



# 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 EIGHTEENTH MEETING OF THE THIRD SESSION OF THE BOARD OF DIRECTORS

The Company and all members of the Board of Directors confirm that the information contained in this board resolutions 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 convening the Eighteenth Meeting of the Third Session of the Board of Directors" to all Directors of the Company by electronic mail and telephone on 9 August 2006. The eighteenth meeting of the third session of the Board of Directors of the Company was convened at the conference room on the 4th floor of the Company's headquarters on 24 August 2006 (the "Board Meeting"). Of the fourteen Directors required to attend the meeting, 9 Directors attended the meeting in person, and 5 Directors appointed proxies to attend the meeting on their behalf. Mr. Wang Zongyin, Vice Chairman of the Board of Directors, was unable to attend the meeting due to work reasons, and has authorised in writing Mr. Li Juping, Director, to vote on his behalf. Mr. Xie Weiliang, Vice Chairman of the Board of Directors, was unable to attend the meeting due to work reasons, and has authorised in writing Mr. Dong Lianbo, Director, to vote on his behalf. Mr. Zhang Junchao, Director, was unable to attend the meeting due to work reasons, and has authorised in writing Mr. Yin Yimin, Director, to vote on his behalf. Mr. Zhu Wuxiang, Independent Director, was unable to attend the meeting due to work reasons, and has authorised in writing Mr. Chen Shaohua, Independent Director, to vote on his behalf. Mr. Qiao Wenjun, Independent Director, was unable to attend the meeting due to work reasons, and has authorised in writing Mr. Mi Zhengkun, Independent Director, to vote on his behalf. The meeting was convened in accordance with relevant provisions of the laws, administrative rules, departmental regulations and the Articles of Association of the Company and was legal and valid.

The following resolutions were considered and approved at the Board Meeting:

**I. THAT THE FULL TEXT OF THE 2006 INTERIM REPORT AND THE 2006 INTERIM REPORT SUMMARY AND RESULTS ANNOUNCEMENT OF THE COMPANY BE CONSIDERED AND APPROVED**

Voting results: votes in favour of: 14; votes against: 0; votes abstained: 0.

**II. THAT THE PRESIDENT'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2006 BE CONSIDERED AND APPROVED**

Voting results: votes in favour of: 14; votes against: 0; votes abstained: 0.

**III. THAT THE FINANCIAL ANALYSIS REPORT OF THE COMPANY FOR THE SIX MONTHS ENDED 30 JUNE 2006 BE CONSIDERED AND APPROVED**

For the six months ended 30 June 2006, income from principal operating activities and net profit of the Company amounted to RMB10,490.529 million and RMB373.468 million, respectively, under generally accepted accounting principles in the PRC; and RMB10,490.529 million and RMB347.058 million, respectively, under Hong Kong accounting standards.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

**IV. THAT THE RESOLUTION FOR PROPOSED APPLICATION BY THE COMPANY FOR COMPOSITE CREDIT FACILITIES FOR THE SIX MONTHS ENDED 31 DECEMBER 2006, THE CONTENTS OF WHICH ARE AS FOLLOWS, BE CONSIDERED AND APPROVED ON AN INDIVIDUAL BASIS:**

The Company intends to apply for composite banking credit facilities from the following banks (details of which are set out in the table below) for the six months ended 31 December 2006, which facilities are subject to approval by the relevant banks.

No.	Bank	Proposed composite credit facilities amount	Principal types of the composite credit facilities	Party utilising composite credit facilities	Voting result		
					In favour of	Against	Abstained
1.	Industrial and Commercial Bank of China Limited, Shenzhen Branch	RMB3 billion	Loans, acceptance bills, discounted bills, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
2.	China Construction Bank Corporation, Shenzhen Branch	RMB4 billion	Loans, acceptance bills, discounted bills, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
3.	Bank of China Limited, Shenzhen Branch	US\$600 million	Loans, acceptance bills, discounted bills, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
4.	Agricultural Bank of China, Shenzhen Branch	RMB2 billion	Loans, acceptance bills, discounted bills, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
5.	Minsheng Bank Corp., Ltd., Shenzhen Branch	RMB1.6 billion	Loans, acceptance bills, discounted bills, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
6.	Bank of Communications Co., Ltd., Shenzhen Branch	RMB1.5 billion	Loans, acceptance bills, discounted bills, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
7.	Shenzhen Development Bank, Shenzhen Nantou Sub-branch	RMB750 million	Loans, acceptance bills, discounted bills, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
8.	CITIC Bank, Shenzhen Branch	RMB2 billion	Loans, acceptance bills, discounted bills, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
9.	Industrial Bank Co., Ltd., Shenzhen Branch	RMB500 million	Loans, acceptance bills, discounted bills, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
10.	Societe Generale, Guangzhou Branch	US\$15 million	Loans, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
11.	ABN AMRO Bank, Shenzhen Branch	US\$35 million	Loans, letters of guarantee, letters of credit, factoring, trade financing, etc.	ZTE Corporation	14	0	0
Total		RMB15.35 billion US\$650 million					

