



**DANUBIUS HOTELS  
GROUP**

# **Articles of Association of Danubius Hotels Nyrt.**

26<sup>th</sup> April 2007

## ARTICLES OF ASSOCIATION

The text of the Statutes of Association of Danubius Hotel and Spa Public Limited Company (hereafter: Company), prepared pursuant to Act IV. of the Joint Regulations on Business Associations (Gt.) adopted by resolution no. 8 at the General Meeting held on 26<sup>th</sup> April 2007:

### I. Firm name, seat, type of operation of the company

#### 1.1. Firm name of the company:

**Firm name of the company in Hungarian:**

Danubius Szálloda és Gyógyüdülő Nyilvánosan Működő Részvénytársaság

**Firm name of the company in English:**

Danubius Hotel and Spa Public Limited Company

**Firm name of the company in German:**

Danubius Hotel und Kurhotel Offene Aktiengesellschaft

**Abbreviated name of the company:**

Danubius Hotels Nyrt.

#### 1.2. Registered seat of the company:

1051 Budapest, Szent István tér 11.

#### 1.3. Registered locations of the company:

Danubius Information Office  
1052 Budapest, Szervita tér 8.

1.4. Based on Paragraph (1) of Section 172 of the Gt. the company operates as a public company.

### II. Duration of the company, scope of activities

2.1. The company was established for an indefinite period of time. The company was founded as the general legal successor of Danubius Szálloda és Gyógyüdülő Vállalat on 31 July 1991.

2.2. According to the object clause in effect from 1 January 2003 the scope of activities of the company is:

5510'03 Hotel services (main activity)  
5523'03 Providing other commercial accommodation  
5530'03 Restaurant and confectionery catering  
5540'03 Other public sales catering  
5551'03 Operating staff canteen  
6330'03 Organisation of travels  
6713'03 Other financial services not classified otherwise  
7020'03 Property rent, management  
7210'03 Hardware advising  
7230'03 Data processing  
7260'03 Other activities related to information technology  
7412'03 Other accounting activities  
7414'03 Management consulting  
7487'03 Other economic services not classified otherwise  
8512'03 Out-patient service

8514'03 Other human medical services  
9261'03 Operating of sports grounds, stadiums  
9262'03 Other sports activities  
9272'03 Other free-time activities not classified otherwise

### **III. Registered Capital of the Company, Shares**

- 3.1. The registered capital of the company is HUF 8,285,437,000 (in letters: HUF eight billion two hundred and eighty five million - four hundred and thirty seven thousand) which consist of 8,285,437 pieces of registered, dematerialised ordinary shares with the identical face value of HUF 1,000 embodying identical rights. The share capital of the company is exclusively made up of cash contributions, which was entirely placed at the disposal of the company.
- 3.2. The shares are securities embodying membership rights. Shares of the company may exclusively be produced as dematerialised shares, on which data stipulated by the Gt. and related legal regulations have to be shown.
- 3.3. Pursuant to the regulations of the Act CXX of 2001 (hereafter as Tpt.) the issuer of dematerialised shares shall attach a single written instrument – that does not qualify as a financial instrument – with each security that is to contain:
- a/all material particulars of the security as is prescribed by law, with the exception of the name of its holder,
  - b/ the instruction for issue,
  - c/ the aggregate face value of the entire series in issue,
  - d/ the number and face value of securities issued,
  - e/the authorised signatures of two members of the Board of Directors of the company.
- 3.4. The company places the document issued based on item 3.2. in the Central Clearing House and simultaneously commissions the Clearing House to produce the security.

### **IV. Register of Shareholders**

- 4.1. The board of directors shall keep a register of the shareholders, including holders of interim shares, holding registered shares or their proxies in which the following shall be recorded: the name (company), and address (registered seat) of the shareholder or its proxy or the joint representative in case of jointly owned shares, the number of shares and interim shares by series of shares, (the degree of its ownership share) as well as any other data specified by law or articles of association of the company. Deleted data of the Register of Shareholders have to remain determinable.

The board of directors may commission the services of a clearing-house, central depository, investment firm or financial institution for keeping the register of shareholders. A notice on the outsourcing of these activities and the name of the service provider shall be published in the Company Gazett, the papers and the home page of the company.

- 4.2. When the acquisition of shares in the company is subject to approval by the authorities, the proxy must be recorded in the share register exclusively together with the shareholder or with the owner (ultimate beneficiary) of secondary securities issued on the shares of the company.
- 4.3. Persons may not be entered into the register of shareholders who so requested, or who have acquired their shares in violation of the regulations on the transfer of shares set forth by law or the articles of association.
- 4.4. Registration into the register of shareholders shall not be denied – with exceptions set forth in item 4.3. – if the share transfer took place in line with the regulations of the law.

