
NOTICE OF FIRST EXTRAORDINARY GENERAL MEETING OF 2009

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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)

NOTICE OF FIRST EXTRAORDINARY GENERAL MEETING OF 2009

The Company and all the members of the Board of Directors confirm that all the information contained in this notice is true, accurate and complete and that there are no false and misleading statements or material omissions in this notice.

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting of ZTE Corporation (hereinafter referred to as the “Company”) for 2009 (hereinafter referred to as the “EGM”) will be held in accordance with the resolution passed by the Twenty-Fourth Meeting of the Fourth Session of the Board of Directors of the Company held on 11 May 2009. Details of the EGM are set out below:

1. INFORMATION REGARDING THE MEETING

(1) Time of meeting

The EGM will commence at 9:00 a.m. on Tuesday, 30 June 2009.

(2) Venue

The EGM will be held at the Conference Room on the 4th floor of the Company's headquarters in Shenzhen.

Address: 4th Floor, A Wing, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen.

Tel: +86 (755) 26770282

(3) Convener

The EGM will be convened by the Board of Directors of the Company.

(4) Voting method

Voting will be carried out on-site at the EGM.

NOTICE OF FIRST EXTRAORDINARY GENERAL MEETING OF 2009

(5) Attendees

1. All ZTE (000063) shareholders registered with China Securities Depository & Clearing Corporation Limited, Shenzhen Office upon the close of trading of its A shares on the Shenzhen Stock Exchange (hereinafter referred to as “Domestic Shareholders”) on Wednesday, 27 May 2009 at 3:00 p.m. (Domestic Shareholders registered as at the said record date were the same as those registered as at 29 May 2009, given the fact that 28 May 2009 and 29 May 2009 are PRC public holidays);
2. All shareholders whose names appeared on the Company’s H share register maintained by Computershare Hong Kong Investor Services Limited upon the close of trading of its H shares on The Stock Exchange of Hong Kong Limited on Friday, 29 May 2009 at 4:00 p.m. (hereinafter referred to as “H Shareholders”);
3. Directors, supervisors and senior management of the Company; and
4. Representatives of intermediaries engaged by the Company and guests invited by the Board of Directors.

(6) Period of closure of H share register

The H share register of the Company will be closed from Saturday, 30 May 2009 to Monday, 29 June 2009 (both dates inclusive). Any H Shareholder who wishes to attend the EGM should lodge an instrument of transfer, together with the corresponding share certificate(s) with Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 29 May 2009 at 4:30 p.m..

2. MATTERS TO BE CONSIDERED AT THE EGM

The following resolutions will be considered at the Meeting:

Ordinary Resolutions

1. Resolution of the Company on the Election of Candidates as Independent Directors;

Mr. Zhu Wuxiang, Mr. Chen Shaohua and Mr. Qiao Wenjun shall have served as Independent Directors of the Company for 6 years by 21 July 2009 and they have indicated their intention to leave the office thereafter. The Fourth Session of the Board of Directors of the Company nominates Ms. Qu Xiaohui, Mr. Chen Naiwei and Mr. Wei Wei as the candidates for Independent Directors of the Fourth Session of the Board of Directors, with a term commencing on 22 July 2009 and ending on the conclusion of the Fourth Session of the Board of Directors (i.e., 29 March 2010). Please refer to Annex I for information on the three aforesaid candidates for independent directors.

This resolution shall be voted upon on an individual basis in respect of each candidate for Independent Director by way of accumulative voting.

NOTICE OF FIRST EXTRAORDINARY GENERAL MEETING OF 2009

The Company shall submit information on the aforesaid candidates for Independent Directors to Shenzhen Stock Exchange and the tabling of the same to the general meeting for consideration and approval is subject to the prior approval of Shenzhen Stock Exchange after due examination.

2. Resolution of the Company on the provision of guarantee by way of the pledge of equity interests for its subsidiary, Closed Joint-Stock Company CJSC TK Mobile

The provision of guarantee by the Company by way of the pledge of its 51% equity interests in Closed Joint-Stock Company CJSC TK Mobile (“CJSC TK Mobile”) as a security against the US\$70,600,000 bank loan with a 9-year term extended to CJSC TK Mobile (with a term from the date on which the Agreement on the Pledge of Equity Interests is executed and becomes effective to the date on which the debts owed by CJSC TK Mobile under the financing documents are fully repaid).

