



Aerospace Industrial Development Corporation
Meeting Minutes
Of
2015 Annual Shareholders' Meeting
(Translation)

Date: 23 June 2015

Place: No.176, Ln. 20, Zhongzhen Rd., Shalu Dist.,
Taichung City, Taiwan (R.O.C.) (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)

2015 Annual Shareholders' Meeting Minutes

Time and Date: 10:00 am, 23 June 2015 (Tuesday)

Place: No.176, Ln. 20, Zhongzhen Rd., Shalu Dist., Taichung City, Taiwan (R.O.C.)
(AIDC Hsiang-Yuan Complex)

Total outstanding AIDC shares: 908,261,428 shares

Total shares represented by shareholders present in person or by proxy: 627,905,035 shares (including 203,167,848 shares casted electronically)

Percentage of outstanding shares held by shareholders present in person or by proxy: 69.13 %

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

Attendees: Yen-nien Hsu (Executive Director), Yung-hao Hsu (Independent Director), Hsu-hui Li (Director), Tung Wan (Director), Ao-nan Tso (Director), Cheng-te Yu (Director), Yu-cheng Tu (Lawyer), Done-yuin Tseng (Accountants)

I. Announcement

(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. Reports

Report No. 1: Audit Report by National Auditing Office on Operation Account Settlement of AIDC in FY 2013
Report No. 2: Operation Report of AIDC in FY 2014
Report No. 3: Supervisors' Review Report on Operation Account Settlement
Acknowledged

IV. Points of Ratification

Motion No. 1: Appropriation of earnings to cover loss carried forward from FY 2013 【Proposed by the Board】

The Content: I. The operation account settlement of AIDC in FY 2013 as a state-owned enterprise has been subject to the audit of the

National Auditing Office. In this year, AIDC introduced the IFRSs for the first time and had adjustment recognized as accumulated loss amounting to NT\$ 1,835,827,646 to the effect that the earnings in this period was adjusted as NT\$1,275,865,216 other comprehensive income determined welfare plan net actuarial gain after taxation amounting to NT\$63,257,620 which made up the total of NT\$1,339,122,836. This amount is appropriated to cover loss as required by the Company Act and the Budget Act and the appropriation to cover loss for FY 2013 was revised according.

II. Favorable action is asked for ratification.

Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	172,407,823	421,573,820	593,981,643	94.59%
Votes against	33,006	0	33,006	0.00%
Votes invalid	0	0	0	0.00%
Vote abstained	30,727,019	3,151,367	33,878,386	5.41%
Total votes	203,167,848	424,725,187	627,893,035	100.00%

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

Motion No. 2: The Financial Report of AIDC in FY 2014 【Proposed by the Board】

The Content:

- I. The financial report of AIDC in FY 2014 (including the balance sheet, comprehensive income statement, statement of change in shareholders' equity, and statement of cash flow) has been audited by Tseng Tung-Chien, CPA, and Cheng Deh-Ruen of Deloitte Taiwan.
- II. The Operation Report of FY 2014, Auditors' Report, and the aforementioned financial statements, as shown in Appendix II, Appendix IV (please refer to pages 16-17 and pages 19-26 of the Agenda).
- III. Favorable action is asked for ratification.

Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	172,410,823	421,370,024	593,780,847	94.56%
Votes against	30,006	0	30,006	0.00%
Votes invalid	0	0	0	0.00%
Vote abstained	30,727,019	3,355,163	34,082,182	5.44%
Total votes	203,167,848	424,725,187	627,893,035	100.00%

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

Motion No. 3: The proposal for distribution of earnings in FY 2014 【Proposed by the Board】

The Content: I. The company had corporate earnings of NT\$1,871,502,260 in FY 2014 with the appropriation of NT\$671,869,512 to cover the loss carried forward from previous years and NT\$119,963,275 as legal reserve. The remainder of NT\$1,079,669,473 are distributable earnings.