### **V. Rights and obligations of the shareholder, the transfer of the shares**

- 5.1. In line with the conditions set forth in the Gt., the Tpt. and the present Articles shareholders shall have

#### 5.1.1. the right to

- a/ participate, to request information, to make remarks and proposals at the general meeting and if holding shares with voting rights, to vote
- b/ exercise any rights in possession of the ownership certificate issued by the security account keeper,
- c/ receive a share (dividend) from the company's taxed profit of the year under review ordered to be distributed by the General Meeting established in accordance with the Accounting Act – with the exception of capital decrease - and from the taxed profit supplemented by available profit reserves in the percentage consistent to the face value of their shares,
- d/ transfer their shares,
- e/ receive a share in proportion to the face value of their shares from the assets remaining after settlement of all debts in the event of termination of the company without legal successor, unless otherwise provided by law,
- f/ exercise minority rights for shareholders representing at least five percent of the votes,
- g/ an access to the register of shareholders and to request a copy of a part related to them from the Board of directors or its representative, which the keeper of the register of the shareholders is obliged to provide within five days.

#### 5.1.2. the obligation to

- a/ pay the entire face value of their shares and the issue value and provide contribution in kind,
- b/ notify the Hungarian Banking and Capital Market Supervision and the Board of directors about the acquisition of influencing interest in line with the Tpt. and the decrease of its degree,

#### 5.2. Own shares

The company shall not be entitled to subscribe shares of their own issue, the total face value of the shares acquired during its operation and the own shares in its possession cannot exceed jointly ten percent of the capital at the same time. Voting rights shall not be attached to the own shares acquired by the company, and such shares shall not count for the purpose of a quorum or in connection with pre-emptive subscription rights.

#### 5.3. The transfer of the shares

- 5.3.1. Purchase and transfer of the dematerialised share is to take place exclusively through debit and credit on the securities account, according to the Tpt and legal stipulations related to securities accounts.
- 5.3.2. The person is to be considered owner of the share – unless otherwise proved – on the account of whom the share is registered.
- 5.3.3. The transfer of the registered share is only valid and the shareholders rights can only be exercised vis-a-vis the company if the shareholder (or proxy) has been previously entered into the register of shareholders.
- 5.3.4. In the event if the extent of acquisition of participating interest reaches 5 (five) percent in the company determined by the Tpt., the shareholder shall notify the Hungarian Banking and Capital Market Supervision and the Board of directors within 2 (two) calendar days and initiate the publication of the announcement without delay. The shareholder has the same announcement and publication obligations in all subsequent share acquisitions in 5 (five) percent stages (10, 15, 20 % etc.)  
Any acquisition of participating interest above fifty percent shall be notified and published only when the extent reaches 75% - 80% - 85% and 90% and upon any additional increase of 1% thereafter.
- 5.3.5 The above written regulations for announcement and publication also apply if the shareholders influence reduces to the extent set in item 5.3.4.
- 5.3.6 In determining the extent of interest, direct and indirect control, the interest held by persons acting in concert and the interest of close relatives shall be applied concurrently.

Where a participating interest is acquired by persons acting in concert, the obligation of notification and publication applies to all parties concerned.

## **VI. General Meeting**

6.1. The general meeting is the supreme body of the company limited by shares, which consists of all shareholders.

6.2. The types of general meeting, the method of convening it and its place:

6.2.1. The general meeting may be convened as an ordinary or extraordinary general meeting.

The general meeting may exclusively be held in a traditional way, holding of a conference general meeting is not allowed by present articles.

The annual general meeting has to be held no later than 30 April every year.

In case of need extraordinary general meeting can be convened any time.

An extraordinary general meeting has to be convened any time if:

- initiated by the board of directors, the supervisory board,
- a request is submitted in writing - indicating the reasons and objectives - to the board of directors by the shareholders representing at least five percentage of the votes,
- the company limited by shares is obliged by the Court of registration,
- the company limited by shares has terminated payments and its assets do not cover the debts,
- the shareholder's equity of the company decreased to two-thirds of the registered capital due to losses,
- the party acquiring participating interest initiates it following the procedure of public purchase offer,
- in any other case stipulated by the Gt.

6.2.2. The Board of directors approves the place of the general meeting.

### **6.3. Convening the general meeting**

6.3.1. The shareholders are invited to the general meeting by means of announcement published at least 30 (thirty) days in advance of the first day of the general meeting in the newspapers set for this purpose.

If an extraordinary general meeting is called in consequence of the shareholders' opinion relating to a public takeover offer for the shares of the company or at the request of the person having acquired participating interest upon the successful conclusion of the public takeover offer, the general meeting shall be convened by way of announcement in the newspapers of the company at least 15 days in advance of the date of the general meeting.

