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## SUPPLEMENTARY NOTICE OF THE 2010 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)**

## SUPPLEMENTARY NOTICE OF THE 2010 ANNUAL GENERAL MEETING

*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.*

Reference is made to the notice of annual general meeting dated 28 March 2011 (the “AGM Notice”) of ZTE Corporation (“ZTE” or the “Company”) which set out, among other things, details relating to the time, venue and agenda of the 2010 Annual General Meeting to be convened by the Company (the “AGM”) on 17 May 2011.

On 11 April 2011, the Board of Directors of the Company received two ex tempore motions submitted by its shareholder, Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited (“Zhongxingxin”, holding 930,321,620 A shares or 32.45% of the total share capital of the Company), who requested the Board of Directors of the Company to table the said motions for consideration at the AGM. Details of the motion are as follows:

**I. “RESOLUTION OF THE COMPANY ON THE AMENDMENT TO CLAUSES RELATING TO THIRD-PARTY GUARANTEES OF THE ARTICLES OF ASSOCIATION”**

The “Resolution of the Company on the Amendment to Clauses relating to Third-party Guarantees of the Articles of Association” was passed at the Seventeenth Meeting of the Fifth Session of the Board of Directors of ZTE held on 8 April 2011. Zhongxingxin hereby entreats ZTE shareholders to pass the special resolution approving the amendment to clauses relating to third-party guarantees of the Articles of Association of ZTE Corporation at the 2010 AGM to be convened on 17 May 2011, details of which are as follows:

**“THAT:**

Pertinent laws and regulations currently in force have not provided for any monetary limits for guarantees provided by a company, but have only distinguished the scopes of approving authority of the board of directors and the general meeting in respect of third-party guarantee quotas and guaranteed parties in different situations. Therefore it is permissible for the Company to amend clauses in the Articles of Association relating to monetary limits for third-party guarantees based on the actual conditions of its operations.

With the ongoing development of the Company’s overseas business, clauses in the Articles of Association relating to monetary limits for third-party guarantees will constrain the functions of wholly-owned overseas subsidiaries as financing platforms. Therefore it is necessary for the Company to amend relevant clauses of Article 160 in Chapter 10 of the Articles of Association.

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The general meeting is hereby entreated to approve the amendment of Article 160 of Chapter 10 of the Articles of Association as follows:

### Article 160 of Chapter 10

**The original article which reads:** The Board of Directors shall be accountable to the general meeting of shareholders and shall exercise the following functions and powers:

. . . . .

(17) to approve matters in connection with the provision of guarantee to a third party in an amount which is less than 10% of the most recent audited net asset value of the Company (including but not limited to such guarantee as in form of security, charge, pledge, lien and deposit);

. . . . .

The Company shall comply with the following requirements when determining matters relating to the provision of a guarantee in favour of a third party as set out in sub-paragraph (17) of the first paragraph hereof:

. . . . .

(II) The Company shall neither provide a guarantee in favour of a unit without legal person status nor an individual. The maximum amount of any single guarantee provided by the Company in favour of a third party shall not be more than 5% of the net asset value recorded on the consolidated financial statements for the most recent accounting year, the maximum accumulated amount of guarantees provided by the Company to any one party shall not be more than 10% of the net asset value recorded on the consolidated financial statements for the most recent accounting year.

**Is amended to read:**

### Article 160 of Chapter 10

The Board of Directors shall be accountable to the general meeting of shareholders and shall exercise the following functions and powers:

. . . . .

(17) to approve matters in connection with the provision of guarantee to a third party in an amount which is less than 10% of the most recent audited net asset value of the Company (including but not limited to such guarantee as in form of security, charge, pledge, lien and deposit);

.....

The Company shall comply with the following requirements when determining matters relating to the provision of a guarantee in favour of a third party as set out in sub-paragraph (17) of the first paragraph hereof:

.....

