

If you are in any doubt about any aspect of this circular, or as to the action to be taken, you should consult a licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in **ZTE Corporation**, you should hand this circular together with the enclosed form of proxy to the purchaser or the transferee or to the bank, licensed securities dealers or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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ZTE中兴
ZTE CORPORATION
中兴通讯股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 763)

- (1) Proposed General Mandate to Issue Shares for 2012**
 - (2) Proposed Amendment of the Articles of Association**
 - (3) Proposed Amendment of the Rules of Procedure of the Board
of Directors Meetings**
 - (4) Proposed Dividend Payment**
 - (5) Proposed Limits of Composite Credit Facilities**
 - (6) Proposed Limits of Derivative Products Investment for 2012**
 - (7) Waiver of first right of refusal and the capital contribution option in respect
of ZTE ITS LTD. (Wuxi)**
- And**
- (8) Notice of the 2011 Annual General Meeting**
-

A letter from the Board is set out in pages 4 to 16 of this circular.

A notice convening the AGM to be held at 4/F, A Wing, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China at 9:00 a.m. on Friday, 25 May 2012 is set out in pages 17 to 26 of this circular.

A proxy form for use at the AGM is enclosed with this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for holding the meeting or any adjourned meeting thereof. Completion and return of the forms of proxy will not preclude you from attending and voting at the meetings or any adjournment thereof should you so wish.

A reply slip for use at the AGM is enclosed with this circular. Any H Shareholders intending to attend the AGM shall deliver the respective reply slip to the Company by hand, post or facsimile on or before Friday, 4 May 2012.

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms and expressions shall have the following meanings:

“A Share(s)”	Ordinary share(s) of par value of RMB1.00 each in the registered capital of the Company, which are listed and traded on the Shenzhen Stock Exchange
“AGM”	The annual general meeting of the Company to be held at 4/F, A Wing, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the People’s Republic of China at 9:00 a.m. on Friday, 25 May 2012
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“Board Rules”	The “Rules of Procedure of the Board of Directors Meetings” as amended by the shareholders of the Company at the 2005 annual general meeting held on 14 June 2006
“China” or the “PRC”	People’s Republic of China
“Company”	ZTE Corporation, a joint stock limited company incorporated on 11 November 1997 under the PRC Company Law in the PRC whose shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange
“Company Law”	The Company Law of the People’s Republic of China
“Director(s)”	The director(s) of the Company
“Fixed Income Derivatives”	Derivative investments with assured gains upon maturity, conducted through a basket of financial portfolio products in line with the foreign currency payment requirements of the Company’s import business, leveraging the deposit/loan interest rate spread and the forward exchange rate spread between different currencies at a given time
“General Mandate”	A General Mandate to allot, issue or otherwise deal with Shares proposed to be granted to the Directors at the AGM, the details of which are set out in Special Resolution No. 11 of the Notice of the 2011 Annual General Meeting
“H Shares”	Ordinary share(s) of par value of RMB1.00 each in the registered capital of the Company, which are listed and traded on the Hong Kong Stock Exchange
“H Shareholder(s)”	Holder(s) of H Shares

DEFINITIONS

“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	31 March 2012, being the latest practicable date prior to the printing of this circular for determining certain information set out in this circular
“RMB”	Renminbi, the statutory currency of the PRC
“Share(s)”	means A Share(s) and H Share(s)
“Value Protection Derivatives”	Investments in financial derivatives conducted with the aim of value preservation to avoid uncertainties in the gains of assets or liabilities in day-to-day operations arising from volatilities in exchange rates or interest rates, which include, and are limited to, foreign exchange forward contracts, forward interest rate contracts, currency swaps, interest rate swaps, call options and structured forward contracts

EXPECTED TIMETABLE

2012

Latest time for lodging transfers of the H Shares to
qualify for attendance and voting at the AGM 4:30 pm, Tuesday, 24 April

H Share register closed Wednesday, 25 April to Thursday,
24 May (both dates inclusive)

Latest date for lodging reply slips for the AGM Friday, 4 May

Latest time for lodging proxy forms for the AGM 9:00 am, Thursday, 24 May

AGM 9:00 am, Friday, 25 May

H Share register re-opens Friday, 25 May

Latest time for lodging transfers of the H Shares
to qualify for the H Share dividend 4:30 pm, Wednesday, 30 May

H Share register closed Thursday, 31 May to Monday,
4 June (both dates inclusive)

