

# RULES

## **PART 2.2 - SWISSCHAM CHINA NATIONAL BYLAWS**

(Swiss Chinese Chamber of Commerce China)

("NATIONAL BYLAWS")

Version of 12 March 2004. Amended on 12 April 2006.

### **ARTICLE I - DEFINITIONS**

For the purpose of these Bylaws and of any Regional Bylaws:

*The Swiss Chinese Chamber of Commerce* (hereinafter referred to as "SwissCham China" or "the Chamber") is the legally established chamber of commerce concerned with Sino-Swiss economic and trade relations in the People's Republic of China ("PRC").

*The Articles of Association* (hereinafter referred to as "the Articles") are the basic rules with regard to the founding and organization of the Chamber as approved on 22 December 2000 by the PRC's Ministry of Civil Affairs. They apply to all Members and Organizations within the Chamber.

*The National Bylaws* are a set of practical regulations and guidelines written in order to clarify the Articles where necessary and to ensure the smooth operation of the Chamber. They apply to all Members and Organizations within the Chamber.

*The National Board of Directors* (hereinafter referred to as "NBoD") is the executive body of the Chamber.

*The National General Assembly* ("National GA" or "NGA") includes all members of the Chamber and is the supreme body of the Chamber. (It is referred to as "General Meeting" in the Articles.)

*Organizations or Chapters* are the regional Organizations within the Chamber.

*The Regional Board of Directors* ("Regional BoD") is the executive body of an Organization. (It is referred to as "Executive Committee" in the Articles.)

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*The Regional Bylaws* is a set of practical regulations and guidelines based on the Articles and the National Bylaws written to ensure the smooth operation of an Organization.

*The Regional General Assembly* ("Regional GA") includes the members of an Organization and is the supreme body of an Organization.

### **ARTICLE II - NAME, SEAL, FORMAL DOCUMENTS**

Section 1. SwissCham China shall have a seal, a reproduction of which is attached (Exhibit 1).

Section 2. The Chamber's structure, proceedings and decisions are established by means of a set of formal documents:

(a) Legal documents (approved by PRC authorities):

(i) Business Licence;

(ii) Articles;

(iii) Chairperson and members of the NBoD;

(b) Formal documents (approved by the Chamber's organs):

(i) National Bylaws approved by the NGA;

(ii) Minutes of the NGA meeting;

(iii) Minutes of the NBoD meetings ;

(iv) Auditors reports;

(v) Acknowledgement of receipt of the Chairperson.

The seal, legal and formal document shall be held by the Chair and be duly handed over to the newly elected Chairperson.

The handover is formalized by an acknowledgement of receipt of the seal and the complete set of formal documents signed by the newly elected Chairperson.

### **ARTICLE III - ORGANIZATIONS**

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Section 1. SwissCham China recognizes the diversity of business activities in China and serves its members locally through its Regional Organizations.

Section 2. Organizations are established upon request of a regional group of SwissCham China Members and by decision of the NBoD. This decision shall be approved by simple majority at the next NGA meeting.

Section 3. Within the framework of the Articles and these Bylaws, Organizations may establish their Regional Bylaws.

These Regional Bylaws' shall be consistent with the Articles and National Bylaws. The NBoD shall confirm such consistency and the NGA shall validate them by simple majority vote.

Section 4. Each Organization contributes an equal amount of money to cover the annual administrative expenses accrued by the Chamber according to the budget approved by the NGA.

Section 5. Bookkeeping is carried out within and by the Organizations. The Organizations shall follow PRC accounting rules and regulations (Chinese GAP), the Articles and the National Bylaws for the financial accounting of their activities.

For consolidation purposes, the Organizations shall establish their financial statements according to the chart of accounts established by the NBoD.

The National Treasurer shall establish or amend the chart of accounts subject to prior consultation with the Treasurer of each Organization.

Section 6. Each Organization shall submit to the NBoD 45 days before the date of the NGA the following documents:

- (i) Report on activities conducted and attended by members of the Organization;
- (ii) explanation of accounts;
- (iii) Assets & Liabilities and Profit & Loss reports;
- (iv) Fixed Assets lists;
- (v) General Ledger;
- (vi) Membership list, including a Membership Fee Paid list to ascertain voting rights;

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(vii) One supporting document for every entry in the General Ledger;

(viii) Budget for the new business year.

### **ARTICLE IV - CO-OPERATION, ASSOCIATES**

Section 1. SwissCham China recognizes the value and importance of close co-operation with the Swiss-Chinese Chamber of Commerce, Zurich, and its regional Organizations in Switzerland.

Section 2. The BoD and the Regional Executive Committees may recognize business associations (“associates”) on a non-member basis when it is deemed appropriate to serve the objectives of SwissCham China.

### **ARTICLE V - MEMBERSHIP**

Section 1. Applicants address the SwissCham China’s application form, a reproduction of which is attached (Exhibit 2), to the respective Regional BoD. Honorary Members shall not be required to make applications.

Section 2. On behalf of the NBoD the Regional BoD shall decide on the admissibility of an applicant to membership or on a change in classification of membership by simple majority.

