

*Approved by
The Sole Shareholder's Decision
15 July 2016*

Joint Stock Company

“SILKNET”

CHARTER

(New Version)

Tbilisi

2016

Article 1. General Provisions

- 1.1. Organizational legal form of the company is a “Joint Stock Company” (the “**Company**”) with business name in Georgian : სს „სილქნეტი“; in English - JSC “Silknet”.
- 1.2. The Company is established to operate on unlimited term.
- 1.3. The Company has a full economical independence to carry out business activity permitted by the Georgian legislation.
- 1.4. The Company is liable to the creditors by all its property. The Shareholders are not liable to the creditors of the Company.
- 1.5. The legal address of the Company is: 95 Tsinamszgvishvili Tbilisi, Georgia.
- 1.6. The Fiscal Year of the Company is a calendar year, which starts on January 1 of each year and ends on December 31 of the same year.
- 1.7. The Company’s activities comprise of:
 - 1.7.1. Provision various electronic communication services to the clients;
 - 1.7.2. Provision of the technical and commercial operation of the communication networks, owned by itself and ensures their reliable and qualitative functioning;
 - 1.7.3. In case of necessity, performs the appropriate activities for mobilization and other special tasks, that are defined by the Government Bodies;
 - 1.7.4. The types of activity, which requires the licenses/permissions to be obtained, the Company performs after obtaining of such licenses/permissions.
 - 1.7.5. Any other activity for profit that is not prohibited by the Georgian legislation.

Article 2. Legal Status of Company

- 2.1 The Company is a legal entity established in accordance with the Georgian legislation; The legal status of the Company is defined by the Georgian legislation and this Charter.
- 2.2 The Company owns, uses and manages its property at its sole discretion.
- 2.3 The Company is entitled: to enter into any agreement; to acquire property and personal non-property rights, to assume liabilities. The Company represents itself at any court or arbitration as a plaintiff or a defendant.
- 2.4 The Company has its independent balance and is entitled to open bank accounts in Georgian and foreign banks, including in foreign currencies; It has a seal, letterhead and other attributes.

Article 3. Capital of the Company, Shares and its distribution

- 3.1. The capital of the Company constitutes of 68 171 901 (seventy-eight million one hundred seventy-one thousand nine hundred and one) Georgian Lari.
- 3.2. The capital of the Company is divided into 68 171 901 (seventy-eight r million one hundred seventy-one thousand nine hundred and one) ordinary shares. The nominal value of each share is 1 (one) Georgian Lari.

Article 4. Dividend Distribution, Restricted Payments and Permitted Indebtedness

- 4.1. Participation of the shareholder in profit of the Company is determined according to the nominal value of its share taking into consideration privileges, if any.
- 4.2. No remuneration is allowed to be paid to the shareholders but the dividends from the Company. In case of violation of this rule the shareholder obtained such remuneration is obliged to return it or indemnify a material damage incurred through monetary method. The Director General and the Supervisory Board of the company, in case such principle is violated, are to bear responsibilities against the company jointly. The general meeting is not entitled to abolish this right.
- 4.3. The Company is not permitted to enter into or permit to exist any transaction or a series of related transactions with, or for the benefit of, any related party to the shareholder (the list to be disclosed by the shareholder) (an “**Related Party Transaction**”) unless:
 - 4.3.1. the terms of the Related Party Transaction are no less favorable than those that could be obtained at the time of the Related Party Transaction in arm’s length dealings with a person who is not a Related Party;
 - 4.3.2. if such Related Party Transaction involves an amount in excess of GEL1,000,000.00 [either in one transaction or cumulative in a series of similar transactions within 1 calendar year] the terms of the Related Party Transaction are set forth in writing and a majority of the Supervisory Board of the Company have approved the relevant Related Party Transaction as evidenced by a resolution of the Supervisory Board;
 - 4.3.3. if such Related Party Transaction involves an amount in excess of GEL5,000,000.00 [either in one transaction or cumulative in a series of similar transactions within 1 calendar year] the Supervisory Board shall also have received a written opinion from an independent qualified party to the effect that such Related Party Transaction is fair, from a financial standpoint, to the Company or is not less favorable to the Company than could reasonably be expected to be obtained at the time in an arm’s length transaction with a person who was not a Related Party.
 - 4.3.4. For the purposes of this Charter, “no less favorable” shall mean: (i) in case of purchase of services/goods, the price of the Related Party Transaction is not more than that offered by the unrelated party and the quality is not less than that provided by the unrelated party; and (ii) in case of sale of services/goods, the price of the Related Party Transaction corresponds to the market price and the quality corresponds to the quality of the same services/goods provided to unrelated party.
- 4.4. Dividend should be distributed from the retained earnings of the company (defined as accumulated consolidated net income for the previous two fiscal years). Sum of dividends declared during any fiscal year should not exceed 70% of accumulated audited consolidated net income for the previous two fiscal years less any dividends paid during the previous two fiscal years. Dividend paid during any full or partial fiscal year (the current period) should not exceed the sum of Net Operating Cash Flow less Debt Service (Interest + Principal) for the same current period less average monthly maintenance Capex of the previous fiscal year multiplied by number of months in the current period. Dividends should not be paid using cash flow generated from financing activities and more specifically from raising loans.

