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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)**

## **CONTINUING CONNECTED TRANSACTIONS**

The Company has entered into a Connected Transaction Framework Agreement signed on 25 October 2006 with respect to the purchase of handset batteries by ZTE Kangxun from Ruide. As the total amount of purchase of handset batteries in 2009 is expected to exceed the approved annual cap for the year ending 31 December 2009, the Board has approved to increase the annual cap to meet the demand of the increase of sale of handset products by the Group. In addition, the Group has also entered into a number of CCT Agreements with various connected persons on 19 March 2009 for sale and purchase of certain products.

As each of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the revised annual cap for the year ending 31 December 2009 for the transactions under the Connected Transaction Framework Agreement, of the fees payable under the ZTE Kangxun — Shenzhen Fudekang Purchase Framework Agreement, the ZTE Kangxun — Nanchang Xingfei Purchase Framework Agreement, and of the fees receivable the Supply Framework Agreements (in aggregate) is, on an annual basis, less than 2.5%, all of the above transactions are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

### **1. INTRODUCTION**

The Company has entered into a Connected Transaction Framework Agreement signed on 25 October 2006 with respect to the purchase of handset batteries by ZTE Kangxun from Ruide. As the total amount of purchase of handset batteries in 2009 is expected to exceed the approved annual cap for the year ending 31 December 2009, the Board has approved to increase the annual cap to meet the demand of the increase of sale of handset products by the Group. As each of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the revised annual cap for the year ending 31 December 2009 for the transactions under the Connected Transaction Framework Agreement is, on an annual basis, less than 2.5%, the Continuing Connected Transactions are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

The Group has also entered into a number of CCT Agreements with various connected persons on 19 March 2009 for sale and purchase of certain products. As each of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees payable under the ZTE Kangxun — Shenzhen Fudekang Purchase Framework Agreement, the ZTE Kangxun — Nanchang Xingfei Purchase Framework Agreement, and in respect of the fees receivable under the Supply Framework Agreements (in aggregate) is, on an annual basis, less than 2.5%, the Continuing Connected Transactions are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

## 2. CONTINUING CONNECTED TRANSACTIONS

### A. Revision of Annual Cap

#### *Purchase of Handset Batteries by ZTE Kangxun from Ruide under the Connected Transaction Framework Agreement*

Reference is made to the Company's announcement dated 2 November 2006 and circular dated 10 November 2006 respectively with respect to certain continuing connected transactions. The Board approved a Connected Transaction Framework Agreement signed between ZTE Kangxun (as the purchaser) and Ruide (as the supplier) on 25 October 2006 with respect to the continued purchase of handset batteries for a term of three years from 1 January 2007 to 31 December 2009. In particular, the approved annual cap on the amount of the total purchases of handset batteries by ZTE Kangxun for the year ending 31 December 2009 was RMB392 million. As there is an increase of sale of handset products in 2009, the amount of the total purchases of handset batteries by ZTE Kangxun is expected to exceed the approved annual cap. The Board has approved to increase the annual cap for such transaction for the year ending 31 December 2009 to RMB550 million.

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|---|---|
| Date:   | 25 October 2006   |
| Effective Period:   | commencing from 1 January 2007 to 31 December 2009  |
| Parties:  | ZTE Kangxun (as the purchaser)<br>Ruide (as the supplier)   |
| Nature of the Transaction:  | ZTE Kangxun agreed to purchase handset batteries from Ruide   |
| Historical figures of the transaction for the year ended 31 December 2006, 2007 and 2008: | For the year ended 31 December 2006:<br>RMB104.92 million (exclusive of VAT)<br>For the year ended 31 December 2007:<br>RMB268million (exclusive of VAT)<br>For the year ended 31 December 2008:<br>RMB325 million (exclusive of VAT) |
| Annual cap for the year ending 31 December 2009:  | RMB550 million  |