H Share register re-opens Tuesday, 5 June

ZTE中兴

ZTE CORPORATION
中兴通讯股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 763)

Executive Director(s):

Shi Lirong
Yin Yimin
He Shiyou

Legal address:

ZTE Plaza
Keji Road South
Hi-Tech Industrial Park
Nanshan District
Shenzhen, 518057
The PRC

Non-executive Director(s):

Hou Weigui
Xie Weiliang
Wang Zhanchen
Zhang Junchao
Dong Lianbo

Place of business in Hong Kong:

8/F Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Independent Non-executive Director(s):

Qu Xiaohui
Wei Wei
Chen Naiwei
Tan Zhenhui
Timothy Alexander Steinert

10 April 2012

To the Shareholders

Dear Sir or Madam,

- (1) Proposed General Mandate to Issue Shares for 2012**
- (2) Proposed Amendment of the Articles of Association**
- (3) Proposed Amendment of the Board Rules**
- (4) Proposed Dividend Payment**
- (5) Proposed Limits of Composite Credit Facilities**
- (6) Proposed Limits of Derivative Products Investment for 2012**
- (7) Waiver of first right of refusal and the capital contribution option
in respect of ZTE ITS LTD. (Wuxi)
and**
- (8) Notice of the 2011 Annual General Meeting**

LETTER FROM THE BOARD

I. INTRODUCTION

The purpose of this circular is to give notice of the general meeting to you and provide relevant information for your informed decision when voting for the ordinary resolutions and special resolutions to be proposed at the AGM in respect of, among others, the following matters:

1. Proposed General Mandate to Issue Shares for 2012
2. Proposed Amendment of the Articles of Association
3. Proposed Amendment of the Board Rules
4. Proposed Dividend Payment
5. Proposed Limits of Composite Credit Facilities
6. Proposed Limits of Derivative Products Investment for 2012
7. Waiver of first right of refusal and the capital contribution option in respect of ZTE ITS LTD. (Wuxi)

II. PROPOSED GENERAL MANDATE TO ISSUE SHARES FOR 2012

At the previous AGM of the Company held on 17 May 2011, the Board was granted a General Mandate to exercise the general power of the Company to allot, issue and otherwise deal with Shares in Company not exceeding 20% of the aggregate nominal amount of its share capital in issue as at 17 May 2011. The said General Mandate will expire on 16 May 2012.

To afford the Board the flexibility of issuing new shares at its discretion as and when appropriate, a special resolution will be proposed at the AGM to grant a General Mandate to the Board to allot, issue and otherwise deal with the A Shares and H Shares of the Company, each not exceeding 20% of the aggregate nominal amount of the Company's A Shares and H Shares, respectively, in issue as at the date on which the resolution is passed.

As at the Latest Practicable Date, the Company's issued share capital comprised 2,810,492,575 A Shares and 629,585,445 H Shares. Subject to the granting of the General Mandate being approved and assuming that no additional Shares will be issued prior to the AGM, the Board will be entitled to issue a maximum of 562,098,515 A Shares and 125,917,089 H Shares.

The General Mandate will remain in effect until the earliest of: (i) the conclusion of the next AGM of the Company; (ii) the expiry of a period of 12 months from the date on which the resolution is passed; or (iii) the revocation or variation of the authority given under this resolution by way of a special resolution of the general meeting.

LETTER FROM THE BOARD

The Board shall comply with pertinent provisions of the Hong Kong Listing Rules, the Articles of Association and applicable PRC laws and regulations when exercising powers pursuant to the General Mandate. Notwithstanding the granting of the General Mandate, the Company is still required to seek shareholders' approval at the general meeting for the issue of any A Shares according to pertinent PRC laws and regulations, provided that respective shareholders' approvals at the A Share class meeting and the H Share class meeting are not required.

For details please refer to Special Resolution No. 11 of the AGM notice.

III. PROPOSED AMENDMENT OF THE ARTICLES OF ASSOCIATION

In accordance with the latest requirements of the Hong Kong Listing Rules (in force since 1 April 2012), the Company Law and other laws, regulations and regulatory documents and taking into account the actual conditions of the Company, the amendment of certain clauses of the Articles of Association is necessary. The Articles of Association are written in Chinese and there is no official English version. Any English translation is for reference only. The Chinese version shall prevail in case of any discrepancy.