(II) The Company shall neither provide a guarantees in favour of a unit without legal person status nor an individual. The maximum amount of any single guarantee **provided by the Company in favour of a third party other than its wholly-owned subsidiary** shall not be more than 5% of the net asset value recorded on the consolidated financial statements for the most recent accounting year, the maximum accumulated amount of guarantee **provided by the Company to any one party other than its wholly-owned subsidiary** shall not be more than 10% of the net asset value recorded on the consolidated financial statements for the most recent accounting year.

## II. “RESOLUTION OF MATTERS RELATING TO DEBT FINANCING OF ZTE (H.K.) LIMITED”

The “Resolution of Matters relating to Debt Financing of ZTE (H.K.) Limited” was passed at the Seventeenth Meeting of the Fifth Session of the Board of Directors of ZTE held on 8 April 2011. For details, please refer to the “Announcement of the Resolutions Passed at the Seventeenth Meeting of the Fifth Session of the Board of Directors”, “Announcement on the Proposed Interest Rate Swap Transactions by a Wholly-owned Subsidiary” and “Announcement on the Provision of Guarantee for a Wholly-owned Subsidiary” of the Company dated 8 April 2011.

Zhongxingxin hereby entreats ZTE shareholders to pass the ordinary resolution approving matters relating to the debt financing of ZTE (H.K.) Limited at the 2010 AGM to be convened on 17 May 2011, details of which are as follows:

1. **The general meeting is entreated to consider the provision of a guarantee by ZTE in relation to the overseas medium/long-term debt financing of ZTE (H.K.) Limited (“ZTE (H.K.)”), a wholly-owned subsidiary, with details as follows:**
  - (1) To consider and approve the provision of a guarantee in the form of joint liability assurance by the Company in relation to the overseas debt financing (including but not limited to syndicate loans, bank facilities and the issue of corporate bonds) of ZTE (H.K.) for an amount of not more than USD900 million and a period of not more than 5 years (from the date on which the debt financing agreement takes effect).
  - (2) To consider and approve the authorisation of Mr. Hou Weigui, the legal representative of the Company, or his authorised signatory to determine the specific amount and period of guarantee based on the results of negotiations between ZTE (H.K.) and the relevant debt financing parties subject to the

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aforesaid limit and period of guarantee; negotiate with the relevant debt financing parties and execute all guarantee agreements and other related legal contracts and documents which are related to the said guarantee; and deal with other matters relating to such guarantee.

2. **The general meeting is entreated to consider and approve the authorisation of the conduct of interest rate swap transactions by ZTE (H.K.) with a nominal principal amount of not more than USD900 million at selected timing for the medium/long-term debt financing, with matched time limits between the interest rate swap transactions and the medium/long-term debt financing.**

Pursuant to Rule 103 of the Company Law of the People's Republic of China (the "PRC Company Law"), "shareholders individually or collectively holding more than 3% of the shares of the Company may propose ex tempore motions no later than ten days prior to the convening of the general meeting by submitting the same in writing to the Board of Directors; the Board of Directors should notify other shareholders within two days after the receipt of the motions and table the same at the general meeting for consideration. Ex tempore motions should carry specific subjects and matters to be resolved that fall within the scope of authority of the General Meeting."

Further, pursuant to Article 78 of the Articles of Association of ZTE Corporation, shareholders individually or collectively holding more than 3% of the shares of the Company may propose ex tempore motions no later than ten days prior to the convening of the general meeting by submitting the same in writing to the convener. The convener should issue a supplementary notice of general meeting within two days after the receipt of the motions to announce the details of such motions.

Having examined the aforesaid ex tempore motions, the full Board of Directors of the Company is of the view that they are in compliance with the relevant provisions of the PRC Company Law and the Articles of Association, with Zhongxingxin meeting the requirements for proposing ex tempore motions and the motions carrying specific subjects and matters to be resolved that fall within the scope of authority of the General Meeting. Accordingly, the Board of Directors of the Company has approved the tabling of the aforesaid ex tempore motions at the 2010 AGM of the Company in accordance with the Rules of Procedure for General Meetings of Listed Companies.

Save for the two ex tempore motions added as aforesaid, other details such as the time, venue and record date for the 2010 AGM of the Company will remain unchanged. A revised Proxy Form has been published on the even date with this notice (the use of the revised Proxy Form is preferred).