II. The company plans to release cash dividend at NT\$0.92/share for FY 2014. The table showing the distribution of earnings is shown in Appendix V (please refer to page 27 of the Agenda).

III. Upon the resolution of this motion by the regular session of the General Meeting of Shareholders, the Chairman is expected to be authorized by the General Meeting of Shareholders to set the ex-dividend day and related matters. The release of cash dividend for this time shall be round to the nearest NT Dollar. Dividends in the fraction of an NT Dollar will be accumulated and recognized as other incomes of the company.

Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	172,406,823	421,340,289	593,747,112	94.56%
Votes against	37,006	0	37,006	0.00%
Votes invalid	0	0	0	0.00%
Vote abstained	30,724,019	3,384,898	34,108,917	5.44%
Total votes	203,167,848	424,725,187	627,893,035	100.00%

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

V. Points of Discussion (I)

Motion No. 1 The amendment to the Articles of Incorporation of AIDC. 【Proposed by the Board】

The Content: I. AIDC plans to establish the Auditing Committee in supporting the policy of corporate governance as required by law and to meet the actual operation needs of the company thereby amends the provisions of the Articles of Incorporation in part.

II. The mapping of the original provisions contained in the Articles of Incorporation of AIDC and the amendment is shown in Appendix VI (please refer to pages 28-34 of the Agenda).

III. Action in favor of the motion is asked.

Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	172,283,097	421,119,016	593,402,113	94.50%
Votes against	154,732	0	154,732	0.02%
Votes invalid	0	0	0	0.00%
Vote abstained	30,730,019	3,606,171	34,336,190	5.48%
Total votes	203,167,848	424,725,187	627,893,035	100.00%

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

Motion No. 2: The amendment to the parliamentary procedure of the General Meeting of Shareholders of AIDC. **【Proposed by the Board】**

- The Content:
- I. In supporting the establishment of the Auditing Committee, amendment is made to the provisions contained in the parliamentary procedure of the General Meeting of Shareholders of AIDC in part.
 - II. The mapping of the original provisions contained in the parliamentary procedure of the General Meeting of Shareholders of AIDC and the draft amendment is shown in Appendix VII (please refer to page 35 of the Agenda).
 - III. Action in favor of the motion is asked.

Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	172,273,794	420,965,258	593,239,052	94.48%
Votes against	164,035	0	164,035	0.02%
Votes invalid	0	0	0	0.00%
Vote abstained	30,730,019	3,759,929	34,489,948	5.50%
Total votes	203,167,848	424,725,187	627,893,035	100.00%

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

Motion No. 3: The amendment to the election of Directors at AIDC **【Proposed by the Board】**

- The Content:
- I. In supporting the establishment of the Auditing Committee, the provisions contained in the procedure for the election of Directors and Supervisors of AIDC is subject to amend in part together with the amendment of the title of this document as the Procedure for the Elections of Directors.
 - II. The mapping of the original provisions contained in the procedure for the election of directors and the draft amendment is shown in Appendix VIII (please refer to pages 36-38 of the Agenda).
 - III. Action in favor of the motion is asked.

Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	172,270,794	420,986,977	593,257,771	94.48%
Votes against	167,035	103,838	270,873	0.04%
Votes invalid	0	0	0	0.00%
Vote abstained	30,730,019	3,634,372	34,364,391	5.48%
Total votes	203,167,848	424,725,187	627,893,035	100.00%

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

Motion No. 4: The amendment to the Procedure for Derivative Trade of AIDC
【Proposed by the Board】

- The Content:
- I. In supporting the establishment of the Auditing Committee, the provisions contained in the Procedure for Derivative Trade of AIDC are subject to amend in part.
 - II. The mapping of the original provisions contained in the Procedure for Derivative Trade of AIDC and the draft amendment is shown in Appendix IX (please refer to page 39 of the Agenda).
 - III. Action in favor of the motion is asked.

Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	172,293,256	421,166,765	593,460,021	94.51%
Votes against	143,573	0	143,573	0.02%
Votes invalid	0	0	0	0.00%
Vote abstained	30,731,019	3,570,422	34,301,441	5.47%
Total votes	203,167,848	424,737,187	627,905,035	100.00%

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

VI. Election Motions

Motion No. 1: The election of the 7th term of the Board with 11 seats of Directors (including 3 seats of independent directors)
【Proposed by the Board】

- The Content:
- I. The term of office for the Directors and the Supervisors of the 6th term of the Board will expire on 24 June 2015. The company plans to hold the election for a new Board in the General Meeting of Shareholders of current fiscal year (2015). Pursuant to Article 14-4 of the Securities and Exchange Act, issuers of securities for public offering shall adopt the system of either the establishment of an Auditing Committee or Supervisors. In supporting the policy of corporate governance as required by law, and as stated in Motion No. 1 of the point of discussion, AIDC shall organize

an Auditing Committee consisting of all the Independent Directors to replace the seats of Supervisors from the 7th term of the Board. The Auditing Committee will be established simultaneously as the formation of the 7th term of the Board. Accordingly, the Supervisors shall be relieved from duties at the time the Auditing Committee is established.

- II. According to the Articles of Incorporation and the resolution of the Board, this session of the General Meeting of Shareholders shall elect 11 seats of Directors (including 3 Independent Directors) for a term of 3 years from 23 June 2015 to 22 June 2018. After the election, the Directors (including Independent Directors) of the previous term shall be relieved from duties simultaneously.
- III. The nomination system is adopted at AIDC for the election of Independent Directors. The list of candidates to the seats of Independent Directors for the new term was passed by the Board in a session dated 5 May 2015. The list of candidates is shown in Appendix X (please refer to pages 40-41 of the Agenda).
- IV. Election will be held in accordance with the " Procedure for the Election of Directors" of AIDC.
- V. Election is asked to be held.

Election Results:

Eleven directors (including three independent directors) were elected by the shareholders present. The tenure of the newly elected directors commences on 23 June 2015 and shall expire on 22 June 2018. The list of the newly elected directors with vote received follows:

Shareholders' No. / Title	Name	Elected voting Received
1 / Director	Representative of MOEA : Jung-hsin Liao	690,338,608
1 / Director	Representative of MOEA : Yen-nien Hsu	619,716,260
1 / Director	Representative of MOEA : Feng-yuan Chien	590,345,402
2 / Director	Representative of DIDF : Wan-chiao Wu	590,345,402
1 / Director	Representative of MOEA : Hsu-hui Li	560,345,402
1 / Director	Representative of MOEA : Ao-nan Tso	501,963,956
1 / Director	Representative of MOEA : Cheng-te Yu	501,420,364
1 / Director	Representative of MOEA : Tung Wan	500,345,402
A104****697 / Independent Director	Wei-ta Pan	153,440,376
K101****528 / Independent Director	Yung-hao Hsu	137,389,144
J100****058 / Independent Director	Huan-kuei Cheng	134,696,790

VII. Points of Discussion (II)

Motion No. 1: Lift the ban on the conflict of interest of the Directors and their representatives. **【Proposed by the Board】**

The Content:

- I. Pursuant to Article 209 of the Company Act, Directors shall explain before the General Meeting of Shareholders of their involvement in business falling within the scope of the operation of the company by themselves or in favor of a third party, the reasons for involvement, the content of the business, and ask for permission.
- II. The result of the election in the General Meeting of Shareholders indicated that AIDC would need the input of the Directors with their professional standing and experience. For this reason, we ask to lift the ban on the conflict of interest of the Directors and their representatives for the Board elected by the General Meeting of Shareholders in FY 2015.
- III. Action in favor of the motion is asked.

