
NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2010

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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 THE THIRD EXTRAORDINARY GENERAL MEETING OF 2010

The Company and all the 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.

NOTICE IS HEREBY GIVEN that the Third Extraordinary General Meeting of 2010 (hereinafter referred to as the “EGM”) of ZTE Corporation (hereinafter referred to as the “Company”) will be held on-site in accordance with the resolution passed at the Eleventh Meeting of the Fifth Session of the Board of Directors of the Company on 12 October 2010. Details of the EGM are set out below:

I. INFORMATION REGARDING THE EGM

(I) Time

The EGM will commence at 9:00 a.m. on Tuesday, 30 November 2010.

(II) 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

(III) Convener

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

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(IV) Voting method

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

(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, 29 October 2010 at 3:00 p.m. (hereinafter referred to as “Domestic Shareholders”);
2. All H 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 Friday, 29 October 2010 at 4:00 p.m. (hereinafter referred to as “H Shareholders”);
3. Directors, supervisors and senior managements of the Company; and
4. Representatives of intermediaries engaged by the Company and guests invited by the Board of Directors.

(VI) Closure of H share register

The H share register of the Company will be closed from Saturday, 30 October 2010 to Monday, 29 November 2010 (both days inclusive). H Shareholders who wish to attend the EGM shall 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 on or before 4:30 p.m., 29 October 2010.

II. MATTERS TO BE CONSIDERED AT THE EGM

The following resolutions will be considered at the EGM:

Ordinary Resolutions

1. **Resolution of the Company on the Application for the Establishment of ZTE Finance Co., Ltd**
 - 1.1 That the establishment of ZTE Finance Co., Ltd (tentative name subject to final approval by the industry and commerce registration department) with a capital contribution of RMB1 billion (including USD20 million to meet the threshold requirement for foreign exchange operations) by the Company be considered and approved by the general meeting;

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- 1.2 That, as required under pertinent provisions of the Rules for the Administration of Finance Companies of Corporate Groups, it be considered and approved by the general meeting that an undertaking in writing shall be furnished by the Board of Directors of the Company as follows: In the event of urgent situations involving payment difficulties in the future operation and management of ZTE Finance Co., Ltd, the Company shall in a timely manner increase its capital to the extent required for resolving such payment difficulties, so as to ensure its normal operation and that if the amount of capital increase required by ZTE Finance Co., Ltd is in excess of the limit for the approval authority of the Board of Directors stipulated in the Articles of Association of ZTE Corporation the matter shall be tabled at the general meeting of the Company for consideration and approval;
- 1.3 That the authorisation of Mr. Hou Weigui, legal representative of the Company, or the personnel authorised by Mr. Hou Weigui to execute relevant documents and complete relevant registration formalities required for the establishment of ZTE Finance Co., Ltd be considered by the general meeting.

The resolution was unanimously approved at the Eleventh Meeting of the Fifth Session of the Board of Directors held on 12 October 2010 and it was agreed that this resolution be tabled at the general meeting of the Company for consideration. For further details, please refer to the “Announcement of External Investment on the Establishment of ZTE Finance Co., Ltd” of the Company dated 12 October 2010 (Appendix I).

2. Resolution of the Company on Increasing the Insurance Amount of Directors’, Supervisors’ and Senior Management’s Liability Insurance

- 2.1 That the Company’s execution of a contract for directors’, supervisors’ and senior management’s liability insurance for a period of one year with a compensation limit of RMB100 million per annum with AIG General Insurance Company China, Ltd. Shenzhen Branch be approved by the general meeting;
- 2.2 That the Board of Directors be authorised by the general meeting to process any extension or renewal of the insurance contract with AIG General Insurance Company China, Ltd. Shenzhen Branch, Shenzhen Branch upon or prior to the conclusion of the term of such contract.

The resolution was unanimously approved at the Eleventh Meeting of the Fifth Session of the Board of Directors held on 12 October 2010. And it was agreed that this resolution be tabled at the general meeting of the Company for consideration.