|                              |   |
|------------------------------|---|
| Basis of annual cap:         | Such annual cap has been determined based on the recent increase in the sale of handset products, the Group's expectation of the future development of its business; the Group's expected growth of its production capacity; and the Group's overall projected requirements for batteries. The prices shall be determined on the same basis as the prices of similar quantities of the same or similar products sold to independent third parties by Ruide.   |
| Reasons for the transaction: | Since the Group began large-scale sales of handset products in 2002, its handset products have become one of main sources of the Group's revenue. The Group expects handset sales to continue to form a major part of its business in the near future, which will continue to drive its demand for handset batteries. The recent increase in the sale of handset products correspondingly increases the demand for handset batteries. The Directors consider it an important strategy for the Group to have a co-operative, reliable and specialised supplier for such component. The Group's investment in Ruide was made with this purpose in mind. Through the bidding procedures, Ruide was selected as one of the Group's suppliers. |
| Arrangement of payment:      | According to the Connected Transactions Framework Agreement, ZTE Kangxun shall pay the purchase price to Ruide within 120 days upon inspection and acceptance of the goods. The payment shall be made by bank acceptance bills.   |

## **B. New Continuing Connected Transactions Agreements**

### ***1. The ZTE Kangxun — Shenzhen Fudekang Purchase Framework Agreement***

|  |  |
|--|--|
| Date:  | 19 March 2009  |
| Effective Period:                                | commencing from 19 March 2009 to 31 December 2009  |
| Parties:   | ZTE Kangxun (as the purchaser)<br>Shenzhen Fudekang (as the supplier)  |
| Nature of the Transaction:                       | ZTE Kangxun agreed to purchase speakers, receivers, microphones, USB/data cable assembly, handset earphones and splitters from Shenzhen Fudekang |
| Annual cap for the year ending 31 December 2009: | RMB55 million  |

**Basis of annual cap:** A potential supplier to the Group must pass the Group's internally formulated qualification procedures based on qualifications, product quality and price in order to become a qualified supplier. Shenzhen Fudekang was selected through the Group's qualification and bidding procedures as described in the above. Shenzhen Fudekang will still be required to undergo the Company's qualification and bidding procedures for other future transactions. Based on the Company's forecast on the demand of handset components for 2009, the Group invites Shenzhen Fudekang to bid to supply the relevant products for 2009. The annual cap has been determined based on the Group's expectation of the future development of its business and the Shenzhen Fudekang's available production capacity.

The prices shall be determined on the same basis as the prices of similar quantities of the same or similar products sold to independent third parties by Shenzhen Fudekang.

**Reasons for the transaction:** As the Group considers that having reliable and cooperative supplier is important and beneficial to it, purchasing from Shenzhen Fudekang allows the Group to secure essential control over most of the components of its production by being able to ensure timely delivery of such components while maintaining product quality. The Directors believe that Shenzhen Fudekang will be able to produce the quantity of products required by ZTE Kangxun and provide quality products and services at competitive prices which shall be determined on the same basis as the prices of similar products sold to independent third parties.

**Arrangement of payment:** According to the ZTE Kangxun — Shenzhen Fudekang Purchase Framework Agreement, ZTE Kangxun shall pay the purchase price to Shenzhen Fudekang within 120 days upon inspection and acceptance of the goods. The payment shall be made by bank acceptance bills.

## ***II. The ZTE Kangxun — Nanchang Xingfei Purchase Framework Agreement***

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|--|--|
| Date:  | 19 March 2009  |
| Effective Period:                                | commencing from 19 March 2009 to 31 December 2009  |
| Parties:   | ZTE Kangxun (as the purchaser)<br>Nanchang Xingfei (as the supplier)   |
| Nature of the Transaction:                       | ZTE Kangxun agreed to purchase handset products from Nanchang Xingfei  |
| Annual cap for the year ending 31 December 2009: | RMB600 million   |
| Basis of annual cap:                             | <p>A potential supplier to the Group must pass the Group's internally formulated qualification procedures based on qualifications, product quality and price in order to become a qualified supplier. Nanchang Xingfei was selected through the Group's qualification and bidding procedures as described in the above. Nanchang Xingfei will still be required to undergo the Company's qualification and bidding procedures for other future transactions. Based on the Company's forecast on the demand for handset components for 2009, the Group invites Nanchang Xingfei to bid to supply the relevant products for 2009. The annual cap has been determined based on the Group's expectation of the future development of its business; the Group's expected growth of its production capacity; Nanchang Xingfei's available production capacity and the Group's overall projected requirements for handset products.</p> |

The prices shall be determined on the same basis as the prices of similar quantities of the same or similar products sold to independent third parties by Nanchang Xingfei.