Such announcement shall contain the following:

- the name and registered seat of the company,
- the place and time of the general meeting,
- the procedure of holding the general meeting,
- the agenda of the general meeting
- the conditions for exercising voting rights, as stipulated in the articles of association,
- the place and time of the reconvened general meeting in the event of failure to have quorum

6.3.2. If the general meeting fails to have quorum the reconvened general meeting shall be held after a period of between three – twenty one days have lapsed.

#### 6.4. The quorum of the general meeting

The general meeting has quorum if shareholders or their proxy authorised in a public or private document with full probative force representing more than half of the votes embodied by shares with voting rights are present.

If the general meeting fails to have quorum, the repeated general meeting convened for the date and place designated in the announcement shall have quorum in the issues of the original agenda irrespective of the number of those present.

In issues not included in the published agenda the general meeting may only pass decision if all shareholders are present and consent unanimously to their being put on the agenda.

#### 6.5. The procedure of holding the general meeting, the participation at the general meeting and the extent of voting right.

6.5.1. The chairman of the general meeting is assigned by the board of directors. Followings belong to the scope of task of the chairman of the general meeting:

to examine the voting rights of the participants of the general meeting, to establish if the general meeting has quorum, if it fails to have quorum the chairman postpones the general meeting till the date determined in the announcement made for the general meeting. The chairman shall propose the persons to be assigned chairman of the vote counting committee and the person confirming the minutes, he shall chair the meeting according to the agenda indicated in the announcement, he shall put motion to the vote and set forth the result as well as pass the resolution of the general meeting.

6.5.2. The shareholder may exercise his general meeting rights personally or through a properly authorised representative or a proxy if he has been entered into the share register of the company till the 3<sup>rd</sup> (third) working day prior to the day of the general meeting

There is no need for the shareholder to present the owner's certificate issued – for the practise of the participation rights at the general meeting – by the securities accounts-keeper, the shareholder verification is established by the Tpt.

The company requests Keler Zrt. to establish the shareholders' verification on the 5<sup>th</sup> (fifth) working day - as record date - prior to the general meeting with the aim of establishing the shareholders' or proxy's entitlement.

The keeper of the register of shareholders deletes all data available in the register of shareholders' valid at the time of establishing the shareholders' verification, simultaneously registers all data he gained access to as a result of establishing the shareholders' verification. The keeper of the register of shareholders is obliged to act as all deleted data can be determined.

6.5.3. The shareholder may exercise his general meeting rights personally or through a properly authorised representative or a proxy.

Authorisations for representation may be valid for one general meeting or a fixed period of time not to exceed twelve (12) months. This validity shall cover general meetings re-convened due to lack of a quorum.

Authorisations shall be submitted to the company in the form of an authentic instrument or private document representing conclusive evidence.

6.5.4. Members of the board of directors, executive employees of the company, members of the supervisory board or the auditor may not serve as representatives.

6.5.5. Every share of 1000 forint nominal value entitles to one vote.

6.5.6. Resolutions are passed at the general meeting by casting the votes.

## 6.6. The sphere of authority of the general meeting

### 6.6.1. Issues falling within the exclusive competence of the general meeting:

- a) decisions to approve and modify the articles of association unless stipulated otherwise by the Gt.
- b) decision on changing the form of operation of the Company,
- c) decision on the transformation and termination of the Company without legal successor,
- d) election and removal of members of the board of directors, the supervisory board and the auditor and establishing their remuneration,
- e) approval of the annual report on the balance according to the Accounting Act, including the report on Corporate Governance and the decision on the allocation of profit after tax,
- f) decision to pay interim dividends, if not stipulated otherwise by the Gt.
- g) alteration of the rights attached to various series of shares and the conversion of categories or classes of shares,
- h) decision to issue convertible bonds, or bonds with subscription rights, unless otherwise stipulated by the Gt.
- i) decision to increase the share capital unless otherwise stipulated by the Gt,
- j) decision to decrease the share capital unless otherwise stipulated by the Gt,
- k) decision to abolish pre-emptive subscription right
- l) decision on the authorisation of the board of directors -including conditions- related to the acquisition of own shares excluding the fact if the acquisition of the shares is forced upon the company to avoid facing direct severe damage unless otherwise stipulated by the Gt,
- m) decision on the introduction of the company on the stock exchange or its withdrawal,
- n) decision on taking steps for the disturbance of the procedure of making a public purchase offer (Gt. Section 305)
- o) decision on the acceptance of a public purchase offer made for the own share,
- p) election of the members of the audit board,
- q) decision on all issues that fall into the exclusive competence of the general meeting according to the company act (Gt.) or the articles of association.

6.6.2. The general meeting may only pass a resolution that culminates in the delisting of the equities from the Product List (based on item 6.6.1.m.), including decisions triggering a sanction to remove the security series from the Product List if any investor(s) made a previous commitment to make a bid in respect of the delisting as provided in the regulations of the Budapest Stock Exchange for Listing, Continued Trading and Disclosure.

