

ZTE中兴

ZTE CORPORATION

中興通訊股份有限公司

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

(Stock Code: 763)

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING FOR 2007

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 are no false and misleading statements or material omissions in this announcement.

NOTICE IS HEREBY GIVEN that the Third Extraordinary General Meeting for 2007 (hereinafter referred to as the “EGM”) of ZTE Corporation (hereinafter referred to as the “Company”) will be held in accordance with the resolution passed by the seventh meeting of the fourth session of the Board of Directors of the Company held on 16 August 2007. Details of the EGM are set out below:

I. INFORMATION REGARDING THE EGM

(I) Date and time of meeting

The on-site EGM will commence at 9: 00 a.m. on 16 October 2007.

Domestic shareholders of the Company can vote on-line during the following time from 15 October to 16 October 2007:

Online voting through the trading system of Shenzhen Stock Exchange: any time during the period from 9: 30 to 11: 30 and from 13: 00 to 15: 00 on 16 October 2007;

Online voting on the Internet voting system: at any time during the period from 15: 00 on 15 October 2007 to 15: 00 on 16 October 2007

(II) Venue

The on-site EGM will be held at the Conference Room on the 4th floor, Block A, of the Company's headquarters.

Address: 4th Floor, Block A, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen.

Tel: +86 755 26770282

(III) Convener

The EGM will be convened by the Board of Directors.

(IV) Method of convening

1. Holders of domestic shares (A shares) may vote by:

on-site voting, including attending in person or authorizing others to attend and vote by completing and returning the relevant proxy form;

online voting. Online voting will be available to domestic shareholders through the trading system of Shenzhen Stock Exchange and the Internet voting system during the relevant time as specified in this notice.

2. Holders of overseas listed foreign shares (H shares) may vote by:

on-site voting, including attending in person or appointing a proxy to attend and vote on their behalf by completing and returning the relevant proxy form;

Pursuant to the Articles of Association of the Company, the same right to vote can only be exercised by electing one of the above applicable methods. If the same right to vote has been exercised twice, the result of the first voting shall prevail.

(V) Attendees

1. Shareholders of the Company

- (1) Domestic shareholders: All ZTE (000063) shareholders registered with China Securities Depository & Clearing Corporation Limited, Shenzhen Office upon the close of trading of the A shares on the Shenzhen Stock Exchange on Friday, 14 September 2007 at 3: 00 p.m.;
- (2) H shareholders: All ZTE (763) shareholders registered on the Company's H share register maintained by Computershare Hong Kong Investor Services Limited upon the close of trading of the H shares on The Stock Exchange of Hong Kong Limited on Friday, 14 September 2007 at 4: 00 p.m. (hereinafter referred to as "H shareholders");

2. Directors, supervisors and senior management of the Company;

3. Representatives of intermediaries engaged by the Company and guests invited by the Board of Directors.

(VI) Period of closure of H share register

The Company will close its H share register from Saturday, 15 September to Monday, 15 October 2007 (both days inclusive).

II. MATTERS TO BE CONSIDERED AT THE THIRD EXTRAORDINARY GENERAL MEETING FOR 2007

Special Resolutions

1. To consider on an individual basis the “Resolutions of the Company on the proposal for the offer and issue of Bonds cum Warrants”

- (1) Offer Size
- (2) Offer Price
- (3) Target offerees
- (4) Offer Method
- (5) Interest rate of the Bond
- (6) Term of the Bonds
- (7) Term and method of payment of Principal Amount and Interest of the Bonds
- (8) Early Redemption
- (9) Security
- (10) Term of the Warrants
- (11) Exercising Period of the Warrants
- (12) Exercise Price of the Warrants and Adjustments
- (13) Conversion ratio of the Warrants
- (14) Use of Proceeds of the Offer
- (15) Validity of the Resolutions.

For details of the resolutions, please refer to the Announcement of the Resolutions of the Seventh Meeting of the Fourth Session of the Board of Directors of the Company published at the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) and the circular in relation to proposed offer and issue of the Bonds cum Warrants to be delivered to the H shareholders together with this notice on the same day.

2. **To consider the “Resolutions of the Company requesting the general meeting to authorize the Board of Directors to deal with matters relating to the offer and issue of the Bonds cum Warrants”**

For details of the resolution, please refer to the Announcement of the Resolutions of the Seventh Meeting of the Fourth Session of the Board of Directors of the Company published at the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) and the circular in relation to proposed offer and issue of the Bonds cum Warrants to be delivered to the H shareholders together with this notice on the same day.

