

NOTICE OF 2004 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting (hereinafter referred to as the "AGM") of ZTE Corporation (hereinafter referred to as the "Company") for the year 2004 will be held in accordance with the resolution passed by the twelfth meeting of the third session of the Board of Directors of the Company held on 10 April 2005. Details of the AGM are set out below:

1. Information Regarding the Meeting

(1) Time of meeting

The AGM will commence at 9:00am on 31 May 2005.

(2) Venue

The AGM will be held at Yinhu Convention Hall, Yinhu Travel Resort, Shenzhen, PRC.

(3) Convener

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

(4) Voting method

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

(5) 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 (hereinafter referred to as "Domestic Shareholders") on Friday, 29 April 2005 at 3:00 pm;
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 ("HKSE") on Friday, 29 April 2005 at 4:00 pm (hereinafter referred to as "H Shareholders");
3. Directors, supervisors and senior management of the Company;

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

(6) Period of closure of H share register

The Company will close its H share register from Saturday, 30 April 2005 to Monday, 30 May 2005 (inclusive). Any H Shareholder who wishes to receive the final dividend for the year shall lodge an instrument of transfer, together with the corresponding share certificate(s) with Computershare Hong Kong Investor Services Limited at Room 1712-16, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 29 April 2005 at 4:00 pm. Details of the record date, dividend payment method and dividend payment date for Domestic Shareholders will be announced separately.

2. AGM Resolutions

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

ORDINARY RESOLUTIONS

1. to consider and approve the financial statements for the year ended 31 December 2004 audited by the Company's domestic and international auditors
2. to consider and approve the report of the Board of Directors of the Company for the year ended 31 December 2004
3. to consider and approve the report of the Supervisory Committee of the Company for the year ended 31 December 2004
4. to consider and approve the report of the President of the Company for the year ended 31 December 2004
5. to consider and approve the annual report of the Company for the year ended 31 December 2004
6. to consider and approve the profit distribution plan for the year ended 31 December 2004

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7. to consider and approve the Connected Transactions Framework Agreements (《關連交易框架協議》) proposed to be entered into by the Company;
 - 7.1 the *2005 Framework Purchase Agreement* (《2005年年度採購框架協議》) to be entered into between ZTE Kangxun Telecom Company, Limited, a subsidiary of the Company, and Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited, a connected person of the Company and its subsidiaries;
 - 7.2 the *2005 Framework Purchase Agreement* (《2005年年度採購框架協議》) to be entered into between ZTE Kangxun Telecom Company, Limited, a subsidiary of the Company, and Xi'an Microelectronics Technology Research Institute, a connected person of the Company;
 - 7.3 the *2005 Framework Purchase Agreement* (《2005年年度採購框架協議》) to be entered into between ZTE Kangxun Telecom Company, Limited, a subsidiary of the Company, and Chung Hing (Hong Kong) Development Limited, a connected person of the Company;
 - 7.4 the *2005 Framework Purchase Agreement* (《2005年年度採購框架協議》) to be entered into between Shenzhen Lead Communications Company, Limited, a subsidiary of Shenzhen Changfei Investment Company Limited, which is in turn a subsidiary of the Company, and Shenzhen Zhongxing Xinyu FPC Company, Limited, a connected person of the Company;
 - 7.5 the *2005 Framework Purchase Agreement* (《2005年年度採購框架協議》) to be entered into between ZTE Kangxun Telecom Company, Limited, a subsidiary of the Company, and Shenzhen Zhongxing WXT Equipment Company, Limited and its subsidiaries, a connected person of the Company;
8. to consider and approve the appointment of Ernst & Young as the Company's international auditors for the year ended 31 December 2004 and determination of the remunerations for domestic and international auditors.
 - 8.1 confirmation of Ernst & Young as the Company's international auditors and their remuneration as HKD3,450,000 (including travel disbursements and other expenses) for the year ended 31 December 2004;
 - 8.2 reappointment of Ernst & Young as the Company's international auditors for the year ending 31 December 2005 and authorization to the Board of Directors of the Company to determine their remuneration;
 - 8.3 confirmation that Shenzhen Dahua Tiancheng Certified Public Accountants as the Company's domestic auditors and their remuneration as RMB480,000 for the year ended 31 December 2004;
9. to consider and approve the following resignations of Directors:
 - 9.1 resignation of Mr. Tan Shanyi as Director
 - 9.2 resignation of Mr. Tan Zhenhui as independent Director
10. to consider and approve the following resignation and replacement of Supervisors:
 - 10.1 resignation of Ms. Li Huanru as shareholder representative Supervisor
 - 10.2 resignation of Ms. Cui Hongwei as shareholder representative Supervisor
 - 10.3 resignation of Mr. Cao Quansheng as shareholder representative Supervisor
 - 10.4 resignation of Mr. Li Jinhu as shareholder representative Supervisor
 - 10.5 appointment of Mr. Qu Deqian as shareholder representative Supervisor of the third session of the Supervisory Committee of the Company for a term commencing the date of approval at the AGM to 7 February 2007. For more information on Mr. Qu Deqian, please refer to Appendix 1 herein.

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10.6 appointment of Ms. Wang Yan as shareholder representative Supervisor of the third session of the Supervisory Committee of the Company for a term commencing the date of approval at the AGM to 7 February 2007. For more information on Ms. Wang Yan, please refer to Appendix 1 herein.

