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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)

Clarification Announcement

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 or misleading statement or material omission in this announcement

I. Alleged report

A report recently published in the media under the title of “How on-site examination is carried out at a shell company of ZTE” (《中興通訊的空殼公司是如何接受實地審查的》) referred to Shenzhen Zhongxing Telecom Equipment Technology & Service Company, Limited (深圳市中興通訊技術服務有限責任公司), a subsidiary of ZTE, as a shell company. The contents of this report are substantially inconsistent with facts.

II. Clarification

In response to the aforesaid report, ZTE Corporation would like to clarify as follows:

1. General information of Shenzhen Zhongxing Telecom Equipment Technology & Service Company

Shenzhen Zhongxing Telecom Equipment Technology & Service Company, Limited (“Zhongxing Technology & Service”) was incorporated on 17 May 2004. Its business license registration number is 440301102734827 and its registered address is A3-01, A03—02, ZTE

Plaza, Hi-Tech Industrial Park, Nanshan District, Shenzhen. Its legal representative is Mr. Shi Lirong. The company has a registered capital of RMB50 million, contributed as to RMB45 million (90%) by ZTE Corporation and RMB5 million (10%) by Shenzhen ZTE Kangxun Telecom Company Limited.

The company is a limited liability company. Its scope of business covers: communications engineering and technical services (excluding restricted items); technology development computer networks / electronic equipment / computer software and communications products (excluding restricted items); domestic commercial / supplies (excluding franchised / State-controlled / monopolized merchandises); information consultation, repair and maintenance of communication equipment (excluding restricted items); import and export of goods and technologies; general contractor for communications engineering work and specialised contractor for telecommunications engineering work; contractor for overseas communications and information network construction and engineering work under international tender in China, contractor for prospecting, consultation, design and supervision projects for the aforesaid overseas engineering work, export of equipment and materials required by the aforesaid overseas engineering work, dispatch of workers required for the implementation of the aforesaid overseas engineering work (subject to the qualifications certificate issued by competent authorities).

Currently, Zhongxing Technology & Service has approximately 2,800 employees, with 89 of them holding senior position titles and 657 holding intermediate position titles. Its workforce mainly comprises specialised personnel in communications, computers and electronics.

2. Operations of Shenzhen Zhongxing Telecom Equipment Technology & Service Company

Zhongxing Technology & Service operates its business on an independent basis. Its total assets, net assets and revenue from principal operations for last three years are set out as follows:

Unit: RMB in millions

	Total assets	Net assets	Revenue from principal operations
2007	1,179.1	337.3	1,203.4
2008	1,174.5	607.3	1,656.7
2009	2,313.3	152.7	2,962.8

III. Other matters

The production activities of the Company are currently under normal operation. There are no matters of a material nature that should be brought to the attention of the public. The Company is due to publish the interim results of the Company and its subsidiaries for the six months ended 30 June 2010 on 19 August 2010.

The Company would like to remind the investors that the domestic and overseas newspapers or websites designated by the Company for information disclosure are *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, <http://www.cninfo.com.cn> and <http://www.hkexnews.hk>.

Investors should only rely on information disclosed in the announcements published by the Company on such designated newspapers or websites. Investors are urged to carry out their investing activities in a rational manner and beware of risks.

By Order of the Board

Hou Weigui

Chairman

Shenzhen, PRC

13 August 2010

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.