
NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2009

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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)

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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 Second Extraordinary General Meeting of 2009 (hereinafter referred to as the “EGM”) of ZTE Corporation (hereinafter referred to as the “Company”) will be held in accordance with the resolution passed at the Thirty-first Meeting of the Fourth Session of the Board of Directors of the Company held on 12 November 2009. Details of the EGM are set out below:

I. INFORMATION REGARDING THE EGM

(i) Date and time of meeting

The EGM will commence at 9:00 a.m. on Tuesday, 29 December 2009.

(ii) Venue

The EGM will be held at the the Conference Room on the 4th floor of the Company's headquarters in Shenzhen.

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

Tel: +86 (755) 26770282

(iii) Convener

The EGM will be convened by the Board of Directors of the Company.

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(iv) Voting method

Voting will be carried out on-site at the EGM.

(v) Attendees

1. All ZTE (000063) shareholders registered with China Securities Depository & Clearing Corporation Limited, Shenzhen Office upon the close of trading of its A shares on the Shenzhen Stock Exchange on Friday, 27 November 2009 at 3:00 p.m. (hereinafter referred to as “Domestic Shareholders”);
2. All shareholders registered on the Company’s H share register maintained by Computershare Hong Kong Investor Services Limited upon the close of trading of its H shares on The Stock Exchange of Hong Kong Limited on Friday, 27 November 2009 at 4:00 p.m. (hereinafter referred to as “H Shareholders”);
3. Directors, supervisors and senior management of the Company; and
4. Representatives of intermediaries engaged by the Company and guests invited by the Board of Directors.

(vi) Closure of H share register

The Company will close its H share register from Saturday, 28 November 2009 to Monday, 28 December 2009 (inclusive). Any H Shareholder who wishes to attend the EGM 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., 27 November 2009.

II. MATTERS TO BE CONSIDERED AT THE EGM

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

Ordinary Resolution

1. The Specific System for the Selection and Appointment of Accountants’ Firms of ZTE Corporation

“The specific system for the selection and appointment of accountants’ firms of ZTE Corporation” was considered and unanimously approved by the Directors at the Twenty-eighth Meeting of the Fourth Session of the Board of Directors in accordance with relevant requirements of securities regulatory authorities and taking into account the specific conditions of the Company, with a view to standardising the selection and appointment of accountants’ firm for the auditing of periodic financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises and the auditing of significant asset restructuring, offering genuine protection for shareholders’ interests and enhancing the quality of financial information. It was also

approved that the system be tabled at the general meeting of the Company for consideration. For further details of the “The specific system for the selection and appointment of accountants’ firms of ZTE Corporation”, please refer to Appendix I.

2. Resolution of the Company on the Proposed Execution of the 2010–2012 Framework Purchase Agreement

The 2010–2012 Framework Purchase Agreement proposed to be entered into between Company subsidiary 深圳市中興康訊電子有限公司 (ZTE Kangxun Telecom Company Limited) (“ZTE Kangxun”) on the one hand and connected parties 深圳市中興新通訊設備有限公司 (Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited), 深圳市中興新地通信器材有限公司 (Shenzhen Zhongxing Xindi Telecommunications Equipment Company, Limited), 深圳市中興新宇軟電路有限公司 (Shenzhen Zhongxing Xinyu FPC Company, Limited) and 深圳市中興新舟成套設備有限公司 (Zhongxing Xinzhou Complete Equipment Co., Ltd.) on the other, in relation to the purchase of cases, cabinets, distribution frames, flexible printed circuit boards and shelters, with estimated maximum accumulated transaction amounts (excluding VAT) as follows: RMB1,000 million for 2010, RMB1,300 million for 2011 and RMB1,690 million for 2012. The resolution was unanimously approved at the Thirtieth Meeting of the Fourth Session of the Board of Directors. It was also approved that the proposal be tabled at the general meeting of the Company for consideration.

