

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 FIRST EXTRAORDINARY GENERAL MEETING FOR 2007 (REVISED VERSION)

ZTE Corporation (the "Company") and all the members of the Board of Directors (the "Board") 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.

Unless otherwise defined herein, capitalized terms used in this announcement should have the same meaning as defined by the Phase I of the Share Incentive Scheme of ZTE Corporation.

I. BACKGROUND

1.1 Rescheduling of the extraordinary general meeting of the Company

At the nineteenth meeting of the third session of the Board held on 25 October 2006, the Board decided to convene the first extraordinary general meeting of the Company for 2006 on 28 December 2006. The Phase I of the Share Incentive Scheme of ZTE Corporation was reviewed by the relevant authorities of the state and could only be tabled at the general meeting of the Company once the final approvals from the authorities are received. In order to avoid undue burden for the shareholders that would be caused by convening a series of general meetings in succession, at the twentieth meeting of the third session of the Board held on 15 December 2006, the Board decided that the first extraordinary general meeting of the Company for 2006 should be postponed from 28 December 2006 to 30 January 2007 and be re-designated as the first extraordinary general meeting of the Company for 2007. At the twenty first meeting of the third session of the Board held on 24 January 2007, the Board further decided to postpone the first extraordinary general meeting of the Company for 2007 ("EGM") to 13 March 2007.

1.2 Ex tempore motions proposed by Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited ("Zhongxingxin")

Zhongxingxin, the controlling shareholder of the Company, submitted ex tempore motions to the Company on 12 February 2007, requesting to table the following resolutions (details of which are set out in sections 3.3 to 3.5 of this notice) for consideration and approval at the EGM:

- The resolution with respect to the Phase I of the Share Incentive Scheme of ZTE Corporation (Version Dated 5 February 2007) (excluding the grant and issue of shares (including the number of shares) to the twenty one Scheme Participants who are Directors and Senior Management of the Company pursuant to the Share Incentive Scheme, which should be voted on separately);
- The resolutions regarding the grant and issue of Subject Shares (including the number of shares) to twenty one Scheme Participants who are Directors and Senior Management of the Company pursuant to the Phase I of the Share Incentive Scheme of ZTE Corporation; and
- The resolution regarding requesting the general meeting of ZTE Corporation to authorize the Board to deal with certain matters regarding the Phase I of the Share Incentive Scheme.

After due examination of the above ex tempore motions, All Directors of the Company took the view that Zhongxingxin is qualified to propose the ex tempore motions and the contents of such ex tempore motions falls within the terms of reference of the general meeting in that they have a clear subject matter and are apparently specific. Therefore, the Board of Directors of the Company agreed to table these resolutions at the EGM for shareholders' consideration and approval and to issue this notice in accordance with the Regulatory Opinion on General Meetings of Listed Companies.

II. INFORMATION REGARDING THE EGM

Details of the EGM are set out below:

2.1 Date and time of meeting

The EGM will commence at 9: 00 a.m. on 13 March 2007.

Domestic shareholders of the Company can vote on-line during the following time from 12 March to 13 March 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 13 March 2007
Online voting on the Internet voting system:	at any time during the period from 15:00 on 12 March 2007 to 15:00 on 13 March 2007

2.2 Venue

The EGM will be held at the Novotel Bauhinia Shenzhen Hotel.

Address: Qiaocheng E., Road, Huaqiao City, Shenzhen, Guangdong Province, the People's Republic of China (hereinafter referred to as the "PRC") (near the western entrance of Yuanbooyuan)

Tel: +86 755 82829966

2.3 Convener

The EGM will be convened by the Board.

2.4 Voting methods

Domestic shareholders 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;
- authorizing the relevant independent director to vote on resolutions regarding the Phase I of the Share Incentive Scheme of ZTE Corporation; or
- 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.

H shareholders 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; or
- authorizing the relevant independent director to vote on resolutions regarding the Phase I of the Share Incentive Scheme of ZTE Corporation.

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. In the event that the timing of the votes cannot be determined, the following rules shall apply:

- (i) In case of any inconsistency regarding the same resolution between votes cast by way of other methods and votes cast by way of authorising independent director to vote, the latter shall prevail;
- (ii) Subject to (i) above, where a shareholder attends the meeting and votes in person, votes cast by way of on-site voting shall prevail in case of any inconsistency regarding the same resolution between votes cast by way of other methods and on-site voting; and
- (iii) In case of any inconsistency regarding the same resolution between votes cast by way of proxy and by way of online voting, the votes cast by way of proxy shall prevail.