LETTER FROM THE BOARD

Approval is sought from the AGM for the amendment of certain clauses of the Article of Association, the details of which are as follows:

The original articles

Chapter 1 Article 10 The Articles shall be binding to the Company and its shareholders, Directors, Supervisors, President and other senior management personnel; the aforesaid personnel may make claims in connection with the Company's affairs pursuant to the Articles.

Shareholders may institute legal actions against the Company pursuant to the Articles; the Company may institute legal actions against the shareholders, Directors, Supervisors, President and other senior management personnel pursuant to the Articles; shareholders may institute legal actions against other shareholders pursuant to the Articles; shareholders may institute legal actions against Directors, Supervisors, President and other senior management personnel pursuant to the Articles. Senior management personnel referred to in this Article shall include the Senior Vice Presidents, Vice Presidents, Secretary to the Board of Directors and chief financial officer.

Legal actions referred to in the foregoing paragraph shall include litigation filed with a court and arbitration at an arbitration agency.

Chapter 10 Article 159 The Company shall have a board of directors, which shall consist of 14 directors with one chairman, two vice chairmen and five independent directors. No less than one fifth of the total number of directors on the board shall be members of the senior management of the Company.

The amended articles

Chapter 1 Article 10 The Articles shall be binding to the Company and its shareholders, Directors, Supervisors, President and other senior management personnel; the aforesaid personnel may make claims in connection with the Company's affairs pursuant to the Articles.

Shareholders may institute legal actions against the Company pursuant to the Articles; the Company may institute legal actions against the shareholders, Directors, Supervisors, President and other senior management personnel pursuant to the Articles; shareholders may institute legal actions against other shareholders pursuant to the Articles; shareholders may institute legal actions against Directors, Supervisors, President and other senior management personnel pursuant to the Articles. Senior management personnel referred to in this Article shall include the **Executive Vice Presidents, Senior Vice Presidents, Secretary to the Board of Directors and chief financial officer and personnel designated or confirmed by the Board of the Directors of the Company from time to time as necessary.**

Legal actions referred to in the foregoing paragraph shall include litigation filed with a court and arbitration at an arbitration agency.

Chapter 10 Article 159 The Company shall have a board of directors, which shall consist of 14 directors with one chairman, two vice chairmen and five **independent non-executive directors.** **Executive directors** shall account for no less than one fifth of the total number of directors on the board.

LETTER FROM THE BOARD

The original articles

Chapter 10 Article 160 The Board of Directors shall be accountable to the General Meeting and shall exercise the following powers:

(19) to approve to conduct an external investment which is related to the principal business of the Company and is less than 10% of the Company's most recently audited net asset value, or an external investment which is outside the principal business of the Company and is less than 5% of the Company's most recently audited net asset value;

(20) to exercise other powers as stipulated by the laws, regulations or the Articles or granted by the General Meeting.

The amended articles

Chapter 10 Article 160 The Board of Directors shall be accountable to the General Meeting and shall exercise the following powers:

(19) to approve to conduct an external investment which is related to the principal business of the Company and is less than 10% of the Company's most recently audited net asset value, or an external investment which is outside the principal business of the Company and is less than 5% of the Company's most recently audited net asset value;

(20) review and monitor the corporate governance of the Company, including but not limited to:

1. Formulating and reviewing the corporate governance policies and practices of the Company;

2. Reviewing and monitoring the training and ongoing professional development of the directors and senior management;

3. Reviewing and monitoring the Company's policies and practices in legal and regulatory compliance;

4. Formulating, reviewing and monitoring the code of conduct and compliance manual (if any) for employees and directors; and

5. Reviewing the Company's compliance with Appendix 14 "Code of Corporate Governance" of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and disclosures made in the corporate governance report.

(21) to exercise other powers as stipulated by the laws, regulations or the Articles or granted by the General Meeting.

LETTER FROM THE BOARD

IV. PROPOSED AMENDMENT OF THE BOARD RULES

The “Resolution on the Amendment of certain Clauses of the Articles of Association” was considered and passed at the 2010 Annual General Meeting of the Company held on 17 May 2011 approving the amendment of clauses under Article 160 of the Articles of Association concerning the provision of external guarantees and the stipulation of specific types of derivative investments that may be handled by the Board at its discretion, and the “Resolution on the Amendment of Certain Clauses of the Articles of Association” was further considered and passed at the Twenty-seventh Meeting of the Fifth Session of the Board of Directors held on 28 March 2012 proposing the amendment of Articles 10, 159 and 160 of the Articles of Association, such that the Board Rules as a supplement to the Articles of Association should be amended accordingly when the Articles of Association are amended. The Board Rules are written in Chinese and there is no official English version. Any English translation is for reference only. The Chinese version shall prevail in case of any discrepancy.

