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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)

INSIDE INFORMATION ANNOUNCEMENT ON ORDER MODIFYING CONDITIONS OF PROBATION

This announcement is made by ZTE Corporation (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 8 March 2017 and 23 March 2017 in relation to, among other things, the agreement between the Company and the United States Department of Justice (the “**Agreement**”).

Due to the conduct described in the superseding settlement agreement entered into amongst the Company, Shenzhen ZTE Kangxun Telecom Company Limited (a wholly-owned subsidiary of the Company) and United States Department of Commerce’s Bureau of Industry and Security in June 2018 (the “**SSA**”), the United States District Court for Northern District of Texas (the “**Court**”) issued an order (the “**Order**”) on 3 October 2018 (United States time) modifying the conditions of the Company’s corporate probation as described in the Agreement which became effective on 22 March 2017 (United States time) upon approval by the Court. The modification of probation conditions by the Court includes the following key terms:

- (1) extending the term of the Court-appointed Monitor (the “**Monitor**”) to 22 March 2022; and
- (2) providing the Monitor with the same access to certain documents, information, facilities, and personnel related to compliance with the Export Control Reform Act of 2018, the Export Administration Regulations and the Order as it provides to the special compliance coordinator under the SSA.

By Order of the Board

Li Zixue

Chairman

Shenzhen, the PRC

4 October 2018

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors, Li Zixue, Xu Ziyang, Gu Junying; three non-executive directors, Li Buqing, Zhu Weimin, Fang Rong; and three independent non-executive directors, Cai Manli, Yuming Bao, Gordon Ng.