Note: The above composite credit facilities represent the maximum amounts to be granted by the banks to the Company for its business operations based on their assessments of the Company's condition. The Company will utilise such facilities for different types of business operations in accordance with actual production demand, after conducting internal approval procedures of the Company and corresponding approval procedures required by the banks. The composite credit facilities that the Company applies from the banks provide strong financial coverage for the Company's business development, and no expenses will be incurred from initially entering into the facilities.

Each of the above resolutions shall be valid with effect from 24 August 2006 until the expiry of the term for the credit facilities. Any single application for financing operations during the period and within such facilities shall be valid. Unless otherwise required, no subsequent resolution of the Board of Directors are required with respect to any such single application for financing operations. Mr. Hou Weigui, legal representative of the Company, or his authorised signatory is authorised to execute all related legal contracts and documents.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

**V. THAT THE RESOLUTION FOR THE REGULATION OF THE APPROVAL PROCESS AND AUTHORITY FOR THE WRITE-OFF OF LONG-TERM ASSETS OF THE COMPANY BE CONSIDERED AND APPROVED**

To approve the management of the write-off of long-term assets based on the utilising unit, the actual management unit, financial and audit procedures with a view to further regulating the approval process and authority for the write-off of long-term assets (including fixed assets, intangible assets and work in progress), and to approve the approval process and authority concerned.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

**VI. THAT THE RESOLUTION FOR THE REGULATION OF THE APPROVAL PROCESS AND AUTHORITY FOR THE WRITE-OFF OF BAD DEBTS AND DISCOUNTED SETTLEMENT OF PAYMENTS OF THE COMPANY BE CONSIDERED AND APPROVED**

To approve the management of the write-off of bad debts based on the joint business, financial, legal and audit procedures with a view to further regulating the approval process and authority for the write-off of bad debts and discounted settlement of payments of the Company, and to approve the approval process and authority concerned.

Voting result: votes in favour of: 14; votes against: 0; votes abstained: 0.

**VII. THAT THE RESOLUTION FOR THE APPOINTMENT OF SENIOR MANAGEMENT PERSONNEL BE CONSIDERED AND APPROVED**

The appointment of Mr. Zeng Xuezhong as the Vice President of the Company, upon the nomination by Mr. Yin Yimin, President of the Company, with a term of office commencing from 24 August 2006 and ending on 7 February 2007 was approved. (Please refer to the Appendix for a brief biography).

Voting results: votes in favour of: 14; votes against: 0; votes abstained: 0.

Mr. Zhu Wuxiang, Mr. Chen Shaohua, Mr. Qiao Wenjun, Mr. Mi Zhengkun, Mr. Li Jin, the Independent Directors of the Company, expressed their independent opinion as follows:

The appointment of Mr. Zeng Xuezhong as a member of senior management is approved.

By Order of the Board  
Hou Weigui  
Chairman

Shenzhen, the PRC  
25 August 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.

**Appendix: Brief biography of the Company's newly appointed senior management staff**

Mr. Zeng Xuezhong, aged 33, has been the general manager of Division 3 of the Company's Sales Department since July 2006. Mr. Zeng graduated from Tsinghua University with a bachelor's degree in modern applied science in 1996. Mr. Zeng joined Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited in 1996. From 1997 to 2001, Mr. Zeng was the Company's senior project manager, manager of Guiyang branch and manager of Kunming branch. From January 2002 to January 2006, he was the deputy general manager of Division 2 of the Company's Sales Department, and from January 2006 to June 2006, as the general manager of Division 2 of the Sales Department. Mr. Zeng has many years of experience in the telecommunications industry, including over seven years in managerial positions.