Ordinary Resolutions

3. **To consider the “Resolution of the Company on the feasibility of investment projects to be funded by proceeds from the offer and issue of the Bonds cum Warrants”**

For details of the resolution, please refer to the Announcement of the Resolutions of the Seventh Meeting of the Fourth Session of the Board of Directors of the Company published at the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) and the circular in relation to proposed offer and issue of the Bonds cum Warrants to be delivered to the H shareholders together with this notice on the same day.

4. **To consider the “Resolution of the report of the board on the use of proceeds raised in the previous fund raising exercise”**

For details of the resolution, please visit the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) and the circular in relation to proposed offer and issue of the Bonds cum Warrants to be delivered to the H shareholders together with this notice on the same day.

5. **To consider the “Guidelines on the System of Independent Directorship”**

For details of the resolution, please refer to Annex I to this notice.

6. **To consider the Resolution of the Company on the extended term of the guarantee provided to wholly-owned subsidiary ZTE (H.K.) Limited (“ZTE H.K.”) with a modified guarantee method and the provision of guarantee to Benin Telecoms S.A. by ZTE H.K.**

The term of the guarantee provided by the Company in favor of ZTE H.K. in respect of a US\$3 million banking facility will be extended by approximately two years to 17 January 2014. The Company will apply to the relevant bank for an irrevocable standby letter of credit to replace the previous guarantee letter directly issued by the Company. In this regard, the Company will provide a guarantee in respect of the US\$3 million banking facility in favor of ZTE H.K. by applying to the bank for the issuance of an irrevocable standby letter of credit for a term till 17 January 2014 to replace the original guarantee letter expiring on 28 March 2012 issued by the Company. ZTE H.K. will apply the aforesaid banking facility to provide the guarantee in favour of Benin Telecoms S.A. in respect of an amount of not more than US\$3 million for a term till 28 December 2013.

For details of the resolution, please refer to Annex II to this notice.

7. To consider the “Resolution of the Company on the provision of a guarantee for subsidiary Congo-Chine Telecom S.A.R.L. (“Congo-Chine”)”

The Company will provide a guarantee by way of the pledge of equity interest in respect of the US\$105 million bank loan with an 8-year term of Congo-Chine on the back of the 51% shares in Congo-Chine held by the Company. The guarantee will take effect on the date of the execution of the Agreement on the Pledge of Equity Interests and will remain valid until the date on which the obligation of Congo-Chine for the repayment of principal together with accrued interests under the Loan Agreement has been fully performed (the date for the last installment of principal and interests repayment being 21 May 2015).

For details of the resolution, please refer to Annex III to this notice.

V. REGISTRATION AT THE EGM

(I) Registration of attendance

1. Any legal person shareholder (including but not limited to corporate shareholders) entitled to attend the EGM shall present for registration a duplicate of its corporate business licence, a duly signed power of attorney and the identity card of the attendee;
2. Any individual shareholder entitled to attend the EGM shall present for registration his own identity card, stock account card and evidence of shareholding.

(II) Time of registration

Shareholders may register for the EGM during the following hours from 19 September 2007 to 25 September 2007 (except for Saturdays and Sundays): 9:00 to 12:00 and 14:00 – 17:00

(III) Address for registration

Registration for the EGM will be conducted at: 6/F, Block A, ZTE Building, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, PRC 518057.

(IV) Documentation 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 (whether or not a shareholder) as his proxy(ies) to attend and vote at the meeting on his behalf. For a shareholder who entrusts two or more proxies, the voting rights to be exercised by such proxies in aggregate shall not exceed the total number of votes the shareholder is entitled to exercise at the meeting, and any one share may not be voted by different proxies.
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. In order for the proxy form to be valid, it should be deposited not less than 24 hours at the registered address of the Company before the EGM.

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.

VI. MISCELLANEOUS

- (I) It is expected that the EGM will last less than one day; all accommodation, travel and expenses relating to attending the meeting shall be borne by the attendees.
- (II) EGM Contact: Li Liuhong
- (III) Contact telephone number: + 86 755 26770282
- (IV) Contact fax number: + 86 755 26770286

VII. REFERENCE

Announcement on Resolutions of the Seventh Meeting of the Fourth Session of the Board of Directors of ZTE Corporation.