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

Shenzhen, PRC  
12 April 2011

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*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, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.*

**Attachment 1: Announcement on the Provision of Guarantee for a Wholly-owned Subsidiary**

**Attachment 2: Announcement on the Proposed Interest Rate Swap Transactions by a Wholly-owned Subsidiary**

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**Announcement**  
**on the Provision of Guarantee for a Wholly-owned Subsidiary**

*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. BRIEF DESCRIPTION OF THE GUARANTEE**

With a view to further optimising the long-term and short-term debt structure of ZTE Corporation (“ZTE” or the “Company”) and the subsidiaries included in its consolidated financial statements (the “Group”) and meeting additional working capital requirements of the Company’s medium/long-term development at appropriate finance costs, ZTE proposes to seek medium/long-term debt financing (including but not limited to syndicate loans, bank facilities and the issue of corporate bonds) in 2011 with ZTE (H.K.) Limited (“ZTE (H.K.)”), its wholly-owned subsidiary, as the principal. Proceeds received by ZTE (H.K.) from such debt financing will primarily be applied to fund overseas purchase payments and international market expenses.

In view of the current financial conditions and credit rating of ZTE (H.K.), ZTE will provide guarantee for an amount of not more than USD900 million in relation to the aforesaid debt financing of ZTE (H.K.), in order to secure debt financing at favourable costs.

As ZTE (H.K.) is a wholly-owned subsidiary of ZTE, ZTE (H.K.) has not provided any counter-guarantee to ZTE in respect of the said guarantee.

The said guarantee was considered and approved at the Seventeenth Meeting of the Fifth Session of the Board of Directors of ZTE. In accordance with requirements of regulatory documents such as the “Notice on Regulating Third-party Guarantees of Listed

Companies” promulgated by the China Securities Regulatory Commission (“CSRC”) and the China Banking Regulatory Commission, the said guarantee shall require the approval of the general meeting of ZTE.

## **II. INFORMATION OF THE GUARANTEE**

1. Name: ZTE (H.K.) Limited
2. Place of incorporation: Hong Kong
3. Registered capital: HKD500 million
4. Scope of business: sales of products and purchase of original parts and ancillary equipment; development and transfer of technologies; training and consultant services; investment and financing activities.
5. Relationship with the Company: wholly-owned subsidiary 100% held by ZTE
6. Operating and financial conditions: ZTE (H.K.) was incorporated in 2000 as a platform for international sales and technical services and international financing for ZTE.

For 2010, ZTE (H.K.) reported operating revenue of HKD8,159 million and net profit of HKD291 million. As at 31 December 2010, total assets and net assets of ZTE (H.K.) amounted to HKD11,938 million and HKD1,413 million, respectively. Its assets-liabilities ratio was 88.17%.

## **III. PRINCIPAL TERMS OF THE GUARANTEE DOCUMENT**

ZTE will provide guarantee with an amount of not more than USD900 million in relation to the debt financing of ZTE (H.K.):

1. Guarantor: ZTE
2. Guarantee: ZTE (H.K.)
3. Amount guaranteed: not more than USD900 million.
4. Term of guarantee: not more than 5 years (from the date on which the debt financing agreement takes effect)
5. Type of guarantee: joint liability assurance

## **IV. OPINION OF THE BOARD OF DIRECTORS**

The Board of Directors of the Company is of the view that: In view of the current credit tightening in the PRC and expected strengthening of the RMB currency, the conduct of debt financing with ZTE (H.K.) as the principal guaranteed by ZTE is conducive to the



optimisation of its long-term and short-term debt structure as well as meeting additional working capital requirements of the Company's medium- to long-term development at appropriate finance costs, and is in line with the overall long-term interests of the Company.

As a wholly-owned subsidiary of ZTE, the treasury and financial accounting operations of ZTE (H.K.) are centrally managed by the Company and the risk of the guarantee is controllable.

As ZTE (H.K.) is a wholly-owned subsidiary of ZTE, ZTE (H.K.) has not provided any counter-guarantee to ZTE in respect of the said guarantee.

