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## NOTICE OF THE 2009 ANNUAL GENERAL MEETING

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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)**

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**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 is no false and misleading statement or material omission in this notice.**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of 2009 (hereinafter referred to as the "AGM") of ZTE Corporation (hereinafter referred to as the "Company") will be held in accordance with the resolution passed at the Second Meeting of the Fifth Session of the Board of Directors of the Company held on 8 April 2010. Details of the AGM are set out below:

### **I. INFORMATION REGARDING THE AGM**

#### **(I) Date and time of meeting**

The AGM will commence at 9:00 a.m. on 3 June 2010.

#### **(II) Venue**

The AGM 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

#### **(III) Convener**

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

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### **(IV) Method of holding the meeting**

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

### **(V) 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 on Friday, 30 April 2010 at 3:00 p.m. (hereinafter referred to as “Domestic Shareholders”) (shareholders registered on the said registration date would be the same as those registered on 3 May 2010, as 3 May 2010 is a public holiday in the PRC);
2. All shareholders registered 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 Monday, 3 May 2010 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.

### **(VI) Period of closure of H share register**

The Company will close its H share register from Tuesday, 4 May 2010 to Wednesday, 2 June 2010 (inclusive). Any H Shareholder who wishes to be entitled to the final dividend and bonus shares from capitalisation from capital reserve shall lodge an instrument of transfer, together with the corresponding share certificate(s) with Computershare Hong Kong Investor Services Limited at Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m., 3 May 2010. The record date for dividend entitlement and dividend payment method and time in respect of Domestic Shareholders shall be separately notified.

## **II. MATTERS TO BE CONSIDERED AT THE AGM**

The following resolutions will be considered at the AGM:

### **Ordinary Resolutions**

1. Financial statements for the year ending 31 December 2009 audited by the PRC and Hong Kong auditors;
2. Report of the Board of Directors of the Company for the year ending 31 December 2009;
3. Report of the Supervisory Committee of the Company for the year ending 31 December 2009;

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4. Report of the President of the Company for the year ending 31 December 2009;
5. Final financial accounts of the Company for the year ending 31 December 2009;
6. Resolution on the proposed application by the Company to Bank of China Limited (Shenzhen Branch) for a RMB24.9 billion composite credit facility:

That the application by the Company to Bank of China Limited (Shenzhen Branch) for a RMB24.9 billion composite credit facility be approved.

The aforesaid amount represents composite credit facilities to be proposed by the Company in its application to the bank. The final amount shall be subject to approval of the bank.

That the Board of Directors be authorised to adjust the details and actual duration of the credit facilities pursuant to the Company's requirements or negotiations with the bank, subject to the cap of the aforesaid RMB24.9 billion composite credit facility within the effective term of the resolution, and the Board of Directors and other parties delegated by the Board of Directors be authorised to negotiate with the bank and sign all facilities agreements, financing agreements and other related legal contracts and documents relating to the above composite credit facilities and to deal with other matters relating to such agreements.

The resolution shall be valid from 3 June 2010 until the earlier of: (1) the date prior to the approval of the next new credit facility, and (2) the date prior to 31 December 2010. Any single application for financing under such credit facility within this period shall be valid. Unless otherwise required, no subsequent resolution of the Board of Directors is required with respect to any single application for financing within such cap under such credit facility. Mr. Hou Weigui, the legal representative of the Company, or the signatory authorized by Mr. Hou Weigui is hereby authorised to sign the relevant legal contracts and documents.

7. Resolutions on the appointment of the PRC auditors and the Hong Kong auditors of the Company for the year ending 31 December 2010:
  - 7.1 That Ernst & Young Hua Ming be re-appointed as the PRC auditors of the Company for 2010 and a proposal be made to the 2009 AGM to authorise the Board of Directors to determine the audit fees of Ernst & Young Hua Ming for 2010 based on the specific audit work to be conducted.
  - 7.2 That Ernst & Young be re-appointed as the Hong Kong auditors of the Company for 2010 and a proposal be made to the 2009 AGM to authorise the Board of Directors to determine the audit fees of Ernst & Young for 2010 based on the specific audit work to be conducted.