III. 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 photocopy of its corporate business license, a power of attorney in favour of the legal representative, stock account card 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 reply slip of their intention to attend the EGM to the address for registration by hand, mail or fax.

(2) Registration period

From Monday, 1 November 2010 to Thursday, 10 November 2010 (excluding statutory holidays).

(3) Address for registration

Registration for the EGM will be conducted at: 6th Floor, A Wing, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, 518057.

(4) Requirements for proxy registration and submission of documents on a poll

1. Any shareholder entitled to attend and vote at the EGM may entrust one or more person (whether or not a shareholder of the Company) as his proxy(ies) to attend and vote at the EGM on his behalf. The shareholder may attend and vote at the EGM in person notwithstanding that he has completed and submitted the proxy form; in such a case, the proxy form is deemed to be 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 votes the shareholder is entitled to exercise at the EGM, and the different proxies may not exercise voting rights in respect of the same share.
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 notarised if it is to be signed by any person other than by the authorising shareholder himself. In order to be valid, the proxy form must be deposited at the registered address of the Company no less than 24 hours before the EGM.

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3. If a shareholder entrusts his proxy(ies) to attend and vote at the EGM on behalf of him, such proxy(ies) shall produce for registration his own identity card, the duly signed proxy form by the authorising shareholder, the stock account card of the authorising shareholder and evidence of shareholding.

IV. MISCELLANEOUS

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

V. REFERENCE

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

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
14 October 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 Zhancheng, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.

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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)
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ANNOUNCEMENT OF EXTERNAL INVESTMENT ON THE ESTABLISHMENT OF ZTE FINANCE CO., LTD.

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.

I. OVERVIEW OF THE EXTERNAL INVESTMENT

1. Basic information of the external investment

To enhance centralised fund management of ZTE Group and improve the efficiency of fund utilization, ZTE Corporation (“ZTE” or the “Company”) proposes to establish ZTE Finance Co., Ltd. (中興通訊財務有限公司) (“ZTEFC”) with ZTE as the promoter and sole owner. The proposed ZTEFC shall have a registered capital of RMB1 billion (including USD20 million). The investment does not constitute a connected transaction of the Company.

In accordance with the provisions of the Rules for the Administration of Finance Companies of Corporate Groups, the finance company of a corporate group shall be a non-banking financial institution that provides financial management services to the members of the corporate group, with the aim of enhancing the centralised treasury management of a corporate group and improving the efficiency of its fund application.

2. Consideration by the Board of Directors and approval procedures

The “Resolution on the Application for the Establishment of ZTE Group” was considered and passed at the Eleventh Meeting of the Fifth Session of the Board of Directors of the Company held on 12 October 2010. ZTE Group shall comprise ZTE and certain of its domestic subsidiaries. For details of the members of ZTE Group, please refer to the “Announcement of Resolutions of the Eleventh Meeting of the Fifth Session of the Board of Directors” published on the same date as this Announcement.

The “Resolution of the Company on the Application for the Establishment of ZTE Finance Co., Ltd” was considered and passed at the Eleventh Meeting of the Fifth Session of the Board of Directors of the Company held on 12 October 2010.

In accordance with Article 160 of the Articles of Association of ZTE Corporation: “The Board of Directors shall be accountable to the general meeting and exercise the following duties and powers: (XIX) to approve external investments with an amount not exceeding 10% of the latest audited net assets of the Company if such investments are related to the principal business of the Company, or with an amount not exceeding 5% of the latest audited net assets of the Company if such investments are not related to the principal business of the Company.” As the establishment of a finance company is an investment outside the scope of the Company’s principal business, and the total investment of RMB1 billion is in excess of 5% of the audited net assets of the Company for 2009, the matter is required to be submitted to the general meeting for approval.

The establishment of a finance company by a corporate group is required to go through two stages: application for preparation of establishment and application for business commencement. ZTEFC is currently in the stage of applying for preparation of establishment, which is pending examination and approval by the China Banking Regulatory Commission (“CBRC”).