3. Resolution of the Company on the Provision of Performance Guarantee for Wholly-owned Subsidiary ZTE Telecom India Private Limited (“ZTE India”)

The “Resolution of the Company on the Provision of Performance Guarantee for Wholly-owned Subsidiary ZTE Telecom India Private Limited” was considered and passed by the Board of Directors of ZTE at the Thirty-first Meeting of the Fourth Session of the Board of Directors held on 12 November 2009, whereby it was approved that guarantee would be provided on behalf of ZTE India for an amount not exceeding US\$33 million, comprising (1) the provision of performance guarantee on behalf of ZTE India for an amount not exceeding US\$30 million with a term commencing on the date on which the Frame Contract takes effect upon execution and ending on the date on which the performance of ZTE India’s obligations under the Frame Contract is completed, and (2) the Company’s application to the relevant bank for the issuance of a bank assurance letter to provide guarantee for an amount not exceeding US\$3 million in favour of the local Indian bank who has provided on behalf of ZTE India a bank assurance letter in respect of contract performance in favour of Unitech Wireless

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in connection with the Frame Contract commencing on the date on which the relevant bank assurance letter is issued and ending on the date of expiry of the bank assurance letter in respect of contract performance provided by ZTE India in favour of Unitech Wireless under the Frame Contract. The bank assurance letter in respect of contract performance provided by ZTE India shall be valid from the date of issuance until the conclusion of a 12-month period after the expiry of the last warranty period of the equipment provided or the date on which the performance of ZTE India's obligations under the Frame Contract is fully completed, whichever is later.

For further details of that resolution, please refer to the "Announcement of External Guarantee" in Appendix II.

III. REGISTRATION AT THE EGM

(1) Registration of attendance

1. 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.
2. Any individual shareholder entitled to attend the EGM shall produce for registration his own identity card, stock account card and evidence of shareholding.
3. Any shareholder intending to attend the EGM shall deliver the confirmation slip to the EGM registry by hand, mail or fax.

(2) Time of registration

From Monday, 30 November 2009 to Thursday, 10 December 2009 (excluding statutory holidays).

(3) Address for registration

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

(4) Requirements for proxy registration and submission of documents on a poll

1. Any shareholder entitled to attend and vote at the EGM may entrust one or more person (whether or not a shareholder) as his proxy(ies) to attend and vote at the EGM on his behalf. The shareholder may attend and vote at the EGM in person notwithstanding that he has completed and submitted the proxy form; in such a case, the proxy form is deemed withdrawn. For a shareholder who entrusts two or more proxies, the voting rights to be

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exercised by such proxies in aggregate shall not exceed the total number of votes the shareholder is entitled to exercise at the EGM, and the different proxies may not exercise voting rights in respect of the same share.

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 notarised 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 within 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 EGM 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 the authorising shareholder and evidence of shareholding.

IV. MISCELLANEOUS

1. The EGM is expected to last less than one day; all accommodation, travel and expenses relating to attending the EGM shall be borne by the attendees.
2. EGM Contact: Zhang Qin
3. Contact telephone number: + 86 (755) 26770282
4. Contact fax number: + 86 (755) 26770286

V. REFERENCE

Resolutions of the Thirty-first 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
12 November 2009

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, Mi Zhengkun, Li Jin, Qu Xiaohui, Wei Wei and Chen Naiwei.

ANNEX I

ZTE CORPORATION

**THE SPECIFIC SYSTEM FOR THE SELECTION AND APPOINTMENT
OF ACCOUNTANTS' FIRMS**

CHAPTER 1 GENERAL

Article 1 Pursuant to the relevant requirements of the securities regulatory authorities, this system is formulated specially for the purposes of standardising the process of selecting and appointing the CPA Firm and the disclosure of relevant information by the Company in safeguarding shareholders' interests practically.

Article 2 The provisions of this System should be complied with by the Company for the selection and appointment of CPA Firms to perform audits of periodic financial statements (limited to those prepared in accordance with the PRC Accounting Standards) and major asset restructurings. Reference should be made to the provisions of this System for the procedures of the Company to select and appoint CPA Firms to perform audits of periodic financial statements prepared in accordance with the Hong Kong Financial Reporting Standards, or other business of specialised audit assurances and audit of subsidiaries and the relevant requirements.

