
**SUPPLEMENTARY NOTICE OF THE FIRST
EXTRAORDINARY GENERAL MEETING OF 2012**

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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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Reference is made to the notice of the first extraordinary general meeting of 2012 to be convened by the Company on 11 April 2012 (the “EGM”) dated 24 February 2012 (the “EGM Notice”) of ZTE Corporation (“ZTE” or the “Company”) which set out details relating to the time, venue and agenda of the EGM.

On 8 March 2012, the Board of the Company (the “Board”) received three ex tempore motions from its shareholder, Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited (“Zhongxingxin”, holding 1,058,191,944 A shares or 30.76% of the total share capital of the Company as at 8 March 2012), requesting the Board to table the same for consideration at the EGM.

A supplementary notice is hereby given that the EGM will be held as scheduled at 9 am on 11 April 2012 (Wednesday) at the Conference Room, 4th Floor, A Wing, ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen to consider and approve, if thought fit, the ordinary resolutions set out in the EGM Notice and the supplementary special resolutions set out below:

SPECIAL RESOLUTIONS

I. “Resolution on the Company’s fulfillment of conditions for bond issue”

The “Resolution on the Company’s fulfillment of conditions for bond issue” was considered and approved by the Board of ZTE at the Twenty-sixth Meeting of the Fifth Session of the Board held on 8 March 2012.

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Zhongxingxin submits to the shareholders of ZTE at the EGM that a special resolution approving matters pertaining to the “Resolution on the Company’s fulfillment of conditions for bond issue” be passed, the details of which are as follows:

Pursuant to relevant provisions of the Company Law of the People’s Republic of China (the “Company Law”), Securities Law of the People’s Republic of China (the “Securities Law”) and the Trial Measures for Bond Issue (the “Trial Measures”) and other pertinent laws, regulations and regulatory documents and given the actual conditions of the Company, conditions for bond issue stipulated by current laws, regulations and regulatory documents are deemed to have been fulfilled.

II. “Resolution on the proposed issue of bonds”

The “Resolution on the proposed issue of bonds” was considered and approved by the Board of ZTE at the Twenty-sixth Meeting of the Fifth Session of the Board held on 8 March 2012.

Zhongxingxin submits to the shareholders of ZTE at the EGM that a special resolution approving matters pertaining to the “Resolution on the proposed issue of bonds” be passed, the details of which are as follows:

To meet the Company’s working capital requirements, further improve its debt structure and lower its finance costs, it is hereby approved that the Company will apply for the public issue of corporate bonds (“Bonds”) of not more than RMB6,000 million (the “Bond Issue”) in accordance with relevant provisions of the Company Law, Securities Law, Trial Measures and other pertinent laws, regulations and regulatory documents, the detailed plan for which is set out as follows:

1. Issue size

The size of the Bond Issue shall be capped at RMB6,000 million, which may be publicly offered in the PRC in one tranche or multiple tranches after obtaining the approval of the China Securities Regulatory Commission (“CSRC”). The actual size of issue and number of tranches will be determined within the aforesaid scope by the Board, pending a mandate by the General Meeting, based on the Company’s funding requirements and market conditions at the time of issue.

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2. Placing arrangements for shareholders of the Company

The Bond Issue may be offered to the A Shareholders of the Company by way of placing*. Details of the placing arrangement (if any), such as the proportion of entitlement, will be determined by the Board, pending a mandate by the General Meeting, based on market conditions and details of the Bond Issue.

3. Term of the Bonds

Bonds offered under the Bond Issue shall have a term of not more than 5 years and shall comprise Bonds with a uniform maturity date or a hybrid of Bonds with different maturity dates. The actual composition of the Bond Issue in terms of maturity and the size of each maturity type will be determined by the Board, pending a mandate by the General Meeting, prior to the issue based on market conditions and the Company's funding requirements.

