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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)

VOLUNTARY ANNOUNCEMENT

This announcement is made by ZTE Corporation (the “**Company**”) on a voluntary basis.

Reference is made to the announcement of the Company dated 12 June 2018 in relation to the Agreement reached between BIS and ZTE and the 8 June 2018 Order issued by BIS (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

The Company has noted news articles on 19 June 2018 which state, among other things, that “the United States Senate (“**U.S. Senate**”) passed legislation on Monday evening that would restore penalties on the Chinese telecom giant ZTE Corp.”

The Company would like to clarify that the U.S. Senate has passed the National Defense Authorization Act (“**NDAA**”) on 18 June 2018 (U.S. time). The relevant section of the NDAA includes three provisions with respect to the Company:

- First, that no Federal official may modify penalties pursuant to a denial order against a Chinese telecommunications company until 30 days after the President certifies to certain congressional committees that (1) the company has not, for a period of one year, violated U.S. law, and (2) the company is fully cooperating with investigations into its activities conducted by the U.S. Government.
- Second, that any penalty imposed against ZTE under the 15 April 2018 Denial Order that has been reduced, eliminated or suspended, shall be reinstated and any subsequent modification of such penalty shall be subject to the requirements of the first provision above.

- Third, that the head of a U.S. Executive Branch agency may not contract for telecommunications equipment or services produced by the Company or any of its subsidiaries or affiliates.

The version of the NDAA passed by the U.S. Senate is not currently U.S. law, as it has only passed one chamber of the U.S. Congress. The version of the NDAA passed by the U.S. House of Representatives (“**U.S. House**”) did not contain the first two of the aforesaid three provisions. Moving forward, the U.S. Senate-passed version of the NDAA will need to be reconciled with the version of the NDAA passed by the U.S. House through a Conference Committee. Ultimately, after the U.S. Senate and the U.S. House each pass the prospective reconciled version of the NDAA, the legislation will be presented to President Trump for signature or veto.

The Company will make announcements of material developments in relation to the above matters as soon as practicable. Investors of the Company are advised to pay attention to further announcements made by the Company and investment risks.

By Order of the Board
Yin Yimin
Chairman

Shenzhen, the PRC
20 June 2018

As at the date of this announcement, the Board of Directors of the Company comprises two executive directors, Yin Yimin and Zhao Xianming; seven non-executive directors, Zhang Jianheng, Luan Jubao, Wang Yawen, Tian Dongfang, Zhan Yichao, Wei Zaisheng and Zhai Weidong; and five independent non-executive directors, Richard Xike Zhang, Chen Shaohua, Lü Hongbing, Bingsheng Teng and Zhu Wuxiang.