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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 on Progress 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.

Further to the “Announcement on External Investment and Connected Transaction” of ZTE Corporation (“ZTE” or the “Company”) dated 27 September 2010 in respect of the investment in and establishment of ZTE Capital Management Company of Shenzhen (深圳市中兴创业投资基金管理有限公司) (“ZTE Capital”) and subscription for ZTE Venture Capital Fund (中兴创投基金), the Company hereby announces the progress of the Company’s capital contribution of RMB300 million to subscribe for ZTE Venture Capital Fund, which has been considered and approved at the Tenth Meeting of the Fifth Session of the Board of Directors of ZTE, as follows:

I. The incorporation of and subscription for Shenzhen Zhonghe Chunsheng Partnership Private Equity Fund I

Shenzhen Zhonghe Chunsheng Partnership Private Equity Fund I (Limited Partnership) (深圳市中和春生壹號股權投資基金合夥企業(有限合夥)^{Note 1} (“Zhonghe Chunsheng Fund I”) is a fund jointly incorporated by 27 partners (including ZTE and ZTE Capital) as promoters with respective capital contributions to be focused on equity investments in unlisted companies in the TMT (technology, media and telecommunications) sector. The registration of Zhonghe Chunsheng Fund I as a partnership firm was completed on 18 November 2010 with the approval of Shenzhen Administration

of Market Supervision, Nanshan Branch. The planned total subscription amount for Zhonghe Chunsheng Fund I is RMB1,000 million and a total of RMB851 million has been subscribed for as at the date of this announcement, including RMB300 million paid up and contributed in cash by ZTE as a limited partner (which has been considered and approved at the Tenth Meeting of the Fifth Session of the Board of Directors of the Company, the details of which were set out in the “Announcement on External Investment and Connected Transaction” of the Company dated 27 September 2010), RMB10 million by ZTE Capital (a subsidiary of ZTE) as a general partner and RMB541 million in aggregate by other limited partners in accordance with the partnership agreement they have entered into. The planned total subscription amount for Zhonghe Chunsheng Fund I is RMB1,000 million and it will continue to draw subscriptions from the public after its incorporation.

Note 1: When the “Resolution of the Company on the Proposed Subscription for ZTE Venture Capital Fund” was considered at the Tenth Meeting of the Fifth Session of the Board of Directors of the Company on 27 September 2010, the Fund was tentatively referred to as “ZTE Venture Capital Fund” as its name had not yet been registered with the industrial and commercial administration authorities at the time and therefore had yet to be confirmed. With the approval of Shenzhen Administration of Market Supervision, Nanshan Branch, the name of the Fund has now been confirmed as “Shenzhen Zhonghe Chunsheng Partnership Private Equity Fund I (Limited Partnership)”.

II. Principal terms of the partnership agreement

The limited partners of Zhonghe Chunsheng Fund I have signed a partnership agreement with ZTE Capital, the principal terms of which are as follows:

1. Incorporation of the partnership firm: The partnership firm incorporated thereunder shall be known as Shenzhen Zhonghe Chunsheng Partnership Private Equity Fund I (Limited Partnership) (深圳市中和春生壹號股權投資基金合夥企業 (有限合夥)). Its principal place of business shall be Unit 001, 6/F, A Wing, ZTE Complex, Ke Yuan East Road, South Zone, Gaoxin Area, Nanshan District, Shenzhen and its principal activities shall be equity investments in unlisted companies in the TMT (technology, media and telecommunications) sector. The term of operation of Zhonghe Chunsheng Fund I shall be 5 years and may be extended in accordance with the terms of the partnership

agreement if there are unsold investments subsisting upon the conclusion of the original term. The partnership firm may also be prematurely terminated with the approval of the general assembly of partners.

2. Partners and their capital contributions: Capital shall be paid up and contributed in cash as to RMB300 million by ZTE as a limited partner, RMB10 million by ZTE Capital as a general partner and RMB541 million in aggregate by other limited partners in accordance with the partnership agreement they have entered into. The general partner shall undertake unlimited liability in respect of the debts of the partnership firm. Limited partners shall undertake liability in respect of the debts of the partnership firm to the extent of its paid-up capital contributions.

3. Distribution of earnings: Earnings generated from the investment projects shall be applied first and foremost to return in full the principal amounts committed by investors. The balance of the earnings after the full repayment of the principal amounts and the payment of a performance bonus to the fund manager shall be distributed to fund investors pro-rata to their respective paid-up capital contributions as a percentage of the fund.

4. Management fees: All partners agree that an annual management fee equivalent to 2.5% of the paid-in capital contribution amount shall be payable by the Fund to the general partner (ZTE Capital).

By Order of the Board

Hou Weigui

Chairman

Shenzhen, PRC

22 November 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.