

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 THE RESOLUTIONS PASSED AT THE TWENTIETH MEETING OF THE THIRD SESSION OF THE BOARD OF DIRECTORS

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

ZTE Corporation (hereinafter referred to as the "Company") has issued the "Notice of convening the Twentieth Meeting of the Third Session of the Board of Directors" to all the Directors of the Company by electronic mail and telephone on 11 December 2006. The twentieth meeting of the third session of the Board of Directors of the Company (the "Meeting") was convened by way of video-conferencing with participants being variously located at the Shenzhen headquarters of the Company, Beijing, Nanjing and Xiamen on 15 December 2006. Of the fourteen Directors required to attend the meeting, nine directors attended in person and five directors appointed proxies to attend on their behalf. Mr. Li Juping, Director, was unable to attend the meeting for work reasons and appointed Mr. Wang Zongyin, Vice Chairman, to vote on his behalf. Mr. Shi Lirong and Mr. He Shiyou, Directors, were unable to attend the meeting for work reasons and appointed Mr. Yin Yimin, Director, to vote on their behalf. Mr. Zhu Wuxiang, Independent Director, was unable to attend the meeting for work reasons and appointed Mr. Mi Zhengkun, Independent Director, to vote on his behalf. Mr. Qiao Wenjun, Independent Director, was unable to attend the meeting for work reasons and appointed Mr. Li Jin, Independent Director, to vote on his behalf. The Meeting was convened and held in accordance with the relevant laws, administrative regulations, departmental rules and the Company's Articles of Association, and was legal and valid.

The following resolutions were considered and approved at the Meeting:

I. Consideration and approval of the resolution on the revision of the Share Incentive Scheme (Phase I) (Draft) and the Share Incentive Scheme (Phase I) (Revised) of the Company.

The Share Incentive Scheme (Phase I) (Draft) was announced by the Company on 26 October 2006. The Company has made certain revisions to the Share Incentive Scheme (Phase I) (Draft). The major revisions include: 1. the increase of the percentage of fund contribution by Scheme Participants: Scheme Participants shall pay for the subscription amounts of the Subject Shares on the basis of the purchase of 5.2 Shares at the Grant Price for every 10 Subject Shares, out of which 3.8 Subject Shares shall be subscribed by the Scheme Participants at their own cost, and 1.4 Subject Shares shall be converted by the Deferred Bonus not received by the Scheme Participants as a result of their non-participation in the distribution of 2006 Deferred Bonus, calculated as a percentage of the Grant Price; 2. The timing of the payment of subscription amounts by Scheme Participants for shares granted shall be advanced to the time when shares are being granted to Scheme Participants; 3. The setting aside of certain shares: Out of the total number of Subject Shares under Share Incentive Scheme, 10% or 4,798,000 shares will be set aside for employees making significant contributions to the Company and important personnel required by the Company identified after the Share Incentive Scheme has been reviewed and passed at the general meeting. Please refer to the full text of the Share Incentive Scheme (Phase I) (Revised) of the Company published simultaneously with this announcement.

Voting results: votes in favour of: 9, votes against: 0 and votes abstained: 0

Note: As beneficiaries of the Share Incentive Scheme (Phase I) of the Company, Vice Chairmen Mr. Wang Zongyin and Mr. Xie Weiliang, Directors Mr. Zhang Junchao, Mr. Li Juping and Mr. Dong Lianbo, did not participate in the vote in respect of this matter at the meeting. The Share Incentive Scheme (Phase I) (Revised) of the Company was considered and unanimously approved by the remaining nine Directors.

Independent Directors of the Company Mr. Zhu Wuxiang, Mr. Chen Shaohua, Mr. Qiao Wenjun, Mr. Mi Zhengkun and Mr. Li Jin have furnished an independent opinion on such resolution to the effect that they unanimously approved the Share Incentive Scheme (Phase I) (Revised) by the Company. Please refer to the Independent Opinion on the Share Incentive Scheme (Phase I) (Revised) of the Company from the independent Directors published simultaneously with this announcement for details of the independent opinion furnished by the Independent Directors of the Company.

II. Consideration and approval of the resolution on the exercise of the general mandate by the Board of Directors of the Company in respect of the grant and issue of shares under the Share Incentive Scheme (Phase I).

