



**Aerospace Industrial Development Corporation**  
**Meeting Minutes**  
**Of**  
**2017 Annual Shareholders' Meeting**  
**(Translation)**

Date: 14 June 2017

Place: No. 176, Lane 20, Zhongzhen Road, Shalu District,  
Taichung City, Taiwan (AIDC Hsiang-Yuan Complex)

*(The translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)*

# **Aerospace Industrial Development Corporation (AIDC)**

## **2017 Annual Shareholders' Meeting Minutes**

Time and Date: 10:00 a.m., 14 June 2017 (Wednesday)

Place: No. 176, Lane 20, Zhongzhen Road, Shalu District,  
Taichung City, Taiwan (AIDC Hsiang-Yuan Complex)

Total outstanding AIDC shares: 908,261,428 shares

Total shares represented by shareholders present in person or by proxy:  
602,035,394 shares (including 593,685,896 shares casted electronically)

Percentage of outstanding shares held by shareholders present in person or by  
proxy: 66.28%

Chairman: Jung-hsin Liao, the Chairman of the Board of Directors

Attendees: Wei-da Pan (Executive & Independent Director), Kang Shiah  
(Executive Director), Yung-hao Hsu (Independent Director),  
Huan-guei Cheng (Independent Director), Chuan Pao (Director),  
Fuh-sheng Shieu (Director), Ao-nan Tso (Director), Cheng-te Yu  
(Director), Yu-cheng Tu (Lawyer), Done-yuin Tseng (Accountants)

### **I. Meeting Commencement Announced**

(The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.)

### **II. Chairman's Address (omitted)**

### **III. Report Items**

- Item 1: Report on the business of 2016, as shown in Appendix I (Pages 8-10).
- Item 2: Audit Committee Review Report of 2016, as shown in Appendix II (Page 11).
- Item 3: Report on 2016 compensation to employees and directors, as shown in Appendix III (Page 12).

Acknowledged

#### IV. Ratification Items

Item 1: Ratification of the 2016 Business Report and Financial Statements (Proposed by the Board of Directors)

Description: I. AIDC's 2016 Financial Statements (including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows) have been reviewed and audited by Mr. Tung-Chien Tseng and Mr. Deh-Ruen Cheng, CPA of Deloitte & Touche.

II. Business Report of 2016, Auditors' Report, and aforementioned financial statements, are shown in Appendixes I and IV (Pages 8-10 and Pages 13-32).

#### Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	580,338,676	6,191,139	586,529,815	97.42%
Votes against	163,009	29,437	192,446	0.03%
Votes invalid	0	0	0	0.00%
Vote abstained	13,184,211	2,128,922	15,313,133	2.55%
Total votes	593,685,896	8,349,498	602,035,394	100.00%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

Item 2: Ratification of the proposal for Earnings Distribution of 2016 Profits (Proposed by the Board of Directors)

Description: I. The company's net profit after taxes for 2016 was NT\$2,082,654,629. After setting aside 30% of the net profit as the special surplus reserve and adding the unappropriated surplus, the current distributable surplus is NT\$1,253,180,289.

II. The company plans to distribute a cash dividend of NT\$1.00 and stock dividend of NT\$0.37 per share for 2016. The proposal for earnings distribution of 2016 profit is shown in Appendix V (Page 33).

III. The distribution of cash dividend will be calculated to the nearest NT dollar. Residual amount, if any, less than one NT dollar will be transferred into and recognized as other income of the company.

## Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	580,335,978	6,477,922	586,813,900	97.47%
Votes against	164,707	110,226	274,933	0.04%
Votes invalid	0	0	0	0.00%
Vote abstained	13,185,211	1,761,350	14,946,561	2.49%
Total votes	593,685,896	8,349,498	602,035,394	100.00%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

## V. Discussion Items

Proposal 1: Discussion on the issuance of new share through capitalization of 2016 Earnings (Proposed by the Board of Directors)

- Description:
- I. To meet the needs for future development, the Company plans to capitalize the retained earnings through new stock issuance. The shareholders' bonus is set aside from the available appropriated earnings of 2016 and is to be capitalized through issuance of 33,605,673 new shares.
  - II. The conditions of the new share issuance:
    1. According to the proposed capital increase plan, 37 common shares will be distributed for every 1,000 common shares. Allotment of fractional shares (less than one share) shall be paid in cash. The Chairman is authorized to find specific buyers to subscribe the remaining shares at par value. Actual placement and number of shares will be released according to the number of shares of the registered shareholders on the ex-rights date.
    2. The new shares issued by the capital increase will carry the same rights and obligations as the existing outstanding shares.
    3. The ex-dividend date will be decided by the Board of Directors Meeting after approval by the competent authority.
    4. If the number of total shares outstanding, prior

to the ex-dividend date for the distribution, has changed due to the repurchasing of shares by the Company, such that the ratios of the stock dividends and cash dividends are affected and must be adjusted, the Board is authorized to make such adjustments.

Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	579,986,991	6,322,060	586,309,051	97.38%
Votes against	436,115	216,864	652,979	0.10%
Votes invalid	0	0	0	0.00%
Vote abstained	13,262,790	1,810,574	15,073,364	2.52%
Total votes	593,685,896	8,349,498	602,035,394	100.00%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 2: Discussion on amendments to Company's "Articles of Incorporation" (Proposed by the Board of Directors)

- Description:
- I. Pursuant to Articles 192-1 of the Company Act, the company thereby amends in part, the provisions of the Articles of Incorporation.
  - II. Comparisons of proposed amendments with original provisions contained in company's "Articles of Incorporation" are shown in Appendix VI (Pages 34-35).

Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	580,187,782	5,987,634	586,175,416	97.36%
Votes against	159,707	190,514	350,221	0.05%
Votes invalid	0	0	0	0.00%
Vote abstained	13,338,407	2,171,350	15,509,757	2.59%
Total votes	593,685,896	8,349,498	602,035,394	100.00%

RESOLVED, that the above proposal be and hereby was approved as proposed.

**VI. Special Motions**

(Questions raised by the shareholders and the management's responses were omitted.)

**VII. Meeting Adjournment**

There being no other business and special motion, the Chairman announced the meeting adjourned.

Appendix VI

**Mapping of the original provisions of the Articles of Incorporation of AIDC and the provisions after amendment**

After amendment	Before amendment	Cause of amendment
<p>Article 18-1 The number of seats for Independent Directors as mentioned in the preceding article shall be at least 3 seats. The professional qualification, quantity of shareholding, restriction on holding other positions, method of nomination, and other particulars to follow shall be subject to the regulation of the competent authority.</p>	<p>Article 18-1 The number of seats for Independent Directors as mentioned in the preceding article shall be 3 <u>and they shall be elected under a nomination system. A list of prospective candidates shall be proposed before the General Meeting of Shareholders and Independent Directors shall be elected among the candidates on the list.</u> The professional qualification, quantity of shareholding, restriction on holding other positions, method of nomination, and other particulars to follow shall be subject to the regulation of the competent authority.</p> <p><u>To reduce of the legal liability risk of the Directors, the company shall take appropriate professional liability insurance for each Director for the protection of their respective assigned duties.</u></p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. Pursuant to Company Act. Article 192-1, Revised words in Paragraph 1 and 2.</li> </ol>
<p>Article 18-2 <u>AIDC Directors shall be elected under a nomination system by the Company Act of ROC. A list of prospective candidates of directors shall be proposed before the General Meeting of Shareholders, and directors shall be elected among the candidates on the list.</u> AIDC elects its Directors by the accumulation of single votes system whereby each share shall be relevant with the number of seats for the</p>	<p>Article 18-2 AIDC elects its Directors by the accumulation of single votes system whereby each share shall be relevant with the number of the seats for the Directors. Each shareholder may vote in favor of particular candidate with all their votes on hand or distribute to a number of preferred candidates. Candidates wining the majority of the voting rights shall be elected to the seats of</p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. Pursuant to Company Act. Article 192-1, Revised words in Paragraph 1, 2 and 3.</li> </ol>

After amendment	Before amendment	Cause of amendment
<p>Directors. Each shareholder may vote in favor of particular candidate with all their votes on hand or distribute to a number of preferred candidates. Candidates winning the majority of the voting rights shall be elected to the seats of Directors.</p> <p><u>Independent and non-independent directors shall be nominated separately and elected at the same time. The numbers of elected independent and non-independent directors shall be calculated separately.</u></p> <p><u>To reduce of the legal liability risk of the Directors, the company shall take appropriate professional liability insurance for each Director for the protection of their respective assigned duties.</u></p>	<p>Directors.</p> <p><u>The election of Independent Directors is under the nomination system and shall be made simultaneously as the election of the Directors for calculation of number of votes earned to the seats.</u></p>	
<p>Article 30 The Articles of Incorporation of AIDC was instituted on March 5, 1996 with amendment for the 1<sup>st</sup> instance on June 14, 1996 and several subsequent amendments being followed. ..., the amendment for the 20<sup>th</sup> instance was made on June 23, 2015; the amendment for the 21<sup>st</sup> instance was made on June 14, 2016; <u>and the amendment for the 22<sup>nd</sup> instance was made on June 14, 2017.</u></p>	<p>Article 30 The Articles of Incorporation of AIDC was instituted on March 5 1996 with amendment for the 1<sup>st</sup> instance on June 14, 1996 and several subsequent amendments being followed. ...the amendment for the 20<sup>th</sup> instance was made on June 23 2015, and the amendment for the 21<sup>th</sup> instance was made on June 14, 2016.____</p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. Addition of the note on amendment (22<sup>nd</sup> instance) and the date of amendment.</li> </ol>