- 4.5. The Company is restricted to make any payment to the Shareholder from the funds received from the issuance or sale of its capital stock (other than disqualified stock) or of subordinated shareholder debt.
- 4.6. The Company shall be permitted to have the following indebtedness:
 - 4.6.1. Indebtedness incurred to finance or facilitate the performance of the Business incurred and outstanding on or prior to the date hereof (the “Existing Indebtedness”);
 - 4.6.2. Indebtedness arising from the ordinary course of business operation;
 - 4.6.3. Project Finance Indebtedness;
 - 4.6.4. Indebtedness incurred to refinance any Existing Indebtedness;
 - 4.6.5. Indebtedness incurred by way of a loan from a shareholder of the Company.

Article 5. Rights of Shareholders

- 5.1. Generally, the shareholders exercise their rights (voting authority, rights to receive information, rights for supervision, rights to convene extraordinary meeting of shareholders, rights to appeal decision of the general meeting) at the general meeting.
- 5.2. The shareholder is entitled to exercise its own voting rights at its own interest except for the cases when the decision is related to the execution of the agreement with such shareholder or approval of its report.
- 5.3. The shareholders are entitled to request clarifications from the Director General or the Supervisory Board on each issue of the Agenda of the General Meeting and express their own opinions. If such request is made in writing 10 days before the general meeting, the issue shall be discussed at the meeting. Refusal on the delivery of information is only permitted due to the material interests of the Company and shall be well founded in writing.
- 5.4. The shareholders of 5 (five) percent of the capital of the Company are entitled to request special check of business activities or the annual balance if they deem the violation occurred.

Article 6. General Meeting of Shareholders, Convention and Decision Making Procedures

- 6.1. Regular annual meeting of the shareholders is to be held within two months after the annual balance is made. The annual results and other issues are discussed at the meeting. For all other cases the extraordinary meeting of shareholders is convened by request of the Director General, Supervisory Board or the shareholders of 5% of the capital of the Company. The supervisory Board determines the registration date of the general meeting that should not be earlier than 45 days before the convention of the meeting and later than the announcement date of such convention. The shareholders possessing shares at the registration date are entitled to participate in the general meeting.
- 6.2. The general meeting is convened at the legal address of the Company or any other places on the territory of Georgia within twenty days from the announcement in official press or from the delivery of notices to the shareholders. The agenda of the general meeting shall be declared together with the announcement.

- 6.3. The general meeting is chaired by the Chairman of the Supervisory Board or in case of its absence, by the deputy chairman of the supervisory board or the Director General.
- 6.4. The general meeting is authorized to make decisions if shareholders owning more than 50% of the ordinary shares in the capital of the Company are present. If the quorum is not established the second shareholders meeting with the same agenda is convened. Such meeting is authorized to make decisions if shareholders owning more than 25% ordinary shares in the capital of the Company is present. If the quorum is not established, a new shareholders meeting is convened according to the procedures and such meeting is authorized to make decisions regardless the percentage of shareholders present.
- 6.5. All decisions are made by more than 50% of the votes of the shareholders represented at the meeting.
- 6.6. If one shareholder owns more than 75% of the ordinary shares in the capital of the Company, such shareholder is entitled to make decisions without convening shareholders meeting. In this case other shareholders are notified on the decision made. If the number of shares mentioned in this clause is owned by more than 1 (one) shareholder, convention of general meeting of shareholders is mandatory.
- 6.7. 1 (one) ordinary share entitles 1 (one) vote at the general meeting of shareholders. Preference share does not constitute voting rights.

Article 7. Authority of the General Meeting of Shareholders

- 7.1. The general meeting is authorized to:
 - 7.1.1. Adopt a new charter, amend the charter, including, the Company's capital and business name;
 - 7.1.2. In accordance with the rules under this charter, accept or decline a proposal of the Supervisory Board or the Director General on the use of profit or, in case of lack of such proposal, make a decision on the use of net profit;
 - 7.1.3. Elect representatives of the shareholders in the Supervisory Board or dismiss them;
 - 7.1.4. Approve the report of the Director General and the Supervisory Board;
 - 7.1.5. Make a decision on the remuneration of the members of the Supervisory Board;
 - 7.1.6. Appoint the auditor;
 - 7.1.7. Decide on participation in court proceeding against the Supervisory Board members and the Director General including appointment of representative for such proceeding.

Article 8. Supervisory Board

- 8.1. The Supervisory Board ensures supervision on the Company's activities.
- 8.2. The Supervisory Board consists of not less than 3 (three) and not more than 21 (twenty-one) members. Supervisory Board member may be the Director General of the Company. The Supervisory Board is authorized to make decisions if more than half of its members are represented at the meeting.