Article 3 The resolution of selecting and appointing a CPA Firm of the Company should be vetted by the audit committee of the board of directors (the "Board") and reviewed by the Board and the general meeting. Any internal or external units and personnel should not use any excuse or demand the Company to designate any CPA Firm or interfere the Audit Committee in their performance of vetting functions independently.

CHAPTER 2 COMPETENCY REQUIREMENTS OF CPA FIRMS

Article 4 The proposed CPA Firm submitted to the Audit Committee of the Company (the "Audit Committee") for vetting should have relevant qualifications in securities and futures business, with sound reputation within the industry and fulfil the following general requirements:

- 1) the CPA Firm should have established an effectively operating internal quality control department which is independent from the signing certified public accountant;
- 2) faithfully performing audit procedures, complying with relevant legal systems and regulatory requirements and has not been subject to any administrative penalty relating to securities and futures related business within the last 3 years;
- 3) such other conditions required by the Ministry of Finance and the China Securities Regulatory Commission.

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Article 5 No affiliated relationship (as defined by the PRC Accounting Standards) exists between key staff (partners and the person in charge of the audit) of the proposed CPA Firm and the senior management of the Company, such as directors and financial controller, and the persons compiling and verifying of the financial statements of the Company.

Article 6 The proposed CPA Firm should be committed to sustain the stability of their audit service and satisfy the following conditions:

- 1) Members of the team participating in the audit of the Company should be not less than 20, including not less than 6 Chinese certified public accountants, of which not less than 3 with more than 3 years of practising experience.
- 2) The annual rotation rate of members of the audit team for the project should not be more than 30%.
- 3) The partner in charge of the audit, the auditor-in-charge and the signing certified public accountant of the audit project of the Company should remain unchanged for not less than three years, save for changes proposed by the Company, staff resignations from the CPA Firm and other special circumstances requiring such changes.

CHAPTER 3 SELECTION AND APPOINTMENT PROCESS OF CPA FIRM

Initial Selection and Appointment

Article 7 Subject to the nature and confidentiality requirements of the project and the number of CPA Firms satisfying the competency requirements, a CPA firm should be selected and appointed by open selection, invitation or sole way.

Open selection and appointment is the sending of notices of public tender by the Company through media to all CPA Firms satisfying the competency requirements; appointment by invitation is the sending of invitations for tender by the Company to two or more CPA Firms satisfying the competency requirements; and sole appointment is the sending of invitation to a certain CPA Firm satisfying the competency requirements to undertake the Company's audit project.

Article 8 The Company's tender system and relevant processes should be implemented for the selection and appointment of a CPA Firm. As the unit responsible for tendering initiation, the relevant finance department of the Company should send invitations for tenders to CPA Firms satisfying the competency requirements. Work relating to the tendering should be performed by the finance department with the bid inviting department of the Company in accordance with the requirements of the bid inviting system and procedures and the related requirements of this System.

Article 9 The resolution of appointing a CPA Firm should be proposed by the unit responsible for tendering initiation to the Audit Committee for review and then submitted to the Board upon verification by and with the consent of the Audit Committee.

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Article 10 The Audit Committee should form a vetting opinion in writing after carrying a diligent assessment of the professional skills, past practice quality, and clients' assessments of the CPA Firms so selected and vetting the information provided thereby.

