

MATERIAL MATTERS

1. MATERIAL LITIGATION OR ARBITRATION

During the year, the Group had no material litigation or arbitration. Other litigation and arbitration proceedings included the following:

1. Litigation instituted by Beijing Success Communications and Electronic Engineering Co., Ltd. against the Company's subsidiary Yangzhou Zhongxing Mobile Telecom Equipment Co., Ltd. ("Yangzhou Zhongxing"), and the Company. For further details of the litigation, please refer to the announcement published by the Company on 21 December 2005 in China Securities Journal, Securities Times, Shanghai Securities News, South China Morning Post and Hong Kong Economic Times. The date of the hearing has not been determined. As the case is currently under trial, the final outcome of the litigation cannot at this stage be ascertained with any reasonable certainty. Based on the legal opinion furnished by the Company's lawyers, the Directors are of the opinion that Yangzhou Zhongxing and the Company have sufficient and valid defences and the outcome of the arbitration will not have any material adverse impact on the Group's financial position.
2. Litigation instituted by the Group against Fairchild Semiconductor Corporation. For details of the litigation, please refer to the 2005 Third Quarterly Report published by the Company on 26 October 2005 the section headed "Material legal proceedings" in China Securities Journal, Securities Times, Shanghai Securities News, South China Morning Post and Hong Kong Economic Times. The case is currently under trial.
3. On 16 December 2005, a supplier of the Company alleged that the Company had breached its contract and infringed its intellectual property and claimed indemnity for a total amount of US\$36.45 million. Details of the arbitration claim are as follows:
 - not less than USD4 million in respect of wasted expenditure incurred by the supplier in the development, production and the acquisition of requisite software, hardware and design;
 - not less than USD7 million in respect of anticipated profit for one year during the term of the cooperation agreement;
 - not less than USD7 million in respect of losses arising from infringements of design patent and other intellectual property rights after the expiry of the one year term of the cooperation agreement;
 - not less than USD18 million, for account of profits as a result of the alleged infringement of intellectual property rights and breach of contract;
 - USD300,000 in respect of outstanding payment for delivered goods;
 - USD150,000 for refund of software application deposit under the cooperation agreement and interest accrued.

As at the date of publication of this report, the arbitration tribunal had been formed and the Company had filed its defences, for which the arbitration authority had yet to issue an award. As the case is currently under trial, the final outcome of the arbitration cannot at this stage be ascertained with any reasonable certainty. Based on the legal opinion furnished by the Company's lawyers, the Directors are of the opinion that the Company have sufficient and valid defences and the outcome of the arbitration will not have any material adverse impact on the Group's financial position.

4. On 18 August 2005, an Indian consultant firm issued an arbitration notice to the Company to claim indemnity for a total amount of approximately RMB10.736 million in respect of advisory fees, agency fees and related damages. As at the date of this annual report, the arbitration tribunal has yet to issue

an award. As the case is currently under trial, the final outcome of the arbitration cannot at this stage be ascertained with any reasonable certainty. Based on the legal opinion furnished by the Company's lawyers, the Directors are of the opinion that the Company has sufficient and valid defences and the outcome of the arbitration award would not have any material adverse impact on the Group's financial position.

5. An administrative penalty notice had been served upon Zhongxing Telecom Pakistan (Pvt) Ltd, a subsidiary of the Company, by the Collectorate of Customs, Sales Tax and Central Excise (Adjudication/ Appeals), Rawalpindi, in respect of a claim of additional custom duties of approximately RMB23.9 million and a penalty of approximately RMB324 million for the misdeclaration of the imported goods. On 5 September 2005, all the disputes relating to this action were referred to Alternate Dispute Resolution Committee (ADRC) for resolution at the direction of Central Board of Revenue, the governing authorities of the Rawalpindi Customs, after Zhongxing Telecom Pakistan (Pvt) Ltd raised an appeal. ADRC issued a report after in-depth investigation and analysis, which fully supported the grounds of appeal furnished by Zhongxing Telecom Pakistan (Pvt) Ltd and held that Zhongxing Telecom Pakistan (Pvt) Ltd had completed customs declarations correctly in respect of all import goods. The report also held that the Rawalpindi Customs should withdraw the administrative penalty. Based on the legal opinion on the dispute furnished by the lawyers engaged by the Company and the ADRC report, the Directors are of the opinion that the Company has sufficient and valid reasons to believe that the Central Board of Revenue will give a just ruling based on the ADRC report and this matter would not have any material adverse impact on the Group's financial position.