For details, please refer to the “Announcement of ZTE Corporation on the Provision of Guarantee for a Subsidiary” appended hereto as Annex II.

3. REGISTRATION AT THE EGM

(1) Registration of attendance

1. Any legal person shareholder (including but not limited to corporate shareholders) entitled to attend the EGM shall produce for registration a duplicate of its corporate business licence, a duly signed power of attorney and the identity card of the attendee;
2. Any individual shareholder entitled to attend the EGM shall produce for registration his own identity card, stock account card and evidence of shareholding;
3. Any shareholder intending to attend the EGM shall deliver the confirmation slip to the EGM registry in person, by registered mail or via fax.

(2) Time of registration

From Monday, 1 June 2009 to Wednesday, 10 June 2009 (excluding statutory holidays).

(3) Address for registration

Registration for the EGM will be conducted at: 6/F, Block A, ZTE Building, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, the PRC 518057.

(4) Requirements when registering and voting by way of proxy

1. Any shareholder entitled to attend and vote at the meeting may appoint one or more person (whether or not a shareholder) as his proxy(ies) to attend and vote at the meeting on his behalf. The shareholder may attend and vote at the

NOTICE OF FIRST EXTRAORDINARY GENERAL MEETING OF 2009

meeting in person notwithstanding that he has completed and submitted the proxy form, in which case, the proxy form is deemed withdrawn. For a shareholder who appoints two or more proxies, the voting rights to be exercised by such proxies in aggregate shall not exceed the total number of the votes that the shareholder is entitled to exercise at the meeting, and any one share may not be voted by different proxies.

2. A shareholder may appoint a proxy in writing by a proxy form, which shall be signed by the authorising shareholder or his duly authorised attorney. The proxy form shall be notarized if it is to be signed by any person other than by the authorising shareholder himself. The proxy form is valid only if it is deposited at the registered address of the Company no less than 24 hours before the EGM.
3. If a shareholder appoints his proxy(ies) to attend and vote at the meeting on behalf of him, such proxy(ies) shall produce for registration his own identity card, the duly signed proxy form, the stock account card of shareholder and evidence of shareholding.

4. MISCELLANEOUS

- (1) It is expected that the EGM will take less than one day; all accommodation, travel and expenses relating to attending the meeting shall be borne by the attendees.
- (2) EGM Contact: Zhang Qin
- (3) Contact telephone number: + 86 (755) 26770282
- (4) Contact fax number: + 86 (755) 26770286

5. REFERENCE

Resolutions of the Twenty-Fourth Meeting of the Fourth Session of the Board of Directors of ZTE Corporation.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
14 May 2009

As at the date of this notice, 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.

I. BIOGRAPHY

Ms. Qu Xiaohui, 54, is the first female PhD in accounting and female supervisor for doctorate candidates in accounting in China and the promoter of the project hypothesis procedure for the creation of a professional master's degree in accounting (MPAcc) in China. She is currently the director of the center for accounting studies at Xiamen University, a key research base for arts disciplines designated by the Ministry of Education, and an accounting professor. Ms. Qu graduated from Xiamen University in July 1989 with a doctorate degree in Economics (Accounting). Since August 1989, she has been engaged in teaching and academic research at the Department of Accounting of Xiamen University. Ms. Qu is not related in any way to the Company or the Company's controlling shareholder, nor does she hold any shares in the Company. She has not been subject to any punishment by the CSRC and other competent authorities or censorship by any stock exchanges.

Mr. Chen Naiwei, 51, has been a partner of Shanghai Allbright Law Offices since 2001, a senior lawyer and a law professor. Mr. Chen graduated from Macau University of Science and Technology in 2007 with a doctorate degree in Law. He has served as the head of the Law Department and director of the Intellectual Property Research Centre of Shanghai Jiaotong University. Mr. Chen is not related in any way to the Company or the Company's controlling shareholder, nor does he hold any shares in the Company. He has not been subject to any punishment by the CSRC and other competent authorities or censorship by any stock exchanges.