SPECIAL RESOLUTIONS

11. To consider and, if thought fit, pass the following resolution as a special resolution:

“**THAT** the following amendments to the *Articles of Association of ZTE Corporation* passed by the general meeting of the Company held on 30 June 2004 (hereinafter referred to as the “Articles of Association”) be and are hereby approved, and the Board of Directors be authorised to modify the wording of the amendments and do all things in respect of the amendments, in accordance with the requirements of any rules of any stock exchange(s) on which the shares of the Company are listed:

(1) Amendment to “Article 1”

Existing Article 1: “These Articles of Association are formulated pursuant to the *Company Law of the People’s Republic of China* (the “Company Law”), the *Securities Law of the People’s Republic of China* (the “Securities Law”), the *Guidance on the Articles of Association of Listed Companies* (the “Guidance for the Articles”), the *Mandatory Provisions for Companies Listing Overseas* (the “Mandatory Provisions”) as well as other relevant laws and regulations of the State in order to protect the lawful rights and interests of the Company, the shareholders and the creditors and to regulate the organization and activities of the Company.”

Replacement article: “These Articles of Association are formulated pursuant to the *Company Law of the People’s Republic of China* (the “Company Law”), the *Securities Law of the People’s Republic of China* (the “Securities Law”), the *Guidance on the Articles of Association of Listed Companies* (the “Guidance for the Articles”), the *Mandatory Provisions for*

Companies Listing Overseas (the “Mandatory Provisions”), the *Regulatory Opinions on General Meetings of Listed Companies* (the “Regulatory Opinions”), the *Certain Rules for Enhancing Protection of Interests of Public Shareholders* (the “Certain Rules”), the *Working Guidelines (Provisional) Relating to Online Voting for General Meetings of Listed Companies* (the “Working Guidelines”) as well as other relevant laws, and regulations of the State in order to protect the lawful rights and interests of the Company, the shareholders and the creditors and to regulate the organization and activities of the Company.”

(2) Amendment to the first paragraph of “Article 9”

Existing first paragraph of Article 9: “The Company amended the original Articles of Association (the “Original Articles of Association”) and formulated these Articles of Association (the “Articles of Association”) in compliance with the provisions of the Company Law, the Special Regulations, the Mandatory Provisions, the Guidance for the Articles and other laws and administrative regulations and rules of People’s Republic of China (the “PRC”).”

Replacement paragraph: “The Company amended the original Articles of Association (the “Original Articles of Association”) and formulated these Articles of Association (the “Articles of Association”) in compliance with the provisions of the Company Law, the Special Regulations, the Mandatory Provisions, the Guidance for the Articles, the Regulatory Opinions, the Certain Rules, the Working Guidelines and other laws and administrative regulations and rules of People’s Republic of China (the “PRC”).”

(3) Amendments to the phrases “general manager” and “deputy general manager”

Any references in the Articles of Association to “general manager” be amended to “president”; and any

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references to “deputy general manager” be amended to “senior vice president” and “vice president”.

(4) Amendment to “Article 21”

Existing Article 21: “The domestic shares of the Company shall be centralized and held in custody by the Shenzhen Branch of the China Securities Depository & Clearing Corporation Limited. H Shares of the Company shall either be held by a custodian company under the Hong Kong Securities Clearing Company Limited or held by the individual shareholders in their own names.”

Replacement article: “The domestic shares of the Company shall be centralized and held in custody by the Shenzhen Branch of the China Securities Depository & Clearing Corporation Limited. H Shares of the Company shall either be held by the central depository of Hong Kong Securities Clearing Company Limited or held by the individual shareholders in their own names.”

(5) Insertion of new “Article 60”

New Article 60: “The controlling shareholder and persons who exercise effective control over the Company have a duty of good faith towards the Company and its public shareholders. The controlling shareholder shall execute its rights as an investor in strict compliance with the law. The controlling shareholder shall not adversely affect the legal interests of the Company and its public shareholders through connected transactions, profit distribution, asset restructuring, foreign investment, use of capital, lending guarantees and shall not exercise its powers against the interests of the Company and public shareholders.”

(6) Insertion of new “Article 61”

New Article 61: “The Company shall take an active role in establishing an adequate system of investor relationship management and enhance communications between the Company and its shareholders, especially its public shareholders, through various channels. The Company Secretary shall be

responsible for the management of investor relationships of the Company.”

(7) Insertion of new “Article 66”

New Article 66: “The Company shall, subject to the shareholders’ general meetings being legally and validly held, encourage the proportion of participation of public shareholders at general meetings through various means, including using modern information technology to establish an online voting platform.”

(8) Amendment to “Article 64”

Existing Article 64: “When the Company convenes a shareholders’ general meeting, written notice of the meeting shall be given forty-five (45) days before the date of the meeting to notify all shareholders whose names appear in the register of members of the matters to be considered at and the date and place. Shareholders who intend to attend the meeting shall deliver to the Company a written confirmation of their attendance twenty (20) days before the date of the meeting.”

Insertion of a new paragraph after the existing paragraph, “In considering the matters stated in Article 106 at shareholders’ general meetings, the Company shall, after the issue of the notice of general meeting, re-issue the notice of general meeting within three (3) days after the share registration date. The relevant announcement shall be published in newspapers which are in compliance with the relevant regulations.”

(9) Amendment to the second paragraph of “Article 69”

Existing Article 69: “If the shareholder is a recognized clearing house (or its agent) as defined in the Securities and Futures (Clearing Houses) Ordinance (Chapter 420 of the Laws of Hong Kong), such shareholder is entitled to authorize one or more persons as he deems appropriate as his proxies to attend on his behalf any general meeting or any class meeting provided that, if one or more persons have such authority, the letter of

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authorization shall specify the number and class of shares in connection with such authorization. Such persons can exercise the right on behalf of the recognized clearing house (or its agent) as if he is an individual shareholder of the Company.”