6.6.3 Where an amendment to the articles is adopted in connection with the implementation of a general meeting resolution to increase or reduce the share capital, the approval of the general meeting for the amendment of the articles shall be considered granted when the resolution to increase or reduce the share capital is adopted.

## 6.7. The voting ratio necessary for passing a resolution

6.7.1. The general meeting passes its resolutions – unless otherwise stipulated by the law or the articles – by a simple majority of votes.

6.7.2. The general meeting passes a resolution in connection with the following issues by at least three/quarter majority of the votes:

- a) establishing and modifying the articles,
- b) modifying the form of operation of the company
- c) decision on the transformation of the company and its termination without legal succession,
- d) changing the rights attached to certain share series and transformation of certain types of shares, classes of shares,
- e) decision on the reduction of the share capital unless – otherwise stipulated by the Gt.
- f) decision for taking measures to intervene in a public takeover bid (Gt. Section 305)

#### 6.8. Attendance sheet, minutes

The shareholders present at the general meeting shall be entered into an attendance sheet which shall contain the name (company) and domicile (registered office) of the shareholder or its representative, the quantity of shares, and the number of the votes he is entitled to and any changes during the general meeting in the persons of those present.

The attendance sheet may be made out mechanically - in the event of vote counting by computer - in which case each and every attendance sheet has to be attached indicating the above data and signed by the share-owner or his representative.

The attendance sheets shall be signed by the chairman of the general meeting and the keeper of the minutes.

6.9. A minutes shall be kept about the general meeting. The minutes contains the name and registered seat of the company, the method, place and time of the general meeting, the name of the chairman, keeper of the minutes, the person confirming the Minutes, the official vote counters, the key events taken place at the general meeting, the proposals made, the draft resolutions, the number of votes cast for and against draft resolutions, and the number of abstentions.

The minutes shall be signed by the keeper of the minutes and the chairman and shall be confirmed by a shareholder being present and elected as the person in charge thereof.

### **VII. The Board of Directors**

#### 7.The executive management

7.1. The executive management body of the company is the board of directors. The management of the company is controlled by one– tier system.

7.1.1. Members of the board are qualified executive officers of the company.  
The members of the board must be natural persons.

The members of the board must discharge their duties relating to the company's internal affairs and its bodies and other officers in person, no representation is allowed.

7.1.2. The members of the board may not serve in this position under contract of employment.

7.1.3. The provisions of this Act relating to company law shall apply in connection with the rights and obligations of the members of the board in this capacity, whereas any matter not regulated as per the above shall be governed by the provisions of the Civil Code relating to personal service contracts.

7.1.4. A senior officer shall become member of the board in another business association pursuing similar major activities to that of the company with previous consent of the board.

#### 7.2. The appointment, remuneration and termination of the mandate of the members of the board of directors

7.2.1. The board of directors consists of maximum eleven (11) and minimum three (3) members. They are elected by the general meeting for the period till the day of annual general meeting to be held in the fifth year from the day of election but no later than the 30<sup>th</sup> day in April of the fifth year.

The appointment to board member enters into effect upon acceptance by the person under review.

The board of directors has presently eleven (11) members:

Sir Bernard Schreier

mother's name:

address:

Katzwiener Anna

18 Lodge Road, St. John's Wood, London, NW8 7JT, GB



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Betegh Sándor mother's name: address:	Béldi Erzsébet 1126 Budapest, Fodor utca 29/A.
John E. Smith mother's name: address:	Sybil Jones 10 Bearswood End Beaconsfield Bucks HP9 2NR, GB
Robert Levy mother's name: address:	Evelyn Goldberg 50/1 Belsize Square London NW3 4HN, GB
dr. Deák Imre mother's name: address:	Gertner Etel 7635 Pécs, Erdész u. 53.
dr. Fluck István mother's name: address:	Kedvessy Hilda 1112 Budapest, Eper u. 20.
Tóbiás János mother's name: address:	Csikai Éva 1136 Budapest, Tátra u. 4.
László József mother's name: address:	Rausch Teréz 1016 Budapest, Naphegy u.33.
Iris Gibbor mother's name: address:	Lily Geckt 5. Hall Road London NW8 9PE GB.
Ing. Lev Novobilsky mother's name: address:	Mary Carrick 35301 Mariánské Lázně, Školní náměstí 581/9 A, CZ
Alexei Schreier mother's name: address:	Anna Plochova Flat 4, 2 Green Street, London, W1K 6RL, GB

7.2.2. The remuneration of members of the board are established by the general meeting.

All certified travelling, accommodation and other charges occurring in connection with the obligations related to this office shall be refunded.

7.2.3. The members of the board can be re-elected and re-called by the general meeting without obligation for justification at any time.