The Company will make timely announcement in the event of any substantial progress of the above arbitration and litigation proceedings.

2. ACQUISITIONS, DISPOSALS OF ASSETS, MERGERS AND TAKEOVERS

The Group had no acquisition and disposal of assets, merger or takeover during the year.

3. SIGNIFICANT CONNECTED TRANSACTIONS OF THE GROUP

1. Significant connected transactions of the Group during the year:

(1) *Significant connected transactions under applicable laws and regulations of the PRC:*

During the reporting period, the Company has not made purchases from any one of its connected persons that exceeded 5% of the audited net assets of the Company. Ongoing connected transactions during the reporting period are as follows:

During the reporting period, ongoing connected transactions (as defined in the Rules Governing Listing of Stocks on Shenzhen Stock Exchange) of the Group included the purchase of raw materials from and sales of products to connected parties by the Company and its subsidiaries. Such connected transactions were conducted after arm's length negotiation on the basis of normal commercial terms. The prices at which the Group made purchases from the connected parties were not higher than the prices at which the connected parties sell similar products to other users in similar quantities. The prices at which the Group sold its products to the connected parties were not lower than the prices at which the Group sells similar products to other users in similar quantities. In addition, such connected transactions would not have any adverse impact on the Group's profit. The Company is not dependent on the connected party and the connected transactions do not affect the independence of the Company.

Details of the implementation of the Group's ongoing connected transactions during the reporting period are set out in the following table (for information on the connected parties, their connected relationships with the Group, basic terms of the connected transactions

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agreements between the Group and the connected parties, estimated transaction amounts for 2005 under each agreement, impact of the connected transactions on the Group, necessity of the connected transactions and review of the connected transactions by the shareholders' general meeting of shareholders or the Board of Directors of the Company, please refer to the announcement on ongoing connected transactions published by the Company on 11 April 2005 in China Securities Journal, Securities Times, Shanghai Securities News, South China Morning Post and Hong Kong Economic Times.)

Classification of Transaction	Subject Matter	Member of the Group (Party to Connected Transaction)	Connected person (Counterparty to Connected Transaction)	Pricing Basis	Amounts for Connected Transactions for January to	As a percentage of transactions in the same classification	Settlement	Whether different from estimated conditions
					December, 2005 (excluding VAT) (RMB in 10,000)			
Purchases of raw materials	Various telecommunications products such as cabinets, cases, distribution frames, soft circuit boards and other raw materials	ZTE Kangxun	Zhongxingxin and its subsidiaries, Zhongxing Xinyu and Zhongxing Xindi	Consistent with market prices (as per contract)	43,096.40	3.12%	banker's acceptance bill	No
	Circuit protectors and other electronic products	ZTE Kangxun	Xi'an Microelectronics	Consistent with market prices (as per contract)	771.8	0.06%	banker's acceptance bill	No
	Printers and other electronic products	ZTE Kangxun	Chung Hing Hong Kong	Consistent with market prices (as per contract)	816.6	0.06%	banker's acceptance bill	Exceeded by RMB7.366 million*
	Soft circuit boards and other products	Lead	Zhongxing Xinyu	Consistent with market prices (as per contract)	695.60	0.05%	banker's acceptance bill	Exceeded by RMB4.456 million*
	IC, connector assemblies, optical devices, modules and other ancillary equipment	ZTE Kangxun	Zhongxing WXT and its investee entity, Shenzhen Gaodonghua Communication Technique Co., Ltd	Consistent with market prices (as per contract)	18,432.6	1.31%	banker's acceptance bill	No
Products sales	Handsets and other products	The Company	Xi'an Microelectronics	Consistent with market prices (as per contract)	647.8	0.03%	banker's acceptance bill	No
	Electric components etc.	ZTE Kangxun	Zhongxing WXT	Consistent with market prices (as per contract)	523.3	0.02%	banker's acceptance bill	Exceeded by RMB 0.233 million*

Note: The excess was mainly attributable to the rapid expansion of the Group's overseas business resulting in an increase of the transaction amount relating to the Group's purchase of certain electronic equipment from Chung Hing Hong Kong and soft circuit boards and other products from Zhongxing Xinyu, both of which were connected parties. However, the gross amount of connected transactions for the Group under the purchases of raw materials category as a whole did not exceed the original estimate.