Replacement paragraph: “If the shareholder is a recognized clearing house (a “Recognized Clearing House”) (or its agent) as defined under the laws of Hong Kong, such shareholder is entitled to authorize one or more persons as he deems appropriate as his proxies to attend on his behalf any general meeting or any class meeting provided that, if one or more persons have such authority, the letter of authorization shall specify the number and class of shares in connection with such authorization. Such persons can exercise the right on behalf of the Recognized Clearing House (or its agent) as if he is an individual shareholder of the Company.”

(10) Amendment to “Article 70”

Existing Article 70: “The instrument appointing a proxy shall be in writing under the hand of the appointor or his agent duly authorized in writing, or if such appointor is a legal person, either under seal or under the hand of a director or a duly authorized agent.

Such letter of authorization shall state the number of shares to be represented by an agent. If several persons are so authorized, the letter of authorization shall specify the number of shares to be represented by each attorney.”

Replacement Article: “The instrument appointing a proxy shall be in writing under the hand of the appointor or his agent duly authorized in writing, or if such appointor is a legal person, either under seal or under the hand of a director or duly authorized person or agent.

Such letter of authorization shall state the number of shares to be represented by an agent. If several persons are so authorized, the letter of authorization shall specify the number of shares to be represented by each attorney.”

(11) Amendment to item 1, paragraph 1 of “Article 75”

Existing paragraph: “Two or more shareholders holding in aggregate not less than (10%) per cent of the shares carrying voting rights at the meeting sought to be held (the “Proposing Shareholders”) may sign a written requisition in one or more counterparts in the same form and content, requiring the board of directors to convene an extraordinary general meeting or a class meeting and stating the object of the meeting. The board of directors shall convene an extraordinary general meeting or a class meeting as soon as possible after receipt of such requisition(s). The number of share referred to above shall be calculated as of the date such requisition(s) is/are made.”

Replacement paragraph: “Shareholder(s) solely or jointly holding in aggregate not less than then (10%) per cent of the shares carrying voting rights at the meeting sought to be held (the “Proposing Shareholder”) may sign a written requisition in one or more counterparts in the same form and content, requiring the board of directors to convene an extraordinary general meeting or a class meeting and stating the object of the meeting. The board of directors shall convene an extraordinary general meeting or a class meeting as soon as possible after receipt of such requisition(s). The number of share referred to above shall be calculated as of the date such requisition(s) is/are made.”

(12) Amendment to “Article 85”

Existing Article 85: “When the Company convenes an annual shareholders’ general meeting, shareholder(s) holding not less than five (5%) of the total number of voting shares of the Company or the supervisory committee shall have the right to propose to the Company an *ex tempore* motion in writing in accordance with law.

A shareholder or the supervisory committee proposing an *ex tempore* motion shall submit the same to the board of directors ten (10) days prior to

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the shareholders' general meeting and such motions shall thereafter be made public by announcement in newspapers which are in compliance with the relevant regulations upon examination and verification by the board of directors if such *ex tempore* motion is a new item which has not been contained in the notice given by the board of directors and involves:

- (1) an increase or reduction of registered capital of the Company;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution and liquidation of the Company;
- (4) the amendment of the Articles of Association;
- (5) plans for profit distribution and for making up losses;
- (6) appointment and removal of the members of the board of directors and the supervisory committee;
- (7) changes in the use of proceeds from share offerings;
- (8) connected transactions which are subject to consideration at the shareholders' general meeting;
- (9) matters relating to the acquisition or sale of assets which are subject to the consideration at a shareholders' general meeting;
- (10) change of accountants;
- (11) other matters which shall not be voted by correspondence as provided by the Articles of Association.

When the first majority shareholder proposes new motions in connection with issues on distribution, it shall submit the same to the board of directors ten (10) days prior to the annual shareholders' general meeting and such motions shall thereafter be made public by announcement by the board of directors.

If the submission is made less than ten (10) days, the first majority shareholder shall not propose any new motion relating to issues on distribution at the same annual shareholders' general meeting. The relevant announcement shall be published in newspapers which are in compliance with the relevant regulations.

For motions other than those set forth above, the shareholder proposing a motion may either submit the motion to the board of directors at an earlier time for making public announcement by the board of directors or directly presenting the same at a shareholders' general meeting. The relevant announcement shall be published in newspapers which are in compliance with the relevant regulations.

Replacement paragraph after the existing first paragraph: "If online voting is adopted by the Company for the annual shareholders' general meeting, the *ex tempore* motion so proposed shall be announced by the board of directors at least ten (10) days in advance. Any *ex tempore* motion proposed at the general meeting or other *ex tempore* motions which have not been announced shall not be included in the agenda of the shareholders' general meeting."

[13] Amendment to the second paragraph of "Article 91"

Existing paragraph: "A shareholder or his proxy present at the general meeting shall, in relation to each matter requiring voting, clearly express whether he is in favour of or against such matter. Any abstention from or waiver of voting shall not be regarded as a valid vote when the Company counts the votes in respect of the relevant matter."

Amendment paragraph: "A shareholder or his proxy present at the general meeting shall, in relation to each matter requiring voting, clearly express whether he is in favour of or against such matter. Any abstention from or waiver of voting shall not be regarded as a valid vote when the Company counts the number of votes in respect of the relevant matter. However, without prejudice to matters

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stated in Article 96, when voting in relation to Article 106, the abstained and waived votes by the shareholders or proxies shall be regarded as valid votes.”

