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If you are in any doubt as to any aspect of this circular, or as to the action to be taken, you should consult your stockbroker 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 proxy form and reply slip 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)

- (1) Proposed General Mandate to Issue Shares for 2014**
- (2) Proposed Additions to Scope of Business and Amendment of the Articles of Association**
- (3) Proposals of Profit Distribution for 2013**
- (4) Proposed Limits of Composite Credit Facilities**
- (5) Proposed Limits of Derivative Investment for 2014**
- (6) Proposed Provision of Guarantee of ZTE HK and Authorisation to ZTE HK to Conduct Interest Rate Swap Transactions and**
- (7) Notice of the 2013 Annual General Meeting**

A letter from the Board is set out in pages 4 to 11 of this circular.

A notice of 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 Thursday, 29 May 2014 is set out in pages 12 to 22 of this circular.

A proxy form and a reply slip for use at the AGM is enclosed with this circular and uploaded at the websites of the SEHK and the Company. Whether or not you are able to attend the AGM, 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 adjourned meeting thereof should you so wish. Any H Shareholders intending to attend the AGM shall deliver the reply slip to the Company by hand, post or facsimile on or before Thursday, 8 May 2014.

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DEFINITIONS

In this circular, the following terms shall have the following meaning unless otherwise required by the context:

“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 SZSE
“AGM”	The 2013 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 Thursday, 29 May 2014
“AGM Notice”	Notice of the 2013 Annual General Meeting
“Articles of Association”	The Articles of Association of the Company
“Board”	The Board of Directors of the Company
“China or the PRC”	The People’s Republic of China
“Company”	ZTE Corporation, a joint stock limited company incorporated on 11 November 1997 under the Company Law in the PRC, whose shares are listed on the SEHK and the SZSE
“Company Law”	The Company Law of the People’s Republic of China
“Director(s)”	Member(s) of the Board of Directors of the Company
“Dynamic Coverage Ratio”	Flexible adjustment of the ratio between the outstanding amount of foreign exchange contracts of a currency and the exposure amount based on changes in exposure and market exchange rates
“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 Notice of the 2013 Annual General Meeting
“H 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 SEHK
“H Shareholders”	Holder(s) of H Shares
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Interest Rate Swap”	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
“Latest Practicable Date”	31 March 2014, 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
“SEHK”	The Stock Exchange of Hong Kong Limited
“Shares”	A Share(s) and H Share(s)
“Shenzhen Listing Rules”	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
“SZSE”	The Shenzhen Stock Exchange
“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
“ZTE HK”	ZTE (H.K.) Limited

EXPECTED TIMETABLE

2014

Latest time for lodging transfers of the H Shares to
qualify for attendance and voting at the AGM 4:30 p.m., Monday, 28 April

H Share register closed Tuesday, 29 April to Wednesday, 28 May
(both dates inclusive)

Latest date for lodging reply slips for the AGM. Thursday, 8 May

Latest time for lodging proxy forms for the AGM 9:00 a.m., Wednesday, 28 May

AGM 9:00 a.m., Thursday, 29 May

H Share register re-opens Thursday, 29 May

Latest time for lodging transfers of the H Shares to
qualify for the H Shares dividend 4:30 p.m., Wednesday, 4 June

H Share register closed Thursday, 5 June to Monday, 9 June
(both dates inclusive)

H Share register re-opens Tuesday, 10 June

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)

Executive Directors:

Shi Lirong
Yin Yimin
He Shiyou

Non-executive Directors:

Hou Weigui
Zhang Jianheng
Xie Weiliang
Wang Zhanchen
Zhang Junchao
Dong Lianbo

Independent Non-executive Directors:

Qu Xiaohui
Wei Wei
Chen Naiwei
Tan Zhenhui
Richard Xike Zhang

Registered Address:

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

*Principle place of business
in Hong Kong:*

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

9 April 2014

To the Shareholders

Dear Sir or Madam,

- (1) Proposed General Mandate to Issue Shares for 2014**
- (2) Proposed Additions to Scope of Business and Amendment of the Articles of Association**
- (3) Proposals of Profit Distribution for 2013**
- (4) Proposed Limits of Composite Credit Facilities**
- (5) Proposed Limits of Derivative Investment for 2014**
- (6) Proposed Provision of Guarantee of ZTE HK and Authorisation to ZTE HK to Conduct Interest Rate Swap Transactions
and**
- (7) Notice of the 2013 Annual General Meeting**

LETTER FROM THE BOARD

I. INTRODUCTION

The purpose of this circular is to give the AGM Notice 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 2014
2. Proposed Additions to Scope of Business and Amendment of the Articles of Association
3. Proposals of Profit Distribution for 2013
4. Proposed Limits of Composite Credit Facilities
5. Proposed Limits of Derivative Investment for 2014
6. Proposed Provision of Guarantee of ZTE HK and Authorisation to ZTE HK to Conduct Interest Rate Swap Transactions

II. PROPOSED GENERAL MANDATE TO ISSUE SHARES FOR 2014

At the previous annual general meeting of the Company held on 30 May 2013, the Board was granted a General Mandate to exercise the general power of the Company to allot, issue and otherwise deal with Shares in the Company not exceeding 20% of the aggregate nominal amount of its share capital in issue as at 30 May 2013. The said General Mandate will expire on 29 May 2014.

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 this resolution is passed.

As at the Latest Practicable Date, the Company's issued share capital comprised 2,807,955,833 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 561,591,166 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 annual general meeting of the Company; (ii) the expiry of a period of 12 months from the date on which this 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.

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,

LETTER FROM THE BOARD

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 ADDITIONS TO SCOPE OF BUSINESS AND AMENDMENT OF THE ARTICLES OF ASSOCIATION

The addition of "technical design, development, consultancy and services for new energy power generation and application systems" to the scope of business is required as to the business development of the Company. The amendment to the Articles of Association should be made accordingly, details of which are set out below. 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.

The original article

Article 14. The Company's scope of business shall be consistent with the scope of business approved by the authority responsible for the Company's registration.

The amended article

Article 14. The Company's scope of business shall be consistent with the scope of business approved by the authority responsible for the Company's registration.

LETTER FROM THE BOARD

The original article

The scope of business of the Company shall cover: production of program-controlled exchange systems, multi-media communication systems and communication transmission systems; research and production of mobile communication system equipment, satellite communications, microwave communication equipment, pagers, technical design, development, consultancy and services for projects of computer software/hardware, closed-circuit TV, microwave communications, automatic signal controls, computer data processing, process control systems, disaster warning system; technical design, development, consultancy and services for wireline/wireless communication projects of railways, underground railways, urban rail transport, highways, mining plants, port terminals and airports (excluding restricted projects); purchase and sales of electronic equipment and micro-electronic parts and components (excluding items subject to exclusive licenses, controls and distributorships); undertaking as contractor overseas and relevant projects as well as domestic projects subject to international tendering, import and export of equipment and materials required for the aforesaid overseas projects and deployment of staff responsible for implementing such overseas projects; technical development and purchase and sales of electronic system equipment (excluding restricted projects and items subject to exclusive licenses, controls and distributorships); undertaking of import and export businesses (under the certificate of qualifications issued by the Trade Development Council); undertaking of telecommunication projects as professional contractors (subject to the obtaining of a certificate of qualifications); leasing of owned properties. With the approval of the general meeting and relevant government authorities, the Company may lawfully modify and adjust its scope of business and mode of operation in response to changes in the domestic and international markets and its business development and capabilities.

