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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)

CONTINUING CONNECTED TRANSACTIONS

The Directors hereby announce that on 27 April 2010, (i) Tianjin Zhongxing Software, a subsidiary of the Company, entered into the Tianjin Tenancy Agreement with Tianjin Zhongxing International ; and (ii) the Company entered into the Beijing Tenancy Agreement with Zhongxing Development, respectively, each for a term of three years.

As Zhongxing Development and Tianjin Zhongxing International is owned as to 45% and 40%, respectively, by Juxian, a substantial shareholder of ZTE Microelectronics Technology Co., Ltd. (深圳市中興微電子技術服務公司) and ZTE Kangxun Telecom Company Limited (深圳市中興康訊電子有限公司), which are subsidiaries of the Company, Zhongxing Development and Tianjin Zhongxing International are associates of Juxian and therefore connected persons of the Company as defined under Rule 14A.11 of the Listing Rules. Accordingly, the transactions under the Tianjin Tenancy Agreement and the Beijing Tenancy Agreement constitute continuing connected transactions for the Company under the Listing Rules.

On 23 October 2008, the Company entered into the Chongqing Tenancy Agreement with Chongqing Zhongxing Development, a wholly-owned subsidiary of Zhongxing Development, in relation to the lease of certain premises of Chongqing Zhongxing Development located in Chongqing, the PRC. The transaction under the Chongqing Tenancy Agreement constitutes a continuing connected transaction for the Company under the Listing Rules. Therefore, the transactions under the Tianjin Tenancy Agreement and the Beijing Tenancy Agreement should be aggregated with the transaction under the Chongqing Tenancy Agreement pursuant to Rule 14A.26 of the Listing Rules.

Based on the applicable aggregated percentage ratios under the Tianjin Tenancy Agreement, the Beijing Tenancy Agreement and the Chongqing Tenancy Agreement, the transactions under the Tianjin Tenancy Agreement and the Beijing Tenancy Agreements constitute continuing connected transactions of the Company which are subject to reporting and announcement requirements, but exempt from the independent shareholders' approval requirement, under the Listing Rules.

1. TIANJIN TENANCY AGREEMENT

Landlord	Tianjin Zhongxing International
Tenant	Tianjin Zhongxing Software
Date of the Tianjin Tenancy Agreement	27 April 2010
Premises	Certain properties located at the Airport Industrial Zone of Binhai New Area, Tianjin, PRC with a total floor area of approximately 25,000 square metres
Term	Three years from 18 April 2010 to 17 April 2013 (both days inclusive)
Rental	RMB 1,000,000 per month payable no later than the 15th day of every month, which is based on RMB40 per square metre each month determined by reference to the market rental of similar properties located in the neighbouring area in Tianjin.
Cap	The maximum annual rental during the term of the Tianjin Tenancy Agreement will not exceed RMB 12,000,000 . The proposed cap was determined by reference to the monthly rental set out under the Tianjin Tenancy Agreement.

2. BEIJING TENANCY AGREEMENT

Landlord	Zhongxing Development
Tenant	The Company
Date of the Beijing Tenancy Agreement	27 April 2010
Premises	Properties located at No.19, Hua Yuan Road East, Hai Dian District, Beijing, PRC with a total floor area of approximately 32,000 square metres
Term	Three years from 18 April 2010 to 17 April 2013 (both days inclusive)
Rental	RMB 3,680,000 per month payable no later than the 15th day of every month, which is based on RMB115 per square metre each month determined by reference to the market rental of similar properties located in the neighbouring area in Beijing.
Cap	The maximum annual rental during the term of the Beijing Tenancy Agreement will not exceed RMB 44,160,000. The proposed cap was

determined by reference to the monthly rental set out under the Beijing Tenancy Agreement.

3. REASONS FOR ENTERING INTO THE TIANJIN TENANCY AGREEMENT AND THE BEIJING TENANCY AGREEMENT

Due to its business development and for the purposes of centralizing its scattered office locations, improving working environment and increasing efficiency, Tianjin Zhongxing Software has decided to enter into the Tianjin Tenancy Agreement. The Company has been leasing the premises under the Beijing Tenancy Agreement for the past three years which was announced by the Company in accordance with the Listing Rules on 19 April 2007 and 23 April 2009. The monthly rental per square metre under the Beijing Tenancy Agreement is the same as that set out under the previous tenancy agreement regarding the premises. As the Company is able to continue using such premises to set up exhibition halls and receive its customers to promote its international image, the Company has decided to renew the lease for another three years. The terms of the Tenancy Agreements are negotiated on an arm's length basis and are on normal commercial terms. The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Tianjin Tenancy Agreement and the Beijing Tenancy Agreement and the caps estimated for the transaction thereunder are fair, reasonable and in the interest of the Company and the Shareholders as a whole.