By Order of the Board of Directors

Hou Weigui

Chairman

Shenzhen, the PRC

28 August 2007

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Yin Yimin, Shi Lirong and He Shiyong; six non-executive directors, Hou Weigui, Wang Zongyin, Xie Weiliang, Zhang Junchao, Li Juping and Dong Lianbo; and five independent non-executive directors, Zhu Wuxiang, Chen Shaohua, Qiao Wenjun, Mi Zhengkun and Li Jin.

ANNEX I

Guidelines on the System of Independent Directorship

(Reviewed and passed at the Fifth Meeting of the Fourth Session of the Board of Directors of the Company held on 25 June 2007)

1. General Provisions

- 1.1 This Guideline has been formulated by the Company with a view to enhancing the corporate governance of ZTE Corporation (hereinafter the “Company”), rendering practical protection of shareholders’ interests, effectively averting risks associated with the decision-making process of the Company and facilitating standardised operations of the Company.
- 1.2 Independent Directors are those Directors who do not hold other positions at the Company other than as a Director and who are not related to the Company and its substantial shareholders in any way that would inhibit their ability to make independent and objective judgments.
- 1.3 Independent Directors owe a fiduciary duty and due diligence to the Company and its shareholders. Independent Directors should diligently perform their duties for the protection of the Company’s interests as a whole and should particularly concern themselves that the lawful interests of minority shareholders are not infringed upon, in accordance with the requirements of relevant laws and regulations, Guidelines for the Establishment of the System of Independent Directorship in Listed Companies (關於在上市公司建立獨立董事制度的指導意見) published by the China Securities Regulatory Commission (“CSRC”) (the “Independent Directorship Guidelines”), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“SEHK”) (the “Listing Rules”) and the Articles of Association. Independent Directors should perform their duties independently without being subject to the influence of the substantial shareholders or de facto controllers or other stakeholders (whether an individual or an entity) of the Company.

2. The Composition of Independent Directorship

Independent Directors should represent over one third of the members of the Board of Directors of the Company. At least one of the Independent Directors should be a professional accountant and at least one of them must be ordinarily resident in Hong Kong. Independent Directors should perform their duties with integrity for the protection of the Company’s interests and should particularly concern themselves that the lawful interests of public shareholders are not infringed upon.

3. The Selection Criteria for Independent Directors

- 3.1 Being qualified to act as a director of a listed company under the laws, administrative regulations and other relevant provisions;
- 3.2 Demonstrating independence in a manner as required by the Articles of Association;
- 3.3 Possessing basic knowledge in the operation of a listed company and being familiar with relevant laws, administrative regulations, institutions and rules;
- 3.4 Possessing more than five years' working experience in the legal or economic sectors or other areas deemed necessary to discharging the duties of an Independent Director; and
- 3.5 Other conditions stipulated in the Articles of Association.

4. The Independence of Independent Directors

- 4.1 Independent Directors of the Company must demonstrate independence in a manner as required by relevant laws and regulations. The following persons cannot be appointed as Independent Directors of the Company:
 - 4.1.1 Employees of the Company and its subsidiaries, their immediate family members and relatives (immediate family members shall include spouse, parents and children; relatives shall include siblings, parents-in-law, sons- and daughters-in-law and siblings-in-law);
 - 4.1.2 Natural person shareholders who directly or indirectly hold more than 1% of the issued shares capital of the Company or who rank in the top ten shareholders of the Company, as well as their immediate family members;
 - 4.1.3 Employees of those corporate shareholders who directly or indirectly hold more than 5% of the issued shares capital of the Company or who rank in the top five shareholders of the Company, as well as their immediate family members;
 - 4.1.4 Persons who fall within the above three categories in the preceding year;
 - 4.1.5 Persons who provide financial, legal and consulting services to the Company or its subsidiaries;
 - 4.1.6 Persons prohibited by the Articles of Association; or
 - 4.1.7 Persons prohibited by the CSRC.

5. The Nomination, Election and Replacement of Independent Directors

5.1 The nomination, election and replacement of Independent Directors shall be conducted in accordance with the law and in a standardised manner:

5.1.1 The Board of Directors, the Supervisory Committee or shareholders of the Company alone or in aggregate holding more than one per cent of the issued share capital of the Company may nominate candidates for Independent Directors for election at the general meeting.