4. Interest rate of the Bonds

Bonds offered under the Bond Issue will carry interest at fixed rates or floating rates. The coupon interest rate and the payment of coupon interests will be determined by the Board, pending a mandate by the General Meeting, in consultation with the sponsor (the lead underwriter) in accordance with relevant provisions of the State based on bid market prices.

5. Guarantee

The manner in which guarantees, if any, will be provided in respect of the Bond Issue will be determined by the Board, pending a mandate by the General Meeting, in accordance with relevant provisions and based on market conditions.

6. Use of proceeds

The proceeds will be applied towards the repayment of bank loans, adjustment of debt structures or working capital replenishment. The actual application of the proceeds will be determined by the Board, pending a mandate by the General Meeting, based on the working capital requirements of the Company.

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7. *Listing arrangements*

After the close of the Bond Issue, subject to the fulfillment of listing conditions, the Company apply to the Shenzhen Stock Exchange as soon as practicable for the listing of and dealing in the Bonds. Subject to the approval of regulatory authorities, the Bonds may also be listed and traded on other exchanges permitted by applicable law.

8. *Valid term of the resolution*

The resolution pertaining to the Bond Issue shall be valid for a period of 30 months from the date on which the resolution is considered and approved at the General Meeting.

After consideration and approval by the General Meeting, the resolution shall further require the approval of CSRC prior to implementation.

III. “Resolution on submitting to the General Meeting of the Company a mandate for the Board to deal with matters pertaining to the Bond Issue with full discretion”

The “Resolution on submitting to the General Meeting of the Company a mandate for the Board to deal with matters pertaining to the Bond Issue with full discretion” was considered and approved by the Board of ZTE at the Twenty-sixth Meeting of the Fifth Session of the Board held on 8 March 2012.

Zhongxingxin submits to the shareholders of ZTE at the EGM that a special resolution approving matters pertaining to the submission to the General Meeting of the Company that a mandate be granted to the Board to deal with matters pertaining to the Bond Issue with full discretion be passed, the details of which are as follows:

As required for facilitating the Bond Issue, The Board submits to the General Meeting that a mandate be granted to the Board and its authorized parties to deal with matters pertaining to the Bond Issue in a manner that safeguards the best interests of the shareholders of the Company in accordance with relevant provisions the Company Law, Securities Law and Trial Measures and other pertinent laws and regulations and of the Articles of Association of the Company (the “Articles”) and based on prevailing market conditions, including but not limited to:

1. To the extent permitted by laws, regulations and regulatory documents, formulating the detailed issue plan of the Bond Issue and revise and adjust the issue terms of the Bond Issue based on the actual conditions of the Company and the market, including but not limited to all matters pertaining to the terms of issue and listing such as the size of the issue, the maturity, classification and interest rates of the Bonds and the determination thereof, the timing of the issue, whether or not to issue in tranches, the number of tranches, the actual application of the issue proceeds, whether any clauses for buyback and redemption will be in place, rating arrangements, guarantees,

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methods and due dates for principal and interest payments, detailed subscription methods and placing arrangements, the listing of the Bonds and where such listing will take place, etc;

2. Engaging intermediaries to handle reporting procedures in relation to the application for approval of the Bond Issue, as well as matters pertaining to the listing and principal and interest payments following the completion of the Bond Issue, including but not limited to the authorization, execution, implementation, amendment and completion of all requisite documents, contracts, agreements and covenants (including but not limited to issue prospectuses, sponsor's agreements, underwriting agreements, agreements for trust management of Bonds, listing agreements, announcements and other legal documents) and carry out information disclosure in accordance with the laws, regulations and other regulatory documents;
3. Selecting a trust manager for Bonds under the Bond Issue, executing the agreement for trust management of Bonds and formulating rules of proceedings for the bondholders' meeting;
4. Proceeding with matters pertaining to the listing of Bonds under the Bond Issue after the completion of the Bond Issue;
5. Authorizing the Board to make corresponding adjustments to the actual plan of the Bond Issue and other relevant matters in accordance with opinions of regulatory authorities in the event of any change in the policies of regulatory authorities on the issue of corporate bonds or any change in market conditions, except in relation to matters required to be put forth to re-voting at the General Meeting under laws, regulations and regulatory documents and the Articles;

