

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

Preliminary Financial Data for the Year 2010

This announcement is made by ZTE Corporation (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited.

Important notes : The financial information of the Company and its subsidiaries (the “Group”) for the year 2010 set out in this announcement was prepared in accordance with the PRC Accounting Standards for Business Enterprises (“PRC ASBEs”) and have not been audited. As such, the differences may be found between the above-mentioned data and the audited financial information. Investors are hereby reminded to exercise caution when dealing in the shares of the Company.

1. KEY FINANCIAL DATA AND FINANCIAL INDICATORS FOR THE YEAR 2010 (PREPARED IN ACCORDANCE WITH PRC ASBES)

Unit: RMB in thousands

Item	For the year ended 31 December 2010	For the year ended 31 December 2009	Year-on-year change
Operating revenue	70,332,280	60,272,563	16.69%
Operating Profit	2,613,976	2,064,163	26.64%
Total Profit	4,384,983	3,324,742	31.89%
Net profit ^{note2}	3,254,251	2,458,121	32.39%
Net profit after extraordinary items ^{note2}	2,794,323	2,338,561	19.49%
Basic earnings per share (RMB/share) ^{note2}	1.18 ^{note3}	0.93 ^{note4}	26.88%

Basic earnings per share after extraordinary items (RMB/share) ^{note2}	1.01 ^{note3}	0.89 ^{note4}	13.48%
Fully diluted return on net assets (%) ^{note2}	14.09%	14.61%	Decrease by 0.52 percentage points
Fully diluted return on net assets after extraordinary items (%) ^{note2}	12.10%	13.90%	Decrease by 1.80 percentage points
	As at 31 December 2010	As at 31 December 2009	Year-on-year change
Total assets	82,286,912	68,342,322	20.40%
Shareholders' equity ^{note2}	23,097,008	16,825,267	37.28%
Net asset per share (RMB/share) ^{note2}	8.24 ^{note5}	6.37 ^{note6}	29.36%

note1: The financial figures and indicators in above form were extracted from or calculated on the basis of the consolidated financial statements;

note2: The above figures represent interests attributable to shareholders of the Company;

note3: Basic earnings per share and basic earnings per share after extraordinary items for the year 2010 were calculated on the basis of the weighted average ordinary share capital representing the total share capital as at 31 December 2010 (2,866,731,684 shares) less 62,407,186 restricted shares remaining in lock-up under share incentive scheme;

note4: Basic earnings per share and basic earnings per share after extraordinary items for the year 2009 were calculated on the basis of the weighted average ordinary share capital representing the total share capital as at 31 December 2009 (1,831,336,215 shares) less 69,737,523 restricted shares remaining in lock-up under share incentive scheme and restated to reflect the implementation of the 2009 profit distribution and capitalization of capital reserves plan;

note5: Net assets per share at the end of the year 2010 was calculated on the basis of the share capital representing the total share capital as at 31 December 2010 (2,866,731,684 shares) less 62,407,186 restricted shares remaining in lock-up under share incentive scheme;

note6: Net assets per share at the end of the year 2009 was calculated on the basis of the share capital representing the total share capital as at 31 December 2009 (1,831,336,215 shares) less 69,737,523 restricted shares remaining in lock-up under share incentive scheme and restated to reflect the implementation of the Company's 2009 profit distribution and capitalization of capital reserves plan.

2. BRIEF ANALYSIS ON OPERATING RESULTS AND FINANCIAL POSITION

The Group reported RMB 70,332,280,000 in operating revenue for the year 2010, representing a 16.69% growth compared to the previous year. Total profit in 2010 increased by 31.89% to RMB 4,384,983,000 compared to the previous year; The net profit attributable to shareholders of the Company in 2010 increased by 32.39% as compared to the previous year to RMB 3,254,251,000. The increase in total profit and net profit was mainly attributable to (1) sales growth of the Group ; and (2) recognition of investment income as a result of the listing of one of the associates of

the Company, Nationz Technologies Inc. (國民技術股份有限公司), by way of initial public offering.

As at 31 December 2010, total asset of the Group increased by 20.40% to RMB 82,286,912,000 compared to the end of the previous year; Shareholders' equity attribute to the owners of the Company increased by 37.28% to RMB 23,097,008,000 compared to the end of the previous year, which was mainly attributable to increase in retained profits during 2010 and the growth in share capital and capital reserves following the Company's placing of new H shares in January 2010 and the exercise of the Company's A share Warrants in February 2010.

3. OTHER INFORMATION

For the details of the 2010 annual results of the Group, please refer to the results announcement to be prepared in accordance with the RPC ASBEs and Hong Kong Financial Reporting Standards and to be published on the website of the Hong Kong Stock Exchange and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.zte.com.cn>) after trading hours on 17 March 2011.

4. DOCUMENTS FOR INSPECTION

The Comparative Balance Sheet and the Comparative Income Statement, which were prepared in accordance with the PRC ASBEs, with the Company's seal and signatures of the legal representative, the chief financial officer and the head of financial division of the Company .

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
27 January 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.