The contract of a member of the board shall terminate:

- a) upon expiration of the term of appointment,
- b) upon removal of the member of board,
- c) upon occurrence of any statutory grounds for disqualification,
- d) upon resignation,
- e) upon death of the member of board,
- f) in any other case specified in another Act.

The members of the board may resign their office any time. However, if so required by any vital interest of the company, such resignation shall only take effect on the sixtieth day after the announcement thereof, unless the general meeting has already provided or could have provided for the election of a new member beforehand.

Until the resignation takes effect, the member of the board shall participate in making any urgent decisions and taking any urgent measures.

### 7.3. Sphere of competence and tasks of the board of directors

The board of directors is the executive organ of the company, it represents the company vis-a-vis third persons as well as before the court and other authorities, it establishes the working organisation of the company, it determines the business activity, authorises the employees of the company for signing in the name of the company and exercises all those rights which do not belong to the exclusive sphere of authority of the general meeting.

The board of directors exercises employer rights vis-a-vis the CEO and deputy CEO-s. Any other employer rights vis-a-vis other employees of the company belong to the authority of the CEO.

The Board of Directors shall elect a chairman and deputy-chairman from among its members.

#### 7.3.1. In addition to the above mentioned following tasks belong to the sphere of competence of the board of directors:

- a) to determine the place and date of the general meeting, and to elect the person of the chairman of the general meeting,
- b) to submit the report prepared based on the Accounting Act and the proposal for the allocation of the profit after tax,
- c) to issue instructions, recommendations relating to objectives of practical business policy and economy,
- d) to conclude, to amend, and to terminate each contract exceeding the value limit of HUF 100,000,000, (in letters: HUF One hundred million),
- e) to decide on the participation in an economic company over the value limit of HUF 50,000,000, (in letters: HUF Fifty million),
- f) to exercise employer's rights vis-a-vis the president, and vice presidents,
- g) to purchase and sell real estates,
- h) to approve the organisational regulations and the rules of procedure,
- i) to authorise entitlement to representation to employees of the company,
- j) to conclude a contract concerning the keeping of the share register,
- k) to take care of the proper keeping of the business books of the company,
- l) to prepare a report relating to the management, the financial situation and the business policy of the company at least once a year for the general meeting and once in three months for the supervisory board,
- m) to meet announcement and extraordinary announcement obligations vis-a-vis the Budapest Stock Exchange and the Hungarian Banking and Capital Market Supervision with the contents set and till the date determined by the provisions of the law,
- n) to announce any modification of data registered into the company registry or any other data subscribed by law to the court of registration,
- o) to purchase or alienate own shares based on the authorisation of the general meeting,
- p) to acquire own shares to avoid any serious damage the company is directly facing.

The board of directors is entitled to acquire own shares exclusively based on the authorisation of the general meeting in case of a public purchase offer made – in line with a separate law - for the shares of the company.

The board of directors publishes major data of the statement prepared based on the Accounting Act, the report of the board of directors and the report of the supervisory board as well as a summary about the proposals of the issues included on the agenda of the general meeting and the proposals for decision at least fifteen days prior to the general meeting, in line with the provisions related to the disclosure of announcements of the company.

### 7.4. The operation of the board of directors

#### 7.4.1. The board of directors shall exercise its rights and perform its duties as an independent body.

The rules of procedure approved by the board of directors shall provide for the division of tasks and competence among the members of the board.

- 7.4.2. The board shall normally have a meeting each month but at least once in a quarter. The board is convened by the chairman in his absence by his deputy.
- 7.4.3. Invitation to the board meeting shall be posted at least eight (8) days prior to the meeting. In special cases the meeting may be convened personally or per telephone.
- 7.4.4. The board of directors has a quorum if more than half of the board members are present. The decisions of the Board are passed by a simple majority vote cast. In the event of tie vote the voice of the chairman shall have a decisive power.
- 7.4.5. Each or any member of the board may participate at the board meeting by way of video-conference system or any other telecommunication system enabling all participants to hear what is said. A board member participating in such a way must be considered present and has the right to vote.
- 7.4.6. The Board may pass its decision also without holding a meeting, if all of its members approve or refuse in writing the motion sent to them.
- 7.4.7. A Minutes has to be kept about all the board meetings including the place and time of the meeting, the names of the participants, the agenda of the meeting, the essence of the debate, the motions tabled, the poll and the possible no votes.
- 7.4.8. The members of the Board are obliged to manage the company with extraordinary diligence as expected from persons bearing such an office, setting priority to the interests of the company.

### **VIII. The Supervisory Board**

#### **8.1. Appointment, remuneration and termination of mandate of members of the supervisory board**

- 8.1. 1. The supervisory board of the company consist of 3-15 persons elected for the period till the day of annual general meeting to be held in the fifth year from the day of election but no later than the 30<sup>th</sup> day in April of the fifth year.