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8. Resolution on the election of Independent Directors:

Mr. Li Jin, an Independent Director of the Company, will conclude his term as a director of the Board of six years, which will expire on 29 June 2010. The Fifth Session of the Board of Directors of the Company nominated Mr. TIMOTHY ALEXANDER STEINERT as the candidate for Independent Director for a term commencing on 30 June 2010 and ending on the date of conclusion of the Fifth Session of the Board of Director, 29 March 2013.

The Company shall submit the information of the aforesaid candidate for Independent Directors to Shenzhen Stock Exchange for the prior approval of Shenzhen Stock Exchange upon due examination before the tabling of the same to the general meeting for consideration and approval.

The biography and other information of the aforesaid candidate for Independent Director is provided as follows:

TIMOTHY ALEXANDER STEINERT (石義德), 50, American (with Hong Kong permanent resident status), has been the chief legal officer of Alibaba Group Holding Limited since July 2007. Mr. Steinert obtained a bachelor degree from Yale University in 1983 and a doctoral degree from Columbia University in 1989. From 1999 to 2007, he was a partner of the Corporate Division of the Freshfields Bruckhaus Deringer (Hong Kong). Mr. Steinert is a qualified lawyer in both Hong Kong and New York, the United States. He has not been subject to any punishment by the CSRC and other competent authorities or censorship by any stock exchanges.

Save as disclosed above, as at the date of this notice, Mr. Steinert has not held any directorships at any other listed companies in the past three years. Mr. Steinert is not connected in any way to any Director, Supervisor, senior management member, substantial shareholder or controlling shareholder of the Company. Mr. Steinert is not interested in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. As at the date of this notice, so far as the Directors of the Company are aware, there is no other matter (in particular information about Mr. Steinert required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) that needs to be brought to the attention of the shareholders.

Independent Directors of the Company are entitled to the directors' allowance, which shall be determined and reviewed by the Board of Directors by reference to the duties undertaken by the Directors at the Company from time to time and subject to the approval of the general meeting.

9. Resolution on the adjustment of the allowance granted to Independent Directors:

That the rate of annual allowance granted by the Company to Independent Directors be adjusted from RMB100,000 (before tax) to RMB130,000 (before tax), with individual income tax deducted and paid by the Company, and that the accommodation and transportation expenses incurred for attending the Company's board meetings shall still be borne by the Company.

### **Special Resolution**

10. Proposals of profit distribution and capitalisation from capital reserves of the Company for 2009:

**“That:**

Proposals of profit distribution and capitalisation from capital reserve for 2009 tabled by the Board of Directors of the Company be approved:

Proposed profit distribution for 2009: cash dividend of RMB3 (before tax) for every 10 shares held will be paid on the basis of the total share capital of the Company as at 8 April 2010 less the number of Subject Shares remaining in lock-up under the Share Incentive Scheme as at the A share record date for the purpose of the 2009 profit distribution (the “Record Date”) and the number of restricted shares that may be repurchased and cancelled during this period in accordance with the implementation of the Phase I Share Incentive Scheme (the “Share Incentive Scheme”). As at 8 April 2010, 69,737,523 registered Subject Shares under the Share Incentive Scheme remained in lock-up. In accordance with relevant provision of the Share Incentive Scheme, restricted shares remaining in lock-up shall not be entitled to the cash dividend. The number of shares entitled to the cash dividend under the 2009 profit distribution plan will be 1,841,416,933 shares in case the second unlocking of registered Subject Shares granted under the first award of the Share Incentive Scheme (the “Second Unlocking”) is not completed by the Record Date, on which basis the 2009 profit distribution plan will be implemented. In case that the second unlocking is completed by the Record Date, the maximum of shares to be unlocked in accordance with the Share Incentive Scheme will be 35% of the Subject Shares under the first award, that is 26,797,252 shares, which will be entitled to the cash dividend.