Connected transactions involving sales of products or provision of labour services to Zhongxingxin and its subsidiaries by Company during the year amounted to RMB558,000.

The Company will enter into the 2006 connected transactions framework agreements with the connected persons and submit the same for review at the 2005 Annual General Meeting. For details please refer to the announcement regarding ongoing connected transactions published by the Company in China Securities Journal, Securities Times, Shanghai Securities News, The Standard and Hong Kong Economic Times on 7 April 2006.

(2) *Continuing connected transactions under the Hong Kong Stock Exchange Listing Rules:*

Following the listing of the Company's H shares on the Hong Kong Stock Exchange, the Group will continue certain transactions that constitute continuing connected transactions within the meaning of the Hong Kong Stock Exchange Listing Rules as stated below. With respect to the continuing connected transactions, the Hong Kong Stock Exchange has granted to the Group certain waivers from announcement and/or independent shareholders' approval requirements under the Hong Kong Stock Exchange Listing Rules. Details of such waiver have been disclosed in the prospectus of the Company dated 29 November 2004. Details of the continuing connected transactions are as follows:

(a) Purchases of handset batteries by ZTE Kangxun from Ruide

- Description of the connected relationship between the parties to the transaction:

The Company holds a 90% stake in ZTE Kangxun:

The Company holds a 63.2% stake in Ruide through its subsidiaries, being Shenzhen Changfei Investment Company, Limited and ZTEIC Design Co., Ltd. The other substantial shareholder of Ruide is Zhongxing Xindi with approximately a 23.0% stake. The remaining stake of approximately 13.8% in Ruide is held by an individual shareholder who is a director of Ruide and a connected person of the Group (while not at the level of the Company). Zhongxing Xindi is a non-wholly owned subsidiary of Zhongxingxin and is therefore an associate of Zhongxingxin as defined under the provisions of the Hong Kong Stock Exchange Listing Rules. Zhongxingxin holds a 60% stake in Zhongxing Xindi. Given that Zhongxingxin is a controlling shareholder of the Company (and also a promoter of the Company), Zhongxing Xindi, being an associate of Zhongxingxin, constitutes a connected person of the Company at the level of the Company (and not at the level of the Company's subsidiaries). In addition, given that Zhongxing Xindi is a substantial shareholder of Ruide, Ruide itself constitutes a connected person of the Group under the Hong Kong Stock Exchange Listing Rules.

- Total transaction amount for 2005:

Approximately RMB152,421,000

- Pricing and other terms:

ZTE Kangxun has entered into a framework purchase agreement dated 19 November 2004 with Ruide expiring on 31 December 2006. Ruide will still be required to undergo the Group's qualification and bidding procedures for the selection of suppliers. If Ruide succeeds in its bid to supply to ZTE Kangxun, ZTE Kangxun will issue purchase orders from time to time to Ruide pursuant to the framework agreement entered into with it. Purchase orders will specify product types, agreed

quantities and prices, quality specifications, delivery times, places and modes, as well as contact details. Prices will be arrived at after arm's length negotiations, with reference to the prices quoted by Ruide for sales of similar quantities of the same or similar products to independent third parties at the relevant time.

- Reasons for such transactions

The Group's handset products have become one of the major sources of revenue for the Company. The Directors of the Company consider it an important strategy to have a co-operative and reliable supplier for handset batteries. The Group's investment in Ruide was made with this purpose in mind. Through the Group's qualification and bidding procedures, Ruide was selected as one of our suppliers.

- (b) Sales of liquid crystal displays (LCD) and electronic components by ZTE Kangxun to Lead

- Description of the connected relationship between the parties to the transaction:

The Company is a major shareholder of Lead with a 62.5% stake. Zhongxingxin is a substantial shareholder of Lead with a 22.5% stake while an individual holds the remaining 15% stake. Given that Zhongxingxin is a connected person of the Group at the level of the Company (and not at the level of the Company's subsidiaries) and is a substantial shareholder of Lead, Lead itself constitutes a connected person of the Group under the Hong Kong Stock Exchange Listing Rules.

