

ZTE shares surge 22% as US sanctions lift moves step closer

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Shares in Chinese telecoms equipment maker ZTE surged more than 20 percent in Hong Kong on Thursday after the company moved a step closer to having a painful US purchase ban lifted.

The firm had been forced to halt operations and was on the verge of collapse after Washington announced a seven-year ban on US companies selling it crucial parts owing to its handling of a sanctions violation.

However, as a favour to Chinese President Xi Jinping, US President Donald Trump ordered the Commerce Department to ease the penalties and replace it with an order to pay a \$1 billion fine and put \$400 million in an escrow account to cover any future penalties for violations.

It was also ordered to replace its board of directors and retain outside monitors.

On Wednesday ZTE signed an escrow agreement, meaning the sanctions could be lifted as soon as Thursday.

The news sent shares in the firm soaring 22.08 percent in Hong Kong to HK\$13.60 by the break. Still, it is sharply down from the HK\$25.60 it was at before trading was suspended after the sanctions were announced in April.

ZTE was pushed to the brink by the initial [penalty](#), which came after US officials said it had failed to take action against staff who were responsible for violating [trade sanctions](#) against Iran and North Korea. It was fined \$1.2 billion last year for those violations.

Trump's decision to step in was seen as an olive branch by the [president](#) as trade war tensions started to mount, making it a key element in the spat between Washington and Beijing.

However, despite the agreement US lawmakers are working to reinstate the ban, accusing Trump rewarding a [company](#) that has repeatedly broken US law and engaged in espionage.

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