The amended article

The scope of business of the Company shall cover: production of program-controlled exchange systems, multi-media communication systems and communication transmission systems; research and production of mobile communication system equipment, satellite communications, microwave communication equipment, pagers, technical design, development, consultancy and services for projects of computer software/hardware, closed-circuit TV, microwave communications, automatic signal controls, computer data processing, process control systems, disaster warning system, **new energy power generation and application systems**; technical design, development, consultancy and services for wireline/wireless communication projects of railways, underground railways, urban rail transport, highways, mining plants, port terminals and airports (excluding restricted projects); purchase and sales of electronic equipment and micro-electronic parts and components (excluding items subject to exclusive licenses, controls and distributorships); undertaking as contractor overseas and relevant projects as well as domestic projects subject to international tendering, import and export of equipment and materials required for the aforesaid overseas projects and deployment of staff responsible for implementing such overseas projects; technical development and purchase and sales of electronic system equipment (excluding restricted projects and items subject to exclusive licenses, controls and distributorships); undertaking of import and export businesses (under the certificate of qualifications issued by the Trade Development Council); undertaking of telecommunication projects as professional contractors (subject to the obtaining of a certificate of qualifications); leasing of owned properties. With the approval of the general meeting and relevant government authorities, the Company may lawfully modify and adjust its scope of business and mode of operation in response to changes in the domestic and international markets and its business development and capabilities.

According to the Article 14 of the Articles of Association, with the approval of the general meeting and relevant government authorities, the Company may lawfully modify and adjust its scope of business and mode of operation in response to changes in the domestic and international markets and its business development and capabilities. According to the Article 100 of the Company Law, the general meeting exercises the

LETTER FROM THE BOARD

function and power of the amendment of articles of association. Therefore approval of the additions to scope of business and amendment of the Articles of Association is sought from the AGM.

The addition to the scope of business is subject to the final scope of business filed with authorities for the administration of industry and commerce, given that any modifications to the scope of business shall require the completion of relevant procedures with, among others, authorities for the administration of industry and commerce. Therefore, it is sought from the AGM to authorise the Board of Directors to deal with matters relating to the modification of the scope of business and the amendment of the Articles of Association.

IV. PROPOSALS OF PROFIT DISTRIBUTION FOR 2013

The Company will propose an ordinary resolution at the AGM to consider and, if thought fit, approve the declaration and payment of dividend. Cash dividend of RM0.3 (before tax) for every 10 shares held based on the total share capital of 3,437,541,278 shares of the Company (comprising 2,807,955,833 A shares and 629,585,445 H shares) as at 31 December 2013. The Board of Director is hereby authorized to deal with matters pertaining to profit distribution for 2013.

For details please refer to Ordinary Resolution No. 6 of the AGM Notice.

V. PROPOSED LIMITS OF COMPOSITE CREDIT FACILITIES

The Company proposes to apply to Bank of China Limited, Shenzhen Branch, China Construction Bank Corporation, Shenzhen Branch and China Development Bank Corporation, Shenzhen Branch for composite credit facilities of RMB23.0 billion, RMB12.5 billion and USD6.0 billion, respectively, and further proposes to authorize the Board to finalize the specific details of the composite 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 Shenzhen Listing Rules, a transaction by a listed company with an amount exceeding 50% of the latest audited net asset value 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.

VI. PROPOSED LIMITS OF DERIVATIVE INVESTMENT FOR 2014

Reference is made to the "Announcement on the Application for Derivative Investment Limits for 2014" published by the Company on 26 March 2014.

At the previous annual general meeting of the Company held on 30 May 2013, 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 investments against its foreign

LETTER FROM THE BOARD

exchange risk exposure by hedging through Dynamic Coverage Rate for an net amount not exceeding the equivalent of USD3 billion (such limits may be applied on a revolving basis during the effective period of the authorisation) in 2014. 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 audited net asset value shall be subject to approval of the Company's shareholders. Therefore approval of the proposed limits of derivative investment for 2014 is sought from the AGM.

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

VII. PROPOSED PROVISION OF GUARANTEE OF ZTE HK AND AUTHORISATION TO ZTE HK TO CONDUCT INTEREST RATE SWAP TRANSACTIONS

Reference is made to the "Announcement on The Provision of Guarantee for A Wholly-owned Subsidiary" and "Announcement on The Proposed Interest Rate Swap Transactions by A Wholly-owned Subsidiary" published by the Company on 26 March 2014.