- (1) The Audit Committee should investigate into the practice quality and integrity of the relevant CPA Firms by reviewing the practice quality information of the relevant CPA Firms, inspecting public information or making enquiries with the securities regulatory, finance and audit departments and the Chinese Institute of Certified Public Accountants, and, when necessary, requesting the proposed CPA Firms to make representations on-site.
- (2) On the basis of the investigation, a written vetting opinion will be formed by the Audit Committee in respect of the relevant CPA firm agreed to be engaged. The investigation information and the vetting opinion provided by the Audit Committee in respect of the relevant CPA Firm agreed to be engaged upon verification by the Audit Committee should be attached as an appendix to the proposal which will be submitted to the Board for review. Where the Audit Committee is of the opinion that the CPA Firm does not satisfy the Company's requirements for appointment, such reasons should be stated before being forwarded to the unit responsible for bid inviting initiation and the Company's tender department for reorganisation of the tender.
- (3) Separate investigations should be undertaken by the Audit Committee in respect of the practice quality and integrity of the relevant CPA Firms where the proposal involves a number of proposed CPA Firms. Where the investigation findings indicated that more than one CPA Firm has satisfied the Company's appointment requirements, an opinion of comparison should be formed by the Audit Committee and submitted to the Board for review and decision making.
- (4) If the bidding results of the Company do not satisfy the requirements of the Audit Committee, the Audit Committee may directly make a proposal to the Board to engage the CPA Firm. When making the proposal to the Board, the Audit Committee should, at the same time, submit the above investigation information and vetting opinion, which together with the resolution of the Board and such other information should be filed and retained.

Article 11 The Board should review the resolution of selection and appointment of the proposed CPA Firm vetted and agreed by the Audit Committee. Such resolution so reviewed and passed by the Board should be submitted to the general meeting for review in accordance with the Articles of Association and the procedures required by the relevant systems.

Article 12 Pursuant to the provisions of the Articles of Association and the Rules of Procedure for General Meetings, the shareholders should review the resolution of selection and appointment of the CPA Firm submitted by the Board. Where the resolution of selection and appointment of the CPA Firm has been reviewed and passed by the general meeting, the Company and the relevant CPA Firm should sign a service agreement appointing the relevant CPA Firm to perform the relevant audit service.

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The term of appointment of the CPA Firm should commence at the conclusion of the annual general meeting for the year and ending at the conclusion of the next annual general meeting. The remuneration for the appointment of the CPA Firm by the Company and the dismissal or appointment of another CPA Firm by the Company should be passed by ordinary resolutions of the general meeting.

Appointment Renewal of CPA Firm

Article 13 Sixty days prior to the expiry of the term of appointment of the incumbent CPA Firm, the Audit Committee should, on the basis of opinions sought from the Board and the relevant departments of financial statement preparation and external statutory information disclosures, send the notice of proposed appointment renewal or no renewal to the incumbent CPA Firm.

Article 14 The incumbent CPA Firm should respond to the appointment renewal offer of the Company within five working days of receipt. In the event of declining appointment renewal, the incumbent CPA Firm is required to devote to its duty of completing the audit assignment within their term of appointment.

Article 15 Upon completion of audit work by the CPA Firm, the Audit Committee should assess their work and practice quality timely and submit its assessment opinion to the annual general meeting of the Company.

Where the Company proposes to renew the appointment of the CPA Firm at the annual general meeting of the current year, the Audit Committee may substitute the assessment opinion for the investigation opinion and is not required to perform separate investigation and vetting procedures.

Article 16 Where the Company has decided not to renew the appointment of the incumbent CPA Firm or the renewal offer has been declined by them, the Company should adopt the procedures of new appointment of CPA Firm in selecting and appointing another CPA Firm.

Procedures for Appointment of another CPA Firm

Article 17 The Company should initiate the procedures for appointment of another CPA Firm upon the occurrence of one of the following circumstances:

- (1) During the term of appointment, significant breaches of the audit appointment by the CPA Firm, including but not limited to subcontracting of audit services, major deficiencies in practice quality, audit staff and time arrangements are difficult to guarantee the regular disclosures of periodic reports or special reports by the Company;
- (2) During the term of appointment, the CPA Firm has been unable to continue to provide audit services as a result of material changes such as, among others, restructuring and penalty imposed by regulatory authorities and terminated their audit appointment in writing to the Company;

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- (3) Upon expiry of the preceding term of appointment, the Company has decided not to renew the appointment of the incumbent CPA Firm or the renewal offer has been declined by them.

Article 18 With the need to engage another CPA Firm, the resolution of a new appointment and the appointment of another CPA Firm should be submitted by the Company to the Audit Committee.