II. BASIC INFORMATION OF THE FINANCE COMPANY PROPOSED TO BE ESTABLISHED

1. **Name of company:** 中興通訊財務有限公司 (ZTE Finance Co., Ltd) (tentative name which is subject to final approval by the industry and commerce registration department)
2. **Form of company:** a company with limited liability
3. **Registered capital:** RMB1 billion (including USD20 million to meet the threshold requirement for foreign exchange operations)
4. **Name of shareholder, form and proportion of capital contribution:** RMB1 billion (including USD20 million) to be funded by the internal resources of and held as to 100% by ZTE
5. **Scope of business:** ZTEFC will focus on the Group and aim to develop its financial businesses by serving the Group companies. In accordance with the provisions of the *Rules for the Administration of Finance Companies of Corporate Groups*, ZTEFC will apply for permission to deal with, among others, deposits, loans, payments and receipts, settlement and clearance, bills acceptance and discounting for the Group companies (subject to the finalised scope as stated on its business license).

III. OBJECTIVE, INHERENT RISKS AND EFFECTS ON THE COMPANY OF THE EXTERNAL INVESTMENT

As ZTE continues to grow in scale, the Group is holding massive funds while required to process sizeable cash settlements. The Group’s bank balances as at 30 June 2010 amounted to approximately RMB12.3 billion, while it reported cash flow of approximately RMB140.4 billion for 2009.

The establishment and formal operation of ZTE Finance Co., Ltd will have a positive effect on the Company's future financial position and results of operation. ZTE Finance Co., Ltd will be operated in accordance with the Rules for the Administration of Finance Companies of Corporate Groups and its scope of business as approved by the CBRC. It aims to enhance centralised treasury management of the Group and improve the efficiency of its fund application by providing quality and effective services in fund settlement, deposits and loans, bills discounting, credit verification, etc to the members of the Group. It will also actively participate in businesses such as inter-bank borrowings, insurance agency and supply-chain financing, etc. Further, it will seek to issue finance company debentures, buyers' credit and finance lease, when the conditions are right. It will gradually be developed into a platform for cash settlement, finance facilities and investment for ZTE Group, so as to enhance the flexibility of the Group's internal funding resources and improve its financial position, while enhancing the efficiency of its fund application and lowering its capital costs.

The operation of a finance company is subject to liquidity risks. To address such risks, ZTEFC will develop scientific risk indicator systems and models to facilitate quantitative measurement of risks. It will also guard against liquidity risks by exercising closer monitoring over the operations of the Group companies and introducing professional fund management personnel. Apart from liquidity risks, a finance company is also subject to operational risks, credit risks, external regulatory risks etc.. ZTEFC shall operate persistently in adherence to the principles of pro-activity and prudence, and shall strictly comply with external regulatory requirements. It will also develop comprehensive internal control systems and processes in relation to, among others, organization, staff education, processes and regimes as well as information systems in order to guard against and address the above risks in a pro-active manner.

IV. SUBSEQUENT EVENT

The establishment of ZTEFC by the Company is pending examination and approval by the CBRC and is therefore subject to uncertainties. The Company will continue to disclose information on relevant progress by way of announcements in accordance with the relevant regulations.

V. DOCUMENT FOR INSPECTION

Resolutions of the Eleventh Meeting of the Fifth Session of the Board of Directors of the Company.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
12 October 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 Zhancheng, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.

The following list of member companies of ZTE Group is extracted from the “Announcement of Resolutions of the Eleventh Meeting of the Fifth Session of the Board of Directors” of the Company dated 12 October 2010.

MEMBER COMPANIES OF ZTE GROUP

The parent company:

ZTE Corporation

Subsidiaries of the parent company:

1. Shenzhen Xingyida Communications Technology Company Limited* (深圳市興意達通訊技術有限公司)
2. Xi'an Zhongxing New Software Company Limited* (西安中興新軟件有限責任公司)
3. Shenzhen ZTE Hetai Hotel Investment Management Company Limited* (深圳市中興和泰酒店投資管理有限公司)
4. ZTE (Hangzhou) Company Limited* (中興通訊(杭州)有限責任公司)
5. Shenzhen Zhongxing Telecom Equipment Technology & Service Company Limited* (深圳市中興通訊技術服務有限責任公司)
6. Xi'an Zhongxing Software Company Limited* (西安中興軟件有限責任公司)
7. Nanjing Zhongxing Software Company Limited* (南京中興軟件有限責任公司)
8. Chengdu Zhongxing Software Company Limited* (成都中興軟件有限責任公司)
9. Shanghai Zhongxing Software Company Limited* (上海中興軟件有限責任公司)
10. Nanjing Zhongxing New Software Company Limited* (南京中興新軟件有限責任公司)
11. Sanya Zhongxing Software Company Limited* (三亞中興軟件有限責任公司)
12. Chongqing Zhongxing Software Company Limited* (重慶中興軟件有限責任公司)
13. Shenzhen Zhongxing Software Company Limited* (深圳市中興軟件有限責任公司)
14. Shenzhen Zhongruan Haina Technology Company Limited* (深圳市中軟海納技術有限公司)
15. Tianjin Zhongxing Software Company Limited* (天津中興軟件有限責任公司)
16. Beijing ZTE Baina Software Company Limited* (北京市中興百納軟件有限責任公司)
17. Guangdong New Pivot Technology & Service Company Limited* (廣東新支點技術服務有限公司)
18. Shenzhen ZTE Kangxun Telecom Company Limited* (深圳市中興康訊電子有限公司)
19. Shenzhen ZTE Microelectronics Technology Company Limited* (深圳市中興微電子技術有限公司)
20. Shenzhen Zhongxing Netview Technology Company Limited* (深圳中興力維技術有限公司)

21. Nanjing Zhongxing Netview Technology Company Limited* (南京中興力維軟件有限公司)
22. Shenzhen Zhongxing Mobile Technology Company Limited* (深圳市中興移動通信有限公司)
23. Shenzhen Zhongxing ICT Company Limited* (深圳中興網信科技有限公司)
24. ZTEsoft Technology Company Limited* (南京中興軟創科技股份有限公司)
25. Nanjing ZTE Ruanchuang Software Company Limited* (南京中興軟創軟件有限公司)
26. Nanjing ZTE Ruanchuang Software Technology Company Limited* (南京中興軟創軟件技術有限公司)
27. Shenzhen ZTE Netview Monitoring Technology & Service Company Limited* (深圳市中興力維監控技術服務有限公司)
28. Xi'an Zhongxing Jing Cheng Communication Company Limited* (西安中興精誠通訊有限公司)
29. Wuxi Zhongxing Optoelectronics Technologies Company Limited* (無錫市中興光電子技術有限公司)
30. Shenzhen Zhongxing Special Equipment Company Limited* (深圳市中興特種設備有限責任公司)
31. Nanjing ZTE Special Software Company Limited* (南京中興特種軟件有限責任公司)
32. Nanjing ZTE Special System Company Limited* (南京中興特種系統有限責任公司)
33. Anhui Wantong Posts and Telecommunications Co., Ltd. * (安徽皖通郵電股份有限公司)
34. Anhui Yalong Communication Technology Company Limited* (安徽亞龍通信技術有限公司)
35. Shenzhen Changfei Investment Company Limited* (深圳市長飛投資有限公司)
36. Shanghai Zhongxing Telecom Equipment Technology & Service Company Limited* (上海中興通訊技術有限責任公司)
37. Hefei ZTE Electronics Technology Company Limited* (合肥中興電子科技有限責任公司)
38. Nanjing Zhongxing Software Company Limited* (南京中興技術軟件有限公司)
39. Shenzhen Xingfei Technology Company Limited* (深圳市興飛科技有限公司)
40. Ji'nan Zhongxing Telecom Equipment Technology & Service Company Limited* (濟南中興通訊技術有限責任公司)
41. Shenzhen Lead Communications Co., Ltd. * (深圳市立德通訊器材有限公司)
42. Shenzhen Ruide Electronic Industrial Co., Ltd.* (深圳市睿德電子實業有限公司)
43. Shenzhen Kangquan Electromechanical Co., Ltd.* (深圳市康銓機電有限公司)

* For identification purposes only