



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

Material Contracts

This announcement is published in Hong Kong pursuant to the general disclosure obligations under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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.

I. Important note

On 30 April 2007, ZTE Corporation (hereinafter referred to as “the Company”) announced that it had entered into a framework agreement and certain related agreements (hereinafter referred to as the “Framework Agreements”) with Ethiopian Telecommunication Corporation (hereinafter referred to as “ETC”) (For details please refer to the announcement of the Board of Directors published by the Company on 30 April 2007).

On 16 September 2007, the Company entered into the GSM phase II project contract (hereinafter referred to as the “Contract”) with ETC under the Framework Agreements, pursuant to which the Company will supply to ETC products including GSM equipment and related engineering services with a total amount of US\$478 million. The Contract has taken effect upon execution by the authorized representative of each of the Company and ETC. The Contract is a sales and engineering service contract related to the ordinary business of the Company.

II. Information on ETC

ETC is a wholly state-owned company and the sole telecommunications carrier in Ethiopia.

Its scope of business covers substantially all telecommunications businesses including fixed line, mobile and data communications. ETC has sound operating conditions and credit records. The Company is of the view that ETC is capable of fulfilling its obligations under the above-mentioned contracts. ETC is not related to the Company in any way.

III. Principal terms of the Contract

On 16 September 2007, the Company entered into the Contract with ETC. The total amount of the Contract is US\$478 million approximately. The Contract has taken effect upon execution by the authorized representative of each of the Company and ETC. The project contemplated in the Contract are expected to be completed in 2 years, during which the revenue and costs will be recognized according to the progress of the project. Revenue and costs under the project will be fully accounted for following the issue of the final inspection certificate.

IV. Risks and impact on the Company under the Contract

1. Risks under the Contract: The construction process may be delayed due to unexpected events.
2. Impact on the Company: The profit contribution of the Contract to the Company is expected to be consistent with the normal contribution expected from the Company's international operations.

V. Other relevant information

The Company will disclose the progress of the performance of the Contract in its regular reports.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
20 September 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.