total gross area of approximately 1.50 million square metres. The Company proposes a total investment of RMB16 billion (comprising investment in infrastructure of RMB 6 billion). The construction period of the Project is expected to be 10 years. The Company will fund investments in the Project with its internal resources. Investment estimates have indicated that the Project will generate sound investment return for the Company.

IV. Principal terms of the investment agreement

1. Nanjing Yuhuatai District People's Government agrees that the Company will invest in and construct the "ZTE (Nanjing) Area No. 3 R&D Base" project in the Software Valley of Yuhuatai District, Nanjing, and further agrees to provide a sound investment environment for the Company.

2. The investment in the "ZTE (Nanjing) Area No. 3 R&D Base" project shall be RMB16 billion, comprising investment in infrastructure of RMB 6 billion, and the total land area shall be 2000 acres.

3. The land block to be assigned for the investment shall be a land block for industrial use, and the land premium shall be subject to the result of the land auction.

4. The investment agreement, duly signed under the hands and seals of both parties, shall become effective upon approval by the general meeting of ZTE.

V. Objectives and inherent risks of the external investment and its effect on the Company

By developing the Project, the Company will be able to effectively alleviate the substantial pressure in seeking land sites for the future expansion of its Nanjing Research and Development Centre, laying a solid foundation for the Company's business development for the delivery of positive economic benefits.

The planning of the Project, including the estimated construction period, is in a preliminary stage. In accordance with the Articles of Association of ZTE Corporation and other pertinent laws and regulations, the Project shall be subject to consideration by the general meeting. Applications to relevant government authorities for project establishment and approvals, as well as the acquisition of project land use according to procedures stipulated by national laws are also required for the actual implementation of the Project. Therefore, the Project is subject to uncertainties in respect of project deliberations, approval, land acquisition and construction work. The Company will make further announcements on the progress of the Project in a timely manner, in fulfillment of its obligations to disclose information under pertinent regulations.

VI. Documents for inspection

1. Proposed investment agreement between the Company and Nanjing Yuhuatai District People's Government;
2. Resolutions of the Sixteenth Meeting of the Fifth Session of the Board of Directors of the Company.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
17 March 2011

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, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.