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|------------------------------|---|
| Reasons for the transaction: | Nanchang Xingfei specializes in manufacturing customized handset products. The Group expects handset sales to continue to form a major part of its business in the near future and therefore it is important for the Group to maintain sufficient supply of the handset products. The Directors believe that Nanchang Xingfei will be able to produce the quantity of products required by ZTE Kangxun and provide quality products and services at competitive prices which shall be determined on the same basis as the prices of similar quantities of the same or similar products sold to independent third parties. |
| Arrangement of payment:      | According to the ZTE Kangxun — Nanchang Xingfei Purchase Framework Agreement, ZTE Kangxun shall pay the purchase price to Nanchang Xingfei within 120 days upon inspection and acceptance of the goods. The payment shall be made by bank acceptance bills.   |

### ***III. The Supply Framework Agreements***

#### *(a) The Ruide Supply Framework Agreement*

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|--|--|
| Date:  | 19 March 2009  |
| Effective Period:                                | commencing from 19 March 2009 to 31 December 2009  |
| Parties:   | Nanchang Xingfei (as the purchaser)<br>Ruide (as the supplier)   |
| Nature of the Transaction:                       | Ruide agreed to supply handset batteries and rechargers to Nanchang Xingfei  |
| Annual cap for the year ending 31 December 2009: | RMB150 million   |
| Basis of annual cap:                             | Such annual cap has been determined based on the Group's expectation of the future development of its business; the Group's expected growth of its production capacity; the Group's expected demand for the handset batteries and rechargers; and the particular supplier's production capacity. |

The prices shall be determined on the same basis as the prices of the similar of the same or similar products sold to independent third parties by Ruide.

|                              |   |
|------------------------------|---|
| Reasons for the transaction: | As Nanchang Xingfei customarily manufactures handset products for the Group, purchasing from Ruide allows Nanchang Xingfei to have a reliable source of handset components and the Group will be able to secure essential control over most of the components of its production by being able to ensure timely delivery of such components while maintaining product quality. The prices shall be determined on the same basis as the prices of similar products sold to independent third parties. |
| Arrangement of payment:      | According to the Ruide Supply Framework Agreement, Nanchang Xingfei shall pay the purchase price to Ruide within 120 days upon inspection and acceptance of the goods. The payment shall be made by bank acceptance bills.  |

*(b) The Kangquan Supply Framework Agreement*

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|--|--|
| Date:  | 19 March 2009  |
| Effective Period:                                | commencing from 19 March 2009 to 31 December 2009  |
| Parties:   | Nanchang Xingfei (as the purchaser)<br>Kangquan (as the supplier)  |
| Nature of the Transaction:                       | Kangquan agreed to supply handset keyboard and mechanical parts to Nanchang Xingfei  |
| Annual cap for the year ending 31 December 2009: | RMB35 million  |
| Basis of annual cap:                             | Such annual cap has been determined based on the Group's expectation of the future development of its business; the Group's expected growth of its production capacity;; the Group's expected demand for the handset keyboard and mechanical parts; and the particular supplier's production capacity. |
|  | The prices shall be determined on the same basis as the prices of the similar quantities of the same or similar products sold to independent third parties by Kangquan.  |



Reasons for the transaction: As Nanchang Xingfei customarily manufactures handset products for the Group, purchasing from Kangquan allows Nanchang Xingfei to have a reliable source of handset mechanical parts and the Group will be able to secure essential control over most of the components of its production by being able to ensure timely delivery of such components while maintaining product quality.

Arrangement of payment: According to the Kangquan Supply Framework Agreement, Nanchang Xingfei shall pay the purchase price to Kangquan within 120 days upon inspection and acceptance of the goods. The payment shall be made by bank acceptance bills.

*(c) The Lead Supply Framework Agreement*

Date: 19 March 2009

Effective Period: commencing from 19 March 2009 to 31 December 2009

Parties: Nanchang Xingfei (as the purchaser)  
Lead (as the supplier)

Nature of the Transaction: Lead agreed to supply liquid crystal modules (LCM) of handsets to Nanchang Xingfei

Annual cap for the year ending 31 December 2009: RMB84 million

Basis of annual cap: Such annual cap has been determined based on the Group's expectation of the future development of its business; the Group's expected growth of its production capacity; the Group's expected demand for liquid crystal modules (LCM) of handsets; and the particular supplier's production capacity.