Article 19 In reviewing the proposal for the appointment of another CPA Firm, the Audit Committee should carry out the following work:

- (1) In vetting the proposal for new appointment of a CPA Firm, the Audit Committee should meet both the former and the proposed CPA Firms, conduct diligent investigation of the practice quality of the proposed CPA Firm, make reasonable assessments of the practice quality of both CPA Firms and issue their vetting opinion on the basis of judgement in respect of the sufficiency of reasons for new appointment;
- (2) The independent directors should express their specific opinions when the resolution of the new appointment is being reviewed by the Board;
- (3) When the CPA Firm initiates the request to terminate the audit service for the Company, the Audit Committee should understand the reasons of the relevant CPA Firm in details and make a written report to the Board. The Company should perform the new appointment procedures in accordance with the above provisions.

Article 20 Where the Audit Committee has vetted and agreed to the appointment of another CPA Firm:

- (1) the Audit Committee should follow the procedures for initial selection and appointment of CPA Firms in selecting the CPA Firm to be engaged;
- (2) Ten working days prior to the despatch of notice of Board meeting, the Company should file with the Shenzhen Securities Regulatory Bureau a written report, the contents of which should include reasons for the proposed change of CPA Firms, the list of names and relevant information of the proposed CPA Firms, and the written review opinions and investigation records of the Audit Committee.

Article 21 Subsequent to the review and passing of the resolution in respect of the appointment of another CPA Firm by the Board, the Board should despatch the notice of general meeting and invite both the former and the proposed CPA Firms in writing to attend the meeting.

Article 22 Where the new appointment of another CPA Firm is proposed, the Company should disclose in the announcement of the resolution of the general meeting in respect of the new appointment of another CPA Firm in details of the reasons for the dismissal of the CPA Firm, statements of opinion (if any) given by the dismissed CPA Firm,

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opinions of the Audit Committee and the independent directors, type of audit opinions of the latest financial statements, the existence of any material inconsistencies in the opinions between the Company and the CPA Firm and their substance in details, the investigation of the practice quality and vetting opinion on the proposed CPA Firm by the Audit Committee, the administrative sanctions imposed on the proposed CPA Firm in the past three years and the service fees charged by the former and the proposed CPA Firm.

CHAPTER 4 SUPERVISION AND PUNISHMENTS

Article 23 The Audit Committee should exercise supervision and inspection of the procedures for selection and appointment of CPA Firms and the performance of the CPA Firm so engaged. Its inspection findings should at least be included in the annual audit assessment opinion. In addition to reviewing that whether or not the standards, procedures and methods used by the Company in appointing CPA Firms has complied with the relevant provisions of the Company and the regulatory authorities, the inspection should also include:

- (1) the execution of the relevant audit procedures and audit quality control;
- (2) the performance of the audit service agreement;
- (3) the accuracy of application of the accounting standards, financial and accounting regulations and taxation policies by the CPA Firm;
- (4) the protection of the Company's commercial secrets by the personnel of the CPA Firm;
- (5) such other contents subject to supervision and inspections that should be done.

Article 24 Where there are serious consequences arising from the violation of the relevant provisions of the State or this System in the process of selection and appointment of CPA Firms, the Audit Committee should report the same to the Board timely. The Board should adopt the following measures for processing:

- (1) Disciplinary and economic sanctions should be imposed on the relevant responsible persons in accordance with the seriousness of the case.
- (2) Where the general meeting so resolved, the Company should pursue the liability of the relevant responsible persons according to the systems of the Company for the economic losses arising from the breach of contract by the dismissal of the CPA Firm.

Article 25 The Audit Committee of the Board shall supervise and inspect the audit service agreement, including:

- (1) Whether or not the audit appointment has complied with the provisions of State regulations and the regulatory authorities;
- (2) Whether or not the audit procedures are sufficient and appropriate;

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- (3) Whether or not the CPA Firm is deliberating in trying to avoid its obligations;
- (4) Whether or not the audit service agreement is lack of economic sanction measures over breach of contract, low quality of audit or delays in audit by the CPA Firm which have incurred serious impacts on the Company.