[14] Insertion of new “Article 95”

New Article 95: “The board of directors, independent directors and shareholders who meet the relevant requirements may solicit from other shareholders their rights to vote in general meetings. The solicitation shall be without consideration and information shall be fully disclosed to such shareholders.”

[15] Amendment to “Article 94”

Existing Article 94: “At any shareholders’ general meeting, a resolution shall be decided on a show of hands unless otherwise provided for in the Listing Rules, or a poll is demanded by the following persons before or after a vote is carried out by a show of hands:

- (1) by the chairman of the meeting;
- (2) by at least two shareholders (or proxies) who have voting rights; or
- (3) by one or more shareholders (including proxies) holding solely or in combination not less than ten (10%) per cent of the shares carrying voting rights at the meeting.

Unless otherwise provided for in the Listing Rules, or a poll is demanded, the chairman shall declare that a resolution has been passed based on the results of the vote by a show of hands, and shall record the same in the minutes of the meeting, which shall serve as conclusive evidence of the fact that such resolution has been passed, without the need to provide evidence of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.”

Replacement Article: “At any shareholders’ general meeting, a resolution shall be decided on a show of

hands unless otherwise provided for in the Listing Rules or the Articles of Association, or a poll is demanded by the following persons before or after a vote is carried out by a show of hands:

- (1) by the chairman of the meeting;
- (2) by at least two shareholders (or proxies) who have voting rights; or
- (3) by one or more shareholders (including proxies) holding solely or in combination not less than ten (10%) per cent of the shares carrying voting rights at the meeting.

Unless otherwise provided for in the Listing Rules or the Articles of Association, or unless a poll is demanded, the chairman shall declare that a resolution has been passed based on the results of the vote by a show of hands, and shall record the same in the minutes of the meeting, which shall serve as conclusive evidence of the fact that such resolution has been passed, without the need to provide evidence of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.”

[16] Amendment to “Article 95”

Existing Article 95: “A poll demanded on the election of the chairman of the meeting or on a question of adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman of the meeting directs and the meeting may proceed to discuss other matters. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.”

Replacement Article: “A poll demanded on the election of the chairman of the meeting or on a question of adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters, other than the use of online voting in accordance with Articles 100 and 101 shall be taken at such time as the

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chairman of the meeting directs and the meeting may proceed to discuss other matters. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.”

(17) Insertion of “Article 100”

New Article 100: “When considering matters specified in Article 106 at a shareholders’ general meeting, other than voting in person at the meeting, the Company should also make available to shareholders a safe, economical and convenient online voting system.”

(18) Insertion of “Article 101”

New Article 101: “Where the Company convenes a shareholders’ general meeting, and online voting is available to the shareholders, the Company shall clearly specify in the notice of the shareholders’ general meeting the timing and procedure for online voting online as well as matters to be considered at the meeting.

Online voting for the shareholders’ general meeting shall commence no earlier than 3:00 p.m. on the day before the shareholders’ general meeting, nor later than 9:30 a.m. on the day of the shareholders’ general meeting. Online voting shall end no earlier than 3:00 p.m. on the day the shareholders’ general meeting is adjourned.”

(19) Insertion of “Article 106”

New Article 106: “The following matters shall, in accordance with the laws, regulations and the Articles of Association, be subject to the approval at the shareholders’ general meeting by more than one half of the votes of public shareholders attending the meeting and carrying voting rights:

- (1) the offering by the Company of additional new shares to the public (including the offering of overseas listed foreign shares or other securities-related certificates), issuing of convertible bonds by the Company, and placing of shares to existing shareholders (except for

shares in which the shareholder with effective controlling rights has undertaken before the shareholders’ general meeting is held to fully subscribe for in cash);

- (2) any major asset restructuring of the Company in which the total consideration for the assets to be purchased exceeds the audited net book value of the assets purchased by 20% or more;
- (3) the repayment by shareholders of their debts due to the Company with their equity interests in the Company;
- (4) the overseas listing of any subsidiary that has a material impact on the Company;
- (5) any relevant matter relating to the development of the Company which may have material effect on the interests of the public shareholders.”

(20) Amendment to “Article 106”

Existing Article 106: “The board of directors of the Company shall retain qualified legal counsel to attend the shareholders’ general meeting, who shall give advice and make an announcement on the following issues:

- (1) whether or not the procedures for convening and holding the shareholders’ general meeting comply with the requirements of the laws and regulations and the Articles of Association;
- (2) verification of the legal eligibility of persons attending the meeting;
- (3) verification of the eligibility of the shareholders who propose a new motion at the annual shareholders’ general meeting;
- (4) whether or not the voting procedures for the shareholders’ general meeting are lawful and valid;
- (5) issuance of legal opinion on other relevant issues at the request of the Company.

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The relevant announcement shall be published in newspapers which are in compliance with the relevant regulations.

The board of directors of the Company may appoint a notary public to attend a shareholders' general meeting."

Insertion of new paragraph (5) following the existing paragraph (4), and renumbering of the existing paragraph (5) into paragraph (6). New paragraph (5): "issuance of legal opinion on matters relating to online voting at general meetings (if adopted);"

(21) Insertion of "Article 114"

New Article 114: "Upon conclusion of voting at the shareholders' general meeting, the Company shall only announce the voting results to the public after aggregating all the votes cast in person, online and using other voting methods in accordance with the relevant requirements.

Prior to the formal public announcement, the online service provider effecting the online voting for the shareholders' general meeting, the Company, and its substantial shareholders shall have a duty of confidentiality in relation to the voting results."

