

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)

CONNECTED TRANSACTION – ACQUISITION OF PROPERTIES

On 8 April 2010, the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the acquisition of the Properties at a consideration of RMB152,900,445.

As the Vendor is the controlling shareholder of the Company holding 32.45% equity interests in the Company as at the date of this announcement, it is a connected person of the Company pursuant to the Rule 14A.11 of the Listing Rules. By virtue of the relationship of the parties to the Acquisition and as each of the applicable percentage ratios is less than 2.5%, the Acquisition constitutes a connected transaction which is subject to the announcement requirement, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. INTRODUCTION

On 8 April 2010, the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement to acquire the Properties from the Vendor.

2. THE AGREEMENT

Date:	8 April 2010
Parties:	Xi'an Zhongxing Xin Software Co., Ltd. (as the purchaser) Shenzhen Zhongxingxin Telecommunications Equipment Co., Ltd. (as the vendor)
Properties:	The properties consist of (i) the land use right in respect of the land parcel located at Zhangba'er Road East Side, Gaoxin District, Xi'an City, Shanxi Province, PRC* (中国陕西省西安市高新区丈八二路东侧) (the " Land ") with a total area

of 52,374.20 square metres and a remaining term of use until 6 July 2054; (ii) two buildings on the Land with a total gross area of 42,690.34 square metres; and (iii) three plants under construction on the Land with a total area of 56,999.81 square metres.

Consideration:

The consideration for the Acquisition is RMB152,900,445, which was determined after arm's length negotiations between the parties to the Agreement having taken into account the valuation of the Properties conducted by Xi'an Zenith Assets Appraisal Co., Limited* (西安正衡资产评估有限责任公司), a qualified independent property valuer in the PRC.

The original and net book value of the Properties as at 30 April 2009 were RMB105,849,116 and RMB97,397,375, respectively. The valuation of the buildings and plants under construction was based on the replacement cost method (重置成本法) and the valuation of the land use right was based on the method of benchmark land price coefficient revision (基准地价系数修正法) and cost approach method (成本逼近法) as at 30 April 2009.

The consideration will be financed by the internal resources of the Group.

Completion:

The consideration for the Acquisition will be paid by the Purchaser to the Vendor in cash within 30 days from the date on which the Agreement becomes effective and completion will take place immediately upon obtaining Board approval.

Reasons for the transaction:

The purpose of the Acquisition is to promote the long-term sustainable development in Xi'an, which is in line with the Company's local development strategy. Although the Acquisition will increase the immediate cash outflow of the Group, it will, in the long run, lower the rental expenses of the Group in Xi'an, which will in turn increase the profit of the Company.

The Company refers to the announcement dated 19 April 2007 and the Xian Tenancy Agreement dated 18 April 2007 entered into between the Company and the Vendor. As the Company will

terminate the Xian Tenancy Agreement on the the date upon which the Agreement becomes effective, the Acquisition will also decrease the amount of the continuing connected transactions of the Company.

The Directors (including the independent non-executive Directors) take the view that the terms of the Agreement are determined after arm's length negotiations between the parties, on normal commercial terms and are entered into in the ordinary and usual course of business of the Company, and that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

4. INFORMATION ABOUT THE COMPANY, THE PURCHASER AND THE VENDOR

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. The Purchaser is a wholly owned subsidiary of the Company established under the laws of the PRC with limited liability. The Company holds a 100% equity interests in the Purchaser.

The Vendor is principally engaged in the production of programmed switchboard cabinets, telephone and related components and electronic products; import and export operations; treatment of toxic fumes, waste water and noise and related technical services; research and technical development of environmental protection equipment; and production of continuous monitoring smoke systems.

5. IMPLICATIONS UNDER THE LISTING RULES

As the Vendor is the controlling shareholder of the Company holding 32.45% equity interests in the Company as at the date of this announcement, it is a connected person of the Company pursuant to the Rule 14A.11 of the Listing Rules. By virtue of the relationship of the parties to the Acquisition and as each of the applicable percentage ratios is less than 2.5%, the Acquisition constitutes a connected transaction which is subject to the announcement requirement, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

6. DEFINITIONS

“Agreement”	the sale and purchase agreement dated 8 April 2010 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Properties
“Board”	the board of directors of the Company
“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
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong 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
“Properties”	the properties as set out under the paragraph headed “The Agreement” in this announcement
“Purchaser”	Xi’an Zhongxing Xin Software Co., Ltd.* (西安中興新軟件有限責任公司), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Vendor”	Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited* (深圳市中兴新通讯设备有限公司), a company incorporated in the PRC with limited liability
“Xian Tenancy Agreement”	the tenancy agreement dated 18 April 2007 entered into between the Vendor as the landlord and the Company as the tenant in respect of Jin Ye Road, Electronic Town, Xian, Shanxi, PRC with a total floor area of approximately 44,000 square meters

By Order of the Board
Hou Weigui
Chairman of the Board

Shenzhen, the PRC
8 April 2010

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 Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Li Jin, Qu Xiaohui, Wei Wei, Chen Naiwei and Tan Zhenhui.

**For identification only*