Article 26 Where it is discovered that the following acts of the incumbent CPA Firm which have incurred serious consequences, the Audit Committee may take the following counter-measures from economic sanctions to dismissal:

- (1) the Company suffers losses as a result of breach of confidentiality agreement and dissemination of the Company's commercial secrets;
- (2) Subcontracting of the audit appointment to other CPA Firms without the Company's approval;
- (3) The audit appointment fails to be completed as scheduled as a result of inadequate contribution of resources for the audit;
- (4) Serious impacts on the accuracy of financial statement data and quality of information disclosed to the public as a result of the low quality of audit arising from the lack of professional skills and focus of the audit staff in performing the audit.

Article 27 The Board of the Company should inform the securities regulatory departments timely of any relevant sanctions imposed in accordance with this System.

CHAPTER 5 MISCELLANEOUS

Article 28 Where there are any matters not specified in this System, the provisions of the relevant laws and regulations of the State and the Articles of Association should be complied with. Where there are inconsistencies between the provisions of this System and that of the relevant laws and regulations of the State and the Articles of Association, the latter should prevail.

Article 29 This System shall come into effect on the date of its passing upon review of the same by the general meeting of the Company.

ANNEX II

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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)

ANNOUNCEMENT OF EXTERNAL GUARANTEE

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.

I. BRIEF DESCRIPTION OF THE GUARANTEE

On 30 September 2009, ZTE Telecom India Private Limited (hereinafter referred to as “ZTE India”), a wholly-owned subsidiary of ZTE Corporation (hereinafter referred to as “ZTE” or the “Company”) entered into the “Frame Contract for the Supply of Network Infrastructure” (hereinafter referred to as the “Frame Contract”) with Unitech Wireless Limited (hereinafter referred to as “Unitech Wireless”), a mobile telecommunications carrier in India, for a term of 5 years. Unitech Wireless is a joint venture between the Telenor Group, a famous multinational carrier, and Unitech Group of India. ZTE India and Unitech Wireless will exercise and perform their respective rights and obligations in future under the Frame Contract, pursuant to which ZTE India will supply to Unitech Wireless GSM system and core network equipment, as well as related systems installation and testing, systems upgrade, on-site technical support and maintenance services.

ZTE has proposed to provide guarantee on behalf of ZTE India for an amount not exceeding US\$33 million, comprising 1): joint-liability guarantee (hereinafter referred to as the “Guarantee by Assurance”) in respect of the performance obligations of ZTE India under the Frame Contract for an amount not exceeding US\$30 million, with a term commencing on the date on which the Frame Contract takes effect upon execution and ending on the date on which the performance of ZTE India’s obligations under the Frame Contract is completed; and 2) The Company has also proposed to apply to the relevant bank for the issuance of an assurance letter in respect of contract performance (hereinafter referred to as the “Guarantee by Bank Letter”) to provide guarantee with an amount not

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exceeding US\$3 million in favour of the local Indian bank who has issued on behalf of ZTE India a bank assurance letter in respect of contract performance in favour of Unitech Wireless in connection with the Frame Contract.

As ZTE India is a wholly-owned subsidiary of ZTE, ZTE India has not provided any counter-guarantee to ZTE in respect of the aforesaid guarantee.

The aforesaid guarantee has been considered and passed at the Thirty-First Meeting of the Fourth Session of the Board of Directors of the Company. As the gearing ratio of ZTE India exceeds 70%, the said guarantee is subject to consideration and approval by the general meeting of the Company.

II. INFORMATION ON THE GUARANTEE

1. Name: ZTE Telecom India Private Limited
2. Date of incorporation: 9 December 2003
3. Registered address: New Delhi, India
4. Authorised representative: Dr. Ghosh
5. Registered capital: INR2 billion
6. Scope of business: Sales of systems, software, services and terminals; project installation, repair and maintenance and technical support
7. Relationship with the Company: ZTE India is a wholly-owned subsidiary of the Company
8. Operating and financial conditions