The material information regarding the newly elected directors' non-competition activities are as follows:

Name of the Director	Position at the other companies
Hsu-hui Li	Chairman, Jung Chuan Construction Inc. Director, Chuan Tung Construction Inc. Director, Safe-Taiwan Investment Inc.
Feng-yuan Chien	Director, Tang Eng Iron Works Inc.
Tung Wan	Director, Taiwan Aerospace Inc.
Wei-ta Pan	Independent Director, Quanta Computer Inc. Independent Director, China Life Insurance Inc.

Note: For information of companies mentioned above, please refer to the presentation material of the meeting.

Voting Results:

Item	Electronically	Voting rights	Represent total	%
Votes in favor	105,370,770	420,978,067	526,348,837	83.82%
Votes against	52,200,768	0	52,200,768	8.31%
Votes invalid	0	0	0	0.00%
Vote abstained	45,596,310	3,759,120	49,355,430	7.87%
Total votes	203,167,848	424,737,187	627,905,035	100.00%

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

VIII. Special Motions

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

IX. Adjournment of Meeting

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

Appendix I

Audit Report on Operation Account Settlement in FY 2013

- I. The operation account settlement and related ledgers and journal books covering FY2013 were audited by the CPAs of Deloitte Taiwan with the compilation of related financial statements and the issuance of Auditors' Report, and were ratified by the General Meeting of Shareholders for FY 2014 held on June 30 2014.
- II. AIDC was a state-owned enterprise in FY2013 and the account settlement shall be subject to the audit of the National Auditing Office. Revision has been made pursuant to the opinions of the Executive Yuan Directorate-General of Budget, Accounting, and Statistics and the National Auditing Office for the review of account settlement in FY2013. The review report is shown below:
 - (I) Operating income: NT\$23,086,458,903.00
 - (II) Non-operating income: NT\$525,516,345.00
 - (III) Operating expense: NT\$21,822,034,999.00
 - (IV) Non-operating expense: NT\$417,121,694.00
 - (V) Income tax expense: NT\$96,953,339.00
 - (VI) Corporate earnings in current period amounted to NT\$1,275,865,216.00
- III. The audited income statement, statement of appropriation for covering loss carried forward, balance sheet, and statement of cash flow are attached for reference.

Appendix I

Aerospace Industrial Development Corporation

Income Statement

FY2013

Currency: in NTD

Title	Audited
Revenue	23,086,458,903
Sales	19,487,289,465
Services	3,599,169,438
Cost of Operation	20,819,879,035
Cost of sales	17,565,212,413
Cost of service	3,254,666,622
Gross Margin (Gross loss)	2,266,579,868
Business expenses	1,002,155,964
Marketing expenses	163,915,913
Management expenses	419,487,807
Other Operating expenses	418,752,244
R&D expenses	390,793,844
Training expenses	27,958,400
Operating income (loss)	1,264,423,904
Non-operating income	525,516,345
Proportion of income/loss from associates and joint ventures accounted for under the equity method	110,143,036
Other non-operating incomes	415,373,309
Non-operating expenses	417,121,694
Cost of capital	38,200,876
Other non-operating expenses	378,920,818
Non-operating income (loss)	108,394,651
Earnings (loss) before taxation	1,372,818,555
Income tax expenses (income)	96,953,339
Earnings (loss) of continued operations	1,275,865,216
Corporate earnings (loss) in current period	1,275,865,216

