

ZTE中兴

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 its Board of Directors confirm that the information contained in this announcement is true, accurate and complete and that there are no false and misleading statements in or material omissions from this announcement

I. THE CONTRACTS BETWEEN ZTE CORPORATION (THE "COMPANY") AND CHINA MOBILE COMMUNICATION CORPORATION ("CHINA MOBILE") IN RELATION TO SALE OF ITS PRODUCTS

On 7 June 2007, the Company, its subsidiary, Shenzhen Zhongxin Telecom Equipment Technology & Service Company, Limited ("Zhongxin TS"), and China Mobile have entered into commercial contracts in relation to the construction of Trial Network for the TD-SCDMA Scale Network Technology Application ("the Contracts"). Pursuant to the terms of the Contracts, the Company and Zhongxin TS have agreed to supply products and services to China Mobile in the total sum of RMB2.37 billion (of which, the amount of the product sales to China Mobile represents approximately 90% of total sum of the Contracts).

The Contracts have become effective upon execution by the Company, Zhongxin TS and China Mobile and the parties have started to perform the terms and conditions under the Contracts.

II. THE CHIP PURCHASE FRAMEWORK AGREEMENT BETWEEN THE COMPANY AND QUALCOMM INCORPORATED ("QUALCOMM")

1. In April 2006, the Company entered into the 2006-2007 Chip Purchase Framework Agreement (the "Chip Purchase Framework Agreement") with QUALCOMM, stating its intention to purchase chips with a total value of approximately US\$300 million from QUALCOMM for the period from 2006 to 2007.

Recently, representatives of the Company visited the United States as members of the PRC Delegation for Mechanical and Electrical Trade and Investment Cooperation and amended the Chip Purchase Framework Agreement with QUALCOMM based on the status of chip purchase in 2006. As a result of the amendment, the value of the chips to be purchased from QUALCOMM for the period from 2006 to 2007 has been increased to approximately US\$500 million.

2. **Information on QUALCOMM**

QUALCOMM has been a chip supplier of the Company since 2001. The Company purchases chips from QUALCOMM each year as part of its normal business transactions to purchase raw materials.

Headquartered in San Diego, California, the United States, QUALCOMM is known as the company that has pioneered the CDMA (Code Division Multiple Access) digital wireless technology. It is also one of the leading manufacturers in delivering 3G wireless products and services, as well as a global leader in developing chipsets and solutions that operate on CDMA2000 & amp, reg, 1X, 1xEV-DO and WCDMA (UMTS). QUALCOMM's core CDMA patent technologies have been licensed to many telecommunications equipment manufacturers worldwide.

3. **Risk reminder**

- (1) The Chip Purchase Framework Agreement entered into between the Company and QUALCOMM set out the parties' intention to cooperate. It is not binding on either party, nor does it create any legal rights or obligations between the two parties to the agreement.
- (2) Any actual transactions between the Company and QUALCOMM shall be subject to long-term supply contracts signed between the two parties and specific purchase orders. The Company will conduct its purchases in a progressive manner based on the status of its production and operation and there might be discrepancies between actual purchases made and those described under the Chip Purchase Framework Agreement.

By order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
11 June 2007

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Yin Yimin, Shi Lirong and He Shiyou; six non-executive directors, Hou Weigui, Wang Zongyin, Xie Weiliang, Zhang Junchao, Li Juping and Dong Lianbo; and five independent non-executive directors, Zhu Wuxiang, Chen Shaohua, Qiao Wenjun, Mi Zhengkun and Li Jin.