(22) Insertion of "Article 115"

New Article 115: "If matters to be considered at a shareholders' general meeting involves matters set out in Article 106, the Company shall, when making an announcement of resolutions adopted at the shareholders' general meeting, specify the number of public shareholders voting, the number of shares held, their shareholdings in proportion to the total number of shares held by the public shareholders, the voting results, and the shareholdings of the top ten public shareholders who attended and voted at the meeting as well as their voting results."

(23) Amendment to "Article 121"

Existing Article 121: "A director may resign prior to the expiration of his term of office. If a director resigns from his office, he shall submit a written notice of

his resignation to the board of directors and be subject to approval at a shareholders' general meeting. Prior to the approval of his resignation, such director shall continue to assume the responsibilities in the capacity of a director."

Replacement article: "A director may resign prior to the expiration of his term of office. If a director resigns from his office, he shall submit a written notice of his resignation to the board of directors."

(24) Amendment to "Article 125"

Existing Article 125: "The Company shall appoint independent directors, who do not hold any positions in the Company other than acting as directors and do not maintain any connection with the Company and its substantial shareholders which may impair their independent and objective judgment. In addition, independent directors must comply with the guidelines on independence contained in the Listing Rules."

Insertion of new paragraph after existing paragraph: "Independent directors shall comprise one third or more of the board of directors of the Company, of whom there shall be at least one accounting professional. An independent director shall faithfully fulfill his duties and protect the Company's interests, in particular, ensuring that the legal interests of public shareholders are not impaired."

(25) Amendment to "Article 128"

Existing Article 128: "The nomination, election and removal of independent directors shall be properly conducted according to law as follows:

- (1) Candidates for independent directors may be nominated by the board of directors, the supervisory committee or shareholders individually or jointly holding not less than one per cent (1%) of the Company's shares, and shall be elected by the shareholders' general meetings.
- (2) Before nominating a candidate for election as an independent director, the nominator shall first obtain the

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consent of the nominee and shall have a full understanding of the nominee's qualifications, educational background, profession, detailed working experience and all other positions undertaken on a part-time basis and shall also be responsible for providing his opinion in connection with the qualifications and independence of such nominee acting as an independent director. The nominee shall make a public statement that there does not exist any relationship between himself and the Company which may influence his independent objective judgment.

The board of directors of the Company shall make a public announcement in respect of such content set forth above prior to holding the shareholders' general meeting for election of independent directors.

- (3) Before a general meeting of shareholders is held to elect independent directors, the Company shall simultaneously submit relevant materials regarding all nominees to the CSRC, the local residence office of the CSRC at the place where the Company is located, and the stock exchanges on which the Company's shares are listed. If the board of directors objects to the qualifications of the nominees, a written opinion of the board of directors in connection therewith shall also be submitted at the same time.

The CSRC shall examine and verify the qualifications and independence of an independent director within fifteen (15) working days. If the CSRC has an objection to a nominee, such nominee may be a candidate for election as a director of the Company, but not a candidate for election as an independent director.

When convening a shareholders' general meeting to elect independent directors, the board of

directors of the Company shall explain whether the CSRC had any objection to any of the candidates being elected as independent directors.

- (4) Each term of office of the independent directors shall be the same as those of the other directors. The term of an independent director may be renewed upon re-election and re-appointment after the expiration of his term, provided the renewal period shall not exceed six (6) years.
- (5) If an independent director fails to attend three consecutive board meetings in person, the board of directors shall propose at the shareholders' general meeting that such independent director be removed.

Except for circumstances described above and those set out in the Company Law relating to the prohibition of a person to act as a director, an independent director shall not be removed, without cause, from his office before the expiration of his term of office. Where an independent director is removed from office prior to its expiration, the Company shall make special disclosure in relation thereto. The removed independent director may make a public statement if he believes that he has been improperly removed from his office.

- (6) Independent directors may resign prior to the expiration of their term of office. If an independent director resigns from his office, he shall submit a written notice of his resignation to the board of directors and provide an explanation of the circumstances which are relevant to his resignation and which in his opinion are necessary to bring to the notice of the shareholders and creditors of the Company.

If the resignation of an independent director will result in the board of

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directors of the Company having less than the minimum required proportion of independent directors as stipulated by the Articles of Association, then such independent director's notice of resignation shall only become effective after a new independent director has been appointed to fill the vacancy so caused by his resignation."

Replacement sub-paragraph for second sub-paragraph of paragraph 6: "Where the resignation of an independent director results in the board of directors having less than the minimum number of directors or independent directors required by law or the Articles of Association, that independent director must continue to perform his duties pursuant to the laws, administrative regulations and the Articles of Association until the replacement independent director takes office. The board of directors shall convene a shareholders' general meeting to elect a replacement independent director within 2 months. Where a shareholders' general meeting is not convened within the period, the resigning independent director need not continue to perform his duties."

Insertion of new paragraph (7) after existing paragraph (6): "No independent director shall be removed from office without proper reason before expiration of his term of office. If an independent director is dismissed before expiration of his term, the Company shall disclose such removal as a special matter."

(26) Amendment to "Article 129"

Existing Article 129: "In order to fully utilize his function, an independent director shall, apart from the powers conferred on directors under the Company Law and other relevant laws and regulations and the Articles of Association, also have the following special functions and powers:

- (1) to endorse material connected transactions (referring to such connected transactions to be entered into between the Company and a connected person and total

amount of which exceeds RMB 3 million or 5% of the Company's most recent audited net asset value) before submitting to the board of directors for consideration.