Aerospace Industrial Development Corporation
Balance Sheet
FY2013

Currency: in NTD

Account Title	Audited	Account Title	Audited
Assets	21,575,266,610	Liabilities	13,176,168,039
Current assets	14,790,844,170	Current liabilities	6,655,630,804
Cash	3,145,733,088	Short-term debts	911,788,814
Current financial assets	16,860,404	Payables	5,117,960,166
Receivables	4,602,288,769	Income tax liabilities in current period	313,457,353
Income tax assets in current period	923,917	Temporary receipt	312,424,471
Inventory	6,265,712,365	Long-term liabilities	837,908,943
Prepayments	759,325,627	Long- term debts	837,908,943
Funds, investment, and long-term receivables	350,307,863	Other liabilities	5,682,628,292
Financial Assets-noncurrent	46,200,000	Provisions for liabilities	5,464,291,192
Investment accounted for under the equity method	304,107,863	Deferred income tax liabilities	61,718,649
Real properties, plants, and equipment	5,268,484,049	Miscellaneous liabilities	156,618,451
Land improvement	16,207,160	Equity	8,399,098,571
Building and structures	2,189,819,811	Capital stock	9,082,614,280
Machinery and equipment	2,613,123,263	Capital stock	9,082,614,280
Transports and transportation equipment	142,677,798	Retained earnings (or loss carried forward)	(671,869,512)
Miscellaneous equipment	131,338,201	Loss carried forward	(671,869,512)
Leasehold improvement	3,977	Accumulated other incomes or loss	(11,646,197)
Fixed assets in transit	153,528,255	Financial statement of overseas operations exchange difference from conversion	(11,901,773)
Leasehold assets	21,785,584	Unrealized gain of financial assets available for sales	255,576
Intangible assets	811,306,128		
Intangible assets	811,306,128		
Other assets	354,324,400		
Deferred assets	19,148,742		
Deferred income tax assets	266,135,437		
Miscellaneous assets	69,040,221		
Total assets	21,575,266,610	Total liabilities and shareholders' equity	21,575,266,610

Appendix I

Aerospace Industrial Development Corporation
Statement of Allocation for Coverage of Loss Carried Forward
FY2013

Currency: in NTD

Account Title	Audited
Earnings	1,339,122,836
Net profit in current period	1,275,865,216
Entry of other comprehensive incomes	63,257,620
Allocation	1,339,122,836
Retained by segments	1,339,122,836
Covering loss carried forward	1,339,122,836
Capital surplus	0
Legal reserve	0
Special reserve	0
Undistributed earnings	0
Loss	2,010,992,348
Net loss in current period	0
Accumulated loss	175,164,702
Adjustment under the first use of IFRSs	1,835,827,646
Compensation	2,010,992,348
To be borne by segments	2,010,992,348
Appropriation from earnings	1,339,122,836
Appropriation from legal reserve	0
Appropriation from special reserve	0
Appropriation from capital surplus	0
Loss to be covered	671,869,512

Appendix I

Aerospace Industrial Development Corporation
Statement of Cash Flow
FY2013

Currency: in NTD

Account title	Audited
Cash flow from operation	
Earnings (loss) of continued operations before taxation	1,372,818,555
Earnings (loss) before taxation	1,372,818,555
Adjustment of interest and dividend	25,659,113
Earnings (loss) before interest and taxation	1,398,477,668
Adjustments	3,093,709,446
Cash inflow (outflow) before interest and taxation	4,492,187,114
Interest collected	11,095,486
Interest paid	(39,086,605)
Income tax paid	(581,968)
Net cash inflow (outflow) from operations	4,463,614,027
Cash flow from investment	
Net decrease (increase) of financial assets-current	(7,528,963)
Decrease of real properties, plants, and equipment	301,579
Net decrease (increase) of intangible assets	(1,672,342,484)
Dividend collected	52,851,395
Increase of real properties, plants, and equipment	(644,981,345)
Net cash inflow (outflow) from investment	(2,271,699,818)
Cash flow from financing	
Net increase (decrease) of short-term loans	(197,503,772)
Net increase (decrease) of other liabilities	68,996,204
Decrease of long-term debts	(753,890,653)
Net cash inflow (outflow) from financing	(882,398,221)
The effect of exchange rate	11,171,839
Net increase (net decrease) of cash and cash equivalents	1,320,687,827
Cash and cash equivalents at the beginning of period	1,825,045,261
Cash and cash equivalents at the ending of period	3,145,733,088

Note:

This statement is prepared on the basis of cash and cash equivalents, including cash, due from banks mature in 3 months from the date of deposits, due from the Central Bank drawable and mature in 3 months from the date of deposits, equity securities mature or redeemed in 3 months from the date of investment.

