



**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)**

## **Nomination, election and removal of Directors**

### **I . Nomination**

#### **1. Nomination of candidates for Non-independent Directors**

The Nomination Committee of the Board of Directors of the Company (hereinafter referred to as the “Nomination Committee”) and any shareholder who holds shares in the Company may nominate the candidates for Non-independent Directors of the Board of Directors.

#### **2. Nomination of candidates for Independent Directors**

The Board of Directors and the Supervisory Committee of the Company and any shareholder who individually and jointly holds 1% or more of the shares in the Company may nominate the candidates for Independent Directors of the Board of Directors.

3. Any nomination by shareholder(s) in accordance with the above provisions shall follow the procedure and timeframe set out in the relevant provisions of Article 143 of the Articles of Association. In the event that the exercise of the aforesaid right shall constitute an act of tabling an extempore motion, the shareholder who has exercised such right shall be required concurrently to comply with the relevant provisions of Article 78 of the Articles of Association. Where other provisions apply under the listing rules of the locality where the shares of the Company are listed, such provisions should also be complied with. For the Article 78 and 143 of the Articles of Association please refer to Annex 1

### **II . Election**

#### **The Election of Director**

1. Any nomination of a candidate for Director shall be made, and the relevant documents shall be submitted, to the Nomination Committee. The Nomination Committee shall meanwhile identify candidates for Directors among staff of the Company and subsidiaries (associated companies) as well as in the human resource market.
2. The Nomination Committee shall convene a meeting to review the qualifications of nominated candidates and candidates identified by the Nomination Committee. Qualified candidates list shall be submitted to the Board of Directors by the Nomination Committee.
3. The Board of Directors of the Company shall convene a meeting to finalize the list of candidates for Directors based on the list submitted by the Nomination Committee and table the said list as a proposal for consideration and approval by shareholders by way of ordinary resolution at the Company's relevant general meetings.
4. The candidates for Directors as finalized shall provide an undertaking in writing to accept the nomination, warrant that the information provided is true and complete and undertake that they will discharge their duties as Directors upon election within a period of not less than seven days commencing the day no earlier than immediately following the despatch of the notice of the meeting appointed for such election and ending no later than seven days before the date of such general meeting.
5. The Company will enter into service contracts with the elected Directors upon their election, when the proposal of the candidates for Directors been considered and approved by shareholders by way of ordinary resolution at the Company's general meeting.

### **The Election of Chairman and Vice Chairman**

According to Article 159 of the Articles of Association, the Company shall establish a Board of Directors. The Board of Directors shall consist of fourteen Directors, including one Chairman, two Vice Chairmen and five Independent Directors. According to Article 143 of the Articles of Association, the Chairman and Vice Chairman shall be elected and removed by a simple majority vote of all members of the Board of Directors. The Chairman must be elected from directors or members of the senior management of the Company who have served for three years or more.

### **Note:**

According to the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, the Company shall submit the relevant information (including but not limited to the declarations of the nominators and candidates, the biographies of the Independent Directors) of the candidates for Independent Directors to the Shenzhen Stock Exchange for record when the Company publishes the notice of general meeting in respect of the proposed election of such Independent Directors.

### **III. Term of office**

According to Article 143 of the Articles of Association, the term of office of each Director shall not be more than three years commencing from the date on which the resolution related thereto is adopted at a general meeting of shareholders and ending on the expiration of the term of the then Board of Directors. The term of office for a Director is renewable upon re-election.

According to Article 143 of the Articles of Association, each term of office of the Independent Directors shall be the same as those of the other Directors. The term of an Independent Director may be renewed upon re-election and re-appointment after the expiration of his term, provided the renewal period shall not exceed six years.

### **IV. Removal**

According to Article 143 of the Articles, a Director whose term of office has not expired may be removed by way of an ordinary resolution, provided that a general meeting is conducted in accordance with the relevant laws, administrative regulations and related provisions stipulated in the Articles of Association.

According to Article 154 of the Articles, an Independent Director shall not be removed, without cause, from his office before the expiration of his term of office. Where an Independent Director is removed from office prior to its expiration, the Company shall make special disclosure in relation thereto. The removed Independent Director may make a public statement if he believes that he has been improperly removed from his office.

Shenzhen, PRC      28 February 2012

## **Annex 1**

**Article 78** Whenever the Company convenes a general meeting of shareholders, the Board of Directors, the Supervisory Committee and shareholder(s) alone or in aggregate holding 3% or more of the total number of the Company's shares shall have the right to propose motions to the Company.

Shareholder(s) alone or in aggregate holding 3% or more of the total number of the Company's shares shall have the right to propose an extempore motion ten days prior to the general meeting by furnishing the same to the convener in writing. The convener shall issue a supplemental notice of general meeting within two days after receiving the proposed motion to make public the contents of the extempore motion.

Save as provided above, the convener shall not amend motions stated in or add new motions to the notice of general meeting after the same has been issued and announced.

No voting or resolution shall be effected or adopted at the general meeting for motions that have not been stated in the notice of general meeting or that do not comply with Article 77 of the Articles of Association.

**Article 143** The term of office of each director shall not be more than three years commencing from the date on which the resolution related thereto is adopted at a general meeting of shareholders and ending on the expiration of the term of the then Board of Directors. The term of office for a director is renewable upon re-election.

The Chairman and Vice Chairmen shall be elected and removed by a simple majority vote of all members of the Board of Directors. The Chairman must be elected from directors or members of the senior officers of the Company who have served for three years or more. The term of office of the Chairman and Vice Chairmen shall not be more than three years, which is renewable upon re-election.

The directors shall be elected by the general meeting. A written notice of the reason to propose a person for election as a director and a written notice by that person indicating his acceptance of such nomination shall be delivered to the Company within a period of not less than seven days commencing no earlier than the day immediately following the despatch of the notice of the meeting appointed for such election and ending no later than seven days before the date of such general meeting.

The election of the directors is based on a cumulative voting system. During the

election, shareholders attending the general meeting may vote for a number of director's candidates by each share held by them, that is, the total number of votes cast by shareholders attending the general meeting shall be the number of shares held times the number of director's candidates. Each shareholder may cast all his votes to a single candidate or spread his votes among different candidates, provided that the cumulative votes cast shall not exceed the total number of votes held by that shareholder. The directors shall be elected according to the number of votes cast for them. The number of votes obtained by the director's candidates shall exceed half of the voting rights represented by the persons attending the general meeting.

A director whose term of office has not expired may be removed by way of an ordinary resolution, provided that a general meeting is conducted in accordance with the relevant laws, administrative regulations and related provisions stipulated in the Articles of Association (and without prejudice to any claim for damages under any contract).

The term of office of a director shall commence from the date on which resolution of the general meeting is adopted and end on the expiration of the term of the then Board of Directors.

Upon election of directors, the Company shall promptly enter into engagement contracts with the elected directors in which details relating to the rights and obligations between the Company and the directors, the directors' term of office, liability of the directors for breaching the laws and regulations as well as the Articles of Association together with compensation arising out of an early termination of such engagement contracts by the Company shall be clearly specified pursuant to the laws and regulations as well as the Articles of Association.