2.5 Attendees

- (a) Domestic shareholders: All ZTE (000063) shareholders registered with China Securities Depository & Clearing Corporation Limited, Shenzhen Office upon the close of trading of its A shares on the Shenzhen Stock Exchange on Monday, 27 November 2006 at 3:00 p.m.;
- (b) 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 its H shares on The Stock Exchange of Hong Kong Limited on Monday, 27 November 2006 at 4:00 p.m.;
- (c) Directors, supervisors and senior management of the Company; and
- (d) Representatives of intermediaries engaged by the Company and guests invited by the Board of Directors.

2.6 Period of closure of H share register

The Company has closed its H share register from Saturday, 10 February to Monday, 12 March 2007 (inclusive).

III. MATTERS TO BE CONSIDERED AT THE EGM

To consider and, if thought fit, pass the following resolutions at the EGM as follows:

Ordinary Resolutions

- 3.1 *The resolution with respect to the proposed connected transaction framework agreements for 2007 (as defined under the Rules Governing the Listing of Securities on Shenzhen Stock Exchange):*

THAT the framework purchase agreements for year 2007 proposed to be entered into between ZTE Kangxun Telecom Company, Limited, a subsidiary of the Company, on the one hand and connected party Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited together with its subsidiaries Shenzhen Zhongxing Xindi Telecommunications Equipment Company, Limited, Shenzhen Zhongxing Xinyu FPC Company, Limited and Shenzhen Zhongxing Xinzhou Complete Equipment Company, Limited, on the other, in respect of the purchase of cases, cabinets, distribution frames, flexible printed circuit boards and shelters with an annual cap of aggregated transaction amounts estimated at RMB720 million for 2007 be approved.

- 3.2 *The resolution with respect to the renewal of continuing connected transactions for 2007 to 2009 (as defined under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited):*

THAT the framework purchase agreements proposed to be entered into between ZTE Kangxun Telecom Company, Limited, a subsidiary of the Company, on the one hand and connected party Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited together with its subsidiaries Shenzhen Zhongxing Xindi Telecommunications Equipment Company, Limited, Shenzhen Zhongxing Xinyu FPC Company, Limited and Shenzhen Zhongxing Xinzhou Complete Equipment Co., Ltd. on the other, in respect of the purchase of cases, cabinets, distribution frames, flexible printed circuit boards and shelters with annual cap of aggregated transaction amounts estimated at RMB720 million for 2007, RMB950 million for 2008 and RMB1,200 million for 2009 be approved.

Special Resolutions

- 3.3 *The resolution with respect to the Phase I of the Share Incentive Scheme of ZTE Corporation (Version Dated 5 February 2007) (excluding the grant and issue of shares to the twenty one Directors and Senior Management of the Company pursuant to the Share Incentive Scheme, which should be voted on separately):*

THAT the Phase I of the Share Incentive Scheme of ZTE Corporation (Version Dated 5 February 2007) be approved. The shareholders of the Company shall vote separately on the resolutions regarding the grant and issue of shares to the Directors and senior management of the Company pursuant to the Share Incentive Scheme.

- 3.4 *The resolutions regarding the grant and issue of Subject Shares (including the number of shares) to twenty one Scheme Participants who are Directors and Senior Management of the Company pursuant to the Share Incentive Scheme:*

- (1) **THAT** the grant and issue of 10,000 Subject Shares to Scheme Participants, Mr. Xie Weiliang (Vice Chairman) and Mr. Dong Lianbo (Director), respectively, pursuant to the Phase I of the Share Incentive Scheme of ZTE Corporation, be approved;
- (2) **THAT** the grant and issue of 10,000 Subject Shares to Scheme Participant, Mr. Zhang Junchao (Director) pursuant to the Phase I of the Share Incentive Scheme of ZTE Corporation, be approved; and
- (3) **THAT** the grant and issue of such number of Subject Shares as stipulated by the Phase I of the Share Incentive Scheme of ZTE Corporation to Directors and Senior Management other than Mr. Xie Weiliang, Mr. Dong Lianbo and Mr. Zhang Junchao, be approved (Please refer to Phase I of the Share Scheme of ZTE Corporation (Version Dated 5 February 2007) for details).

3.5 *The resolution regarding requesting the general meeting of ZTE Corporation to authorize the Board to deal with certain matters regarding the Phase I of Share Incentive Scheme:*

The general meeting is requested to authorise the Board to handle matters relevant to Phase I of the Share Incentive Scheme as follows, for the purpose of implementing the Phase I of the Share Incentive Scheme of ZTE Corporation.