FY 2014 Operation Report

The rise of the newly emerged markets, the sustained growth of flight routes and traffic volume, and the strong appeal to environmental protection, drove the air transportation industry into a new wave of replacement of new hardware. As such, the demand for the purchase of new aircraft and new models of aircraft engines surged. Despite the prosperity of business, AIDC is bound to confront even keener competition from the global supply chain. Under such circumstance, all manufacturers of the parts and components in the system in all sizes of operations attuned to lean production and cost restructuring in order to keep their competitive edge.

In the past, AIDC has successfully established its foothold in the markets of various industries with its state-of-the-art technological know-how and innovative management skill, and made itself a top-notch performer in these markets. Yet, AIDC seeks to do better. Seeing the challenges in the future will be even more unanticipated, AIDC will further upgrade its technological know-how and refine its management capability, and will keep abreast of the trend of the development of the global aerospace industry. Conceived with vision and dedicated to its corporate philosophy, AIDC will carry on the heritage of its predecessors for new triumph. Under the effort of all in 2014, AIDC has made profit for 8 consecutive years and has maintained stable growth in revenue and pre-tax earnings.

I would like to present the summary of the report on the operation result in FY 2014 and the business plan in FY 2015:

FY 2014 Operation Highlights

Revenue and Income

The Company had revenue of NT\$ 24,924,039 thousand in FY 2014, which was an increase of NT\$ 1,837,580 thousand from NT\$ 23,086,459 thousand in the same period of FY 2013. Pre-tax earnings in FY 2014 amounted to NT\$ 1,838,606 thousand, which was an increase of NT\$ 465,788 thousand from NT\$ 1,372,818 thousand in the same period of FY 2013.

Financial Structure and Profitability Analysis

As of December 31 2014, the financial structure of AIDC showed total assets of NT\$ 25,326,100 thousand and total liabilities of NT\$ 15,032,598 thousand. The analysis of overall profitability of current period indicated better performance than FY 2013, and is shown in the table below:

Title	2013	2014
ROA (%)	6.35	8.20
ROE (%)	16.51	20.02
EBT to Paid-in Capital Ratio (%)	15.11	20.24
Net Profit Ratio (%)	5.52	7.50

Research and Development Outlook

The R&D expenses of AIDC in FY 2014 amounted to NT\$ 659,149 thousand with the successful development of Project "Upgrade the Process Capacity of Composite Materials and Refinement Plan" and so on, which could help to upgrade the overall technological capacity and production capacity of the Company for better business opportunity.

Credentials and Awards

- * Won the "Supplier of the Year Award" by Sikorsky Aircraft United Technologies Corp. in March 2014.
- * Won the "Supplier of the Year Award" by American Helicopter Society in May 2014.
- * Won the trophy of Performance Excellence Award 2013 by Boeing Company in May 2014. AIDC has won this award for 3 consecutive years.
- * Won the trophy of Performance Excellence Award 2014 by Boeing Company in February 2015. AIDC has won this award for 4 consecutive years.
- * Gang Shan Complex won the Distinguished Award of "2014 Energy Saving and Carbon Reduction" label presented by Environmental Protection Administration on January 23 2015.

Business Plan in FY 2015

Business Development Planning

- * In the area of defense business, AIDC seeks to successfully upgrade the performance of the jet fighters in desired quality on schedule, and to make effort for securing orders for the maintenance of different types of aircraft and the manufacturing of advance and lead-in trainers with domestic resources or through international cooperation.
- * In the area of civil aviation, AIDC seeks to expand its production capacity and vendor system for more business in the adding of high value for parts and components of aircraft segments and engines.
- * In the area of industrial technology service, AIDC will extend its momentum of aerospace technology to disasters prevention and rescue, to atmospheric testing and measurement service, to support the national objective of energy saving and carbon reduction, and to expands in the business of green energy.