LETTER FROM THE BOARD

Approval is sought from the AGM for the amendment of certain clauses of Board Rules, details of which are as follows:

The original articles

Chapter 2 Article 2 The Board of Directors shall exercise the following powers:

.....

(17) to approve external guarantee (including but not limited to assurance, security, pledge, lien and deposit) for an amount no more than 10% of the latest audited net asset of the Company

.....

The Company shall comply with the following when determining external guarantees stipulated in (17) of Paragraph 1:

.....

(2) The Company shall not provide guarantee for any non-corporate entities or individuals; any single external guarantee provided by the Company shall not exceed 5% of the net assets reported in the consolidated accounting statements for the latest accounting year; guarantees provided for the same party shall not exceed 10% of the net assets reported in the consolidated accounting statements for the latest accounting year.

The amended articles

Chapter 2 Article 2 The Board of Directors shall exercise the following powers:

.....

(17) to approve external guarantee (including but not limited to assurance, security, pledge, lien and deposit) for an amount no more than 10% of the latest audited net asset of the Company

.....

The Company shall comply with the following when determining external guarantees stipulated in (17) of Paragraph 1:

.....

(2) The Company shall not provide guarantee for any non-corporate entities or individuals; any single external guarantee provided by the Company to parties other than **a wholly owned subsidiary of the Company** shall not exceed 5% of the net assets reported in the consolidated accounting statements for the latest accounting year; guarantees provided for the **same party other than a wholly owned subsidiary of the Company** shall not exceed 10% of the net assets reported in the consolidated accounting statements for the latest accounting year.

LETTER FROM THE BOARD

The original articles

Chapter 2 Article 2 The Board of Directors shall exercise the following powers:

.....

(19) to approve to conduct an external investment which is related to the principal business of the Company and is less than 10% of the Company's most recently audited net asset value, or an external investment which is outside the principal business of the Company and is less than 5% of the Company's most recently audited net asset value;

.....

The Company shall comply with the following when determining external guarantees stipulated in (17) of Paragraph 1:

.....

The amended articles

Chapter 2 Article 2 The Board of Directors shall exercise the following powers:

.....

(19) to approve to conduct an external investment which is related to the principal business of the Company and is less than 10% of the Company's most recently audited net asset value, or an external investment which is outside the principal business of the Company and is less than 5% of the Company's most recently audited net asset value;

.....

The Company shall comply with the following when determining external guarantees stipulated in (17) of Paragraph 1:

.....

The external investment made by the Company under (19) of paragraph 1 shall include securities and derivative products investments. Derivative products in which the Board may invest at its discretion shall include, in substance, products such as options, forwards, swaps or portfolios of such products, with their underlying assets being interest rates, exchange rates, currencies or portfolios of such underlying assets. The Company shall comply with the laws and regulations as well as rules of relevant securities exchanges when investing in securities and derivative products.

LETTER FROM THE BOARD

The original articles

Chapter 2 Article 2: The Board of Directors shall exercise the following powers:

.....

(19) to approve to conduct an external investment which is related to the principal business of the Company and is less than 10% of the Company's most recently audited net asset value, or an external investment which is outside the principal business of the Company and is less than 5% of the Company's most recently audited net asset value;

(20) to exercise other powers as stipulated by the laws, regulations or the Articles or granted by the General Meeting.

The amended articles

Chapter 2 Article 2: The Board of Directors shall exercise the following powers:

.....

(19) to approve to conduct an external investment which is related to the principal business of the Company and is less than 10% of the Company's most recently audited net asset value, or an external investment which is outside the principal business of the Company and is less than 5% of the Company's most recently audited net asset value;

(20) review and monitor the corporate governance of the Company, including but not limited to:

1. Formulating and reviewing the corporate governance policies and practices of the Company;

2. Reviewing and monitoring the training and ongoing professional development of the directors and senior management;

3. Reviewing and monitoring the Company's policies and practices in legal and regulatory compliance;

4. Formulating, reviewing and monitoring the code of conduct and compliance manual (if any) for employees and directors; and

5. Reviewing the Company's compliance with Appendix 14 "Code of Corporate Governance" of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and disclosures made in the corporate governance report.