Mr. Wei Wei, 43, has been the associate dean of HSBC Business School of Peking University and the director of the Research Centre of Doers' Group Business Model of HSBC Business School of Peking University since October 2007. Mr. Wei graduated from Huazhong University of Science and Technology in 2004 with a doctorate degree in management science and engineering. He worked in Xinjiang Technology College and Xinjiang University. He was a post-doctorate fellow at Chinese Economic Research Centre at the Peking University from July 2004 to June 2006 and an assistant to the Dean of Shenzhen School of Business of Peking University from July 2006 to September 2007. Mr. Wei is also an independent director of Shenzhen Changyuan Group Company Limited (深圳長園集團股份有限公司) (a company listed on Shanghai Stock Exchange). Mr. Wei is not related in any way to the Company or the Company's controlling shareholder, nor does he hold any shares in the Company. He has not been subject to any punishment by the CSRC and other competent authorities or censorship by any stock exchanges.

II. TERM OF APPOINTMENT AND REMUNERATION

Upon election, each Independent Director will serve for a term from 22 July 2009 to 29 March 2010 and will receive from the Company a director's allowance at the standard of RMB100,000 (tax inclusive) each year during the term (personal income tax payable will be withheld and paid by the Company on behalf of the directors).

III. INTERESTS IN THE SHARES OF THE COMPANY

As at the date of this notice, none of the candidates for Independent Directors had any interests or short positions in the underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong)) which should be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong), including interests and short positions (including interests and short positions which they were taken or deemed to be interested in pursuant to Sections 344 and 345 of the SFO (Chapter 571 of the Laws of Hong Kong)).

IV. OTHER CONNECTIONS AND INTERESTS

Save as disclosed in this notice, none of the candidates for Independent Directors is connected in any way to any Directors, Supervisors, senior management member, substantial shareholder or controlling shareholder of the Company.

Save as disclosed in this notice, there are no other matters in relation to the candidates for Independent Directors (in particular information required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) that need to be brought to the attention of the shareholders.

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ANNOUNCEMENT ON THE PROVISION OF GUARANTEE FOR A SUBSIDIARY

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

I. BRIEF DESCRIPTION OF THE GUARANTEE

Closed Joint-Stock Company CJSC TK Mobile (hereinafter referred to as “CJSC TK Mobile”) has entered a contract for the purchase of telecommunications equipment, relevant software and services for the construction of the CDMA 800M national network in Tajikistan (hereinafter referred to as the “CDMA National Network Project”) with ZTE Corporation (hereinafter referred to as “ZTE” or the “Company”), pursuant to which the Company will provide equipment and engineering services to CJSC TK Mobile. To ensure the smooth completion of the CDMA National Network Project, CJSC TK Mobile has entered into a Loan Agreement with China Development Bank for a US\$70,600,000 loan with a term of 9 years. CJSC TK Mobile has issued a guarantee letter with an undertaking that the loan will be applied solely to the CDMA National Network Project and payments for the purchase of equipment and services from ZTE, and has authorised the lending bank to credit the amounts concerned directly to the accounts designated by ZTE.

ZTE will provide a guarantee by way of the pledge of its 51% equity interests in CJSC TK Mobile as a security against the aforesaid loan.

The said guarantee has been considered and approved at the Twenty-Fourth Meeting of the Fourth Session of the Board of Directors of ZTE with 14 votes approving, 0 votes against and 0 votes abstained. As the gearing ratio of CJSC TK Mobile exceeded 70%, the said guarantee is further subject to the consideration and approval by the general meeting of the Company in accordance with the requirements of the “Notice on Regulating the External

Guaranties Provided by Listed Companies” (《關於規範上市公司對外擔保行為的通知》) issued by China Securities Regulatory Commission and China Banking Regulatory Commission and other relevant regulatory documents.

II. INFORMATION ON THE GUARANTEE

1. Name: Closed Joint-Stock Company CJSC TK Mobile
2. Date of registration: December 2003
3. Registered address: Tajikistan
4. Authorised representative: Ding Mingfeng
5. Registered capital: US\$4,000,000
6. Scope of business: construction of telephone networks, provision of telecommunications services and production of communications equipment
7. Shareholding structure:

CJSC TK Mobile is a telecommunications operator established in Tajikistan in December 2003 in joint venture by ZTE and SERVICE SVYAZ KOMPLEKT Ltd. (hereinafter referred to as “CCK”) with a registered capital of US\$4,000,000. It is held as to 51% by ZTE and 49% by CCK and is therefore a subsidiary of ZTE.