Prior to making a judgment, the independent directors may appoint an intermediary to prepare an independent financial adviser's report as a basis for their judgment.

- (2) to give recommendations to the board of directors to appoint or dismiss an accounting firm;
- (3) to propose to the board of directors to convene an extraordinary general meeting;
- (4) to propose to convene a board meeting;
- (5) to engage external auditors or advisers independently;
- (6) to solicit votes from shareholders prior to the shareholders' general meeting.

When exercising their functions and powers referred to above, independent directors shall obtain the consent of not less than half of the total number of independent directors.

If the proposals set out above are not adopted or such functions and powers as set forth above may not be exercised under normal circumstances, the Company shall disclose the relevant circumstances."

Replacement Article: "An independent director shall perform his duties independently without being influenced by a substantial shareholder, a person with de facto control of the Company or a unit or individual who or which have an interest in the Company, its controlling shareholders, or a person with de facto control of the Company.

In order to fully utilize his function, an independent director shall, apart from the powers conferred on directors under the

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Company Law and other relevant laws and regulations and the Articles of Association, also have the following special functions and powers:

- (1) to approve, before submitting to the board of directors for consideration, proposed material connected transactions, or appointment or dismissal of accountants before submitting to the board of directors for consideration;
- (2) to propose to the board of directors to convene an extraordinary general meeting;
- (3) to propose to convene a board meeting;
- (4) to solicit votes from shareholders prior to the shareholders' general meeting.

When exercising their functions and powers referred to above, independent directors shall obtain the consent of not less than half of the total number of independent directors.

Subject to the consent of all independent directors, independent directors may independently engage external auditors and advisers, with relevant fees paid by the Company, to review and provide advice on specific matters.

If the proposals set out above are not adopted or such functions and powers as set forth above cannot be exercised under normal circumstances, the Company shall disclose the relevant circumstances.

The criteria for determining a "material connected transaction" shall be interpreted by reference to the relevant rules and regulations of the CSRC, the SZSE, and the SEHK."

(27) Amendment to "Article 130"

Existing Article 130: "Independent directors shall express their independent opinion with respect to major matters of the Company.

Apart from the duties set forth above, independent directors shall also express their independent opinion on the following major matters to the board of directors or at a shareholders' general meeting:

- (1) nomination or removal of directors;
- (2) appointment or removal of senior officers;
- (3) the remuneration of directors and senior officers;
- (4) existing or new loans or other financial transactions between the Company and its shareholders, persons exercising de facto control over the Company and their affiliates, which exceed RMB3 million or 5% of the Company's most recently audited net asset value, and whether the Company has taken effective measures to recover the borrowings;
- (5) matters which the independent directors believe may impair the rights and interests of minority shareholders;
- (6) any other matters required by the Articles of Association.

Independent directors shall give one of the following opinions in relation to the above matters: (1) agree; (2) qualified opinion and reasons therefor; (3) oppose and reasons therefor; (4) unable to form an opinion and the impediments to doing so.

If the matter is a matter requiring disclosure, the Company shall announce the opinions of the independent directors. If the independent directors are divided and are unable to provide a unanimous opinion, the board of directors shall separately disclose the opinions of each independent director. The relevant announcement shall be published in newspapers which are in compliance with the relevant regulations."

Replacement article: "Independent directors shall express their independent opinion with respect to major matters of the Company.

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Apart from the duties set forth above, independent directors shall also express their independent opinion on the following major matters to the board of directors or at a shareholders' general meeting:

- (1) nomination or removal of directors;
- (2) appointment or removal of senior officers;
- (3) the remuneration of directors and senior officers;
- (4) where the board of directors fails to produce its profit distribution plan by cash;
- (5) matters which the independent directors believe may impair the rights and interests of minority shareholders;
- (6) any other matters which the CSRC, SZSE and SEHK requires independent directors to issue an independent opinion;
- (7) any other matters required by the Articles of Association.

Independent directors shall give one of the following opinions in relation to the above matters: (1) agree; (2) qualified opinion and reasons therefor; (3) oppose and reasons therefor; (4) unable to form an opinion and the impediments to doing so.

If the matter is a matter requiring disclosure, the Company shall announce the opinions of the independent directors. If the independent directors are divided and are unable to provide a unanimous opinion, the board of directors shall separately disclose the opinions of each independent director. The relevant announcement shall be published in newspapers which are in compliance with the relevant regulations."

(28) Insertion of "Article 140"

New Article 140: "An independent director shall attend the meetings of the board of directors as scheduled, have an understanding of the production and operation of the Company, and take

initiative to conduct investigation and obtain information necessary for decision-making. Independent directors shall submit their report to the annual general meeting of the Company, describing the discharge of their duties."

(29) Insertion of "Article 141"

New Article 141: "The Company shall establish a system of work for independent directors with the secretary of the board of directors actively assisting the independent directors as to the fulfillment of their duties. The Company shall ensure that an independent director has the same rights to information as other directors, and shall provide independent directors with relevant materials and information in a timely manner, report on the performance of the Company regularly and, when necessary, arrange for independent directors to conduct on-site investigations."

(30) Amendment to "Article 131"

Existing Article 131: "The Company shall establish a board of directors. The board of directors shall consist of 16 directors, including 1 Chairman, 2 Vice-chairmen and 6 independent directors."

Replacement article: "The Company shall establish a board of directors. The board of directors shall consist of 14 directors, including 1 Chairman, 2 Vice chairmen and 5 independent directors."