4. GENERAL

The Group is principally engaged in the design, development, production, distribution and installation of a broad range of advanced telecommunications equipment, including carriers' networks, terminals and telecommunications software systems, services and other products.

Tianjin Zhongxing International is principally engaged in investment including investment in high-tech industries and project development in new and high-tech industry zones, property development and trade business.

Tianjin Zhongxing Software is principally engaged in the development of software for telecommunication equipment and application systems and the import and export of technologies and goods.

Zhongxing Development is principally engaged in enterprise investment, the supply and marketing of goods and materials in the PRC and the import and export business.

5. LISTING RULES IMPLICATIONS

As Zhongxing Development and Tianjin Zhongxing International is owned as to 45% and 40%, respectively, by Juxian, a substantial shareholder of ZTE Microelectronics Technology Co., Ltd. (深圳市中興微電子技術服務公司) and ZTE Kangxun Telecom Company Limited (深圳市中興康訊電子有限公司), which are subsidiaries of the Company, Zhongxing Development and Tianjin Zhongxing International are associates of Juxian and therefore connected persons of the Company as defined under Rule 14A.11 of the Listing Rules. Accordingly, the transaction under the Tianjin Tenancy Agreement and the Beijing Tenancy Agreement constitute continuing connected transactions for the Company under the Listing Rules.

On 23 October 2008, the Company entered into the Chongqing Tenancy Agreement with Chongqing Zhongxing Development, a wholly-owned subsidiary of Zhongxing Development, in relation to the lease of certain premises of Chongqing Zhongxing Development located in Chongqing, the PRC. The transaction under the Chongqing Tenancy Agreement constitutes a continuing connected transaction for the Company under the Listing Rules. Therefore, the transactions under the Tianjin Tenancy Agreement and the Beijing Tenancy Agreement should be aggregated with the transaction under the Chongqing Tenancy Agreement pursuant to Rule 14A.26 of the Listing Rules.

Based on the applicable aggregated percentage ratios under the Tianjin Tenancy Agreement, the Beijing Tenancy Agreement and the Chongqing Tenancy Agreement, the transactions under the Tianjin Tenancy Agreement and the Beijing Tenancy Agreements constitute continuing connected transactions of the Company which are subject to reporting and announcement requirements, but exempt from the independent shareholders' approval requirement, under the Listing Rules.

6. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate”	has the meaning ascribed to it under the Listing Rules;
“Beijing Tenancy Agreement”	the tenancy agreement dated 27 April 2010 entered into between Zhongxing Development as the landlord and the Company as the tenant in respect of the premises in Beijing, the PRC;
“Board”	the board of Directors;
“Chongqing Zhongxing Development”	重慶中興發展有限責任公司 (Chongqing Zhongxing Development Company, Limited*);
“Chongqing Tenancy Agreement”	the tenancy agreement dated 23 October 2008 entered into between Chongqing Zhongxing Development as the landlord and the Company as the tenant in respect of the premises in Chongqing, the PRC;
“Company”	中興通訊股份有限公司 (ZTE Corporation*), a joint stock limited company incorporated on 11 November 1997 under the Chinese Company Law in the PRC whose shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

“Juxian”	深圳市聚賢投資有限公司 (Shenzhen Juxian Investment Company Limited*);
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“RMB”	renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreements”	the Tianjin Tenancy Agreement and the Beijing Tenancy Agreement;
“Tianjin Tenancy Agreement”	the tenancy agreement dated 27 April 2010 entered into between Tianjin Zhongxing International as the landlord and the Tianjian Zhongxing Software as the tenant in respect of certain premises in Tianjin, the PRC;
“Tianjin Zhongxing International ”	天津中興國際投資有限公司 (Tianjin Zhongxing International Investment Company Limited*);
“Tianjin Zhongxing Software”	天津中興軟件有限責任公司(Tianjin Zhongxing Software Company Limited*); and
“Zhongxing Development”	深圳中興發展有限公司(Shenzhen Zhongxing Development Company Limited*)

By Order of the Board of Directors
Hou Weigui
Chairman

Shenzhen, PRC
27 April 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, Li Jin, Qu Xiaohui, Wei Wei, Chen Naiwei and Tan Zhenhui.

** for identification purposes only.*