5.1.2 The party nominating a person for election as Independent Director should have obtained the consent of such nominee. The nominating party should fully inform him/her/itself of the occupation, academic qualifications, professional title, detailed work experience of and all part-time positions held by the nominee and should furnish a statement of opinion on the qualifications and independence of such nominee for holding the office of Independent Director. The nominee should make a public statement confirming that he/she is not related to the Company in any way that would affect his/her ability to make independent and objective judgments.

The Board of Directors of the Company should disclose the aforesaid information in accordance with relevant provisions prior to the convening of the general meeting for the election of Independent Directors.

5.1.3 Prior to the convening of the general meeting for the election of Independent Directors, the Company should submit the relevant information of all nominees (including but not limited to the Declaration of the Candidate for Independent Director (獨立董事候選人聲明), Declaration of the Nominating Party for a Candidate of Independent Director (獨立董事提名人聲明), Biography of the Independent Director (獨立董事履歷表) and Supplemental Declaration by the Candidate for Independent Director on Independence (獨立董事候選人關於獨立性的補充聲明) to the CSRC, the local office of the CSRC in the place of residence of the Company and the Shenzhen Stock Exchange (“SZSE”). In the event that the Board of Directors of the Company disagrees any relevant information of a nominee, the opinion of the Board of Directors should also be submitted in writing. The nominating party and the candidate for Independent Director should ensure that materials submitted are true, accurate and complete without any false or misleading statements or material omissions.

For the purpose of the scrutiny of the general public, the SZSE will publish at its website the relevant information of the candidates for Independent Directors within five trading days after the Company has disclosed that information. Any entities or individuals who dispute the qualifications for holding office and independence of the Independent Directors may furnish their views to the SZSE, which will, within fifteen business days, conduct a verification process in respect of the qualifications for holding office and the independence of the Independent Directors.

Nominees disputed by the regulatory authorities should not be admitted as candidates for Independent Directors, but they are eligible for admission as candidates for Directors.

Where the SZSE believes that a candidate for Independent Director is in violation of the Independent Directorship Guidelines or falls under any of the following situations, the SZSE may issue a letter of concern to the Company regarding the qualifications of Independent Director, and the Company should disclose information in relation to such concern of the SZSE five trading days prior to the general meeting:

- (1) Being frequently absent from or frequently failing to attend in person to the board meetings while holding the office of Independent Director in the past;
- (2) Failure to issue Independent Directors' opinion as required or which is being proved as inconsistent with the facts while holding the office of Independent Director in the past;
- (3) Being subjected to administrative penalty by the CSRC during the past three years;
- (4) Being subjected to public censure or criticism by the stock exchange during the past three years;
- (5) Concurrently holding key positions in more than five companies;
- (6) For any person aged above 70, concurrently holding positions in various companies, institutions or social organisations;
- (7) Other circumstances affecting discharge of the Independent Director's fiduciary duty, due diligence and independence in discharging of duties.

The Board of Directors of the Company should state if the regulators have any disputes on the candidates for Independent Directors during the general meeting for the election of Independent Directors.

- 5.1.4 The term of Independent Directors should be the same as the term of other Directors. Independent Directors may offer themselves for re-election upon the conclusion of a term subject to a maximum period of six years for consecutive terms of office.

- 5.1.5 The Board of Directors should propose to the general meeting for the removal of the Independent Director who fails to attend Board meetings in person consecutively for three times.

Save for the aforesaid and other prohibiting conditions stipulated by the PRC Company Law, Independent Directors should not be removed from their offices without proper reasons prior to the conclusion of their terms. Any removal prior to the conclusion of their terms should be disclosed by the Company as a special matter. Independent Directors so removed may make a public declaration if they believe the reason of the removal has been inappropriate.

- 5.1.6 Independent Directors may resign from their offices prior to the conclusion of their terms. A resigning Independent Director should submit a resignation report in writing to the Board of Directors and disclose any information relating to his/her resignation or otherwise being considered necessary to be brought to the attention of the shareholders and creditors of the Company.

Where the resignation of any Independent Directors results in the number of Independent Directors or members of the Board of Directors being less than the minimum level required by the law or the Articles of Association, the Independent Directors concerned should continue to discharge their duties in accordance with the laws, administrative regulations and the Articles of Association until new Independent Directors assume their offices. The Board of Directors should convene a general meeting to elect the new Independent Directors within two months. If no general meeting is being convened within the said period, the resigning Independent Directors are not obliged to continue discharging such duties.