The proposal of capitalisation from capital reserves for 2009: The issue of 5 bonus shares for every 10 shares by way of capitalization of capital reserves. In case that the aforesaid second unlocking has not completed by the Record Date, the capitalization from capital reserve will be based on the total share capital of the Company of 1,911,154,456 shares as at 8 April 2010 and the share capital will be increased by a total of 955,577,228 shares. In case that the aforesaid second unlocking is completed by the Record Date, the capitalization from capital reserve will be based on the total share capital of the Company as at 8 April 2010 less the number of Subject Shares which are not unlocked owing to the failure of Scheme Participants to meet the performance appraisal requirements or their resignations and which may be required to be repurchased and cancelled based on the implementation of the second unlocking prior to the Record Date. Fractional entitlements arising from the capitalisation of capital reserves shall be dealt with in accordance relevant rules of the stock exchange and the clearing house of the place where the stocks of the Company are listed. As a result, the actual amount

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of share capital increased and the actual number of shares created in aggregate after implementation of the proposed capitalisation from capital reserves might be slightly different from the aforesaid estimates.

The Board of Directors is hereby authorised by the general meeting to deal with matters relating to the profit distribution and capitalisation from capital reserves for 2009, to amend relevant clauses of the Articles of Association based on the implementation of the capitalisation from capital reserves to increase the registered capital of the Company and reflect the new capital structure after the capitalisation from capital reserves, and to process any changes in industrial and commercial registration required as a result of the alteration in registered capital.”

11. Resolution on the general mandate for 2010 to be granted to the Company:

“**THAT:**

- (1) Subject to the conditions set out below, the Board of Directors be hereby granted an unconditional and general mandate during the Relevant Period to separately or concurrently allot, issue and deal with additional domestic shares and overseas-listed foreign shares (“H Shares”) of the Company (including securities convertible into domestic shares and/or H Shares of the Company) and to make or grant offers, agreements or options in respect of the above:
  - I. such mandate shall not extend beyond the Relevant Period (as defined below), other than in the case of the making or granting of offers, agreements or options by the Directors during the Relevant Period which might require the performance or exercise of such powers after the close of the Relevant Period;
  - II. the aggregate nominal amount of domestic shares and H shares authorised to be allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board of Directors, otherwise than pursuant to (i) a Rights Issue or (ii) any option scheme or similar arrangement from time to time being adopted for the grant or issue to Directors, Supervisors, senior management and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company approved by the Board of Directors, shall not exceed 20% of the aggregate nominal amount of each of the share capital of the domestic shares and H shares of the Company in issue at the date on which this Resolution is passed; and
  - III. The Board of Directors will only exercise the above authority in compliance with the Company Law of the People’s Republic of China (as amended from time to time) and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended

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from time to time) and with the necessary approvals of the China Securities Regulatory Commission and/or other relevant PRC government authorities;

- (2) For the purpose of this resolution:

“Relevant Period” means the period from the passing of this Resolution until the earliest of:

- I. the conclusion of the next annual general meeting of the Company following the passing of this Resolution;
- II. the expiration of a 12-month period following the passing of this Resolution; or
- III. the revocation or variation of the authority granted under this Resolution by the passing of a special resolution of the Company at a general meeting; and

“Rights Issue” means an offer to all shareholders of the Company (except any shareholders to which the making of such offers by the Company is not permitted under the laws of the jurisdictions where they reside) and, as appropriate, holders of other equity securities of the Company who are qualified for such offers, for the allotment and issue of shares or other securities in the Company which will or might require the allotment and issue of shares in proportion to their existing holdings of such shares or other equity securities (subject to the exclusion of fractional entitlements);

- (3) Where the Board of Directors resolve to issue shares pursuant to paragraph 1 of this resolution, the Board of Directors be hereby authorised to approve and execute all documents and deeds and do all things or to procure the execution of such documents and deeds and the doing of such things necessary in their opinion for the issue of the new shares (including but not limited to determining the time and place for issue, class and number of new shares to be issued, the pricing method and/or issue prices (including price ranges) of the shares, submitting all necessary applications to relevant authorities, entering into underwriting agreements (or any other agreements), determining the use of proceeds, and fulfilling filing and registration requirements of the PRC, Hong Kong and other relevant authorities, including but not limited to registration with relevant PRC authorities of the increase in registered share capital as a result of the issue of shares pursuant to paragraph 1 of this Resolution); and
- (4) The Board of Directors be hereby authorised to amend the Company’s Articles of Association as they deem necessary to increase the registered share capital of the Company and to reflect the new capital structure of the Company following the allotment and issue of the Company’s shares contemplated in paragraph 1 of this Resolution.”

