

KD Holding Corporation

Rules Governing the Election of Directors

Amended on June 21, 2016
Amended on June 23, 2014
Issued on June 12, 2006

- Article 1 Unless otherwise provided in other laws and regulations or the Articles of Incorporation, or any material matters as prescribed by the competent authority, the directors of this Company shall be elected in accordance with rules specified herein.
- Article 2 The directors shall be elected among people with legal capacity at the shareholders' meeting. The position number is defined by the Articles of Incorporation.
The directors (including independent directors) shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Law.
- Article 3 The voting of independent directors and non-independent directors shall be held in the lump while elected separately. The persons with the most votes shall be elected respectively for the positions.
Independent directors shall possess professional knowledge and maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company. Their professional qualifications, shareholdings, the positions they may concurrently hold, independence and other matters they shall follow are ruled by Laws and regulations.
- Article 4 The election of directors shall be made in cumulative vote, voters may have their ballots casted in their attendance card number. Each share shall enjoy as many votes as the number of directors' positions up for election. Shareholders may concentrate their full share of votes on one or several candidates.
The board of directors shall prepare the ballot with the amount equals to the number of positions of directors. The ballot shall be marked with Company's chops and the number of voting rights of each voter, and dealt to shareholders who attend the board.
- Article 5 If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available and the Chairman shall draw lots on behalf of the candidate who is not present.
- Article 6 Before the voting process commences, the chair shall appoint a number of supervising personnel and vote counting personnel to handle the relevant matters.

Article 7 The ballot box shall be prepared by the board of directors and shall be inspected by the supervising personnel before the voting process in front of all attending shareholders.

Article 8 The voter shall indicate the shareholder account name and account number if the candidate is a shareholder, national identity card number and name if the candidate is not a shareholder on each ballot. Where the candidate is a government agency or a juristic person, the column of the candidate on the ballot shall include the name of the government agency or juristic person and the name of the representatives of the said government or juristic person may also be included therein. Where there are more than one representative, the voter shall specify the name of the representative additionally.

Article 9 Where any of the following events occurs, the vote shall be deemed null and void:

1. Votes that are not made in accordance with the Rules.
2. Unwritten blank votes put in the ballot box.
3. Illegible writing that cannot be recognized or writings that have been altered.
4. The name, shareholder account number or the national identity card number of the candidate written on the ballot and any items of the number of allocated voting rights have been altered.
5. If the candidate is a shareholder, when its shareholder account number and name are different from those indicated on the shareholders' roster. If the candidate is not a shareholder, when the name and national identity card number are incorrect upon verification.
6. Where the name of the candidate written on the ballot is the same as another shareholder, failure to inscribe the shareholder account number or national identity card number.
7. In addition to the name, shareholder account number or national identity card number and the number of allocated voting rights, the ballot includes other drawings or writing.
8. The number of candidate inscribed on the ballot exceeds the number of position available for election, or indication of two or more candidates on the same ballot.
9. Where the total number of allocated voting rights exceeds the number of voting rights entitled to by the said shareholder.

Article 10 When the total number of votes is less than the number of the allocated voting rights, the difference in number shall be deemed as waivers of right to vote.

- Article 11 The votes shall be opened at the shareholders' meeting after the votes are completed. The result shall be announced by the chair at the shareholders' meeting.
The Company shall issue a notice of election to the elected directors respectively.
- Article 12 Matters that are not provided for in the Rules shall be governed by the Law and by the Company's Articles of Incorporation.
- Article 13 The Rules shall come into force upon the adoption by the shareholders' meeting. The same shall apply to the amendment hereof.