- 5.1.7 Independent Directors should not be removed prior to the conclusion of their terms without proper reasons. Any removal prior to the conclusion of their terms should be disclosed by the Company as a special matter.

6. Responsibilities of Independent Directors

- 6.1 Independent Directors should discharge their duties independently and free from any influence of the substantial shareholders or de facto controllers or other stakeholders of the Company and any entity or individual who has interests in its substantial shareholders or de facto controllers.

To give full effect to the institution of independent directorship, Independent Directors should be given special mandates, in addition to the powers granted to the Directors under the Company Law, relevant laws and regulations and the Articles of Association, as follows:

- (1) To endorse any significant connected transactions and the appointment or removal of external accountants before the submission of the same to the Board of Directors for discussion;
- (2) To request the Board of Directors the convening of extraordinary general meetings;
- (3) To propose the convening of Board meetings; and
- (4) To solicit voting rights from shareholders prior to the convening of general meetings.

The aforesaid mandates should be exercised by the Independent Directors with the consent of more than half of the Independent Directors.

With unanimous approval of all Independent Directors, an external auditor or a consulting firm may be independently engaged by the Independent Directors to carry out audit and consultation in respect of specific matters of the Company, at the expense of the Company.

The Company should make disclosures of any circumstances in which the aforesaid proposals are not adopted or the mandates are not exercised normally.

The definition of the significant connected transactions mentioned above should refer to the relevant provisions of the CSRC, SZSE and SEHK.

6.2 Independent Directors should provide independent opinions in respect of the significant matters of the Company:

In addition to duties described above, Independent Directors should also provide independent opinions to the Board of Directors or the general meeting in respect of significant matters of the Company as follows:

- (1) the nomination or removal of Directors;
- (2) the appointment or removal of senior management officers;
- (3) remuneration of the Directors and senior management officers of the Company;
- (4) failure of the Board of Directors of the Company to prepare any proposed cash profit distribution plan;
- (5) matters considered by the Independent Directors to be potentially detrimental to minority shareholders;
- (6) other matters requiring the independent opinion of Independent Directors as stipulated by the CSRC, SZSE or SEHK; and
- (7) other matters stipulated by the Articles of Association.

Independent Directors should provide, in respect of the aforesaid matters, either of the following opinions: concurrence, qualified (with reasons); dissent (with reasons) and inability to express any opinion (stating the obstacles that give rise to such inability).

If the related matter constitutes a discloseable event, the Company should disclose the opinion of the Independent Directors to the public. In case there is no unanimous agreement among the Independent Directors, the Board of Directors should disclose the opinions of the Independent Directors separately. Such announcement should be published in newspapers in accordance with designated requirements.

7. Mutual obligations between the Company and Independent Directors

- 7.1 Independent Directors should attend Board meetings as scheduled, understand the production and operations of the Company and take initiative to make investigations and acquire information necessary for decision-making. Independent Directors should report their performance and work done in the annual report for the presentation during the annual general meeting of the Company.
- 7.2 The Board Secretary should diligently co-ordinate with the Independent Directors in order to facilitate the performance of duties by the Independent Directors. The Company should ensure that Independent Directors have equal access to information as other Directors, provide relevant materials and information to the Independent Directors in a timely manner, update them of the status of the Company's business operations on a regular basis, And organize on-site investigations for Independent Directors where necessary.

8. Supplemental Provisions

- 8.1 Matters not provided herein should be dealt with in accordance with the relevant provisions of pertinent laws, regulations and regulatory documents of the State and the Articles of Association of the Company. In case of any inconsistencies between this Guideline and the relevant provisions of pertinent laws, regulations, regulatory documents and the Articles of Association of the Company, the latter shall prevail.
- 8.2 The authority to revise and interpret this Guideline shall be vested in the Board of Directors of the Company.
- 8.3 This Guideline shall be announced and implemented following the review and approval by the shareholders during the general meeting.

ANNEX II

Announcement

External Guarantees

This announcement is made pursuant to 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company and all the members of the Board of Directors confirm that the information disclosed in this announcement is true, accurate and complete and that there are no false and misleading statements or material omissions contained herein.