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### 12. Resolutions on the Amendments of Relevant Clauses of the Articles of Association of ZTE Corporation:

As a result of the implementation of the Phase I Share Incentive Scheme, the issue of additional H shares in January 2010 pursuant to the general mandate and the exercise of A share warrants attached to the Bonds cum Warrants issued in 2008, the total share capital of the Company is increased from 1,746,329,402 shares to 1,911,154,456 shares, the details of which are set out in the following table:

Items	Share capital Before change (shares)	% of total issued share capital	Implementation of the Phase I Share Incentive Scheme (shares)	Placing of additional H shares (shares)	Conversion of the Warrants “Zhongxing ZXC1” (shares)	Share capital after change (shares)	% of total share capital
A Share	1,454,854,510	83.3%	85,006,813	—	21,523,441	1,561,384,764	81.7%
H Share	291,474,892	16.7%	—	58,294,800	—	349,769,692	18.3%
Total share capital	1,746,329,402	100.00%	85,006,813	58,294,800	21,523,441	1,911,154,456	100%

On the basis of the above changes in total share capital of the Company,

“That:

#### ***12.1 The amendment of Article 24 and Article 27 of Chapter 3 of the Articles of Association accordingly be approved:***

##### *12.1.1 Article 24*

**The original article which reads:** Upon its incorporation, the Company shall have 1,746,329,402 ordinary shares in issue, comprising 291,474,892 H shares (representing 16.7% of the Company’s issuable ordinary shares) and 1,454,854,510 domestic shares (representing 83.3% of the Company’s issuable ordinary shares).

**Is amended to read:** Upon its incorporation, the Company shall have 1,911,154,456 ordinary shares in issue, comprising 349,769,692 H shares (representing 18.3% of the Company’s issuable ordinary shares) and 1,561,384,764 domestic shares (representing 81.7% of the Company’s issuable ordinary shares).

##### *12.1.2 Article 27*

**The original article which reads:** The registered capital of the Company shall be RMB1,746,329,402.

**Is amended to read:** The registered capital of the Company shall be RMB1,911,154,456.



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*12.2 That the Board of Directors be authorised to amend the Company's Articles of Association and process any changes in registration required as a result of the change in registered capital*

According to Phase I of the Share Incentive Scheme of ZTE Corporation (version dated 5 February 2007) (hereafter known as the "Share Incentive Scheme"), the Company may need to repurchase and cancel shares unable to fulfill the Unlocking Conditions based on the implementation of the Share Incentive Scheme. In view of this, the Board of Directors requests the general meeting to authorize the Board of Directors to amend the Company's Articles of Association accordingly and process any changes in registration required as a result of the alteration in registered capital based on the repurchase and cancellation results.

### III. REGISTRATION AT THE AGM

#### **(1) Registration of attendance**

1. Any legal person shareholder (including but not limited to corporate shareholders) entitled to attend the AGM 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 AGM shall produce for registration his own identity card, stock account card and evidence of shareholding;
3. Any shareholder intending to attend the AGM shall deliver the confirmation slip to the AGM registry by hand, post or fax.

#### **(2) Time of registration**

From 4 May 2010 to 14 May 2010 (excluding statutory holidays).

#### **(3) Address for registration**

Registration for the AGM will be conducted at: 6/F, A Wing, ZTE Building, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, the PRC (postal code: 518057).

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

1. Any shareholder entitled to attend and vote at the meeting may entrust one or more person(s) (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 meeting in person notwithstanding that he has completed and submitted the proxy form, in which case, the proxy form is deemed

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withdrawn. For a shareholder who entrusts 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 only be voted upon once by one proxy.

2. A shareholder shall appoint a proxy in writing by using the 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 AGM.
3. If a shareholder entrusts 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.

#### IV. MISCELLANEOUS

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

#### V. REFERENCE

Resolutions of the Second Meeting of the Fifth Session of the Board of Directors of ZTE Corporation.

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

Shenzhen, the PRC  
19 April 2010

*As at the date of this notice, 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, Chen Naiwei, Wei Wei and Tan Zhenhui.*