

Taiwan Company Annual General Meeting (AGM) Requirements

Understanding Taiwan Statutory Regulations

Annual meetings of the board of directors and shareholders must be held within six months following the end of the fiscal year.

Introduction

Under Taiwan's Company Act, all companies incorporated in Taiwan are required to hold annual general meetings ("AGMs"), which include both board of directors meetings and shareholders' meetings. During these meetings, the company's financial statements must be approved, and meeting records must be prepared and retained in Taiwan.

Certain corporate actions may only be approved through resolutions adopted at these meetings. In practice, additional meetings may be required if time-sensitive matters arise during the year.

Types of Companies Required to Complete Reporting

The following types of entities are required to convene annual board of directors meetings and shareholders' meetings in Taiwan:

- Limited Companies
- Companies limited by shares

Board of Directors Meetings

Article 204 of the Company Act:

"In calling a meeting of the board of directors, a notice shall be given to each director and supervisor no later than 3 days prior to the scheduled meeting date. However, where there is any longer days required in the Articles of Incorporation, such longer days shall prevail.

The time limit on giving a notice to the directors and supervisors for convening a meeting of board of directors in a public company shall be prescribed by the competent authority in charge of securities affairs and the preceding paragraph shall not apply to a public company. In the case of emergency, a meeting of the board of directors may be convened at any time. The notice set forth in the preceding three Paragraph may be effected by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. In calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting"

Shareholders' Meetings

Articles 170 and 171 of the Company Act require that shareholders' meetings be convened at least once per year by the board of directors. Special shareholders' meetings should be held as necessary.

The annual shareholders' meeting must be held within six months of the fiscal year-end. Companies with legitimate reasons may petition the relevant authority for approval to hold the meeting later. Companies with only one legal shareholder are exempt from holding a shareholders' meeting.

How Many Shareholders Are Required to Convene a Shareholders' Meeting?

Article 174 of the Company Act provides that voting power at shareholders' meetings is determined by the number of shares held, not by the number of shareholders.

A quorum requires the presence of shareholders representing more than one-half of the total issued shares, and resolutions are adopted by a majority of the voting rights represented at the meeting. Accordingly, a single shareholder holding more than 50% of the issued shares may convene and hold a shareholders' meeting alone.

Virtual Shareholders' Meetings

According to Article 172-2 of the Company Act,

"A company may explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority. Under the circumstances of calamities, incidents, or force majeure, the central competent authority may promulgate a ruling that authorizes a company, which has no above provision in its Articles of Incorporation, within a certain period of time can hold its shareholders' meeting by means of visual communication network or other promulgated methods.

In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication

meeting shall be deemed to have attended the meeting in person."

Shareholders' Meeting Minutes

According to Article 183 of the Company Act,

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting.

The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission.

Ordinary Resolutions and Special Resolutions

Certain corporate actions require approval by either an ordinary resolution or a special resolution, adopted at duly convened board and shareholders' meetings.

- Ordinary resolutions: Require attendance by shareholders representing more than 50% of total shares, with approval by a majority of those present.
- Special resolutions: Require attendance by shareholders holding at least two-thirds of total shares, with approval by a majority of those present.
- Special resolutions are mandated for matters such as corporate governance changes, mergers, and capital adjustments (see Articles 156-1, 159, 185, 240, 241, 277, and 356-13 of the Company Act). If a decision does not require a special resolution, an ordinary resolution suffices.

In practice, we generally recommend that clients address as many matters as possible at the annual meeting to minimize the need for additional meetings during the year.

Resolutions that violate applicable laws or the Articles of Incorporation are void, and procedural defects may result in revocation.

Financial Statement and Business Report Approval

At the end of each fiscal year, a company must prepare:

- A business report
- Financial statements
- A proposal for surplus distribution or loss coverage

These items must be submitted to the shareholders' meeting for approval. Upon approval, the board of directors must distribute the approved financial statements and meeting minutes to shareholders.

Statutory Audit Requirements

Companies meeting any one of the following conditions are required to have their financial statements audited by a certified public accountant, effective from FY 2019:

- Paid-in capital exceeding NTD 30 million
- More than 100 employees
- Annual sales exceeding NTD 100 million (MOF Jing Shang Zi No. 10702425340)

Failure to comply with the above requirements may result in a fine imposed on the responsible person of not less than NTD 10,000 and not more than NTD 50,000.

Deadline

- Shareholders' meetings should be held within 6 months of the fiscal year-end.
- Board of Directors meetings should be held annually prior to the shareholders' meeting.

Accordingly, annual financial statements must be prepared and ready for approval before the end of June.

Penalties

Under Article 170 of the Company Act:

- A director authorized to represent the company who fails to convene a regular shareholders' meeting within the statutory period may be fined NTD 10,000 to NTD 50,000.
- Failure to prepare or retain shareholders' meeting minutes may result in a fine of NTD 10,000 to NTD 50,000.
- Failure to convene board of directors meetings may result in fines ranging from NTD 10,000 to NTD 50,000.
- Failure to submit financial statements for shareholder approval may result in fines of NTD 10,000 to NTD 50,000 imposed on each director. In cases of evasion, obstruction, refusal, or non-declaration, fines may be increased to NTD 20,000 to NTD 100,000 per director.

Additional penalties may apply for failure to properly convene or conduct shareholders' meetings in accordance with the Company Act

Conclusion

Compliance with Taiwan's company law requirements can be complex. Our team is pleased to assist with the preparation of required documentation and meeting procedures to ensure ongoing compliance with Taiwan's statutory obligations. If you have any questions, please feel free to contact us.

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