At the 2005 Annual General Meeting of the Company, the Board of Directors of the Company was granted an unconditional and general mandate during the relevant period to separately or concurrently allot, issue and deal with additional domestic shares and overseas-listed foreign shares of the Company and to make or grant offers, agreements or options in respect of the above. The aggregate nominal amount of domestic shares and H shares authorised to be allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board of Directors, shall not exceed 20% of the aggregate nominal amount of each of the share capital of the domestic shares and H shares of the Company in issue at the date on which the general mandate was granted. (Please refer to the announcement on the resolutions of the 2005 annual general meeting of the Company dated 15 June 2006 for details of the general mandate).

The Board of Directors of the Company has agreed to exercise the general mandate for the grant and issue of A shares under the Share Incentive Scheme (Phase I). In accordance with relevant PRC and overseas provisions, no class meeting is required to be held in respect of the Share Incentive Scheme for the grant and issue of A shares pursuant to the exercise of the general mandate by the Board of Directors of the Company.

Voting results: votes in favour of: 9, votes against: 0 and votes abstained: 0

Note: As beneficiaries of the Share Incentive Scheme (Phase I) of the Company, Vice Chairmen Mr. Wang Zongyin and Mr. Xie Weiliang, Directors Mr. Zhang Junchao, Mr. Li Juping and Mr. Dong Lianbo, did not participate in the vote in respect of this matter at the meeting. The exercise of the general mandate by the Board of Directors of the Company for the grant and issue of shares under the Share Incentive Scheme (Phase I) was considered and unanimously approved by the remaining nine Directors.

III. Consideration and approval of the resolution on the resignation of Company President Mr. Yin Yimin as a member of the Remuneration and Appraisal Committee of the Third Session of the Board of Directors of the Company and the corresponding amendment to the Working Rules of the Remuneration and Appraisal Committee of the Board of Directors of the Company regarding the number of committee members.

According to relevant provisions of the competent authorities of the State, the remuneration and appraisal committee of a listed company that proposes to implement its share incentive scheme shall comprise external directors. The resignation of Company President Mr. Yin Yimin as a member of the Remuneration and Appraisal Committee of the Third Session of the Board of Directors of the Company and the corresponding amendment to the Working Rules of the Remuneration and Appraisal Committee of the Board of Directors of the Company regarding the number of committee members was approved by the Board of Directors of the Company.

Article 4 of the Working Rules of the Remuneration and Appraisal Committee of the Board of Directors of the Company previously read: "The Remuneration and Appraisal Committee shall comprise seven Directors with Independent Directors accounting for the majority".

Article 4 of the Working Rules of the Remuneration and Appraisal Committee is amended to read: "The Remuneration and Appraisal Committee shall comprise six Directors with Independent Directors accounting for the majority."

Voting results: votes in favour of: 14, votes against: 0 and votes abstained: 0

IV. Consideration and approval of the resolution on rescheduling the First Extraordinary General Meeting for 2006 of the Company.

In view that the Share Incentive Scheme (Phase I) of the Company is currently under review by competent authorities of the State, the Board of Directors of the Company has determined to reschedule the First Extraordinary General Meeting for 2006 of the Company to a later date to avoid undue burden for shareholders that would be caused by convening a series of general meetings in succession. The changes are hereby notified as follows:

1. Name of the meeting: "The First Extraordinary General Meeting for 2006" has been re-designated as "The First Extraordinary General Meeting for 2007";
2. Time of the meeting: re-scheduled from 9 am, 28 December 2006 to 9 am, 30 January 2007;
3. Registration for the meeting: registration of shareholders during the period from 4 December to 8 December shall remain valid while shareholders may continue to register during the period from 4 January to 10 January 2007.
4. The record date shall remain unchanged, i.e. 27 November 2006.

Apart from the changes stated above, other contents of the notice convening the First Extraordinary General Meeting for 2006 of the Company published by the Company on 26 October 2006 shall remain the same.

Voting results: votes in favour of: 14, votes against: 0 and votes abstained: 0

By Order of the Board of Directors
Hou Weigui
Chairman

Shenzhen, PRC
18 December 2006

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