I. Brief description of the guarantees

- 1. Guarantee provided by ZTE Corporation (hereinafter referred to as the “Company” or “ZTE”) in respect of the Banking Facility granted to ZTE (H.K.) Limited (hereinafter referred to as “ZTE H.K”), a wholly-owned subsidiary of the Company.**

In December 2005, the Board of Directors of ZTE considered and approved the provision of a guarantee in favor of ZTE H.K., a wholly-owned subsidiary of the Company, in respect of a US\$3 million banking facility (hereinafter referred to as the “Banking Facility”) advanced to ZTE H.K., by way of issuing a letter of guarantee which is valid until 28 March 2012. Details of the guarantee have been disclosed in the 2006 annual report of the Company.

As ZTE H.K. has proposed to seek a two-year extension of the aforesaid Banking Facility to facilitate its business development, ZTE also proposes to extend the term of its guarantee for an additional two years accordingly and apply to the relevant bank for an irrevocable standby letter of credit to replace the previous guarantee letter directly issued by the Company.

Since ZTE H.K. is a wholly-owned subsidiary of the Company, it has not provided any counter-guarantee in respect of the said guarantee.

- 2. Guarantee provided by ZTE H.K. in respect of Benin Telecoms S.A. (hereinafter referred to as “Benin Telecoms”)**

To facilitate its business development, ZTE H.K. has proposed to apply to the bank for a standby letter of credit on the back of the said Banking Facility. Such standby letter of credit is to be issued to the lending

bank for loans extended to a project of Benin Telecoms undertaken by ZTE H.K. as guarantee for a 30% partial repayment of the 15% upfront payment for the said project of Benin Telecoms. The amount of guarantee approximates US\$3 million.

The aforesaid project financing debts of Benin Telecoms is also fully backed by a financial guarantee by the Ministry of Finance of Benin.

The Sixth Meeting of the Fourth Session of The Board of Directors of ZTE has considered and approved the aforesaid extension of the term of the guarantee, change in the form of the guarantee, and the provision of guarantee for Benin Telecoms by ZTE H.K.

In effect, ZTE is the ultimate guarantor and Benin Telecoms is the ultimate party being guaranteed, for an amount of US\$3 million, of the aforesaid two guarantees. As the gearing ratio of Benin Telecoms for 2005 was in excess of 70%, the aforesaid guarantee is subject to consideration by a general meeting of the Company in accordance with requirements of relevant regulatory documents including the Circular on Regulating the External Guaranties Provided by Listed Companies (《關於規範上市公司對外擔保的通知》).

II. Information on the parties being guaranteed

1. Information on ZTE H.K.

- (1) Name: ZTE (H.K.) Limited
- (2) Place of registration: Hong Kong
- (3) Registered capital: HK\$50 million
- (4) Scope of business: Sales of products and purchases of original components and ancillary equipment; technology development and transfer; training and consultancy; investment and financing.
- (5) Relationship with the Company: a wholly-owned subsidiary of ZTE who has a 100% shareholding.
- (6) Operating and financial conditions: ZTE H.K. was established in 2000. It serves as ZTE's platform for overseas marketing, technical services and financing. Revenue from principal operations and net profit for 2006 amounted to HK\$1,576 million and HK\$628 million, respectively. Total asset value, total liability and net asset value as at 31 December 2006 amounted to HK\$2,488 million, HK\$1,390 million and HK\$1,098 million, respectively. Gearing ratio was 55.87%.

2. Information on Benin Telecoms

- (1) Name: Benin Telecoms S.A.
- (2) Place of registration: Cotonou, the Republic of Benin
- (3) Registered capital: CFAF 500 million
- (4) Scope of business: fixed line telephone, Internet and mobile businesses

- (5) Relationship with the Company: Customer of the Company
- (6) Operating and financial conditions: As shown in the latest financial statements of Benin Telecoms, Revenue from principal operations and net profit for 2005 amounted to CFAF42,931,561,138 and CFAF-13,744,720,181, total assets, total liability and net assets of Benin Telecoms as at 31 December 2005 amounted to CFAF 170,191,065,488, CFAF 147,559,712,686 and CFAF22,631,352,802, respectively. Gearing ratio was 86.7%.