Should the annual average of the number of full-time employees employed at the company exceed two-hundred, the representatives of the employees shall comprise one-third of the members of the supervisory board.

The appointment to supervisory member enters into effect upon acceptance by the person under review. The remuneration of the supervisory members is established by the general meeting.

- 8.1.2. The majority of the members of the supervisory board have to be independent persons. The member of the supervisory board is qualified independent if he has no other legal relationship with the company than the supervisory membership.

Members of the supervisory board:

Antalpéter Tibor  
mother's name:  
address:

Dobai Viktória  
1025 Budapest, Kavics u.11.

Surányi Imréné  
mother's name:  
address:

Montag Irén  
2310 Szigetszentmiklós, Horgász u.2.

Dr. Boér Gábor  
mother's name:  
address:

Veres Rozália  
1025 Budapest, Cseppkő u.36.

Dr. Gálszécsy András

mother's name:

address:

Rozsnyay Olga

1031 Budapest, Rozália u. 35.

8.1.3. The member of the supervisory board can be re-elected and re-called by the general meeting without obligation of justification at any time.

To the appointment and recalling of employee representatives the provisions of the Gt. shall apply.

8.1.4. The appointment of the member of the supervisory board shall terminate if:

The contract of the supervisory board terminates:

- a) upon expiration of the term of appointment,
- b) upon removal of the member of the supervisory board,
- c) upon occurrence of any statutory grounds for disqualification,
- d) upon resignation,
- e) upon death of the member of the supervisory board,
- f) in any other case specified in another Act.

The members of the supervisory board may resign their office any time. However, if so required by any vital interest of the company, such resignation shall only take effect on the sixtieth day after the announcement thereof, unless the general meeting has already provided or could have provided for the election of a new member beforehand.

Until the resignation takes effect, the member of the supervisory board shall participate in making any urgent decisions and taking any urgent measures.

8.2. The sphere of authority and tasks of the supervisory board:

The supervisory board:

- a) may request information from the executive and senior officers of the company which is to be submitted to the board of directors in writing, to which the board is obliged to reply within 15 days of receipt,
- b) reviews all vital business reports included on the agenda of the general meeting and all proposals concerning matters belonging to the extraordinary sphere of authority of the general meeting.  
The general meeting may only pass decision related to the reports according to the Accounting Act and allocation of the profit after tax having received the written report of the supervisory board.
- c) has the books and documents of the company review by an expert if necessary,
- d) if, according to the judgment of the supervisory board the activity of the management is contrary to the law, the article or the resolutions of the general meeting or otherwise infringes upon the interests of the company or its shareholders, calls the extraordinary meeting of the company and proposes its agenda, Members of the supervisory board may attend sessions of the general meetings in an advisory capacity.

8.3. The operation of the Supervisory board

8.3.1. The supervisory board acts as an independent body and elects a chairman from among its members.

The members of the supervisory board shall act in person, representation on the supervisory board is not allowed.

8.3.2. The meeting of the supervisory board is convened by the chairman.

The chairman is obliged to convene the meeting even if a request is submitted to the chairman in writing indicating the reasons and purpose by any member of the supervisory board.

8.3.3. The supervisory board shall establish its rules of procedure by itself, subject to approval by way of a resolution passed by the general meeting.

## **IX. The Audit Committee**

9.1. The general meeting of the company elects an audit committee from three independent persons of the supervisory board for a period equal to the period of the supervisory board membership.

9.2. The task of the audit committee is especially:

- to form an opinion on the annual report prepared according to the Accounting Act,
- to recommend the person and remuneration of the auditor,
- to prepare the contract to be concluded with the auditor,
- to monitor compliance with the qualification requirements and with the regulations on conflict of interest in connection with the auditor,
- to discharge the duties relating to cooperation with the auditor and where necessary tabling recommendations to the supervisory board for taking measures,
- to analyse the financial reporting system and making recommendations when any action is deemed necessary,
- to assist the work of the supervisory board so as to exercise proper control of the financial reporting system.

9.3. The members of the audit committee:

Antalpéter Tibor  
mother's name: Dobai Viktória  
address: 1025 Budapest, Kavics u.11.

Surányi Imréné  
mother's name: Montag Irén  
address: 2310 Szigetszentmiklós, Horgász u.2.

Dr. Gálszécsy András  
mother's name: Rozsnyay Olga  
address: 1031 Budapest, Rozália u. 35.

9.4. The audit committee elects a chairman from among its members.

9.5. The audit committee establishes its rules of procedure on its own, which is approved by the supervisory board.

## **X. The Auditor of the company**

### **10.1. Appointment of the auditor**

10.1.1. The auditor is elected by the general meeting for a period of one (1) business year until the day of the approval of the report prepared in line with the Accounting Act but no later than 30 April.

Simultaneously, the general meeting shall define the contents of the essential elements of the contract to be concluded with the auditor.