(21) to exercise other powers as stipulated by the laws, regulations or the Articles or granted by the General Meeting.

LETTER FROM THE BOARD

V. PROPOSED DIVIDEND PAYMENT

The Company will propose an ordinary resolution at the AGM to consider and, if thought fit, approve the declaration and payment of dividend. Based on the total number of 3,440,078,020 Shares in issue as at 28 March 2012, comprising 2,810,492,575 A Shares (including 9,125,893 Subject Shares under the Share Incentive Scheme remaining in lock-up) and 629,585,445 H Shares, and assuming that the total number of A Shares and the total number of H Shares do not change during the period from 28 March 2012 to the A Share Record Date and H Share Record Date and that the Third Unlocking of the Subject Shares under the Second Award of the Phase I Share Incentive Scheme of the Company has not been completed:

Shareholders whose names appear on the share register as at the close of business on the A Share Record Date and the H Share Record Date will be entitled to a dividend of total RMB2 (namely RMB2 (before tax) for every 10 shares held).

VI. PROPOSED LIMITS OF COMPOSITE CREDIT FACILITIES

The Company proposes to apply to the Bank of China Limited, Shenzhen Branch and the China Development Bank Corporation, Shenzhen Branch for composite credit facilities of RMB23.0 billion and USD5.0 billion, respectively, and further proposes to authorize the Board to finalize the specific details of the credit facilities based on negotiations with the banks subject to the aforesaid caps within the effective term of the resolution and to sign all relevant documents. In accordance with Chapter 9 of the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (Revised 2008), a transaction by a listed company with an amount exceeding 50% of the latest audited net assets of the listed company and exceeding RMB50 million shall be subject to approval of the Company's shareholders. Therefore approval of the proposed limits of composite credit facilities is sought from the AGM.

For details please refer to Ordinary Resolution No. 7 of the AGM notice.

VII. PROPOSED LIMITS OF DERIVATIVE PRODUCTS INVESTMENT FOR 2012

Reference is made to the "Announcement on the Application for Derivative Investment Limits of 2012" published by the Company on 28 March 2012.

At the previous AGM held on 17 May 2011, the Board was authorized to deal with matters pertaining to derivative investments within certain limits. The authorization will expire upon the conclusion of the forthcoming AGM. To ensure continuity of our foreign exchange risk control strategy, the Company proposes to apply for the conduct of value protection derivative investment against its foreign exchange risk exposure for an amount not exceeding the equivalent of USD1.5 billion and of fixed income derivative investment for an amount not exceeding the equivalent of USD500 million (such limits may be applied on a revolving basis during the effective period of the authorisation) in 2012. In accordance with Article 160 of the Articles of Association, a derivative investment which is relevant to the principal business of the Company and is more than 10% of the Company's latest

LETTER FROM THE BOARD

audited net asset value shall be subject to approval of the Company's shareholders. Therefore approval of the proposed limits of derivative products investment for 2012 is sought from the AGM.

For details please refer to Ordinary Resolution No. 9 of the AGM notice.

VIII. WAIVER OF FIRST RIGHT OF REFUSAL AND THE CAPITAL CONTRIBUTION OPTION IN RESPECT OF ZTE ITS LTD. (WUXI)

Reference is made to the "Announcement on the Waiver of Rights" published by the Company on 28 March 2012.

ZTE ITS LTD. (Wuxi) (中興智能交通(無錫)有限公司) ("ZTE ITS ") is a company in which the Company holds a 19% equity interest. In accordance with pertinent provisions of the Company Law and applicable PRC laws and regulations, the Company, as an existing shareholder of ZTE ITS, is entitled to the first right of refusal in respect of the equity transfer and a capital contribution option in respect of the share capital increase of ZTE ITS .

Currently, the other two existing shareholders have proposed to transfer their respective equity interests in ZTE ITS to their domestic natural person shareholder and domestic subsidiary, respectively, so that ZTE ITS may be converted from a Chinese-foreign joint venture to a domestic company. The Company intends to waive the aforesaid first right of refusal. Following the completion of the said transfer of equity interests, the percentage of the Company's equity interests in ZTE ITS will remain unchanged.

Meanwhile, ZTE ITS has also proposed to introduce new shareholders in two deals to increase the share capital of ZTE ITS by RMB38.13 million (including the transfer of equity interests by an existing shareholder to a new shareholder, in respect of which the Company intends to waive its first right of refusal) and RMB13.80 million, respectively. The Company also intends to waive the aforesaid capital contribution option. Following the completion of the said share capital increase, the percentage of the Company's equity interests in ZTE ITS will be reduced from 19% to 14.4%.