Members accepted by a Regional BoD that do not qualify for national membership shall be listed as “National Associates” without voting rights

Section 3. An application may be refused without giving any reason, but where an application has been refused, any member in good standing of the respective region may file a motion to admit the applicant at the next Regional GA meeting. Such resolution must be approved by two-thirds of the members present at the meeting.

Section 4. Members have the right to attend all activities of any Organization at Members' conditions.

Section 5. Visiting members of the Swiss-Chinese Chamber of Commerce, Zurich, or of its regional Chapters, have the same rights as members described in section 4, with the exception of voting rights at the National and Regional GA’s.

Individual members of the Swiss-Chinese Chamber of Commerce, Zurich, or of its regional Chapters, taking residence in the PRC and having

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paid their annual fees in Switzerland can enjoy membership status in an Organisation, with the exception of any voting rights until the next Regional General Assembly of such Organisation. This privilege does not apply to corporate members.

Section 6. Members shall pay an annual membership fee to their respective Organization. The annual membership fees of an Organization can vary but shall not exceed the limits of the fee range approved by the NGA. Any change in the amount of the annual membership fee is subject to the amendment rules and procedures set forth in the the applicable Regional Bylaws.

Section 7. In addition to Article 4 Section C of the Articles, Membership terminates in case of non-payment of the membership fees within 6 months after the annual Regional GA meeting. The respective Organization's treasurer shall send out payment reminders at least twice and report the status of unpaid membership fees at every meeting of the Regional BoD.

Section 8. Updated member lists are filed with the Regional BoD and the National BoD.

### ARTICLE VI - BOARD OF DIRECTORS

Section 1. The Organizations shall nominate candidates for the NBoD to the NGA for election.

Section 2. The ~~All~~ Organizations in Beijing and Shanghai shall each be represented by three directors, the Organization in Guangzhou by one ~~an equal number of~~ directors ~~in~~ on the NBoD. All activities, representation, public appearance and use of the title "chairperson (or vice chairperson) of the NBoD of SwissCham China" are mandate-based and subject to prior formal approval by the NBoD.<sup>5</sup>

Section 3. The chairperson of the NBoD shall in principle alternate between nominees of the different Organizations every two years, unless a Regional BoD whose turn it is forfeits its right to nominate its candidate and the Chair is elected with a two-thirds majority by the NGA.

The President of a Regional BoD shall not be nominated for Chair of the NBoD, unless such nomination is confirmed by a two-thirds majority at the NGA.

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<sup>5</sup> Modified by the National General Assembly of 12 April 2006.

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Section 4. The NBoD shall meet at least once every semester during each business year, each time under the auspices of a different Organization, on a rotating basis.

Section 5. In case of negligence of duty, violation of Chinese laws and/or regulations or any other activities detrimental to the SwissCham China and the Swiss Business Community in China, any NBoD member may be dismissed by a vote of dismissal of at least three-quarters of all NBoD members.

### **ARTICLE VII - REGIONAL GENERAL ASSEMBLY AND REGIONAL BOD**

Section 1. Each Regional BoD shall call at least one annual Regional GA meeting to discuss and decide on regional affairs in accordance with its own Bylaws.

Section 2. Each Regional BoD will be elected by its respective regional GA.

Section 3. Each Regional GA shall at least elect a regional President and one or more candidate(s) to the NBoD.

Section 4. An open bidding process, including at least all members, shall be conducted prior to any award of contracts beyond the amount of RMB 50'000.-. The NBoD or the Regional BoD or the committees reporting to the Regional BoD shall approve any such award of contracts.

Regional and NBoD members shall be awarded such contracts only if they are proven to be more competitive than other bidders and after other bidders have been informed of the BoD member bid and had the opportunity to counter-offer.

### **ARTICLE VIII - NATIONAL GENERAL ASSEMBLY**

Section 1. The ordinary NGA meeting of SwissCham China shall take place each time under the auspices of a different Organization, on a rotating basis.

Section 2. A member will have voting rights at the NGA provided:

(a) s/he personally attends the NGA meeting and both of the following cumulative conditions have been met:

(i) The member has been confirmed by the National Board of Director based on the list provided by the Regional BoDs;

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(ii) The member has paid all his dues in full before the NGA meeting for the year the NGA meeting is closing, as evidenced by the Regional Treasurer Accounts, including the Membership Fee Received list.

(b) ~~s/he/he~~He/she<sup>6</sup> appoints a proxy by means of a written and signed original authorization letter to be presented by the proxy at the NGA meeting. Such proxy letter shall specify the nature of the meeting and its date, the member to be represented and the member acting as proxy.

It is the NBoD responsibility to duly establish the representation of members at the NGA meeting and to announce each representation before any voting~~ation~~.<sup>7</sup>

### ARTICLE IX - FINAL PROVISIONS

Section 1. The National Bylaws and any amendment thereto shall only become effective upon approval by a simple majority of the voting Members present or represented at the NGA.

Section 2. These National Bylaws shall come into effect once approved by the SwissCham China NGA held on March 19, 2002.

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<sup>6</sup> Mdified by the National General Assembly of 12 April 2006.

<sup>7</sup> Mdified by the National General Assembly of 12 April 2006.

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