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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)

Announcement on Progress of Material Litigation

The Company and all members of the Board of Directors confirm that all the information contained in this announcement is true, accurate and complete and that there is no false and misleading statement or material omission in this announcement.

I. Background

On 7 April 2011, the Company published the “Announcement on Litigation” in relation to the lawsuit filed by Ericsson against ZTE (UK) LIMITED (“ZTE (UK)”), a wholly-owned subsidiary of the Company, in respect of the alleged infringement on Ericsson’s patent technologies by several handset models of ZTE (UK). A demand was made on ZTE (UK) to discontinue such act of infringement and compensate for Ericsson’s losses, although no specific amount of compensation was raised by Ericsson in the statement of claim. ZTE (UK) submitted a response on 20 June 2011 and the local court of the U.K. issued a schedule of proceedings on 27 July 2011, confirming that trial of the case will commence in June 2012 at the earliest.

On 1 April 2011, Ericsson applied to the Court of Rome for provisional injunction procedures against ZTE Italy S.r.l. (“ZTE Italy”), the subsidiary of ZTE in Italy. Such request was rejected by the court on 6 April 2011, which ordered Ericsson to serve a claim on ZTE Italy. The claim was served upon ZTE Italy on 28 April 2011. In response to the aforesaid claim, ZTE Italy submitted its defence to the court in May 2011 and June 2011, requesting the court to reject the litigation claim of the claimant. On 8 July 2011, the Court of Rome officially ruled to reject Ericsson’s application for injunction and investigative impounding against ZTE Italy and further ruled that Ericsson should indemnify ZTE Italy for the latter’s legal fees. On 8 August 2011, Ericsson served a statement of appeal upon ZTE Italy. On 3 September 2011, the Court of Rome officially ruled to reject the appeal of Ericsson and further ruled that relevant procedural fees relating to the case should be reimbursed by Ericsson. Such ruling shall be final and effective in respect of the case between Ericsson and ZTE Italy pertaining to provisional injunction procedures.

On 14 April 2011 and 23 May 2011, Ericsson filed lawsuits against ZTE Deutschland GmbH (“ZTE Deutschland”), a wholly-owned subsidiary of the Company, with the district court of Dusseldorf and the district court of Mannheim in Germany, respectively, alleging infringement of Ericsson’s patent

technologies and demanding ZTE Deutschland to discontinue such act of infringement and compensate for Ericsson's losses. The local courts initially estimated the amount in dispute in this case at EUR10.80 million and EUR2.275 million, respectively.

II. Current Progress

On 19 January 2012, the Company published the "Unusual Price and Trading Volume Movement And Clarification Announcement" in relation to that the Company and Ericsson have conducted extensive discussion and consultation in respect of the patent matters involved in the aforesaid litigation, and the two parties have agreed to withdraw all patent infringement litigations against each other.

The Company and Ericsson recently entered into an AGREEMENT OF DISPUTE RESOLUTION, pursuant to which the two parties agree to withdraw all patent infringement litigations against each other, including all pending patent disputes between the Parties in Germany, the United Kingdom and China.

As at the date of this announcement, the Company has received rulings of cancellation of the lawsuits from all courts of litigation, including rulings of the local courts of the United Kingdom and Germany for the cancellation of "Ericsson's Case Against ZTE in respect of Patent Infringement" and the ruling of the PRC court for the cancellation of "ZTE's Case Against Ericsson in respect of Patent Infringement."

III. Other Undisclosed Litigations and Arbitrations

There were no other litigations or arbitrations of the Company which were required to be but not yet disclosed prior to this announcement.

IV. Implications for the Company

Pursuant to the AGREEMENT OF DISPUTE RESOLUTION entered into between the Company and Ericsson, the two parties will withdraw all litigations between them and the outcome of the dispute resolution will not have any material adverse impact on the financial conditions and operating results of the Group for the current period.

V. Document for Inspection

AGREEMENT OF DISPUTE RESOLUTION

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
14 February 2012

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Shi Lirong, Yin Yimin and He Shiyou; five non-executive directors, Hou Weigui, 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.