The prices shall be determined on the same basis as the prices of the similar quantities of the same or similar products sold to independent third parties by Lead.

Reasons for the transaction: As Nanchang Xingfei customarily manufactures handset products for the Group, purchasing from Lead allows Nanchang Xingfei to have a reliable source of handset components and the Group will be able to secure essential control over most of the components of its production by being able to ensure timely delivery of such components while maintaining product quality.



Arrangement of payment: According to the Lead Supply Framework Agreement, Nanchang Xingfei shall pay the purchase price to Lead within 120 days upon inspection and acceptance of the goods. The payment shall be made by bank acceptance bills.

For the purposes of Rule 14A.25 of the Listing Rules, as each of the Supply Framework Agreements, namely the Ruide Supply Framework Agreement, the Kangquan Supply Framework Agreement and the Lead Supply Framework Agreement involves Nanchang Xingfei as the purchaser, the transactions thereunder are aggregated. The aggregated annual cap for the year ending 31 December 2009 is as follows:

| <b>Transactions under:</b>          | <b>Cap for<br/>the year ending<br/>31 December<br/>2009<br/>(Excluding VAT)<br/><i>RMB in millions</i></b> |
|-------------------------------------|--|
| Ruide Supply Framework Agreement    | 150  |
| Kangquan Supply Framework Agreement | 35   |
| Lead Supply Framework Agreement     | <u>84</u>  |
| Total                               | <u><u>269</u></u>  |

### 3. BOARD APPROVAL

Mr. Zhu Wuxiang, Mr. Chen Shaohua, Mr. Qiao Wenjun, Mr. Mi Zhengkun and Mr. Li Jin, being the independent non-executive directors of the Company, issued an independent opinion regarding the CCT Agreements and the revised annual cap for the year ending 31 December 2009 for the transaction under the Continuing Connected Transactions Agreement as follows:

The pricing basis and other provisions prescribed in CCT Agreements and the revision of the annual cap for the year ending 31 December 2009 for the transaction under the Continuing Connected Transactions Agreement are in compliance with the requirements of laws and regulations and market principles, and are not adverse to the interests of the Company and its Shareholders.

The Directors (including the independent non-executive directors) take the view that the terms of the CCT Agreements, the Continuing Connected Transactions, the relevant annual caps for each of the Continuing Connected Transactions and the revised cap for the year ending 31 December 2009 for the transaction under the Continuing Connected Transactions Agreement are determined after arm's length negotiations on normal commercial terms and are entered into in the ordinary and usual course of business of the Company, and that the terms of these transactions are fair and reasonable and in the interests of the Shareholders as a whole.

#### **4. INFORMATION ABOUT THE COMPANY AND THE CONNECTED PERSONS**

##### **The Company and its subsidiaries, including ZTE Kangxun, Kangquan and Lead**

The Company is principally engaged in the design, development, production, distribution and installation of a broad range of advanced telecommunications equipment, including operator networks, handsets and telecommunications software and service business.

ZTE Kangxun is a non-wholly owned subsidiary of the Company established under the laws of the PRC with limited liability. The Company holds a 90% of the interest in the capital of ZTE Kangxun.

Kangquan was established on 2 June 2003 under the laws of the PRC with limited liability. The Company holds a 57.5% interest in the capital of Kangquan through Changfei, the Company's subsidiary in which the Company holds a 51% interest.

Lead was established on 17 June 2003 under the laws of the PRC with limited liability. The Company holds a 62.5% interest in the capital of Lead through Changfei.

ZTE Kangxun, Kangquan and Lead are non-wholly owned subsidiaries of the Company and are part of the Group pursuant to the Listing Rules.