The accounts of ZTE India are denominated in Indian Rupee (INR). For 2008, ZTE India recorded operating income, total profit and net profit of approximately RMB699,699,600, RMB-164,099,100 and RMB-144,991,900, respectively, based on the foreign exchange rate of 1INR=0.14017CNY (RMB) adopted by ZTE as at 31 December 2008. As at 31 December 2008, the total assets, total liabilities and net assets of ZTE India amounted to approximately RMB634,490,600, RMB686,937,400 and RMB-52,446,800, respectively, with a gearing ratio of 108%. For the nine months ended 30 September 2009, ZTE India recorded operating income, total profit and net profit of approximately RMB562,777,400, RMB43,382,700 and RMB41,667,100, respectively, based on the foreign exchange rate of 1INR=0.14215CNY (RMB) adopted by ZTE as 30 September 2009. As at 31 March 2009, the total assets, total liabilities and net assets of ZTE India amounted to approximately RMB1,041,643,400, RMB1,053,163,900 and RMB-11,520,500, respectively, with a gearing ratio of 101%.

III. PRINCIPAL TERMS OF THE GUARANTEE DOCUMENT

1. Guarantor: ZTE
2. Guarantee: ZTE India
3. Amount guaranteed: (1) Guarantee by Assurance: In the event of ZTE India's non-performance of the Frame Contract, ZTE shall perform the contract on behalf of ZTE India and guarantee the execution of the contract for an amount not exceeding US\$30 million; (2) Guarantee by Bank Letter: for a maximum accumulated amount of US\$3 million.
4. Term of guarantee: (1) Guarantee by Assurance: commencing on the date on which the Frame Contract takes effect upon execution and ending on the date on which the performance of ZTE India's obligations under the Frame Contract is completed; (2) Guarantee by Bank Letter: commencing on the date on which the relevant bank assurance letter is issued and ending on the date of expiry of the bank assurance letter in respect of contract performance provided by ZTE India in favour of Unitech Wireless under the Frame Contract. The bank assurance letter in respect of contract performance provided by ZTE India shall be valid from the date of issuance until the conclusion of a 12-month period after the expiry of the last warranty period of the equipment provided or the date on which the performance of ZTE India's obligations under the Frame Contract is fully completed, whichever is later.
5. Type of assurance: joint liability

IV. OPINION OF THE BOARD OF DIRECTORS AND INDEPENDENT DIRECTORS

1. The Board of Directors of the Company approves the provision of performance guarantee by the Company on behalf of ZTE India, with a view to the smooth execution of the Frame Contract between ZTE India and Unitech Wireless as part of the effort to advance ZTE India's business development and sustained operation, which is set to enhance ZTE's overseas business expansion and generate sound investment returns for the Company.
2. As ZTE India is a wholly-owned subsidiary of ZTE, the Board of Directors of the Company is of the view that the aforesaid guarantee will be conducive to advancing ZTE India's business development and sustained operation and is therefore in the interests of the Company as a whole.

The Independent Directors of the Company are of the view that the aforesaid guarantee was in compliance with relevant provisions of the "Notice Regulating the External Guaranties Provided by Listed Companies" (《關於規範上市公司對外擔保行為的通知》) (Document [2005] No. 120 issued by CSRC) and the Articles of Association, and the decision-making procedures were legal and valid.

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V. AGGREGATE AMOUNT OF OUTSTANDING EXTERNAL GUARANTEES AND OVERDUE EXTERNAL GUARANTEES OF THE COMPANY

As at the date of this announcement, the aggregate amount of external guarantees provided by the Company is RMB172,523,200 (including an amount of US\$16,405,000, which has been translated at the exchange rate of US\$1: RMB6.8281 published by the People's Bank of China on 30 October 2009), representing 1.14% of the net asset value of the Company as set out in the 2008 audited combined accounting statement of the Company. The Company has no overdue guarantees.

All of the aforesaid guarantees are in compliance with relevant laws and regulations without any violation of applicable rules and regulations.

VI. DOCUMENTS FOR INSPECTION

1. The Performance Guarantee Agreement
2. The Bank Assurance Letter
3. Resolutions of the Thirty-first 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
4. The business licence in photocopies and financial statements of ZTE India
5. Opinion of the Independent Directors

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
12 November 2009

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, Mi Zhengkun, Li Jin, Qu Xiaohui, Wei Wei and Chen Naiwei.