- Total transaction amount for 2005:

Approximately RMB18,650,000

- Pricing and other terms:

ZTE Kangxun has entered into a framework agreement dated 19 November 2004 with Lead expiring on 31 December 2006. Pursuant to the framework agreement, Lead is to issue purchase orders to ZTE Kangxun from time to time, specifying product types, agreed quantities and prices, quality specifications, delivery times, places and modes, as well as contact details. Prices will be arrived at after arm's length negotiations, with reference to the prices quoted by the Group for sales of similar quantities of the same or similar products to independent third parties at the relevant time.

- Reasons for such transactions

The Group's handset products have become one of the major sources of revenue for the Company. Liquid crystal modules are required for the production of handsets and the Group does not produce such components. The production of liquid crystal modules involves the assembly of liquid crystal displays with various electronic components. As this involves merely low cost assembly work, the Directors of the Company consider it suitable for outsourcing the production of liquid crystal modules to Lead and other independent third parties. Lead was selected as our supplier through the Group's qualification and bidding procedures. As Lead does not produce the said components required for the production of liquid crystal modules, ZTE Kangxun purchases liquid crystal displays and various electronic components from independent third party suppliers for onward supply to Lead. The Directors of the Company consider it to be convenient and cost effective to include Lead's requirements in ZTE Kangxun's procurements for such parts.

- (c) Purchases of raw materials and components comprising primarily telecommunications cabinets, cases and racks, and distribution frames by ZTE Kangxun from Zhongxingxin, Zhongxing Xindi and Zhongxing Xinyu

- Description of the connected relationship between the parties to the transaction:

Zhongxingxin is the largest shareholder of the Company.

Given that Zhongxing Xindi is a non-wholly owned subsidiary of Zhongxingxin, Zhongxing Xindi is an associate of Zhongxingxin as defined under the provisions of the Hong Kong Stock Exchange Listing Rules. Zhongxingxin holds a 60% stake in Zhongxing Xindi. Given that Zhongxingxin is a controlling shareholder of the Company (and also one of the promoters of the Company), Zhongxing Xindi, as an associate of Zhongxingxin, constitutes a connected person of the Group.

Given that Zhongxing Xinyu is a non-wholly owned subsidiary of Zhongxingxin, Zhongxing Xinyu is an associate of Zhongxingxin as defined under the provisions of the Hong Kong Stock Exchange Listing Rules. Zhongxingxin holds a 55.0% stake in Zhongxing Xinyu. Given that Zhongxingxin is a controlling shareholder of the Company (and also one of the promoters of the Company), Zhongxing Xinyu, as an associate of Zhongxingxin, constitutes a connected person of the Group.

- Total transaction amount for 2005:

Approximately RMB430,964,000

- Pricing and other terms:

ZTE Kangxun has entered into framework purchase agreements dated 19 November 2004 with Zhongxingxin, Zhongxing Xindi and Zhongxing Xinyu, respectively. The framework agreements will expire on 31 December 2006. Zhongxingxin and its relevant subsidiaries will each still be required to undergo the Group's qualification and bidding procedures for the selection of suppliers. If any one of them succeeds in its bid to supply to ZTE Kangxun, ZTE Kangxun will issue purchase orders from time to time to the successful bidder pursuant to the relevant framework agreement entered into with that bidder. Purchase orders will specify product types, agreed quantities and prices, quality specifications, delivery times, places and modes, as well as contact details. Prices will be arrived at after arm's length negotiations and on normal commercial terms.

- Reasons for such transactions

Zhongxingxin, Zhongxing Xindi and Zhongxing Xinyu were selected through the Group's qualification and bidding procedures, and the Group believes that they have consistently been able to meet the Group's stringent demands for fast product turnaround time, high product quality and timely delivery. By virtue of the foregoing, Zhongxingxin and Zhongxing Xindi were selected as the suppliers of distribution frames and packaging materials and Zhongxing Xinyu was selected as the supplier of flexible printed circuit boards. As the Group considers that having reliable and co-operative suppliers is important and beneficial to us, purchasing from Zhongxingxin, Zhongxing Xindi and Zhongxing Xinyu allows us to secure essential control over most of the components of our production by being able to ensure timely delivery of such components while maintaining product quality.

(d) Purchases of liquid crystal modules (LCM) by ZTE Kangxun from Lead

- Description of the connected relationship between the parties to the transaction:

Lead constitutes a connected person of the Group as its substantial shareholder, Zhongxingxin, is a connected person at the level of the Company (and not at the level of the subsidiaries of the Company). Please see above for further details of Lead.

