

# **KD Holding Corporation**

## **Rules Governing Procedure for Shareholders' Meetings**

Amended on June 26, 2009

- Article 1 Unless otherwise provided by laws, regulations or Articles of Incorporation , the shareholders' meeting shall be governed by the Rules.
- Article 2 The Company shall prepare an attendance sheet for the attending shareholders or the proxies to sign or the attending shareholders shall hand in an attending card to indicate their presence. The number of the shares present at the shareholders' meeting shall be calculated based on the attendance sheet or the attending cards handed in.
- Article 3 The attendance of and voting at the shareholders' meeting shall be calculated based on shares.
- Article 4 The shareholders' meeting shall be held at the location of the Company or at the location that is convenient for the shareholders to attend and appropriate for convening shareholders' meeting thereat. The time of the meeting shall not be earlier than 9am or later than 3pm.
- Article 5 If the shareholders' meeting is convened by the board of directors, the shareholders' meeting shall be chaired by the chairman. If the chairman is absent or cannot exercise its duties for any reasons, the chairman shall appoint a director to represent him or her at the shareholders' meeting. Where the chairman did not appoint any representative, the directors shall choose a person among them to do so.
- Article 6 The Company may appoint its attorneys, accountants or other related persons to attend the shareholders' meeting as non-voting observers.
- Article 7 The entire proceedings of the shareholders' meeting shall be recorded on audio or video tape. Such audio or video tape shall be kept for at least 1 year.
- Article 8 The chair of the shareholders' meeting shall immediately announce the commencement of the shareholders' meeting when it is time to commence, provided that where shareholders representing more than half of the total issued shares are absent from the shareholders' meeting, the chair may announce the postponement of the shareholders' meeting. However, the shareholders' meeting can only be postponed twice and the total period of postponement cannot exceed one hour. If, after two postponements, the quorum is still not satisfied, but the attending shareholders represent more than one third of the total issued shares, a provisional resolution may be made pursuant to Paragraph 1 of Article 175 of the Company Act. Before the closing of that shareholders' meeting, if the attending shareholders represent more than half of the total issued shares, the chair may submit the provisional resolution to the shareholders' meeting for voting in accordance with Article 174 of the Company Act.

- Article 9 If the shareholders' meeting is convened by the board of directors, the agenda of the meeting shall be determined by the board of directors. The shareholders' meeting shall proceed in the order of proposed agenda. Such order shall not be changed without the approval of the shareholders' meeting.
- The above provision applies is also applicable to the Meeting which is convened by the person who does not belong to the Board of Directors. Before the proposed agenda (including extempore motions) is decided, without the approval of the shareholders' meeting, the chair shall not announce the adjournment of the shareholders' meeting. Members of the board shall provide help to shareholders to vote a Chairman with majority of present shareholders in accordance of the statutory process when the Chairman adjourn the Meeting in violation of Rules and Procedures.
- After the adjournment of the shareholders' meeting, the shareholders shall not elect another chair to continue the shareholders' meeting at the same location or at another location.
- Article 10 Before an attending shareholder makes a statement, he or she shall first fill out a statement slip indicating the subject of his or her statement, the shareholder's account number (or the attendance identification number) and the shareholder's name. The chair shall determine the order in which the shareholders shall make the statement.
- Where an attending shareholder only submits a statement slip but did not make any statement, he or she shall be deemed to have not spoken. Where the content of the oral statement is different from that indicated on the statement slip, the content of the oral statement shall prevail.
- When an attending shareholder is making a statement, the other shareholders shall not interrupt unless otherwise agreed to by the chair and the speaking shareholder. In case of violation, the chair shall stop the disturbance.
- Article 11 For every proposal discussed, unless otherwise agreed to by the chair of the shareholders' meeting, each shareholder shall not speak for more than twice and each time shall not exceed 5 minutes. Any shareholder violating the abovementioned rule or whose statement exceeds the scope of the proposal, the chair may interrupt and stop such shareholder from speaking.
- Article 12 Where a juristic person is delegated to attend the shareholders' meeting, such juristic person can only appoint one person to attend the shareholders' meeting.
- Where a juristic person appoints more than 2 representatives to attend the shareholders' meeting, only one of such representatives may speak for each proposal.
- Article 13 When an attending shareholder speaks, the chair may answer such shareholder directly or appoint a related person to answer.
- Article 14 With respect to the discussion of a proposal, where the chair is of the

opinion that a matter has been sufficiently discussed to the extent that a vote may proceed, he or she may conclude the discussion and bring the matter to vote.

- Article 15 People supervise and count the votes for the voting of a proposal shall be appointed by the chair, provided that the person supervising the vote shall be a shareholder of the Company. The result of the vote shall be announced on site and shall be recorded in the meeting minutes.
- Article 16 During the course of the shareholders' meeting, the chair may announce a break at the times that he or she deems appropriate.
- Article 17 Unless otherwise provided by the Company Act or by the Articles of Incorporation, a proposal shall be adopted by a majority vote of the shareholders present. When voting for a proposal, if no objection is expressed when the chair puts the matter before the shareholders present at the shareholders' meeting, the proposal shall be deemed to have been adopted. The effect of such adoption shall be the same as adoption by votes.  
If there's any objection, shareholder shall vote for it in accordance of above rules.
- Article 18 Where there is an amendment proposal or alternative proposal for the same issue, the chair shall determine the order of voting of such proposals together with the original proposal for the same issue. However, if a proposal has been approved, the other proposals shall be deemed to have been vetoed and need not be voted again.
- Article 19 The chair may direct the rectifiers (or security personnel) to assist in maintaining order at the shareholders' meeting. When the rectifiers (or security personnel) provide assistance to maintain the order at the shareholders' meeting, they shall wear the badge indicating that they are the rectifiers.
- Article 20 The Rules shall come into force upon the adoption by the shareholders' meeting. The same shall apply to the amendment hereof.