**V. CUMULATIVE AMOUNT OF OUTSTANDING THIRD-PARTY GUARANTEES  
AND OVERDUE GUARANTEES OF THE COMPANY**

As at the date of this announcement, the aggregate amount of third-party guarantees provided by the Company is approximately RMB623,239,200, representing 2.70% of the net asset value of the Company as set out in the audited combined accounting statement of the Company as at 31 December 2010. Such guarantees are in compliance with pertinent provisions of the CSRC. There are no guarantees in violation of regulations.

The Company has no overdue guarantees.

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

Shenzhen, PRC  
8 April 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 Shiyong; six non-executive directors, Hou Weigui, Lei Fanpei, Xie Weiliang, Wang Zhanchen, 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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**Announcement**  
**on the Proposed Interest Rate Swap Transactions**  
**by a Wholly-owned Subsidiary**

*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.*

**SUMMARY:**

1. In order to further optimise the long-term and short-term debt structure of ZTE Corporation ("ZTE" or the "Company") and the subsidiaries included in its consolidated financial statements (the "Group"), reduce exposure to assets and liabilities denominated in foreign currency and meet additional working capital requirements of the Company's medium- to long-term development at appropriate finance costs, ZTE proposes to conduct medium/long-term debt financing in 2011 with ZTE (H.K.) Limited ("ZTE (H.K.)"), a wholly-owned subsidiary, as the principal. To avoid interest rate risks associated with the aforesaid debt financing, ZTE (H.K.) proposes to conduct interest rate swap transactions with a nominal principal amount of not more than USD900 million at selected timing.
2. The proposed conduct of interest rate swap transactions by ZTE (H.K.) with a nominal principal amount of not more than USD900 million was considered and unanimously approved at the Eleventh Meeting of the Audit Committee of the Fifth Session of the Board of Directors of the Company. Submission of such matter to the Board of Directors of the Company for consideration was approved.
3. The proposed conduct of interest rate swap transactions by ZTE (H.K.) with a nominal principal amount of not more than USD900 million was considered and unanimously approved at the Seventeenth Meeting of the Fifth Session of the Board of Directors of

the Company. Directors attending the meeting have conducted thorough discussions and are aware of the background, operating procedures and risk management procedures of the interest rate swap transactions, as well as its relevance to the day-to-day operations of the Company, and have approved the submission of such matter to the general meeting of the Company for consideration.

4. Any speculative activities are strictly forbidden. Interest rate swap transactions are subject to revaluation risks, settlement risks, credit risks and other risks.

#### **I. STATEMENT ON THE PERFORMANCE OF LEGAL VOTING PROCEDURES IN RESPECT OF THE INTEREST RATE SWAP TRANSACTIONS**

In order to further optimise the Group's long-term and short-term debt structure, reduce exposure to assets and liabilities denominated in foreign currency and meet additional working capital requirements of the Company's medium- to long-term development at appropriate finance costs, ZTE proposes to conduct medium/long-term debt financing in 2011 with ZTE (H.K.), a wholly-owned subsidiary, as the principal. To avoid interest rate risks associated with the aforesaid debt financing, ZTE (H.K.) proposes to conduct interest rate swap transactions with a nominal principal amount of not more than USD900 million at selected timing.

The proposed conduct of interest rate swap transactions by ZTE (H.K.) with a nominal principal amount of not more than USD900 million was considered and approved at the Seventeenth Meeting of the Fifth Session of the Board of Directors of the Company held on 8 April 2011. The proposal is subject to approval by the general meeting of the Company. The Independent Non-Executive Directors of the Company, namely, Ms. Qu Xiaohui, Mr. Chen Naiwei, Mr. Wei Wei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have reviewed the matter and furnished an independent opinion in relation thereto. The five Independent Non-Executive Directors are of the unanimous view that the interest rate swap transactions proposed to be entered into by ZTE (H.K.) are closely related to its day-to-day operations with controllable risks, and that are in compliance with pertinent provisions of relevant laws and regulations.