(31) Amendment to paragraph 4 of "Article 132"

Existing fourth paragraph of Article 132: "The Company shall comply with the following requirements when determining matters relating to the provision of a guarantee in favour of a third party as set out in sub-paragraph (17) of the first paragraph hereof:

- (1) With respect to matters relating to the provision of a guarantee in favour of a third party considered by the board of directors, an affirmative vote of not less than two-thirds of all members of the board of directors shall be obtained

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therefor; with respect to matters relating to the provision of a guarantee in favour of a third party considered at a shareholders' general meeting, the board of directors shall prepare a proposal related thereto and submit the same to the shareholders' general meeting for approval.

- (2) The Company shall neither provide guarantee for a controlling shareholder and any other connected party, unit without legal person status or individual who or which have a shareholding in the Company of not more than 50 per cent (50%) nor for an entity which directly or indirectly is subject to a gearing ratio of over seventy per cent (70%). The total amount of guarantees provided by the Company in favour of third parties shall not exceed fifty per cent (50%) of the net asset value recorded on the consolidated accounting statement for the most recent accounting year.
- (3) Where a guarantee is provided in favour of a third party, the listed company must request the other party to provide a counter-guarantee and the party providing the counter-guarantee shall have actual capacity to do so."

Replacement paragraph (2): "The Company shall neither provide a guarantee in favour of a controlling shareholder or any other connected persons, unit without legal person status or individual who or which have a shareholding in the Company of not more than 50%, nor for an entity which directly or indirectly is subject to a gearing ratio of over 70%. The maximum amount of any single guarantee provided by the Company in favour of third parties shall not be more than 5% of the net asset value recorded on the consolidated financial statements for the most recent financial year; the maximum accumulated amount of guarantees provided by the Company to any one party shall not be more than 10% of the net asset value recorded on the consolidated financial

statements for the most recent financial year and the total amount of guarantees provided by the Company in favour of third parties shall not exceed 50% of the net asset value recorded on the consolidated financial statements for the most recent financial year."

(32) Amendment to "Article 162"

Existing Article 162: "The supervisory committee shall be composed of 7 members. The supervisory committee shall have 1 Chairman. Each supervisor shall serve for a term of 3 years, which term is renewable upon re-election and re-appointment."

Replacement article: "The supervisory committee shall be composed of 5 members. The supervisory committee shall have 1 Chairman. Each supervisor shall serve for a term of 3 years, which term is renewable upon re-election and re-appointment."

(33) Amendment to "Article 163"

Existing Article 163: "The supervisory committee shall be composed of four (4) shareholders' representatives who shall be elected or removed by the shareholders' general meeting and three (3) employee representatives of the Company who shall be elected or removed by the employees democratically."

Replacement article: "The supervisory committee shall be composed of two (2) shareholders' representatives who shall be elected or removed by the shareholders' general meeting and three (3) employee representatives of the Company who shall be elected or removed by the employees democratically."

The election of shareholders' representatives as supervisors shall be in form of a cumulative voting system. The requirements set out in the fourth paragraph of Article 125 hereof concerning the adoption of cumulative voting system for the election of directors shall apply to the election of shareholders' representatives as supervisors."

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(34) Amendment to “Article 172”

Existing Article 172: “A supervisor may resign before the expiration of his term of office. The provisions set out in Chapter 10 of the Articles of Association in relation to the resignation of directors shall be applicable to supervisors.”

Replacement Article: “A supervisor may resign before the expiration of his term of office by giving a written report to the Board of Directors. The provisions set out in Chapter 10 of the Articles of Association in relation to the resignation of directors shall be applicable to supervisors.”

(35) Deletion of “Article 208”

Existing Article 208: “When distributing dividends to shareholders, the Company shall withhold and pay on behalf of the shareholders the taxes payable on the dividends in accordance with the provisions of the PRC tax law.”

(36) Amendment to “Article 212”

Existing Article 212: “At the time of distributing profits to the shareholders, the Company shall withhold according to law the taxes payable on the dividend income received by the shareholders.”

Replacement article: “At the time of distributing profits to the shareholders, where the Company is required to withhold and pay on behalf of the shareholders such taxes payable on the dividends in accordance with the provisions of the relevant tax laws and regulations, the Company shall withhold, according to the law, the taxes payable on the dividend income received by the shareholders.

If any shareholder breaches the laws by using such funds of the Company, the Company shall deduct the amount from the cash dividends payable to that shareholder until the amount is recovered.”

(37) Insertion of “Article 277”

New Article 277: “Pursuant to the requirements of the Articles of

Association, the board of directors shall formulate both the *Rules of Procedure for Shareholders’ General Meetings* and *Rules of Procedure for Meetings of the Board of Directors* which shall not contravene the provisions of the Articles of Association and shall constitute appendices to Articles of Association after consideration and approval at the shareholders’ general meeting.

The supervisory committee shall formulate the *Rules of Procedure for Supervisory Committee Meetings* pursuant to, and not in contravention of, the Articles of Association and shall constitute an appendix to the Articles of Association upon consideration and approval at the shareholders’ general meeting.”

(38) The relevant sections, articles/sub-articles and cross-references to articles contained in these Articles of Association shall be renumbered in accordance with the above amendments.

The original Articles 60 to 63 shall be renumbered Articles 62 to 65, the original Articles 64 to 91 shall be renumbered Articles 67 to 94, the original Articles 92 to 95 shall be renumbered Articles 96 to 99, the original Articles 96 to 99 shall be renumbered Articles 102 to 105, the original Articles 100 to 106 shall be renumbered Articles 107 to 113, the original Articles 107 to 130 shall be renumbered Articles 116 to 139, the original Articles 131 to 207 shall be renumbered Articles 142 to 218, the original Articles 209 to 266 shall be renumbered Articles 219 to 276, and the original Articles 267 to 270 shall be renumbered Articles 278 to 281.