10.1.2. Persons included in the register of auditors in accordance with the relevant regulations may be elected as an auditor.

Where the general meeting selects a legal person to audit the company's accounting documents, this legal person shall be required to designate the person, member, executive officer or employee who will be personally responsible for carrying out the audits.

In the event of any extended absence of the designated auditor, a substitute auditor may be appointed.

10.1.3. The auditor may not be founder, shareholder, executive officer, supervisory board member of the company, or their close relative (Section 685 of the Civil Code), domestic spouse, nor an employee of the company during the life of their relationship and three (3) years after termination of such capacity.

10.1.4. An auditor's appointment shall be considered accepted upon the auditor's signature of a personal service contract with the company's management within ninety days of the date of appointment. Failure to sign the contract within the above time limit shall terminate the auditor's appointment, following which the general meeting is to appoint another auditor.

10.2. The present auditor of the company is:

KPMG Hungária Könyvvizsgáló, Adó-és Közgazdasági Tanácsadó Korlátolt Felelőségű Társaság  
1139 Budapest, Váci út 99.  
registration number at chamber: 000202  
Registration number: 01-09-063183

Appointed auditor:  
Szabó Péter (mother's name: Kovács Róza)  
1028 Budapest, Kisasszony u. 9.  
registration number at chamber: 00530

10.3. The sphere of authority and tasks of the auditor

a) The auditor shall be responsible for carrying out the audits of the accounting documents as specified in the Accounting Act, including to determine whether the annual report filed by the company as prescribed in the Accounting Act is in conformity with the legal requirements and whether it provides a true and fair view of the company's assets and liabilities, financial position and profit and loss and report to the general meeting about the above listed. Without listening to the report of the auditor the general meeting may not pass a resolution on the accounting report.

b) With a view to carrying out his duties the auditor may inspect the books of the company, may request information from the executive offers and employees of the company and may examine the bank accounts, client accounts, the accounting system and contracts of the company.

c) If the auditor ascertains or otherwise learns that a considerable decrease in assets of the company is probable or perceives any other issue which entails the liability of the executive officers or supervisory board members as set forth in this Act, he shall request that the general meeting be convened. If the company's general meeting is not convened or the general meeting fails to adopt the decision required by the legal regulations, the auditor shall inform the competent court of registry vested with judicial supervisory competence.

## **XI. Payment of dividend**

11.1. The annual general meeting decides upon the allocation of costs based on the proposal of the board of directors previously approved by the supervisory board.

If based on its decision a payment of dividend shall take place the general meeting shall decide the extent of the dividend to be paid, the record date of the shareholder verification to be prepared for the dividend payment and the starting day of the dividend payment.

11.2. Shareholders' are entitle to dividends who have been registered into the Register of Shareholders on the record date announced by the company for the verification of shareholders and data about them needed for the payment of dividends determined in the legal regulations are available.

11.3. A least 10 working days have to pass between the first appearance of the announcement about the general meeting's resolution on the payment of dividend and the starting day of the dividend payment.

11.4. At least 5 working days have to pass between the date of the general meeting and the record date of the shareholders verification regulated by Keler Zrt. in connection with the payment of dividend.

11.5. Any dividend payable on the company's own shares shall be taken into account as profit reserve.

## **XII. Increase of Registered Capital**

12.1. Registered capital may be increased:

- a) by the issue of new shares,
- b) from the assets not comprising part of the share capital,
- c) by the issue of employees' shares,
- d) by the issue of convertible bonds, as conditional upon the increase of the share capital.

The types and methods of increasing the share capital may be decided on and implemented at the same time.

12.2. The increase of share capital by way of the public issue of new shares may be effected in exchange for cash contributions only.

### 12.3. Sphere of authority issues related to capital increase

12.3.1. The general meeting passes resolution on the increase of capital based on the proposal submitted by the board of directors, or the board of directors based on the authorisation drafted in the general meeting's resolution.

If the general meeting authorises the board of directors to increase the share capital, the amount limit (approved share capital) by which the board of directors is allowed to increase the share capital over a period of max. five years has to be specified in the authorisation.

The authorisation granted by the general meeting relates to all forms and methods of capital increase contained in Subsections (1) and (2) of Section 248 of the Gt.

The authorisation granted to the board of directors for the increase of share capital also constitutes an entitlement and obligation for the board of directors to adopt decisions relating to the increase of share capital, which otherwise fall within the competence of the general meeting by law or according to the articles including the amendment of the articles that becomes necessary upon the increase of share capital.

12.3.2. Where a company has issued shares of different types or classes following is required for the increase of the share capital or the temporary passing over of the sphere of authority related to the increase of capital as a pre-condition for the resolution adopted by the general meeting to take effect: the holders of types or classes of shares which are directly affected by the capital increase, or the holders of shares which are deemed affected by the articles of association, both present at the general meeting, have to also give their separate consent to the increase of share capital or the passing over of the sphere of authority by three-quarter majority, by series of shares. In the course of this, provisions – with the exception of the exclusion of voting rights related to own shares – in connection with the limitation or termination of voting rights attached to the shares may not be applied.