III. Principal terms of the guarantees

1. Guarantee to be provided by ZTE in favor of ZTE H.K.

- (1) Guarantor: ZTE
- (2) Guarantee: ZTE H.K.
- (3) Amount guaranteed: US\$3 million
- (4) Term of guarantee: from the date of issuance of the standby letter of credit to 17 January 2014
- (5) Type of assurance: guarantee

2. Guarantee to be provided by ZTE H.K. in favor of Benin Telecoms S.A.

- (1) Guarantor: ZTE. H.K.
- (2) Guarantee: Benin Telecoms
- (3) Amount guaranteed: not exceeding US\$3 million
- (4) Term of guarantee: from the date of issuance of the standby letter of credit to 28 December 2013
- (5) Type of assurance: guarantee

IV. Opinion of the Board of Directors and the Independent Directors

The Board of Directors of the Company is of the view that the aforesaid guarantee is favourable to the business development of ZTE H.K. and in the interests of ZTE as a whole, given the normal operating conditions of Benin Telecoms and the guarantee provided by the Ministry of Finance of Benin in respect of the debts of Benin Telecoms.

The Independent Directors of the Company are of the view that the aforesaid guarantee is in compliance with relevant provisions of the Circular of China Securities Regulatory Commission (“CSRC”) on Regulating the External Guaranties Provided by Listed Companies (2005 No. 120) (2005 120 號《關於規範上市公司對外擔保的通知》) and the *Articles of Association* and the related decision-making procedure has been legal and valid.

V. Aggregate amount of outstanding external guarantees and information on overdue external guarantees of the Company

As at the date of this announcement, the aggregate amount of external guarantees provided by the Company is RMB121,359,400 (including US\$3,117,600, translated at the exchange rate of US\$1: RMB7.8087 announced by the People's Bank of China on 29 December 2006), representing 1.14% of the net asset value reported in the audited combined accounting statements for 2006. The Company has no overdue guarantees.

The terms of the aforesaid guarantees are in compliance with relevant provisions of the CSRC and will not cause any violation or breach of applicable rules and regulations.

VI. Documents for inspection

1. The standby letter of credit
2. Resolutions of the sixth meeting of the fourth session of the Board of Directors of the Company duly signed by the attending Directors to give effect to the same
3. The business licence in photocopies and financial statements of ZTE H.K.
4. The corporate registration papers and financial statements of Benin Telecoms

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
23 July 2007

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Yin Yimin, Shi Lirong and He Shiyong; six non-executive directors, Hou Weigui, Wang Zongyin, Xie Weiliang, Zhang Junchao, Li Juping and Dong Lianbo; and five independent non-executive directors, Zhu Wuxiang, Chen Shaohua, Qiao Wenjun, Mi Zhengkun and Li Jin.

ANNEX III

ANNOUNCEMENT

Provision of Guarantee for a Subsidiary

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 are no false and misleading statements or material omissions in this announcement.

I. Brief description of the guarantees

In late 2006, Congo-Chine Telecom S.A.R.L. (hereinafter referred to as “Congo-Chine”) entered into a contract of equipment supply and engineering services for the second phase expansion of the national GSM network of The Democratic Republic of the Congo for 2007-2008 (hereinafter referred to as the “Second Phase National GSM Expansion”) with ZTE Corporation (hereinafter referred to as “ZTE” or the “Company”), pursuant to which the Company will provide to Congo-Chine equipment and engineering services with a total worth of approximately US\$124 million. To ensure the smooth completion of the Second Phase National GSM Expansion, Congo-Chine has entered into a loan agreement with a bank for a US\$105 million loan (or approximately 85% of the contract amount) with a term of 8 years (the “Loan Agreement”). Congo-Chine has issued a guarantee letter to warrant that the loan will be applied solely to the Second Phase National GSM Expansion and payments for the purchase of equipment and services from ZTE, and that the lending bank will be authorised to credit the amounts concerned directly to the accounts designated by ZTE.

ZTE will provide a guarantee by pledging its 51% equity interests in Congo-Chine in respect of the aforesaid loan.

In connection with the aforesaid guarantee, a counter-guarantee in favour of the Company in respect of the aforesaid loan will be provided by Congo-Chine by creating a secondary preferential security rights on the relevant equipments in favour of the Company, or by the Ministry of State-owned Enterprises of Congo (Kinshasa) by pledging its 25% equity interests in Congo-Chine.

The said guarantee has been considered and approved at the Seventh Meeting of the Fourth Session of the Board of Directors of ZTE. As the gearing ratio of Congo-Chine for 2006 exceeds 70%, the said guarantee is subject to the consideration and approval by the general meeting of the Company in accordance with the requirements of the Circular of China Securities Regulatory Commission (“CSRC”) on Regulating the External Guaranties Provided by Listed Companies (《關於規範上市公司對外擔保的通知》) and other relevant regulatory documents.

