



Digital China Holdings Limited

Procedures for shareholders to propose a person for election as director

The board of directors (the “**Board**”) of Digital China Holdings Limited (the “**Company**”) will consider candidates nominated by shareholders of the Company (“**Shareholders**”) to be directors of the Company.

1. General Criteria

- 1.1. A Shareholder who wishes to nominate a candidate to be a director of the Company shall specify in the relevant notice of nomination, among other things, of his preference as to whether the candidate should assume an executive or a non-executive role in the Board. Details of the notice of nomination are set out in paragraph 2.2 and 2.3 below.
- 1.2. Prior to the submission of the relevant notice of nomination to the Company, a Shareholder shall reasonably believe that such candidate has the character, experience and integrity and is able to demonstrate a standard of competence commensurate with the position as a director of the Company. Pursuant to the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), every director must, in the performance of his duties as a director:
 - a) act honestly and in good faith in the interest of the Company as a whole;
 - b) act for proper purpose;
 - c) be answerable to the Company for the application or misapplication of its assets;
 - d) avoid actual and potential conflicts of interest and duty;
 - e) disclose fully and fairly his interests in contracts with the Company; and
 - f) apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding his office within the Company.
- 1.3. In the event of a candidate is nominated to be an independent non-executive director, his independence will be assessed based on the factors set out in Rule 3.13 of the Listing Rules.

2. Notice of Nomination

2.1. Any Shareholder who wishes to propose a candidate to the Board to be considered for nomination as a director for election at the general meeting should notify the Company in writing by notice delivered to the attention of the Company Secretary at Suite 2008, Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. Submission may be made by personal delivery, by mail or email (terencewong@hk.digitalchina.com).

2.2. Each notice of nomination should include, as to each candidate:

- a) the name, age, business address and if known, residence address of the candidate;
- b) a complete biographical information for the candidate with details required by Rule 13.51(2) of the Listing Rules, including but not limited to:
 - (i) experience including (i) other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas; and (ii) other major appointments and professional qualification;
 - (ii) position held within the Company or its subsidiaries and length of such service, if any;
 - (iii) relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries; and
 - (iv) interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinances of Hong Kong;
- c) a written description of the candidate's qualification as a director;
- d) any other information as may be reasonably necessary to determine whether the candidate is qualified to serve on the Board; and
- e) a written statement signed by the candidate consenting that the candidate wishes to be considered for nomination to the Board and to serve as a director if elected.

2.3. Each notice of nomination should also include the following information, as to the Shareholder making the recommendation:

- a) the name and address of such Shareholder, as shown on the share register of the Company or other evidence showing that he/she is a Shareholder;
- b) the class and number of shares of the Company that are beneficially owned by such Shareholder and the time period such shares have been held as at the date of the written recommendation; and
- c) a written statement from such Shareholder making the recommendation stating (i) whether the candidate shall assume an executive or non-executive role in the Board; (ii) the reasons for the recommendation of the nomination; and (iii) the reasons for which the Shareholder believes the candidate should be able to fulfill the duties of a director.

2.4. The Company may require any candidate to furnish such other information as may reasonably be required to determine the eligibility of the candidate to serve as director. The Company may also require the candidate to be interviewed by the Board if the Board chooses to do so in its discretion.

3. Director nomination period

3.1 Director nomination period is scheduled during January to February each year. Notice of nomination and all the required documents must be received by the Company within such nomination period.

4. Evaluation and Board's approval

4.1. Once the Board receives the nomination of a candidate properly recommended by the Shareholders, such candidate shall be evaluated and if appropriate may be considered by the Board according to the procedures set out in this Policy. Acceptance of a recommendation for consideration by the Board does not imply that the Board will nominate the candidate recommended by the Shareholders.

- 4.2. The Board will evaluate the candidate and determine whether the Board should nominate the candidate for election by Shareholders at a general meeting. The Board shall evaluate a candidate recommended by a Shareholder in the same manner as a potential candidate suggested by Board members.
- 4.3. If the Board resolves that the candidate shall be nominated as a director of the Company subject to the approval of Shareholders, the Board may put forward such resolutions to the Shareholders for approval at the next annual general meeting or at an extraordinary general meeting to be convened by the Board, as appropriate.
- 4.4. If the Board resolves that the candidate shall not be nominated as a director of the Company subject to the approval of Shareholders at the upcoming general meeting, the Company shall inform the relevant Shareholder in writing of such decision by the Board (as the case may be).

This Policy shall be placed on the Company's website and the Company reserves the right to modify the procedures as set out in this Policy from time to time (as appropriate) and consistent with the requirement of applicable laws, rules and regulations.

The policy was first approved and adopted on 1 April 2012 with the last revision approved and re-adopted pursuant to a resolution passed by the Board on 29 March 2017 and with effective same day.