As ZTE ITS has reported a CAGR of 23.9% in revenue generated from principal business for the past three years, the matter will also be subject to consideration by the General Meeting of the Company in accordance with the "Information Disclosure Memorandum No. 35 — Waiver of Rights" announced by the Shenzhen Stock Exchange, which stipulates that the waiver of rights by a listed company in respect of a subsidiary (investee, joint venture project) who has reported a CAGR of over 20% in its revenue generated from principal business in the past three years shall be subject to approval of the Company's shareholders. Therefore approval of the waiver of the first right of refusal and the capital contribution option in respect of ZTE ITS is sought from the AGM.

LETTER FROM THE BOARD

IX. AGM

AGM notice, proxy form and reply slip

An AGM will be convened by the Company on Friday, 25 May 2012 at 9:00 am at 4/F, A Wing, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China to consider and, if thought fit, pass, among others, the following resolutions: (i) Proposed General Mandate to Issue Shares for 2012, (ii) Proposed Amendment of the Articles of Association, (iii) Proposed Amendment of Board Rules, (iv) Proposed Dividend Payment, (v) Proposed Limits of Composite Credit Facilities, (vi) Proposed Limits of Derivative Products Investment for 2012, (vii) Waiver of first right of refusal and the capital contribution option in respect of ZTE ITS LTD. (Wuxi). The notice of AGM is set out in pages 17 to 26 of this circular.

A proxy form for use at the AGM is enclosed with this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

A reply slip for use at the AGM is enclosed with this circular. Any H Shareholders intending to attend the AGM shall deliver the respective reply slip to the Company by hand, post or facsimile on or before Friday, 4 May 2012.

Close of share register

The Company will close its H share register from Wednesday, 25 April 2012 to Thursday, 24 May 2012 (both days inclusive) to determine qualifications of shareholders to attend and vote at the AGM. Any H Shareholder who wishes to attend and vote at the AGM 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., Tuesday, 24 April 2012.

The Company will close its H share register from Thursday, 31 May 2012 to Monday, 4 June 2012 (both days inclusive) to determine qualifications of shareholders to receive the proposed final dividend. Any H Shareholder who wishes to qualify for the final dividend 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., Wednesday, 30 May 2012.

The record date, method and timing of payment for dividend entitlement of Domestic Shareholders shall be separately notified.

LETTER FROM THE BOARD

Voting by way of poll at a general meeting

In accordance with Rule 13.39 (4) of the Hong Kong Listing Rules, all resolutions proposed at a general meeting for consideration and approval if though fit shall be voted upon by way of poll, provided that resolutions pertaining to procedural or administrative matters only may be voted upon by a show of hands if permission for the same is given in good faith by the chairman of the meeting.

X. RECOMMENDATION

The Board is of the view that the resolutions set out in the AGM notice in respect of: (i) Proposed General Mandate to Issue Shares for 2012, (ii) Proposed Amendment of the Articles of Association, (iii) Proposed Amendment of Board Rules, (iv) Proposed Dividend Payment, (v) Proposed Limits of Composite Credit Facilities, (vi) Proposed Limits of Derivative Products Investment for 2012; (vii) Waiver of first right of refusal and the capital contribution option in respect of ZTE ITS LTD. (Wuxi) are in the best interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the relevant resolutions at the AGM.

By Order of the Board
Hou Weigui
ZTE Corporation
Chairman

Shenzhen, the PRC

NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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ZTE中兴

ZTE CORPORATION

中兴通讯股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 763)

NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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 or misleading statement or material omission in this notice.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of 2011 (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 Twenty-seventh Meeting of the Fifth Session of the Board of Directors of the Company held on Wednesday, 28 March 2012. 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 Friday, 25 May 2012.

(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.

NOTICE OF THE 2011 ANNUAL GENERAL MEETING

(IV) Legal and regulatory compliance of the convening of the meeting

The Fifth Session of the Board of Directors of the Company gives assurance that the AGM is convened in compliance with the provisions of pertinent laws, administrative regulations, departmental rules, regulatory documents, and the Articles of Association of ZTE Corporation (the “Articles of Association”).