With a view to further optimising the long-term and short-term debt structure of the Company and the subsidiaries included in its consolidated financial statements, reduce exposure to assets and liabilities denominated in foreign currencies, and meeting additional working capital requirements for the Company's medium/long-term development at appropriate finance costs, the Company proposes to seek medium/long-term debt financing (including but not limited to syndicate loans, bank facilities and the issue of corporate bonds) in Hong Kong in 2014, with ZTE HK, its wholly-owned subsidiary, as the principal. In view of the current financial conditions and credit rating of ZTE HK, the Company will provide guarantee by way of joint liability assurance for an amount of not more than USD600 million (or not more than RMB4 billion) in relation to the medium/long-term debt financing of ZTE HK, in order to secure debt financing at favourable costs. To avoid interest rate risks associated with the debt financing of ZTE HK, ZTE HK proposes to conduct interest rate swap transactions with a nominal principal amount of not more than USD600 million at selected timing. In accordance with Chapter 9 of the Shenzhen Listing Rules, a guarantee provided by a listed company with an amount exceeding 10% of the latest audited net asset value of the listed company, or provided to a guaranteed person with gearing ratio exceeding 70% shall be subject to approval of the company's shareholders. 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 audited net asset value shall be subject to approval of the Company's shareholders. Therefore approval of the proposed provision of guarantee of ZTE HK and authorisation to ZTE HK to conduct interest rate swap transactions is sought from the AGM.

For details please refer to Ordinary Resolution No. 10 of the AGM Notice.

LETTER FROM THE BOARD

VIII. AGM

AGM Notice, Proxy Form and Reply Slip

The AGM will be convened by the Company on Thursday, 29 May 2014 at 9:00 a.m. 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 2014, (ii) Proposed Additions to Scope of Business and Amendment of the Articles of Association, (iii) Proposals of Profit Distribution for 2013, (iv) Proposed Limits of Composite Credit Facilities, (v) Proposed Limits of Derivative Investment for 2014, (vi) Proposed Provision of Guarantee of ZTE HK and Authorisation to ZTE HK to Conduct Interest Rate Swap Transactions. The AGM Notice is set out in pages 12 to 22 of this circular.

A proxy form and a reply slip for use at the AGM is enclosed with this circular and uploaded at the websites of the SEHK and the Company. Whether or not you are able to attend the AGM, 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 adjourned meeting thereof should you so wish. Any H Shareholders intending to attend the AGM shall deliver the reply slip to the Company by hand, post or facsimile on or before Thursday, 8 May 2014.

Close of share register

The Company will close its H share register from Tuesday, 29 April 2014 to Wednesday, 28 May 2014 (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., Monday, 28 April 2014.

The Company will close its H share register from Thursday, 5 June 2014 to Monday, 9 June 2014 (both days inclusive) to determine qualifications of shareholders to receive the 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, 4 June 2014.

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 general meeting.

IX. RECOMMENDATION

The Board is of the view that the resolutions set out in the AGM Notice in respect of the: (i) Proposed General Mandate to Issue Shares for 2014, (ii) Proposed Additions to Scope of Business and Amendment of the Articles of Association, (iii) Proposals of Profit Distribution for 2013, (iv) Proposed Limits of Composite Credit Facilities, (v) Proposed Limits of Derivative Investment for 2014, (vi) Proposed Provision of Guarantee of ZTE HK and Authorisation to ZTE HK to Conduct Interest Rate Swap Transactions 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 2013 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)

NOTICE OF THE 2013 ANNUAL GENERAL MEETING

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 and misleading statement or material omission in this announcement.