II. Information on the guarantee

1. Name: Congo Chine Telecom S.A.R.L.
2. Place of registration: The Democratic Republic of the Congo
3. Registered capital: US\$17,450,000
4. Scope of business: construction of telephone networks, provision of telecommunications services and production of communications equipment
5. Relationship with the Company: Congo Chine is a 51% owned subsidiary of the Company
6. Operating and financial conditions:

Congo Chine's business has been developing rapidly since the official commencement of its commercial operation, with the completion of a GSM network in the capital city of Kinshasa and the first phase of the national GSM network expansion project. As at the end of 2006, the total network capacity of Congo Chine was 450,000 lines covering 172 stations, making it the third largest mobile communications carrier of The Democratic Republic of the Congo.

Congo-Chine has been operating well. Revenue from principal operations and net profit for 2006 amounted to US\$43,840,000 and US\$3,167,700, respectively. Total assets, total liability and net assets of Congo-Chine as at 31 December 2006 amounted to US\$83,894,300, US\$67,413,000 and US\$16,481,300, respectively. Gearing ratio was 80.35%.

III. Principal terms of the Agreement on the Pledge of Equity Interests

The Company will provide a guarantee by way of the pledge of equity interests in respect of the US\$105 million loan extended to Congo-Chine loan on the back of its 51% equity interests in Congo-Chine.

- (1) Guarantor: ZTE
- (2) Guarantee: Congo-Chine
- (3) Debt amount guaranteed: US\$105 million
- (4) Term of guarantee: from the date on which the Agreement on the Pledge of Equity Interests is executed and becomes effective to the date on which the obligation of Congo-Chine for the repayment of principal together with accrued interests under the Loan Agreement has been fully fulfilled (the date for repayment of the last installment of principal and interests being 21 May 2015).
- (5) Type of assurance: pledge of equity interests

IV. Opinion of the Board of Directors

The Board of Directors of the Company is of the view that the aforesaid guarantee would facilitate the smooth execution of the Second Phase National GSM Expansion by Congo-Chine and therefore would enhance

Congo-Chine's overall competitive strengths, improve its operational efficiency and profitability and generate good investment returns for ZTE as its controlling shareholder. It is therefore in the interests of the Company as a whole. In connection with the aforesaid guarantee, a counter-guarantee in favour of the Company in respect of the said loan will be provided by Congo-Chine by creating a secondary preferential security rights on the relevant equipment in favour of the Company, or by The Ministry of State-owned Enterprises of Congo (Kinshasa) by pledging of its 25% equity interests in Congo-Chine. Such arrangements would facilitate the Company to mitigate the risks associated with the provision of the aforesaid guarantee. .

The Independent Directors of the Company are of the view that the aforesaid guarantee provided by the Company for its subsidiary Congo-Chine is in compliance with relevant provisions of the Circular of CSRC on Regulating the External Guaranties Provided by Listed Companies (2005 No. 120) (2005 120 號《關於規範上市公司對外擔保的通知》) and the Articles of Association of ZTE Corporation and the related decision-making procedures are legal and valid.

V. Aggregate amount of outstanding external guarantees and information on overdue external guarantees of the Company

As at the date of this announcement, the aggregate amount of external guarantees provided by the Company is approximately RMB133,265,000 representing 1.19% of the net asset value of the Company as at 30 June 2007. The Company has no overdue guarantees.

The terms of the aforesaid guarantees are in compliance with relevant provisions of the CSRC and will not cause any violation or breach of applicable rules and regulations.

VI. Documents for inspection

1. Agreement on the Pledge of Equity Interests
2. Resolutions of the seventh meeting of the fourth session of the Board of Directors of the Company duly signed by the attending Directors to give effect to the same
3. The business licence in photocopies and financial statements of Congo-Chine
4. Opinion of the Independent Directors

By order of the Board
Hou Weigui
Chairman

Shenzhen, PRC
17 August 2007

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Yin Yimin, Shi Lirong and He Shiyong; six non-executive directors, Hou Weigui, Wang Zongyin, Xie Weiliang, Zhang Junchao, Li Juping and Dong Lianbo; and five independent non-executive directors, Zhu Wuxiang, Chen Shaohua, Qiao Wenjun, Mi Zhengkun and Li Jin.