

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

The Company and all the members of the 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.

To carry out its internationalization strategy, ZTE Corporation (hereinafter referred to as "the Company") has entered into a framework agreement (hereinafter referred to as the "Framework Agreement") and certain related agreements with Ethiopian Telecommunication Corporation (hereinafter referred to as "ETC"), pursuant to which, the Company will, in the next three years, provide ETC with the products and services relating to, (i) mobile project, (ii) NGN core network, (iii) access network(wired/wireless), (iv) CDMA (urban and rural), (v) transportation (optical/microwave), (vi) customer care and billing system, (vii) call center, (viii) IP bearer network, (ix) payphone and e-card, and (x) project to be defined by ETC. The specific pricing terms in relation to such products and services will be determined under the specific contracts in respect thereof. The Company will provide vendor financing to the transactions contemplated under the Framework Agreement.

The Company has further entered into a few contracts with ETC in relation to the products and services relating to optical transmission, mobile network and CDMA (hereinafter referred to as the "Contracts") for a total amount of approximately US\$200 million pursuant to the Framework Agreement. Such contracts have been duly executed and become effective. The transactions under such contracts are expected to contribute profits to the Company at the gross profit rate equivalent to that relating to the international business of the Company.

The Framework Agreement has been partially implemented. The implementation of the remaining transactions contemplated under the Framework Agreement is subject to certain uncertainties and risk factors, including but not limited to:

1. As an emerging market, Ethiopia is a politically and economically unstable market; and
2. Due to the relatively long period for the implementation of the transactions contemplated under the Framework Agreement, any downturn in any customer's business or other negative factors affecting a customer's ability or willingness to fulfill its payment obligations would materially and adversely affect the Company's collection of the accounts receivables under such transactions.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
30 April 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.