NOTICE IS HEREBY GIVEN that the 2013 Annual General Meeting (hereinafter referred to as the "AGM") of ZTE Corporation (hereinafter referred to as the "Company") will be convened at 9 a.m., on Thursday, 29 May 2014 at 4th Floor, 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, approve, the following resolutions (terms defined in this notice shall have the same meanings as those in the circular of the Company dated 9 April 2014, unless otherwise required by the context):

Ordinary Resolutions

- 1. 2013 Annual Report of the Company (including 2013 financial statements of the Company audited by PRC and Hong Kong auditors);**
- 2. 2013 Report of the Board of Directors of the Company;**
- 3. 2013 Report of the Supervisory Committee of the Company;**
- 4. 2013 Report of the President of the Company;**
- 5. Final Financial Accounts of the Company for 2013;**

NOTICE OF THE 2013 ANNUAL GENERAL MEETING

6. Proposals of Profit Distribution of the Company for 2013;

“That:

The proposals of profit distribution for 2013 recommended by the Board of Directors of the Company be approved.

The proposals of profit distribution for 2013: Cash dividend of RM0.3 (before tax) for every 10 shares held based on the total share capital of 3,437,541,278 shares of the Company as at 31 December 2013.

The Board of Director is hereby authorised by the general meeting to deal with matters pertaining to profit distribution for 2013.”

7. Resolutions of the Company on the Proposed Application 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 2013 Annual General Meeting until the earlier of: (1) the approval of the next new credit facility, and (2) 30 June 2015. Any single application for financing operations under such credit facility within this period shall be valid. Unless otherwise required, no subsequent resolution of the Board of Directors and general meeting are required with respect to any single application for financing operations 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 authorized to sign the relevant legal contracts and documents.

NOTICE OF THE 2013 ANNUAL GENERAL MEETING

7.2 Resolution of the Company proposing the application to China Construction Bank Corporation, Shenzhen Branch for a composite credit facility amounting to RMB12.5 billion

That the application by the Company to China Construction Bank Corporation, Shenzhen Branch for a RMB12.5 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 RMB12.5 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 2013 Annual General Meeting until the earlier of: (1) the approval of the next new credit facility, and (2) 30 June 2015. Any single application for financing operations under such credit facility within this period shall be valid. Unless otherwise required, no subsequent resolution of the Board of Directors and general meeting are required with respect to any single application for financing operations 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 authorized to sign the relevant legal contracts and documents.

7.3 Resolution of the Company proposing the application to China Development Bank Corporation, Shenzhen Branch for a composite credit facility amounting to USD6.0 billion

That the application by the Company to China Development Bank Corporation, Shenzhen Branch for a USD6.0 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 USD6.0 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,

NOTICE OF THE 2013 ANNUAL GENERAL MEETING

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 2013 Annual General Meeting until the earlier of: (1) the approval of the next new credit facility, and (2) 30 June 2015. Any single application for financing operations under such credit facility within this period shall be valid. Unless otherwise required, no subsequent resolution of the Board of Directors and general meeting are required with respect to any single application for financing operations 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 authorized to sign the relevant legal contracts and documents.

8. Resolutions on the Appointment of the PRC Auditor and the Hong Kong Auditor of the Company for 2014;

- 8.1 Re-appointment of Ernst & Young Hua Ming LLP as the PRC auditor of the Company's financial report for 2014 and a proposal be made to the 2013 Annual General Meeting to authorise the Board of Directors to fix the financial report audit fees of Ernst & Young Hua Ming LLP for 2014 based on specific audit work to be conducted;
- 8.2 Re-appointment of Ernst & Young as the Hong Kong auditor of the Company's financial report for 2014 and a proposal be made to the 2013 Annual General Meeting to authorise the Board of Directors to fix the financial report audit fees of Ernst & Young for 2014 based on the specific audit work to be conducted;
- 8.3 Re-appointment of Ernst & Young Hua Ming LLP as the internal control auditor of the Company for 2014 and a proposal be made to the 2013 Annual General Meeting to authorise the Board of Directors to fix the internal control audit fees of Ernst & Young Hua Ming LLP for 2014 based on specific audit work to be conducted.

9. Resolution on the Application for Investment Limits in Derivative Products of the Company for 2014;

Authorisation for the Company to invest in value protection derivative products against its foreign exchange risk exposure by hedging through dynamic coverage rate for an net amount not exceeding the equivalent of USD3.0 billion (such limit may be applied on a revolving basis during the effective period of the authorisation). The authorization 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.