This rule will be applied also in the case of the general meeting's resolution authorising the board of directors for a capital increase.

### 12.4. Preferential right for subscription

Where the share capital is increased by way of a cash infusion, within the company's shareholders first the holders of shares belonging to the same series of issue, and then the holders of convertible bonds and the holders of bonds with subscription rights in tandem shall be granted preferential rights - in this sequence - for the subscription of shares subject to the conditions laid down in the Articles of association.

By publishing an announcement the company shall notify its shareholders and the holders of convertible bonds and bonds with subscription rights concerning their options and the procedure to exercise the preferential right for the subscription of shares, including the face value or issue price of shares which may be acquired, and the first and last days of the period (at least 15 days) during which such right can be exercised.

The company shall also supply information concerning the exercise of preferential subscription rights by electronic means at the request of the shareholder conveyed through electronic mail.

#### 12.5. Private issue of shares

The general meeting may decide to entitle exclusively persons or shareholders set in the resolution of the general meeting concerning the capital increase for registering new shares issued.

If persons or shareholders determined by the general meeting have not registered any shares equalling the registration minimum till the closing day of registration, the capital increase is to be considered abortive.

#### 12.6. Increase of share capital to the burden of its assets other than the share capital

The company may transfer all or part of its assets other than the share capital to increase the share capital, if, according to the balance sheet of the annual report prepared for the previous financial year in line with the Accounting Act or to the interim balance sheet of the current year there are sufficient funds available for the capital increase, and if the company's share capital will not exceed its equity capital adjusted in accordance with the Accounting Act.

The shares embodying the increased share capital shall be conveyed to the company's shareholders free of charge, in proportion to the face value of their shares.

### **XIII. Reduction of share capital**

13.1. The company may reduce the share capital, in the cases defined in this Act reduction of the share capital is mandatory.

Where reduction of the share capital is prescribed mandatory by the Law, the decision for conditional reduction of share capital – depending on the successful completion of the capital reduction procedure – shall be made by the court of registry within 15 days at the company's request.

The board of directors shall inform the shareholders concerning the final court decision no later than the next general meeting.

13.2. Where a company has issued shares of different types or classes following is required for the decrease of the share capital as a pre-condition for the resolution adopted by the general meeting to take effect: the holders of types or classes of shares which are directly affected by the capital decrease, or the holders of shares which are deemed affected by the articles of association, both present at the general meeting, have to also give their separate consent to the decrease of share capital by three-quarter majority, by series of shares. In the course of this, provisions – with the exception of the exclusion of voting rights related to own shares – in connection with the limitation or termination of voting rights attached to the shares may not be applied.

### **XIV. Representation and Procuration**

14.1. Procuration is effected when those authorised for procuration jointly attach their signatures to the pre-written, printed or pre-stamped name of the company.

14.2. Authorised for representation and procuration are:

- a) two members of the Board of Directors jointly,
- b) two employees jointly authorised for procuration by the Board,
- c) one member of the Board of Directors with an employee jointly authorised for procuration.

### **XV. Termination of the company limited by shares**

15.1. The company terminates if:

- a) the general meeting decides on its termination without legal succession,
- b) the general meeting decides on its termination with legal succession (reorganisation),

- c) it is declared terminated by the court of registration due to the reasons determined in the Ctv.,
- d) the court terminates it by way of liquidation.

15.2. The company shall be deemed terminated upon cancellation from the register of companies.

#### **XIV. Miscellaneous provisions**

16.1. The Company shall publish its announcements on the web page [www.bet.hu](http://www.bet.hu) of the Budapest Stock Exchange and among company information on the company's web page [www.danubiushotels.com](http://www.danubiushotels.com). Reference to the announcement papers of the company in present Articles or any other statutes means the web page [www.bet.hu](http://www.bet.hu) of the Budapest Stock Exchange and the company's web page [www.danubiushotels.com](http://www.danubiushotels.com).

16.2. For the issues not regulated in present Article the provisions of Act IV. of 2006 on business associations (Gt.) and Act CXX of 2001 on the capital market (Tpt.) shall apply.

16.3. Should any dispute arise in connection with or out of this Article between the Company and its shareholders or among the shareholders, the parties shall try to settle it in an amicable way. For the event that their efforts fail to bring any positive result, the parties stipulate the exclusive jurisdiction of the Arbitration acting alongside the Hungarian Chamber of Commerce.

Budapest, 26 April 2007

Countersigned by:

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Dr. Mária Szabó Dr. Gerelyes  
company solicitor  
Bp. 26 April 2007