##### **Ruide**

Ruide is a non-wholly owned subsidiary of the Company established on 27 April 2004 under the laws of the PRC with limited liability. Changfei holds a 57.5% interest in Ruide. The other substantial shareholder of Ruide is Zhongxing Xindi with approximately a 23% interest. The remaining approximately 19.5% interest in Ruide is held by an individual shareholder who is a director of Ruide. Since Zhongxing Xindi is a non-wholly owned subsidiary of Zhongxingxin, which is the Company's controlling shareholder holding 35.52% interest in the Company, Zhongxing Xindi is a connected person of the Company. Ruide is therefore the Company's connected person pursuant to Rule 14A.11(5) of the Listing Rules as its substantial shareholder, Zhongxing Xindi, is a connected person at the level of the Company.

Ruide is primarily engaged in the production and sale of handset batteries. Kangquan and Lead are respectively engaged in the production and sale of cases and accessories for handset batteries, liquid crystal modules (LCM) and battery cores.

##### **Shenzhen Fudekang**

Shenzhen Fudekang was established on 8 June 2006 under the laws of PRC with limited liability. Shenzhen Fudekang is the non-wholly owned subsidiary of Shenzhen Juxian, which is the substantial shareholder of ZTE Microelectronics, which in turn is a non-wholly owned subsidiary of the Company. Shenzhen Juxian is therefore a connected person of the Group and Shenzhen Fudekang is an associate of Shenzhen Juxian and therefore is a connected person of the Group by virtue of Rule 14A.11 of the Listing Rules.

Shenzhen Fudekang is primarily engaged in production and sale of micro-speakers, micro-receivers and electronic products, domestic supply and marketing of materials, and the import and export of products and technology.

## **Nanchang Xingfei**

Shenzhen Juxian, being a connected person of the Group, is indirectly interested in 40% of the capital in Nanchang Xingfei by holding a 50% of the interest in the capital of ZTE Development, which in turns holds a 40% of the interest in the capital of ZTE Software (Nanchang), which in turn holds a 40% of the interest in the capital of Nanchang Xingfei. Nanchang Xingfei is therefore an associate of Shenzhen Juxian and a connected person of the Group by virtue of Rule 14A.11 of the Listing Rules.

Nanchang Xingfei is principally engaged in the design, research and development, production, sale and after-sale maintenance of telecommunication products.

## **5. LISTING RULES IMPLICATIONS**

### **The Connected Transaction Framework Agreement**

As each of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the revised annual cap for the year ending 31 December 2009 for the transaction under the Continuing Connected Transactions Agreement is, on an annual basis, less than 2.5%, the transaction under such agreement is exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

### **The ZTE Kangxun-Shenzhen Fudekang Purchase Framework Agreement and the ZTE Kangxun — Nanchang Xingfei Purchase Framework Agreement**

As each of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees payable under each of the ZTE Kangxun-Shenzhen Fudekang Purchase Framework Agreement and the ZTE Kangxun-Nanchang Xingfei Purchase Framework Agreement is, on an annual basis, less than 2.5%, the transactions under each of such agreements are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

### **The Supply Framework Agreements**

As each of the transactions under the Supply Framework Agreements involves Nanchang Xingfei as the purchaser, such transactions are aggregated under Rule 14A.25 of the Listing Rules. As each of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the aggregated fees receivable under the Supply Framework Agreements is, on an annual basis, less than 2.5%, the transactions under such agreements are also exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

## 6. DEFINITIONS

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| “associate”                                  | has the meaning given to it by the Hong Kong Listing Rules   |
| “Board”                                      | the board of directors of the Company  |
| “CCT Agreements”                             | the ZTE Kangxun-Shenzhen Fudekang Purchase Framework Agreement, the ZTE Kangxun-Nanchang Xingfei Purchase Framework Agreement, the Ruide Supply Framework Agreement, the Kangquan Supply Framework Agreement and the Lead Supply Framework Agreement |
| “Changfei”                                   | Shenzhen Changfei Investment Company, Limited* (深圳長飛投資有限公司), a company incorporated in the PRC with limited liability  |
| “Company”                                    | 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                                     |
| “Continuing Connected Transactions”          | the transactions under the CCT Agreements  |
| “Connected Transaction Framework Agreements” | the agreement dated 25 October 2006 entered into between Ruide as supplier and ZTE Kangxun as purchaser in relation to the purchase of handset batteries   |
| “Directors”                                  | the director(s) of the Company   |
| “Group”                                      | the Company and its subsidiaries   |
| “Hong Kong”                                  | Hong Kong Special Administrative Region of the PRC   |
| “Hong Kong Stock Exchange”                   | The Stock Exchange of Hong Kong Limited  |
| “Kangquan”                                   | Shenzhen Kangquan Electromechanical Company, Limited* (深圳市康銓機電有限公司), a company incorporated in the PRC with limited liability  |
| “Kangquan Supply Framework Agreement”        | the agreement dated 19 March 2009 entered into between Kangquan as supplier and Nanchang Xingfei as purchaser in relation to the supply of handset keyboard and components   |
| “Lead”                                       | Shenzhen Lead Communications Company, Limited* (深圳市立德通訊器材有限公司), a company incorporated in the PRC with limited liability   |
| “Lead Supply Framework Agreement”            | the agreement dated 19 March 2009 entered into between Lead as supplier and Nanchang Xingfei as purchaser in relation to the supply of liquid crystal modules (LCM) of handsets  |