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The resolution was considered and approved at the Sixteenth Meeting of the Sixth Session of the Board of Directors held on 26 March 2014 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 2014” published by the Company on 26 March 2014.

10. Resolution on Matters pertaining to Debt Financing of ZTE (H.K.) Limited;

10.1 That the provision of guarantee in respect of overseas medium/long-term debt financing of ZTE (H.K.) Limited (“ZTE HK”), the details of which are as follows, be approved:

- (a) That the provision of guarantee by way of joint liability assurance for an amount of not more than USD600 million (or not more than RMB4 billion) for a term of not more than five years (from the date on which the debt financing agreement comes into effect) by the Company in respect of overseas medium/long-term debt financing (including but not limited to syndicate loans, bank facilities and the issue of corporate bonds) of ZTE HK be approved.
- (b) That Mr. Hou Weigui, the legal representative of the Company, or his authorised signatory be authorised to determine the specific amount and period of guarantee based on the results of negotiations between ZTE HK and the relevant debt financing parties subject to the aforesaid limit and period of guarantee and to negotiate with the relevant debt financing parties and execute all guarantee agreements and other pertinent legal contracts and documents relating to the said guarantee, and deal with other matters pertaining to such guarantee.

10.2 That ZTE HK be authorised to conduct interest rate swap transactions with a nominal principal amount of not more than USD600 million at selected timing for its medium/long-term debt financing with matched time limits between the interest rate swap transactions and the medium/long-term debt financing.

The resolution was considered and approved at the Sixteenth Meeting of the Sixth Session of the Board of Directors held on 26 March 2014 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 Proposed Interest Rate Swap Transactions by A Wholly-owned Subsidiary” and “Announcement on The Provision of Guarantee for A Wholly-owned Subsidiary” published by the Company on 26 March 2014.

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Special Resolutions

11. Resolution of the Company on the Application for General Mandate for 2014;

“That:

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

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(2) For the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution by the general meeting until the earliest of:

- I. the conclusion of the next annual general meeting of the Company following the passing of this resolution;
- II. the expiration of a 12-month period following the passing of this resolution; or
- III. the revocation or variation of the authority given to the Board of 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 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 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 shares of the Company contemplated in paragraph (1) of this resolution.”

NOTICE OF THE 2013 ANNUAL GENERAL MEETING

12. Resolution on Additions to the Scope of Business and the Amendment of Relevant Clauses of the Articles of Association to Reflect the Same.

- (1) That the addition of “technical design, development, consultancy and services for new energy power generation and application systems” to the scope of business of the Company be approved;
- (2) That the amendment of relevant clauses of the Articles of Association in accordance with the law be approved. Amendments are set out as follows:

The original article

Article 14. The Company’s scope of business shall be consistent with the scope of business approved by the authority responsible for the Company’s registration.

The amended article

Article 14. The Company’s scope of business shall be consistent with the scope of business approved by the authority responsible for the Company’s registration.

NOTICE OF THE 2013 ANNUAL GENERAL MEETING

The original article

The scope of business of the Company shall cover: production of program-controlled exchange systems, multi-media communication systems and communication transmission systems; research and production of mobile communication system equipment, satellite communications, microwave communication equipment, pagers, technical design, development, consultancy and services for projects of computer software/hardware, closed-circuit TV, microwave communications, automatic signal controls, computer data processing, process control systems, disaster warning system; technical design, development, consultancy and services for wireline/wireless communication projects of railways, underground railways, urban rail transport, highways, mining plants, port terminals and airports (excluding restricted projects); purchase and sales of electronic equipment and micro-electronic parts and components (excluding items subject to exclusive licenses, controls and distributorships); undertaking as contractor overseas and relevant projects as well as domestic projects subject to international tendering, import and export of equipment and materials required for the aforesaid overseas projects and deployment of staff responsible for implementing such overseas projects; technical development and purchase and sales of electronic system equipment (excluding restricted projects and items subject to exclusive licenses, controls and distributorships); undertaking of import and export businesses (under the certificate of qualifications issued by the Trade Development Council); undertaking of telecommunication projects as professional contractors (subject to the obtaining of a certificate of qualifications); leasing of owned properties. With the approval of the general meeting and relevant government authorities, the Company may lawfully modify and adjust its scope of business and mode of operation in response to changes in the domestic and international markets and its business development and capabilities.