8. Operating and financial conditions:

Operating revenue, total profit and net profit of CJSC TK Mobile for 2008 amounted to US\$15,840,000, US\$-400,000 and US\$-560,000, respectively. Total assets, total liabilities and net assets of CJSC TK Mobile as at 31 December 2008 amounted to US\$55,740,000, US\$52,470,000 and US\$3,270,000, respectively, and the gearing ratio was 94%. Operating revenue, total profit and net profit of CJSC TK Mobile for the first quarter of 2009 amounted to US\$3,120,000, US\$-6,280,000 and US\$-6,380,000, respectively. Total assets, total liabilities and net assets of CJSC TK Mobile as at 31 March 2009 amounted to US\$52,790,000, US\$54,340,000 and US\$-1,550,000, respectively, and the gearing ratio was 103%.

III. PRINCIPAL TERMS OF THE AGREEMENT ON THE PLEDGE OF EQUITY INTERESTS

The Company will provide a guarantee by way of the pledge of its 51% equity interests in CJSC TK Mobile as a security against the US\$70,600,000 bank loan extended to CJSC TK Mobile.

1. Guarantor: ZTE
2. Guarantee: CJSC TK Mobile

3. Debt amount/Indebtedness guaranteed: The amount guaranteed is the full debt amount/indebtedness owed by CJSC TK Mobile as borrower under the financing documents, but not exceeding the total amount of US\$70,600,000 under the Loan Agreement.
4. Term of guarantee: from the date on which the Agreement on the Pledge of Equity Interests is executed and becomes effective to the date on which the debts owed by CJSC TK Mobile under the financing documents are repaid in full.
5. Type of assurance: pledge of equity interests

IV. OPINION OF THE BOARD OF DIRECTORS AND INDEPENDENT DIRECTORS

The Board of Directors of the Company is of the view that the aforesaid guarantee would facilitate the smooth execution of the CDMA National Network Project by CJSC TK Mobile, which is therefore conducive to expediting its network construction, enhancing its overall competitive strengths, driving sustainable development of its principal business, improving its operational efficiency, profitability and financial conditions and thereby generating sound investment returns for ZTE as its controlling shareholder. As such, the said guarantee is in the interests of the Company as a whole.

The Board of Directors of the Company is also of the view that CJSC TK Mobile, as a subsidiary of the Company, is under normal operations and is capable of fulfilling its obligations under the Loan Agreement signed by the bank. In addition, CCK, the other shareholder of CJSC TK Mobile, has undertaken to provide a guarantee by way of the pledge of its 49% equity interests in CJSC TK Mobile as a security against the said loan, and the guarantees are fair and carrying the same weight.

In connection with the aforesaid guarantee, a counter-guarantee will be provided to the Company by CJSC TK Mobile by creating a preferential second charge over the relevant equipment.

The Independent Directors of the Company are of the view that the aforesaid guarantee provided by the Company for its subsidiary CJSC TK Mobile is in compliance with relevant provisions of the Notice Regulating the External Guaranties Provided by Listed Companies (《關於規範上市公司對外擔保行為的通知》) and the Articles of Association of ZTE Corporation, and that the decision-making procedures are legal and valid.

V. AGGREGATE AMOUNT OF OUTSTANDING EXTERNAL GUARANTEES AND OVERDUE EXTERNAL GUARANTEES OF THE COMPANY

As at the date of this announcement, the aggregate amount of external guarantees provided by the Company is approximately RMB316,462,700 (including an amount of US\$32,862,200, which has been translated at the exchange rate of US\$1: RMB6.8359 published by the People's Bank of China on 31 March 2009), representing 2.07% of the net asset value of the Company as at 31 March 2009. The Company has no overdue guarantees.

All of the aforesaid guarantees are in compliance with relevant provisions of relevant laws and regulations without any violation of applicable rules and regulations.

VI. DOCUMENTS FOR INSPECTION

1. Agreement on the Pledge of Equity Interests
2. Resolutions of the Twenty-Fourth Meeting of the Fourth Session of the Board of Directors of the Company duly signed by the attending Directors to give effect to the same
3. The business licence in photocopies and financial statements of CJSC TK Mobile
4. Opinion of the Independent Directors

By order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
11 May 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 Shiyou; 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.