- 8.3. Each member of the Supervisory Board is elected by the general meeting for a period of 5 years however its authority is extended until the upcoming general meeting is convened. Any member of the supervisory board may be dismissed by the general meeting any time before its term has expired. Each member of the Supervisory Board is entitled to resign at any time. If more than 6 (six) month has expired before appointment of a new member, the court of relevant jurisdiction is entitled to appoint a new member by the request of the Supervisory Board or the Director General.
- 8.4. The Supervisory Board makes decisions by the majority of the members of the Supervisory Board represented at the meeting. Each member has 1 (one) vote.
- 8.5. General meeting of shareholders is authorized to define salaries for the members of the Supervisory Board.
- 8.6. The Supervisory Board elects the chairman and deputy chairman from its members by a majority of votes of all members of the Supervisory Board.
- 8.7. The chairman of the Supervisory Board (or its deputy in case of the absence of the chairman or by its directive) convenes meetings of the Supervisory Board and defines its agenda.
- 8.8. The minutes of the meeting of the Supervisory Board are executed by the chairman or by the deputy chairman by the authorization of the chairman.
- 8.9. The meetings of the Supervisory Board are held in accordance with Georgian legislation
- 8.10. The members of the Supervisory Board are authorized to vote on the decisions of the meeting of the Supervisory Board by any means of communication (e-mail, fax or telephone conference, etc.). In such case, convention of the meeting of the Supervisory Board is not necessary and it shall be deemed that such meeting has been held.

Article 9. Competence and Objectives of the Supervisory Board

- 9.1. The Supervisory Board supervises the activities of the Director General.
- 9.2. The Supervisory Board is entitled to request a report on the company's activities at any time from the Director General.
- 9.3. The Supervisory Board is authorized to control and inspect the books of the Company as well as assets, cash desk and securities of the Company personally or through experts.
- 9.4. The Supervisory Board convenes the general meeting of shareholders in case of necessity.
- 9.5. The Supervisory Board inspects the annual reports, proposal on profit distribution and reports to the general meeting.
- 9.6. The Supervisory Board appoints and dismisses the Director General; enters into the employment contract with the Director General or terminates it.
- 9.7. The Supervisory Board is entitled to represent the Company (i) in case of the deals with the Director General; (ii) in case of the disputes against the Director General by the resolution of the shareholders meeting or without such resolution.
- 9.8. The Company is authorized to perform the following activities only by approval of the Supervisory Board:
 - 9.8.1. Purchase and sale of more than 50% of shares in the enterprises;

- 9.8.2. Foundation and liquidation of subsidiaries and affiliates of the company;
- 9.8.3. Adoption of annual budgets and long-term liabilities;
- 9.8.4. Taking loans and credits exceeding the limits determined by the Supervisory Board;
- 9.8.5. Securing of loans and credits beyond the ordinary course of business. Such security for the benefit of the members of the Supervisory Board and the Director General is prohibited;
- 9.8.6. Commencement of a new type of activity or termination of the existing one;
- 9.8.7. Determination of general principles of business policy;
- 9.8.8. Appointment and dismissal of trade representatives (proxies);
- 9.8.9. Permission on the trade with the shares and other securities of the Company at the stock exchange;
- 9.8.10. Determination of participation of management in profits and similar relationships, principles of their pension which shall be submitted to the general meeting of the shareholders for approval;
- 9.8.11. Purchase or sale (or interrelated transactions) of the Company's assets a value of which exceeds the threshold approved by the Supervisory Board;
- 9.8.12. Purchase or sale (or interrelated transactions) or encumbering of the Company's assets a value of which exceeds 50% of the value of Company's assets;
- 9.8.13. Decisions related to the reorganization of the Company;
- 9.8.14. Determining, increasing or decreasing of the capitals of the subsidiary companies;
- 9.8.15. Decisions on issues which are not directly within the competence of the Director General and General Meeting in accordance with the laws of Georgia and/or this charter.

Article 10. Management and Representatives of the Company

- 10.1. The Director General is responsible to manage and represent the Company to third persons.
- 10.2. Director General is responsible for the management of the Company and due performance of its duties.
- 10.3. The Supervisory Board appoints the Director General by majority of votes represented.
- 10.4. The authority of the Director General is defined by the laws of Georgia, this charter, internal regulations adopted by the Supervisory Board and its employment contract.
- 10.5. The Director General represents the Company to third parties.
- 10.6. The Director General should fulfill its duties diligently and in good faith. The responsibilities of the Director General are defined under the Georgian legislation.
- 10.7. The Director General prepares the annual report and a proposal for profit distribution in accordance with this charter.
- 10.8. The General Director is responsible for validity of annual report.

Article 11. Liquidation

The decision on the liquidation of the Company is made by the general meeting of shareholders in accordance with Georgian legislation.

Article 12. Other Provisions

- 12.1. If any of provisions of present charter is considered void this does not affect the validity of the whole charter.
- 12.2. The Charter is drawn up in 7 (seven) equal copies in Georgian and English languages. In case of discrepancy between Georgian and English versions, the Georgian version of the Charter shall prevail.
- 12.3. This version of the Charter enters into force after its execution and due registration in the relevant unit of the Public Registry.

Sole Shareholder of the JSC "Silknet"

Rhinestream Holdings Limited
Authorized signatory: Vasil Kenkishvili