|                                    |  |
|------------------------------------|--|
| “Listing Rules”                    | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| “Nanchang Xingfei”                 | Nanchang Xingfei Technology Co., Ltd.* (南昌興飛科技有限公司), a company incorporated in the PRC with limited liability  |
| “PRC”                              | the People’s Republic of China   |
| “RMB”                              | Renminbi, the lawful currency of PRC   |
| “Ruide”                            | Shenzhen Ruide Electronic Industrial Company, Limited* (深圳市睿德電子實業有限公司), a company incorporated in the PRC with limited liability   |
| “Ruide Supply Framework Agreement” | the agreement dated 19 March 2009 entered into between Ruide as supplier and Nanchang Xingfei as purchaser in relation to the supply of handset batteries and rechargers |
| “Shareholders”                     | the shareholders of the Company  |
| “Shenzhen Fudekang”                | Shenzhen Fudekang Electronics Co., Ltd.,* (深圳市富德康電子有限公司), a company incorporated in the PRC with limited liability   |
| “Shenzhen Juxian”                  | Shenzhen Juxian Investment Co., Ltd.* (深圳市聚賢投資有限公司), a company incorporated in the PRC with limited liability  |
| “Supply Framework Agreements”      | the Ruide Supply Framework Agreement, the Kangquan Supply Framework Agreement, and the Lead Supply Framework Agreement   |
| “VAT”                              | value added tax  |
| “Zhongxing Xin”                    | Shenzhen Zhongxingxin Telecommunications Equipment Company Limited (深圳市中興新通訊設備有限公司), a company incorporated in the PRC with limited liability                            |
| “Zhongxing Xindi”                  | Shenzhen Zhongxing Xindi Telecommunications Equipment Company, Limited (深圳市中興新地通信器材有限公司), a company incorporated in the PRC with limited liability                       |
| “ZTE Development”                  | Shenzhen ZTE Development Co., Ltd.* (深圳中興發展有限公司), a company incorporated in the PRC with limited liability   |
| “ZTE Kangxun”                      | ZTE Kangxun Telecom Company Limited* (深圳市中興康訊電子有限公司), a company incorporated in the PRC with limited liability   |

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|--|---|
| “ZTE Kangxun — Nanchang Xingfei Purchase Framework Agreement”  | the agreement dated 19 March 2009 entered into between ZTE Kangxun as purchaser and Nanchang Xingfei as supplier in relation to the purchase of handset products  |
| “ZTE Kangxun — Shenzhen Fudekang Purchase Framework Agreement” | the agreement dated 19 March 2009 entered into between ZTE Kangxun as purchaser and Shenzhen Fudekang as supplier in relation to the purchase of speakers, receivers, microphones, USB/data cable assembly, handset earphones and splitters |
| “ZTE Microelectronics”   | ZTE Microelectronics Technology Co., Ltd.* (深圳市中興微電子技術有限公司), a company incorporated in the PRC with limited liability   |
| “ZTE Software (Nanchang) ”                                     | ZTE Software Technology (Nanchang) Co., Ltd.* (中興軟件技術(南昌)有限公司), a company incorporated in the PRC with limited liability  |

By Order of the Board  
**Hou Weigui**  
*Chairman of the Board*

Shenzhen, the PRC  
19 March 2009

*As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Yin Yimin, Shi Lirong and He Shiyong; 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.*

\* *For identification only*