The amended article

The scope of business of the Company shall cover: production of program-controlled exchange systems, multi-media communication systems and communication transmission systems; research and production of mobile communication system equipment, satellite communications, microwave communication equipment, pagers, technical design, development, consultancy and services for projects of computer software/hardware, closed-circuit TV, microwave communications, automatic signal controls, computer data processing, process control systems, disaster warning system, **new energy power generation and application systems**; technical design, development, consultancy and services for wireline/wireless communication projects of railways, underground railways, urban rail transport, highways, mining plants, port terminals and airports (excluding restricted projects); purchase and sales of electronic equipment and micro-electronic parts and components (excluding items subject to exclusive licenses, controls and distributorships); undertaking as contractor overseas and relevant projects as well as domestic projects subject to international tendering, import and export of equipment and materials required for the aforesaid overseas projects and deployment of staff responsible for implementing such overseas projects; technical development and purchase and sales of electronic system equipment (excluding restricted projects and items subject to exclusive licenses, controls and distributorships); undertaking of import and export businesses (under the certificate of qualifications issued by the Trade Development Council); undertaking of telecommunication projects as professional contractors (subject to the obtaining of a certificate of qualifications); leasing of owned properties. With the approval of the general meeting and relevant government authorities, the Company may lawfully modify and adjust its scope of business and mode of operation in response to changes in the domestic and international markets and its business development and capabilities.

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- (3) The addition to the scope of business is subject to the final scope of business filed with authorities for the administration of industry and commerce, given that any modifications to the scope of business shall require the completion of relevant procedures with, among others, authorities for the administration of industry and commerce. It is sought from the general meeting to authorise the Board of Directors to deal with matters relating to the modification of the scope of business and the amendment of the Articles of Association.

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

Notes:

- 1. The Company will close its H share register from Tuesday, 29 April 2014 to Wednesday, 28 May 2014 (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., Monday, 28 April 2014.**
- 2. The Company will close its H share register from Thursday, 5 June 2014 to Monday, 9 June 2014 (both days inclusive)** to determine qualifications of shareholders to receive the 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, 4 June 2014.**
3. Shareholders intending to attend the AGM, whether in person or by proxy, should deliver the reply slip of AGM by hand, post or facsimile to the Company's principal place of business in Hong Kong (for H shareholders) on or before Thursday, 8 May 2014. The principal place of business of the Company in Hong Kong is: 8th Floor Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong (Facsimile No.: +852-35898555).
4. In order to be valid, the instruments appointing a proxy (namely the proxy form) and the power of attorney or other authorisation documents (if any) of the signatory or notarised copies of such power of attorney or authorisation documents must be completed and deposited, no later than 24 hours before the time appointed for holding the AGM or any adjournment thereof at Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H shareholders). The completion and return of the proxy form shall not preclude a shareholder from attending and voting in person at the AGM or any adjournment thereof if he so wishes.

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5. A shareholder entitled to attend and vote at the AGM shall be entitled to appoint another one or more proxies to attend and vote for him. A proxy need not be a shareholder of the Company.
6. In case of joint holders of a share, any one of such holders is entitled to vote at the AGM, by himself or by proxy, as if he is the only one entitled to do so among the joint holders. However, only the vote of the person whose name stands first on the register of members in respect of such share shall be accepted if more than one joint holder attend the AGM personally or by proxy.
7. The AGM is expected to last for half a day. All transportation and accommodation expenses incurred by shareholders or their proxies in attending the AGM shall be borne by themselves. Shareholders or their proxies attending the AGM shall be required to produce identifications.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
9 April 2014

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, Zhang Jianheng, Xie Weiliang, Wang Zhanchen, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Richard Xike Zhang.