The matter does not constitute a connected transaction and therefore is not subject to the voting procedures applicable to connected transactions.

#### **II. INTEREST RATE SWAP TRANSACTIONS**

An interest rate swap is a financial derivative product designed for the management of interest rate risks, operating in the form of a financial contract whereby interest amounts are swapped on the basis of an agreed nominal principal amount in the same currency within a designated period in future as agreed between two parties in a market transaction. Interest rate swaps are most commonly conducted by way of swaps between fixed interest rates and floating interest rates.

**III. PRINCIPAL TERMS OF INTEREST RATE SWAP TRANSACTIONS**

1. Principal of transaction: ZTE (H.K.)
2. Type of transaction: Interest rate swap
3. Principal amount of transaction: Nil. The nominal principal amount shall be the amount confirmed in the agreement, subject to a maximum nominal principal amount of not more than USD900 million (There shall be no physical swap of principal amounts between the two parties to the transaction. The nominal principal amount is set as a basis for calculation only);
4. Period of transaction: to match the term of the medium/long-term debt financing
5. Benchmark currency: US Dollar;
6. Method of payment: interest spread payable in US Dollars on the interest payment date;
7. Other terms: Interest rate swap transactions conducted by the Company shall be non-standardised over-the-counter contracts; benchmark interest rates, interest payment dates and interest rate settlement dates, etc shall be determined through negotiations between the two parties.

**IV. JUSTIFICATION OF INTEREST RATE SWAP TRANSACTIONS BY ZTE (H.K.)**

With a view to avoiding interest rate risks associated with ZTE (H.K.)’s medium/long-term debt financing, ZTE (H.K.) proposes to enter into an interest rate swap agreement for a nominal principal amount of not more than USD900 million with banks at an appropriate timing for the swap between floating interest rates and fixed interest rates, which is conducive to further reductions in finance costs and reasonable control over interest rate risks.

**V. PREPARATIONS FOR THE CONDUCT OF INTEREST RATE SWAPS**

The Company has formulated the “System for Risk Control and Information Disclosure relating to Investments in Derivatives” (《衍生品投資風險控制及信息披露制度》) and Measures for the Administration of Investments in Derivatives” (《衍生品投資管理辦法》) to lay down specific provisions relating to risk controls, review procedures and subsequent management for the Company’s derivative investments, so that derivative investment activities will be subject to effective regulation and risks associated with derivative investments will be duly controlled.

The Company has formed an investment work group headed by the chief financial officer and comprising professional personnel for investment decision-making as well as trade operations, who will be specifically responsible for conducting investments in derivative products and drawing up relevant investment plans to be implemented subject to the scope of authorisation mandated by the Board of Directors or the general meeting.

The members of the investment work group of the Company are fully aware of the characteristics and potential risks of investments in derivative products and are operating in strict compliance with the operational and risk management systems for derivative investments.

## **VI. RISK ANALYSES IN RESPECT OF INTEREST RATE SWAP TRANSACTIONS**

ZTE (H.K.) may be subject to the following risks in its conduct of interest rate swaps:

### **1. Revaluation risks**

Revaluation risks refer to the change in market value to which an interest rate swap product is subject as a result of changes in market price parameters during the revaluation period. A change in the fair value of the interest rate swap at the end of the reporting period versus the beginning of the reporting period will affect the profit and loss of the Company for the period.

### **2. Settlement risks**

An interest rate swap transaction does not involve the swap of the principal amount. The two parties to the transaction swap interest amounts based on the nominal principal amount agreed in the contract, and the transaction is subject to settlement risks only to the extent of the amount of interest payable. Through effective treasury planning, it is assured that there would be sufficient funds for settlement upon completion.

### **3. Credit risks**

Credit risks refer to risks of the Company associated with the failure of counterparties to honour payment of swap earnings in fulfillment of their contractual obligations. As counterparties selected for the interest rate swap transactions of ZTE (H.K.) are typically banks with a long-term credit rating of “A” or the equivalent of “A” or above given by international credit rating agencies and who have established long-standing business relationships with the Company, the interest rate swap transactions basically give rise to no risk in contract performance.