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6. Adopting measures to safeguard Bond payments:

In accordance with pertinent provisions, it is submitted to the General Meeting that a mandate be granted to the Board for the adoption of at least the following measures in the event of failure to honor schedules of principal or interest payments of the Bonds or default on principal or interest payments of the Bonds:

- (1) refraining from making profit distribution to the shareholders;
- (2) suspending the implementation of capital expenditure projects such as significant external investments, mergers and acquisitions;
- (3) Reducing or suspending wages and bonuses payable to Directors and the senior management;
- (4) prohibiting the release of chief responsible officers.

7. Deal with other matters pertaining to the Bond Issue;

8. The mandate shall come into effect on the date of the consideration and approval of the resolution by the General Meeting and remain effective until the date of completion of the aforesaid matters to be dealt with under the mandate. The Board of the Company hereby authorizes Mr. Hou Weigui, the legal representative of the Company, or relevant parties authorized by Mr. Hou Weigui, to deal with matters pertaining to the Bond Issue within the scope of the aforesaid mandate.

Pursuant to Rule 103 of the Company Law, “shareholders individually or collectively holding more than 3% of the shares of the Company may propose ex tempore motions no later than ten days prior to the convening of the general meeting by submitting the same in writing to the Board; the Board should notify other shareholders within two days after the receipt of the motions and table the same at the general meeting for consideration. Ex tempore motions should carry specific subjects and matters to be resolved that fall within the scope of authority of the General Meeting.”

Further, pursuant to Article 78 of the Articles, “shareholders individually or collectively holding more than 3% of the shares of the Company may propose ex tempore motions no later than ten days prior to the convening of the general meeting by submitting the same in writing to the convener. The convener should issue a supplementary notice of general meeting within two days after the receipt of the motions to announce the details of such motions.”

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Having examined the three ex tempore motion aforesaid, the full Board of the Company is of the view that they are in compliance with the relevant provisions of the Company Law and the Articles, with Zhongxingxin meeting the requirements for proposing ex tempore motion and the motion carrying specific subjects and matters to be resolved that fall within the scope of authority of the General Meeting. Accordingly, the Board has approved the tabling of the ex tempore motion at the first extraordinary general meeting of 2012 of the Company in accordance with provisions of the Company Law, the Rules of Procedure for General Meetings of Listed Companies and other pertinent laws, regulations and regulatory documents and of the Articles.

Save for the aforesaid additional ex tempore motions, other details such as the time, venue and record date for the first extraordinary general meeting of 2012 of the Company as set out in the EGM Notice will remain unchanged. A revised Proxy Form has been sent and published on the even date with this notice (the use of the revised Proxy Form is preferred).

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
9 March 2012

As at the date of this announcement, the Board of the Company comprises three executive directors, Shi Lirong, Yin Yimin and He Shiyong; five non-executive directors, Hou Weigui, Xie Weiliang, Wang Zhancheng, Zhang Junchao and Dong Lianbo; and five independent non-executive directors, Qu Xiaohui, Wei Wei, Chen Naiwei, Tan Zhenhui and Timothy Alexander Steinert.

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Notes:

1. For details relating to other resolutions to be passed at the EGM, qualifications for attending the EGM, close of share register, attendance registration and other pertinent matters, please refer to the notice of the first extraordinary meeting of 2012 published by the Company on 24 February 2012.
 2. The use of the revised Proxy Form is preferred. If a revised Proxy Form is not received from a shareholder at the H Share Registrar of the Company no less than 24 hours before the time designated for holding the EGM, the original Proxy Form (sent to shareholders together with the EGM Notice) shall, if properly filled out, be deemed as a valid proxy form.
- * If connected transactions arise as a result of the Company's election to conduct a placing to A shareholders, the Company will fulfill approval processes in accordance with pertinent regulations before execution.