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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)

Voluntary Announcement
Continuing Connected Transactions
Tenancy Agreements

The Directors announced that, on 13 December 2011, the Company entered into the Chongqing Tenancy Agreement with Chongqing Zhongxing Development. The lease term under the agreement shall be from 1 January 2012 to 31 December 2014.

Juxian is the substantial shareholder of each of Shenzhen ZTE Microelectronics Technology Company Limited, Shenzhen ZTE Kangxun Telecom Company Limited and Guangdong Xinzhidian Technology & Service Company Limited, all three of which being subsidiaries of the Company, and is therefore a Connected Person of the Company. Juxian is interested in 45% of Shenzhen Zhongxing Development, while Chongqing Zhongxing Development is a wholly-owned subsidiary of Shenzhen Zhongxing Development. Therefore, Chongqing Zhongxing Development is an Associate of Juxian and a Connected Person of the Company as defined under Rule 14A.11 of the Listing Rules. Therefore, the transactions under the tenancy agreement constitute Continuing Connected Transactions of the Company under the Listing Rules.

As the aggregate amount payable under the Chongqing Tenancy Agreement is less than 0.1% of each of the relevant percentage ratios, the execution of the tenancy agreement is therefore exempted from the requirements of reporting, announcement and independent shareholders' approval. The Company elects to publish this voluntary announcement in respect of the lease between the Company and Chongqing Zhongxing Development in adherence to the principle of ongoing disclosure.

Chongqing Tenancy Agreement entered into on 13 December 2011:

Landlord:	Chongqing Zhongxing Development
Tenant:	the Company
Property premises:	No.3 Xing Guang Wu Road, North New District, Chongqing, the PRC, with a total floor area of approximately 20,000 square metres
Use:	R&D and office premises
Lease term:	1 January 2012 to 31 December 2014
Rent:	RMB950,000 per month payable by way of telegraphic transfer no later than the 15 th of every month
Cap:	The maximum annual rental during the term of the Chongqing Tenancy Agreement will not exceed RMB11,400,000 for the period from 1 January 2012 to 31 December 2014. The proposed cap was determined by reference to the market rental for other similar property premises located in the neighbouring area in Chongqing.

Reasons for entering into the Continuing Connected Transactions

The Tenancy Agreements have been entered into in line with the requirements of the Company's business development. The Group has decided to enter into the Tenancy Agreement with Chongqing Zhongxing Development since it is able to provide conveniently situated premises at market rate and the Company considers that it is important and beneficial to have a reliable and co-operative landlord. 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 transactions and the cap under the Tenancy Agreement are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

General Information

The Group is principally engaged in the design, development, production, distribution and installation of a broad range of advanced telecommunications equipment, including wireless communications systems, wireline exchange and access equipment, optical communications equipment, data communications equipment, handset and telecommunications software system and services.

Chongqing Zhongxing Development is principally engaged in enterprise investment (details to be reported separately); the supply and marketing of goods and materials in the PRC (excluding franchised, state controlled and monopolized merchandises); real estate development and property management (with relevant qualifications).

Listing Rules Implications

Juxian is the substantial shareholder of each of Shenzhen ZTE Microelectronics Technology Company Limited, Shenzhen ZTE Kangxun Telecom Company Limited and Guangdong Xinzhidian Technology & Service Company Limited, all three of which being subsidiaries of the Company, and is therefore a Connected Person of the Company. Juxian is interested in 45% of Shenzhen Zhongxing Development, while Chongqing Zhongxing Development is a wholly-owned subsidiary of Shenzhen Zhongxing Development. Therefore, Chongqing Zhongxing Development is an Associate of Juxian and a Connected Person of the Company as defined under Rule 14A.11 of the Listing Rules. Therefore, the transactions under the tenancy agreement constitute Continuing Connected Transactions of the Company under the Listing Rules.

The Company entered into the First Chongqing Tenancy Agreement with Chongqing Zhongxing Development on 23 October 2008, the details of which have been set out in the announcement of the Company dated 23 October 2008.

Definitions

In this announcement, unless the context otherwise requires the following expressions have the following meanings:

“Associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the Board of Directors of the Company
“Chongqing Tenancy Agreement”	the tenancy agreement entered into between Chongqing Zhongxing Development and the Company in respect of certain property premises in Chongqing on 13 December 2011, with Chongqing Zhongxing Development as landlord and the Company as tenant
“Chongqing Zhongxing Development”	Chongqing Zhongxing Development Company Limited

“Company”	ZTE Corporation, a joint stock limited company incorporated in the PRC on 11 November 1997 under the Company Law of the PRC and 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
“First Chongqing Tenancy Agreement”	the tenancy agreement entered into between Chongqing Zhongxing Development and the Company in respect of certain property premises in Chongqing on 23 October 2008, with Chongqing Zhongxing Development as landlord and the Company as tenant
“Group”	the Company and its subsidiaries
“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 (excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of this announcement)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Shenzhen Zhongxing Development”	Shenzhen Zhongxing Development Company Limited

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
13 December 2011

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.