- Total transaction amount of 2005:

Approximately RMB233,985,000

- Pricing and other terms:

ZTE Kangxun has entered into a framework purchase agreement dated 19 November 2004 with Lead expiring on 31 December 2006. Lead will still be required to undergo the Group's qualification and bidding procedures for the selection of suppliers. If Lead succeeds in its bid to supply to ZTE Kangxun, ZTE Kangxun will issue purchase orders from time to time to Lead pursuant to the framework agreement entered into with it. Purchase orders will specify product types, agreed quantities and prices, quality specifications, delivery times, places and modes, as well as contact details. Prices will be arrived at after arm's length negotiations, with reference to the prices quoted by Lead for sales of similar quantities of the same or similar products to independent third parties at the relevant time.

- Reasons for such transactions

The Group's handset products have become one of the major sources of revenue for the Company. In order to capture the growing market demand, the Group requires steady, reliable and quality supplies of liquid crystal modules for the Group's handset products. As the production of these liquid crystal modules involves merely low value-added assembly work, there are few suppliers of raw materials and components that are able to undertake such large-scale production as required by the Group for the prices we offer. Lead was established to handle large-scale production at low unit cost and to specialise in the supply of liquid crystal modules. The Group believes that it has also been able to provide us a fast production turnaround time, consistent product quality and timely delivery. The Group has now taken a majority stake in Lead as the Directors of the Company consider that having Lead as our subsidiary allows us to secure steady supplies of quality liquid crystal modules in large volumes from a co-operative, reliable and specialised supplier that would not otherwise be easily available from other suppliers for comparable prices.

Note: the Company noted the following when reviewing its continuing connected transactions:

The total transaction amounts for 2005 for each of the categories of connected transactions listed below, entered into between the Group and its connected persons in compliance with the de minimis provision under Rule 14A.33 of the Hong Kong Stock Exchange Listing Rules as disclosed in the Company's prospectus dated 29 November 2004, exceeded the estimated total transaction amounts for 2005 for such connected transactions as disclosed in the prospectus. The details are as follows:

Parties to the transaction	Nature of the transaction	2005 estimated total transaction amount disclosed in the prospectus (RMB10,000)	2005 actual total transaction amount (RMB10,000)
Lead as one party Zhongxing Xinyu as another party	Purchases of flexible printed circuit board materials by Lead from Zhongxing Xinyu	250	696
ZTE Kangxun as one party Chung Hing Hong Kong as another party	Purchases of printers and other electronic equipment by ZTE Kangxun from Chung Hing Hong Kong	80	817

Although amounts for 2005 for each of the categories of connected transactions listed above exceeded the estimated total transaction amounts as disclosed in the prospectus, the above connected transactions remain within the threshold specified for de minimis transactions under Rule 14A.33 of the Hong Kong Stock Exchange Listing Rules, that is, the percentage ratios (other than profits ratio) calculated by reference to Rule 14.07 of the Hong Kong Stock Exchange Listing Rules on an annual basis for 2005 were less than 0.1%.

During 2005, ZTE Integration Telecom Ltd., a subsidiary of the Company, purchased wood cases and trays from Zhongxing Xindi and purchased telecommunications equipment from Zhongxing Xinyu for an annual total amount of RMB1,255.9 and RMB12,043.6 respectively. Such category of connected transactions was not disclosed in the prospectus. However, this falls within the threshold specified for de minimis transactions under Rule 14A.33 of the Hong Kong Stock Exchange Listing Rules, that is, the percentage ratios (other than profits ratio) calculated by reference to Rule 14.07 of the Hong Kong Stock Exchange Listing Rules on an annual basis for 2005 were less than 0.1%. Such category of transactions is not subject to the relevant reporting, announcement and independent shareholders' approval requirements.

During 2005, the Company sold telecommunications products and power supplies to Zhongxingxin and Zhongxing Xindi respectively for the annual total transaction amounts of RMB545,343.85 and RMB12,552.14 respectively. Such category of connected transactions was not disclosed in the prospectus. However, this falls within the threshold specified for de minimis transactions under Rule 14A.33 of the Hong Kong Stock Exchange Listing Rules, that is, the percentage ratios (other than profits ratio) calculated by reference to Rule 14.07 of the Hong Kong Stock Exchange Listing Rules on an annual basis for 2005 were less than 0.1%. Such category of transactions is not subject to the relevant reporting, announcement and independent shareholders' approval requirements.