(V) Voting method

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

(VI) 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 Tuesday, 24 April 2012 at 3:00 p.m. (hereinafter referred to as “Domestic Shareholders”);
2. All shareholders registered on the Company’s H share register maintained by Computershare Hong Kong Investor Services Limited on Tuesday, 24 April 2012 at 4:30 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.

(VII) Period of closure of H share register

The Company will close its H share register from Wednesday, 25 April 2012 to Thursday, 24 May 2012 (both days inclusive) to determine qualifications of shareholders to attend and vote at the AGM. Any H Shareholder who wishes to attend and vote at the AGM 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., Tuesday, 24 April 2012.

The Company will close its H share register from Thursday, 31 May 2012 to Monday, 4 June 2012 (both days inclusive) to determine qualifications of shareholders to receive the proposed final dividend. Any H Shareholder who wishes to qualify for the final dividend 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., Wednesday, 30 May 2012.

The record date, method and timing of payment for dividend entitlement of Domestic Shareholders shall be separately notified.

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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 ended 31 December 2011 audited by the PRC and Hong Kong auditors;**
2. **Report of the Board of Directors of the Company for the year ended 31 December 2011;**
3. **Report of the Supervisory Committee of the Company for the year ended 31 December 2011;**
4. **Report of the President of the Company for the year ended 31 December 2011;**
5. **The final financial accounts of the Company for the year ended 31 December 2011;**
6. **The profit distribution proposal of the Company for the year ended 31 December 2011;**

“That:

Proposals of profit distribution for 2011 tabled by the Board of Directors of the Company be approved.

Proposed profit distribution for 2011: cash dividend of RMB2 (including tax) for every 10 shares held will be paid on the basis of the total share capital of the Company of 3,440,078,020 as at 31 December 2011 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 2011 profit distribution. As of 28 March 2012, 9,125,893 registered Subject Shares under the Share Incentive Scheme remained in lock-up. In accordance with relevant provisions of the Share Incentive Scheme, restricted shares remaining in lock-up shall not be entitled to the cash dividend.

The Board of Directors is hereby authorised by the general meeting to deal with matters relating to the profit distribution for 2011.”

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7. Resolutions on the proposed applications by the Company for composite credit facilities;

7.1 Resolution of the Company proposing the application to Bank of China Limited, Shenzhen Branch for a composite credit facility amounting to RMB23.0 billion

That the application by the Company to Bank of China Limited, Shenzhen Branch for a RMB23.0 billion composite credit facility be approved. The amount of composite credit facility set out above represents the amount proposed by the Company and is subject to final amount approved by the bank.

That the Board of Directors be authorised to adjust the details and actual duration of the credit facility pursuant to the Company's requirements or negotiations with the bank, subject to the cap of the aforesaid RMB23.0 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 facility and to deal with other matters relating to such agreements.

The resolution shall be valid from the date of approval at the 2011 Annual General Meeting until the earlier of: (1) the approval of the next new credit facility, and (2) the date prior to 31 December 2012. 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.

7.2 Resolution of the Company proposing the application to China Development Bank Corporation, Shenzhen Branch for a composite credit facility amounting to US\$5.0 billion

That the application by the Company to China Development Bank Corporation, Shenzhen Branch for a US\$5.0 billion composite credit facility be approved. The amount of composite credit facility set out above represents the amount proposed by the Company and is subject to final amount approved by the bank.

That the Board of Directors be authorised to adjust the details and actual duration of the credit facility pursuant to the Company's requirements or negotiations with the bank, subject to the cap of the aforesaid US\$5.0 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

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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 facility and to deal with other matters relating to such agreements.

The resolution shall be valid from the date of approval at the 2011 Annual General Meeting until the earlier of: (1) the approval of the next new credit facility, and (2) 31 December 2012. 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.

8. Resolutions on the appointment of the PRC auditors and the Hong Kong auditors of the Company for the year ended 31 December 2012;

8.1 Re-appointment of Ernst & Young Hua Ming as the PRC auditors of the Company's financial report for 2012 and a proposal be made to the 2011 AGM to authorise the Board of Directors to fix the financial report audit fees of Ernst & Young Hua Ming for 2012 based on the specific audit work to be conducted;

8.2 Re-appointment of Ernst & Young as the Hong Kong auditors of the Company's financial report for 2012 and a proposal be made to the 2011 AGM to authorise the Board of Directors to fix the financial report audit fees of Ernst & Young for 2012 based on the specific audit work to be conducted.