12. To consider and, if thought fit, pass the following resolution as a special resolution:

“**THAT** the amendments to the *Rules of Procedure for Shareholders’ General Meetings* of ZTE Corporation be and are hereby approved. (These amendments are made pursuant to the above amendments to the Articles of Association, and the amendments will not be inconsistent with the provisions of relevant laws and the Articles of Association. For details of the amended *Rules of Procedure*

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for Shareholders' General Meetings of ZTE Corporation, please refer to the CSRC designated information disclosure website (<http://www.cninfo.com.cn>)”

13. To consider and, if thought fit, pass the following resolution as a special resolution:

“**THAT** the amendments to the *Rules of Procedure for Board of Directors' Meetings of ZTE Corporation* be and are hereby approved. (These amendments are made pursuant to the above amendments to the Articles of Association, and the amendments will not be inconsistent with the provisions of relevant laws and the Articles of Association. For further details on the *Rules of Procedure for Board of Directors' Meetings of ZTE Corporation*, please refer to the CSRC designated information disclosure website (<http://www.cninfo.com.cn>)”

14. To consider and, if thought fit, pass the following resolution as a special resolution:

“**THAT** the amendments to the *Rules of Procedure for Supervisory Committee Meetings of ZTE Corporation* be and are hereby approved. (These amendments are made pursuant to the above amendments to the Articles of Association, and the amendments will not be inconsistent with the provisions of relevant laws and the Articles of Association. For further details on the *Rules of Procedure for of Supervisory Committee Meetings of ZTE Corporation*, please refer to the CSRC designated information disclosure website (<http://www.cninfo.com.cn>)”

Note:

Important Matters

In relation to the election of two shareholder representatives as supervisors at the AGM (that is, resolutions 10.5 and 10.6 above), the cumulative voting system shall be adopted. When making an election, one share represents 2 votes. Each shareholder may give all or part of his votes to one single candidate or to both candidates, provided that sum of his separated votes do not exceed the total number of votes he holds. A candidate must have more than half of all votes at the AGM to be elected as supervisor of the Company.

3. Registration at the AGM

(1) Registration of attendance

1. Any legal person shareholder (including but not limited to

corporate shareholders) entitled to attend the AGM shall produce to the register with a duplicate of its corporate business license, a duly signed power of attorney and the ID card of attendee.

2. Any individual shareholder entitled to attend the AGM shall produce for registration his own ID card, stock account card and evidence of shareholding.
3. Any shareholder intending to attend the AGM shall confirm to the AGM registry by courier, registered mail or fax.

(2) Time of registration

From 8 May 2005 to 11 May 2005

(3) Address for registration

The address where registration is conducted is: 6/F, Block A, ZTE Building, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, PRC 518057.

(4) 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. The shareholder may attend and vote at the meeting 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 shall not exceed the total number of votes the shareholder is entitled to exercise at the meeting, that is, any one share may not be voted by different proxies.
2. A shareholder appointing a proxy or his duly authorized attorney shall sign the proxy form in writing. The proxy form shall be notarized if it is to be signed by an authorized

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attorney other than by the 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 AGM.

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 ID card, the duly signed proxy form, the stock account card of shareholder and evidence of shareholding.

4. Miscellaneous

- (1) It is expected that the AGM will take less than one day; all accommodation, travel and expenses relating to attending the meeting shall be borne by the attendees.
- (2) AGM Contact: Li Lihong
- (3) Contact telephone number:
+ 86 755 26770285
- (4) Contact fax number:
+ 86 755 26770286

5. Reference

Resolutions of the Twelfth Meeting of the Third Session of the Meeting of the Board of ZTE Corporation

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
11 April 2005

Appendix 1:

Resumes of Candidates for Supervisors

Mr. Qu Deqian, aged 43, is currently the Deputy General Manager of Shenzhen Zhongxing WXT Equipment Company, Ltd which is the largest shareholder of Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited, the largest shareholder of the Company. From 1997 to 2003, Mr. Qu was the Chief of the Accounting and Auditing Centre of the Company and Deputy Chief of the Financial Centre. Mr. Qu graduated from the Shanxi Economics Institute with a Bachelor's degree in Statistics in June 1992 and further obtained the qualification of senior accountant in the PRC in October 1994. Mr. Qu has no interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO), or are required, pursuant to section 352 of the SFO, to be entered in the register referred therein, or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and The Stock Exchange of Hong Kong Limited. Save as disclosed above, Mr. Qu has no relationship with any Director, senior management or substantial shareholders of the Company.

Ms Wang Yan, aged 40, is currently the Deputy General Manager and Chief Accountant of Shenzhen Zhongxing WXT Equipment Company, Ltd, which is the largest shareholder of the Company. Ms Wang graduated from the Department of Management and Industrial Accounting of Northeast Industrial Institute in July 1988 with a Bachelor's degree in engineering. Ms Wang was qualified as an accountant in the PRC in December 1992 and further obtained the qualification of senior accountant in the PRC in September 1999. Ms Wang has no interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO), or are required, pursuant to section 352 of the SFO, to be entered in the register referred therein, or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and The Stock Exchange of Hong Kong Limited. Save as disclosed above, Ms Wang has no relationship with any Director, senior management or substantial shareholders of the Company.