2. The Independent Non-executive Directors of the Company have reviewed the connected transactions and confirmed that:

- the transactions were conducted in the ordinary and usual course of business of the Company;
- the transactions were entered into on normal commercial terms; and
- the transactions were conducted in accordance with the terms of the agreements governing them and the terms of the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.

3. The auditors of the Company have reviewed the connected transactions and confirmed to the Board of Directors of the Company that the transactions:

- were approved by the Board of Directors of the Company;

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- were conducted in accordance with the pricing policies of the Company;
- were conducted in accordance with the terms of the agreements governing them; and
- within the relevant annual caps as agreed by the Hong Kong Stock Exchange.

4. DEBTORS AND CREDITORS BETWEEN THE GROUP AND ITS CONNECTED PARTIES

Debtors and creditors between the Group and its connected parties during the reporting period were incurred during the ordinary course of business and did not have any material impact on the Company. There were no guarantees for connected parties between the Company and its connected parties.

5. MATERIAL CONTRACTS OF THE GROUP

1. During the year, the Group did not put on trust, sub-contract, or lease any assets of other companies nor did other companies put on trust, sub-contract or lease any of the Company's assets of a material nature.
2. Third-party guarantee by the Group
 - (1) During the year, the Company did not have any new third-party guarantees.
 - (2) In relation to guarantees granted before the reporting period, the progress during the reporting period is as follows:

The guarantee granted in respect of Chengdu Information Port Company Limited ("Chengdu Information Port") in favour of the China Construction Bank, Minjiang, Chengdu Branch involving the RMB 4 million loan. Juyou Network Industrial Group Limited ("Juyou Network"), being a shareholder of Chengdu Information Port, provided a counter-guarantee for the guarantee. Upon maturity, Chengdu Information Port was unable to settle the entire loan and the bank requested the Company to repay under the guarantee. The Company repaid RMB3.5 million for Chengdu Information Port. As Juyou Network is liable under the counter-guarantee, the Company entered into the Settlement Plan Agreement with Juyou Network ("Settlement Agreement"). As at 31 December 2005, an amount of RMB1.40 million has been repaid, leaving an outstanding amount of RMB2.10 million. The Company will continue to demand repayment of the outstanding amount.

3. During the year, the Company did not have any entrusted investments.
4. During the year, the Company and Indian company Atlas Interactive India (Private) Limited have entered into a contract for the supply of broadband network equipment. Please refer to the announcement published by the Company on 15 April 2005 in China Securities Journal, Securities Times, Shanghai Securities News, South China Morning Post and Hong Kong Economic Times. Save as disclosed above, the Company did not have any other material contracts during the year.

6. UNDERTAKINGS

1. Undertaking in respect of Share Reform

The statutory undertakings given by the nine holders of shares of the Company that are subject to lock-up from the Share Reform for the A share market and the special undertaking of Zhongxingxin, the largest shareholder of the Company, in connection with the Share Reform are set out in the section headed "Number of shares held by shareholders subject to lock-up and terms of lock-up" on page 23 of this report.

2. The above undertakings had been properly fulfilled and there had been no circumstances of violations of such undertakings.
3. No other undertakings had been made by the Company or shareholders holding 5% or more of the Company's shares.

7. ENGAGEMENT OF AUDITORS BY THE COMPANY

Details are set out in the section headed "Remuneration of Auditors" in the corporate governance report on page 49 to page 50 of this report.

8. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Resolutions approving amendments to certain articles in the Articles of Association were passed by the 2004 annual general meeting of the Company held on 31 May 2005.

9. INVESTIGATIONS, ADMINISTRATIVE PENALTIES, PUBLIC CENSURES AND REPRIMANDS

During the reporting period, the Company, the Board of Directors and the Directors have not been investigated, under administrative penalty or publicly censured by the China Securities Regulatory Commission or openly reprimanded by the Shenzhen Stock Exchange.

10. SIGNIFICANT EVENTS

During the reporting period, the Company was not involved in any significant events as specified under Rule 67 of the Securities Law of the People's Republic of China and Rule 17 of Detailed Rules Governing Public Listed Companies' Information Disclosure (Provisional) and matters which the Board of Directors considered as significant events.

11. OTHER MATERIAL MATTERS

The Company and its subsidiaries were not involved in any material matters requiring disclosure that have not been disclosed.