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

The Disposal of 51% equity interests in Congo Chine Telecom S.A.R.L.

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 or misleading statement or material omission in this announcement.

Definitions:

In this Announcement, unless otherwise specified, the following terms shall have the meanings set forth below:

"Company" or "ZTE" means: ZTE Corporation.

"CCT" means: Congo Chine Telecom S.A.R.L.

"PCI" means: Pan Communication Investments

"AII" means : Atlas International Investments

"Buyer" means: collectively, Pan Communication Investments and Atlas International Investments

"France Telecom-Orange" means: collectively, France Telecom, Pan Communication Investments and Atlas International Investments

I. Overview of the transaction

As part of the requirements for its strategic development, ZTE Corporation entered into the "Sale and Purchase Agreement" with Atlas Services Belgium, a wholly-owned subsidiary of France Telecom, pursuant to which the Company proposed to sell its 51% equity interests in CCT to the Buyer and Atlas Services Belgium would transfer its contractual rights and obligations in accordance with the relevant provisions of the Sale and Purchase Agreement to PCI and AII, both of which are wholly-owned subsidiaries of France Telecom (the “Equity Transfer”). Changes in registration particulars in respect of equity ownership of the Equity Transfer are planned to be completed before 24:00 on 21 October 2011 (Beijing Time).

In accordance with relevant provisions of the “Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange” and the “Rules for the Administration of Material Asset Reorganisation by Listed Companies in China”, the Equity Transfer does not constitute a Related Transaction or a Material Asset Reorganisation. The “Resolution of ZTE Corporation on the Disposal of 51% Shares in Congo Chine Telecom S.A.R.L.” was considered and passed at the Twenty-first Meeting of the Fifth Session of the Board of Directors. Approval of the Shareholder General Meeting is not required for the Equity Transfer.

II. Information on the Counterparties to the Transaction

France Telecom, incorporated in Paris, France, is principally engaged in the telecoms business. It is one of the Top 10 telecoms operators in the world, reporting sales revenue of EUR22.6 billion for the first half of 2011.

PCI is a wholly-owned subsidiary of France Telecom incorporated in Kinshasa, The Democratic Republic of the Congo (commonly known as “Congo (Kinshasa) or “DRC” and hereinafter referred to as “Congo”) with limited liability.

AII is a wholly-owned subsidiary of France Telecom incorporated in Belgium with limited liability.

France Telecom-Orange is not an affiliated party to the Company and the top 10 shareholders of the Company in any way in terms of title ownership, business, assets, creditor rights or debts and staff.

III. Information on the Subject of Transaction

CCT is a joint stock company incorporated in Congo on 14 November 2000 as a joint venture among ZTE, the Government of Congo and 5 Congolese natural persons. Details are as follows:

1. Name: Congo Chine Telecom S.A.R.L.

2. Registered address: 8, av. Du Port, Gomber, Kinshasa, DRC

3. Registered capital: US$17.45 million

4. Scope of business: construction of telecoms services in Congo, namely the installation, connection and operation of GSM-900/1800 dual-mode networks and ancillary ground satellite stations and the provision of international IDD, domestic IDD, local telephone services, data services and all other services available to customers in the telecoms sector.

5. Shareholding structure

Name of shareholder	Number of shares held	Percentage of equity interests
ZTE	99,960 shares	51%
Ministry of State-owned assets management, Government of Congo	96,030 shares	48.995%
Mr. Derick NGILI BOFEKO	2 shares	0.001%
Mr. Donatien MBUYI MUKADI	2 shares	0.001%
Ms. Therese KILOLO KIMAKOKO	2 shares	0.001%
Mr. Paty MOKONZI MBOMA	2 shares	0.001%
Mr. Bernard MATUNDU BKIMBANGU	2 shares	0.001%

6. Major financial data (Unit: USD10,000)

Item	2010	3rd quarter of 2011
Operating revenue	6247	4918
Operating profit	-2228	-1074
Net profit	-2235	-1077
Net cash flow from operating activities	987	1917
Item	**At 31 December 2010**	**At 30 September 2011**
Net assets	-1874	-2951
Total assets	18596	16472
Total liabilities	20470	19423

Note: The above financial data for 2010 have been audited by Ernst & Young, and those for 2011 are unaudited.