9. Resolution on the Application for Investment Limits in Derivative Products of the Company in 2012;

9.1 Authorisation for the Company to invest in derivative products for value protection against its foreign exchange risk exposure for an amount not exceeding the equivalent of USD1.5 billion (such limit may be applied on a revolving basis during the effective period of the authorisation). The authorisation shall be effective from the date on which it is approved by way of resolution at the general meeting to the date on which the next annual general meeting of the Company closes or to the date on which this authorisation is modified or revoked at a general meeting, whichever is earlier.

9.2 Authorisation for Company to invest in fixed income derivative products for an amount not exceeding the equivalent of USD500 million (such limit may be applied on a revolving basis during the effective period of the authorisation). The authorisation shall be effective from the date on which it is approved by way of resolution at the general meeting to the date on

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which the next annual general meeting of the Company closes or to the date on which this authorisation is modified or revoked at a general meeting, whichever is earlier.

The resolution was considered and unanimously approved at the Twenty-seventh Meeting of the Fifth Session of the Board of Directors held on 28 March 2012 and it was approved that the resolution be tabled at the General Meeting of the Company for consideration. For details please refer to the “Announcement on the Application for Derivative Investment Limits of 2012” published by the Company on 28 March 2012.

10. Resolution of the Company on the Waiver of Rights

That the waiver by the Company of the first right of refusal in respect of the proposed equity transfer and the capital contribution option in respect of the share capital increase of ZTE ITS LTD. (Wuxi) (中興智能交通(無錫)有限公司) be approved.

The resolution was considered and approved at the Twenty-seventh Meeting of the Fifth Session of the Board of the Directors convened on 28 March 2012, and approval was given to table the resolution at the general meeting of the Company. For details please refer to the “Announcement of Waiver of Rights” published by the Company on 28 March 2012.

Special Resolutions

11. Resolution on the General Mandate for 2012:

“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:
 - 1) 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;
 - 2) 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 (as defined below) or (ii) any option scheme or

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similar arrangement from time to time being adopted by the Company 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

- 3) 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 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:

- 1) the conclusion of the next annual general meeting of the Company following the passing of this Resolution;
- 2) the expiration of a 12-month period following the passing of this Resolution; or
- 3) the revocation or variation of the authority given to the Directors 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 resolves to issue shares (including securities convertible into domestic shares and/or H Shares of the Company) 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 (including but not limited to determining the time and place for issue, class and number of

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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."

12. Resolution on the Amendment of Certain Clauses of the Articles of Association:

To consider and, if thought fit, approve the proposed amendments to the Articles of Association set out in the circular of the Company dated 10 April 2012.

13. Resolution on the Amendment of Relevant Clauses of the Rules of Procedure of the Board of Directors Meetings

To consider and, if thought fit, approve the proposed amendments to the Amendments of Relevant Clauses of the Rules of Procedure of the Board of Directors Meetings set out in the circular of the Company dated 10 April 2012.

The Independent Directors of the Company will give a report at the AGM on the performance of their duties.

III. REGISTRATION AT THE AGM

(1) Registration of attendance

Shareholders intending to attend to AGM should complete and sign the reply slip and return the same to the Company by hand, post or facsimile (to the address or facsimile number set out below, as the case may be) on or before 4 May 2012.

For domestic shareholders:

To the registered office:

ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, the People's Republic of China

(Facsimile No.: +86 (755) 26770286)

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For H shareholders:

To principal place of business of the Company in Hong Kong:

8th Floor Gloucester Tower, The Landmark, 15 Queen's Road Central, Central,
Hong Kong

(Facsimile No.: +852-35898555)

(II) 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 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. To be valid, this proxy form together with any notarized copy of the power of attorney or other authorisation documents for signing the proxy form (if any) must be deposited, not less than 24 hours before the time appointed for holding the AGM at the Company's registered office at ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, PRC 518057 for Domestic Shareholders, or at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H Shareholders.
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

- (I) The AGM is expected to last less than one day; all accommodation, travel and expenses relating to attendance of the meeting shall be borne by the attendees.
- (II) AGM contact person: Wang Han
- (III) Contact telephone number: +86 (755) 26770282
- (IV) Contact fax number: +86 (755) 26770286

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V. DOCUMENTS AVAILABLE FOR INSPECTION

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

Resolutions of the Fifteenth Meeting of the Fifth Session of the Supervisory Committee of ZTE Corporation.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC

10 April 2012

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Shi Lirong, Yin Yimin and He Shiyou; five non-executive directors, Hou Weigui, 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.