- (1) **THAT** the general meeting be requested to authorize the Board to be responsible for the following matters in respect of the implementation of the Phase I of the Share Incentive Scheme of ZTE Corporation:
 - (i) To confirm the qualifications and conditions for Scheme Participants' participation in Phase I of the Share Incentive Scheme, to confirm the name list of Scheme Participants other those who are connected persons of the Company and the number of shares to be granted, and to confirm the Grant Price of the Subject Shares;
 - (ii) To grant shares to the Scheme Participants upon their fulfillment of the required conditions and to handle all matters necessary for the grant and unlocking of shares;
 - (iii) To adjust the number of Subject Shares in accordance with principles and methods stipulated in Phase I of the Share Incentive Scheme if such adjustment becomes necessary as a result of the issue of new shares, ex-right and ex-dividend arrangements or otherwise;
 - (iv) To formulate or amend the administrative and implementation rules of Phase I of the Share Incentive Scheme from time to time subject to compliance with the terms of the Share Incentive Scheme, provided that such amendments by the Board must be approved by the general meeting of the Company and/or the relevant regulatory authorities if such approval is required under the laws, regulations or relevant regulatory authorities;
 - (v) To sign, execute, amend or terminate any agreements related to Phase I of the Share Incentive Scheme and other relevant agreements;
 - (vi) To appoint intermediaries such as receiving bankers, accountants and lawyers for the implementation of Phase I of the Share Incentive Scheme;
 - (vii) To conduct other matters necessary for the implementation of Phase I of the Share Incentive Scheme, save as matters expressly stipulated in relevant documents to be determined by the general meeting;
- (2) **THAT** the general meeting be requested to authorize the Board to process examination, registration, filing, approval and consent procedures with relevant government authorities, to sign, execute, amend and complete documents to be submitted to relevant government authorities, organisations and individuals; and to do all acts, matters and things deemed necessary, appropriate or expedient in relation to Phase I of the Share Incentive Scheme; and
- (3) **THAT** the general meeting be requested to approve that the above authorisations shall be effective for a term concurrent with the effective term of the Phase I of the Share Incentive Scheme.

IV. REGISTRATION AT THE EGM

4.1 Registration of attendance

- (a) Any legal person shareholder (including but not limited to corporate shareholders) entitled to attend the EGM shall produce to the register with a duplicate of its corporate business licence, a duly signed power of attorney and the identity card of the attendee.
- (b) Any individual shareholder entitled to attend the EGM shall produce for registration his own identity card, stock account card and evidence of shareholding.
- (c) Any shareholder intending to attend the EGM shall deliver the confirmation slip to the EGM registry by courier, registered mail or fax.

4.2 Time of registration

The registration period of Shareholders is from 4 December to 8 December 2006, from 4 January to 10 January 2007 and from 12 February to 16 February 2007.

4.3 Address for registration

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

4.4 Requirements when registering and voting by way of proxy

- (a) Given that new motions are proposed to be tabled at the EGM, **the proxy form for use at the EGM shall supersede and replace the previous proxy form which was sent to you for the general meeting originally scheduled for 28 December 2006.** All the shareholders of the Company who have signed and/or returned the proxy form for the general meeting originally scheduled on 28 December 2006 must re-sign the proxy form for use at the 2007 EGM and return it to the Company in accordance with the instruction printed thereon. The proxy form for the general meeting originally scheduled for 28 December 2006 should be invalid from the date of this notice.
- (b) 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.
- (c) 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. The proxy form is valid only if it is deposited not less than 24 hours at the registered address of the Company before the EGM.
- (d) 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.

V. INDEPENDENT DIRECTOR'S PROXY FORM

Pursuant to the Administrative Measures on Share Incentives of Listed Company issued by China Securities Regulatory Commission, independent directors of a company listed on the Shenzhen Stock Exchange should solicit voting rights publicly from all shareholders of the company if the company is to adopt a share incentive scheme. Mr. Zhu Wuxiang, being an independent director of the Company, has sent out a solicitation proxy form ("**Independent Director's Proxy Form**") to solicit voting rights from the Shareholders pursuant to the measures and authorization of other independent directors of the Company. Please also refer to Mr. Zhu Wuxiang's announcement dated 14 February 2007 with respect to the Independent Director's Proxy Form.

Should you wish to appoint Mr. Zhu Wuxiang as your proxy to vote for you and on your behalf at the EGM on the resolutions with respect to the Phase I of the Share Incentive Scheme of ZTE Corporation (Version Dated 5 February 2007) as stated in section 3.3, 3.4 and 3.5 of this notice, please complete the Independent Director's Proxy Form as soon as practicable and in any event not less than 24 hours before the time appointed for holding the EGM.

VI. MISCELLANEOUS

- 5.1 It is expected that the EGM will take less than one day; all accommodation, travel and expenses relating to attending the meeting shall be borne by the attendees.
- 5.2 EGM Contact: Li Liuhong
- 5.3 Contact telephone number: + 86 755 26770285
- 5.4 Contact fax number: + 86 755 26770286

VII. REFERENCE

The full text of the Phase I of the Share Incentive Scheme of ZTE Corporation (Version Dated 5 February 2007).

By Order of the Board of Directors
Hou Weigui
Chairman

Shenzhen, the PRC
16 February 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 Shiyou; 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.