IV. Principal terms of the Sale and Purchase Agreement

1. Subject of transaction: 51% shares of CCT

2. Transaction price: The preliminary price of the 51% equity interests in CCT proposed for disposal is USD10 million. The basis of the final transaction price shall be 51% of the enterprise value less adjustments (the sum of: adjustments between the EBITDA as at the completion date and the EBITDA for 2010 and 2011; and the net debt as at the completion date less capital expenditure), plus mutually agreed adjustments. The actual amount of the aforesaid adjustments is subject to the final audited figures of the 2011 financial statements of CCT.

3. Method of payment: The Buyer shall cause the payment of the preliminary price of USD10 million to be made to ZTE on the completion date by way of electronic transfer. The difference between the final transaction price and the preliminary transfer price shall be settled within 10 working days after the final transaction price has been determined.

V. Other material matters

1. The China Development Bank Loan and Share Pledge Agreement

On 11 March 2006, ZTE signed a sales contract and a service contract with CCT with a total amount of USD123 million (the "Business Contracts"). On 29 June 2007, the China Development Bank (as arranger, initial lender and facility agent) signed the Phase I and Phase II facility agreements with CCT (as borrower) (the "Facility Agreements"). The aggregate loan amount was USD105 million, comprising Phase I of USD63 million and Phase II of USD42 million. The objective of the two Facility Agreements was granted to finance CCT's payment to ZTE of 85% of the price under the aforesaid Business Contract.

On 8 November 2007, ZTE entered into a supplier's share pledge agreement with the agent bank of China Development Bank in Congo, pursuant to which ZTE provided pledge of share in respect of the said USD105 million bank loan extended to CCT on the back of its 51% equity interests in CCT. The guarantee was considered and approved at the Seventh Meeting of the Fourth Session of the Board of Directors and the Third Extraordinary Meeting for 2007 convened by ZTE on 16 August 2007 and 16 October 2007, respectively.

Pursuant to the Sale and Purchase Agreement, France Telecom-Orange will provide capital contributions to CCT on the completion date for the Sale Shares, and the funds will be applied towards prepayment of all loan balances under the aforesaid Facility Agreements to the China Development Bank. The China Development Bank will sign a series of documents with the parties on the same date of the loan repayment, terminating the Facility Agreements and the share pledge agreement, releasing CCT and ZTE from all obligations under the Facility Agreements and the share pledge agreement as well as releasing Share from the aforesaid pledge.

VI. The objective of the disposal of CCT and its impact on the Company

The disposal of equity interests in CCT held by the Company is in line with the requirements of the Company's strategic development, as it will enable the Company to focus its resources on its principal businesses and to avoid potential competition with the Company's customers in the same businesses. Following the disposal of the equity interests in CCT held by the Company, CCT will be excluded from the consolidated financial statement of ZTE. The disposal of equity interests in CCT will reduce the amount of the Company's liability and increase its investment gains, the actual amount of which will be determined by the final transaction price. The Company will release further announcements as and when necessary.

VII. Opinion of the Independent Directors

Independent Directors of the Company Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert have expressed the following independent opinion in respect of the aforesaid transaction:

The equity transfer is in line with the requirements of the Company's strategic development, as it will enable the Company to focus on its principal business development. The act of equity transfer is legal and valid and the transaction is fair and reasonable. The transaction is in the interests of the Company and all shareholders as a whole without any prejudice thereof.

VIII. Documents for inspection

1. Resolutions of the Twenty-first Meeting of the Fifth Session of the Board of Directors;

2. Opinion of the Independent Directors;

3. Sale and Purchase Agreement.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
21 October 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 Shiyou; 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.