

AUDITOR'S REPORT

Shenhua (2005) Gushenzi No. 029

To the members of ZTE Corporation:

We have audited the accompanying consolidated balance sheets and the balance sheets of ZTE Corporation (hereinafter referred to as the "Company") as at 31 December 2004, the consolidated income statements and the statements of income distribution, income statements and the statements of income distribution of the Company for the year then ended and consolidated statements of cash flows and the statements of cash flows of the Company for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Independent Auditing Standards for Certified Public Accountants in PRC. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above conform with the Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises" promulgated by the People's Republic of China and present fairly, in all material respects, the financial position of the Company as at 31 December 2004 and the results of its operations and its cash flows for the year then ended.

Shenzhen Dahua Tiancheng Certified Public Accountants

Shenzhen China

Wu Jianhui
Certified Public Accountants of China

Liu Yaohui
Certified Public Accountants of China

10 April 2005