**4. Other risks**

Failure of personnel in charge to operate interest rate swaps in accordance with stipulated procedures or fully understand information regarding interest rate swaps may result in operational risks in actual operation; Obscure terms in the trade contract may result in legal risks.

**VII. RISK MANAGEMENT STRATEGY FOR INTEREST RATE SWAP  
TRANSACTIONS**

1. Stringent risk assessment and risk tracking will be conducted in respect of the interest rate swap transactions. Any investments shall be limited to the authorised cap approved by the Board of Directors or the general meeting. The interest rate swaps entered into by the Company shall aim at controlling debt financing costs on the basis of comparable interest rate levels.
2. The investment work group of the Company conducts derivative investment risk analyses prior to the conduct of any interest rate swap transactions and draw up investment plans (including investment duration, amounts and counterparty banks, etc) and feasibility analysis reports to the Risk Management Committee of the Company for risk examination, all of which shall be subject to the final approval of the chief financial officer.
3. All interest rate swap contracts of the Company shall be submitted by the investment work group to the chief financial officer for approval before execution.
4. The Company enters into contracts with clear and precise terms with counterparty banks and stringently implements the risk management system to prevent legal risks
5. The Risk Management Committee of the Company will track changes in the open market prices or fair values of the derivative products, conduct timely assessment of changes in the risk exposures of invested interest rate swaps, and report to the Audit Committee of the Board of Directors on a regular basis. If any irregularities are identified, they will promptly be reported to the Audit Committee under the Board of Directors and reminders will be given to the investment work group for the application of contingency measures.
6. Regular auditing of derivative investments shall be undertaken by the internal audit department of the Company to ensure compliance.

**VIII. FAIR VALUE ANALYSIS IN RESPECT OF INTEREST RATE SWAPS**

The interest rate swaps to be conducted by ZTE (H.K.) are traded in highly transparent markets. The fair values of the interest rate swaps can be sufficiently reflected in traded prices and daily settlement unit prices, which will be determined by the Company based on prices quoted by or obtained from service providers such as banks and the Reuters system.

**IX. ACCOUNTING POLICY AND SUBSEQUENT DISCLOSURES REGARDING  
DERIVATIVE INVESTMENTS**

1. The accounting treatment of the Company's derivative investments shall be determined in accordance with the Accounting Standards for Business Enterprises.
2. The Risk Management Committee of the Company will report to the Board of Directors when the aggregate loss or variable loss of the invested derivatives of the Company (representing the sum of the fair value impairment of the invested derivatives and the change in value of the assets used for risk hedging (if any)) exceeds RMB10 million and publish an interim announcement for timely disclosure when such loss reaches 10% of the latest audited net assets of the Company.
3. Relevant information on derivative investments in force will be disclosed in the regular reports of the Company.

**X. OPINION OF THE INDEPENDENT DIRECTORS**

The Independent Non-Executive Directors of the Company, namely, Ms. Qu Xiaohui, Mr. Chen Naiwei, Mr. Wei Wei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, have reviewed the proposed conduct of interest rate swap transactions by ZTE (H.K.) with a nominal principal amount of not more than USD900 million at selected timing and have furnished an independent opinion in relation thereto as follows:

Given ZTE (H.K.)'s proposed medium/long-term debt financing and with a view to avoiding the risk of increasing finance costs for the said medium/long-term debt financing, it has resolved to enter into an interest rate swap agreement for a nominal principal amount of not more than USD900 million with banks for the swap between floating interest rates and fixed interest rates, which is conducive to further reductions in finance costs and better control over interest rate risks. The company has conducted stringent internal assessment of its derivative operations and established a mechanism to regulate such operations. We are of the view that the interest rate swap transactions that ZTE (H.K.) proposes to enter into are closely related to its day-to-day operations with controllable risks, and that they are in compliance with pertinent provisions of relevant laws and regulations.

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

Shenzhen, PRC  
8 April 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 Shiyong; six non-executive directors, Hou Weigui, Lei Fanpei, Xie Weiliang, Wang Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.*