

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)

Independent Opinion on the Share Incentive Scheme (Phase I) (Revised) of ZTE Corporation from the Independent Directors

The Company and all the members of the Board 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.

In accordance with the relevant requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the "Administrative Measures on Share Incentives of Listed Company" (Provisional), we have, as Independent Directors of ZTE Corporation ("ZTE" or the "Company"), furnished our independent opinion on the revised Share Incentive Scheme (Phase I) (the "Scheme") of ZTE as follows:

ZTE has made relevant revisions to the Share Incentive Scheme (Phase I) on the basis of the announced Share Incentive Scheme (Phase I) (Draft). We have duly reviewed the revised Scheme. The major revisions made to the current Scheme by ZTE include: the requirement for Scheme Participants to pay the subscription amounts upon the grant of shares, the increase of the percentage of fund contribution by Scheme Participants and the setting aside of 10% of the Subject Shares for employees who might make significant contributions and important human resources that the Company might introduce in the future. According to the revised Scheme, Scheme Participants shall pay for the subscription amounts of the Subject Shares by purchasing 5.2 shares for every 10 shares granted at the Grant Price, 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 funded from funds that would have been paid to Scheme Participants as Deferred Bonuses under the Company's Deferred Bonus arrangements for 2006, calculated as a percentage of the Grant Price, and Scheme Participants shall no longer participate in the distribution of 2006 Deferred Bonus. This revision further enhances the mechanism for profit-sharing and check-and-balance between the shareholders and the key personnel of the Company, while the arrangement to set aside some shares for future grant underlies the Company's commitment to its long-term development and reflects more adequately the value and appeal of the Scheme. We are of the view that such revisions are made on a rational basis and in accordance with the law, and the revised Share Incentive Scheme (Phase I) of the Company will facilitate better the perfection of our corporate governance structure and the enhancement of the incentive and check-and-balance mechanism and is thus beneficial to the long-term development of the Company and truly serving the purpose of share incentives and is reasonable and legal. In addition, as the Scheme Participants will not be entitled to the distribution of the Deferred Bonus for 2006, such amount of Deferred Bonus will not be included in the corresponding accounting cost of the Company for 2006. The accounting principles and methods in respect of the Share Incentive Scheme (Phase I) of the Company shall be implemented in accordance with relevant regulations of the State.

Accordingly, we approve the Share Incentive Scheme (Phase I) (Revised) of the Company.

Independent Directors of ZTE Corporation:

Zhu Wuxiang, Chen Shaohua, Qiao Wenjun, Mi Zhengkun, Li Jin

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.