Corporate Management Policy

AIDC has adopted the Balanced Scorecard (BSC) as a management tool a few years ago. This BSC system helps to converge and link the Company's vision, strategy, objectives, the gravity of works for each department and the action plans, and this system has been properly implemented in full effort under the culture of accountability. In an environment where the aerospace industry is extremely competitive worldwide, AIDC will spare no effort to secure more business, and will continue to refine its management capability. The corporate management policy in FY 2015 will cover:

- | | |
|--|--|
| — Optimization of financial structure | — Upgrade the competitive power of composite materials |
| — Satisfaction of customer value | — Launch the lean activity of production |
| — Refinement of core business process | — Planning and advocacy of the vital energy buildup |
| — Vitalization of human resources and strengthening of core competence | — Fortify the supply chain and integration with outsourced contractors |
| — Conduct of Corporate Social Responsibility | |

At this critical moment of privatization and organizational transformation, the quest for excellence and sustainable development through the perpetuation of the heritage of "Innovative Research and Development, and Leadership in Technology" for maintaining "indigenous capacity of the aerospace industry" and the competitive power of "competition and cooperation with the civil aviation sector" will be the ultimate goal of the AIDC management team. In the future, we hope we have the continued support and further encouragement from all shareholders so that AIDC can create a prosperous future for the aerospace industry and start a new page of the glorious economic development of Taiwan driven by the new wave of oil prices and surging demand in market!

Supervisors' Report

The Board of Directors has prepared the Company' s 2014 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of Deloitte & Touche Tohmatsu was retained to audit AIDC' s Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the supervisors of Aerospace Industrial Development Corporation. According to Article 219 of the Company Law, we hereby submit this report.

Aerospace Industrial Development Corporation

Supervisors:

Tai-chyi, Mao

Yungfa, Chu

Chyi-in

March 20 , 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Aerospace Industrial Development Corporation

We have audited the accompanying balance sheets of Aerospace Industrial Development Corporation as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of Aerospace Industrial Development Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aerospace Industrial Development Corporation as of December 31, 2014 and 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the decrees promulgated by the government on the regulations governing state-owned enterprises' accounting affairs (effective until August 21, 2014), Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations, and Standing Interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

Aerospace Industrial Development Corporation was a state-owned enterprise that was privatized; the privatization was completed on August 21, 2014. As explained in Note 6 to the financial statements, the financial statements of Aerospace Industrial Development Corporation through August 21, 2014 were examined and approved by the Executive Yuan and the National Audit Office ; as a result, the books of accounts for the years ended December 31, 2013 were adjusted retrospectively. Accordingly, the financial statements as of and for the year ended December 31, 2013 were restated.

Deloitte & Touche

March 20, 2015

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31			
	2014		2013	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 7)	\$ 2,721,333	11	\$ 3,145,733	15
Available-for-sale financial assets - current (Notes 4 and 8)	-	-	4,577	-
Notes receivable (Note 4)	22,894	-	3,893	-
Trade receivables from unrelated parties (Notes 4, 5 and 10)	5,697,766	22	4,140,496	19
Trade receivables from related parties (Note 29)	118,892	-	353,202	2
Other receivables (Notes 4 and 10)	129,154	1	104,699	-
Current tax asset (Notes 4 and 24)	163,296	1	924	-
Inventories (Notes 4, 5 and 11)	7,499,357	30	6,265,712	29
Other current assets (Note 4, 15, 20 and 29)	2,589,559	10	811,145	4
Total current assets	18,942,251	75	14,830,381	69
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4 and 9)	46,200	-	46,200	-
Investment accounted for using equity method (Notes 4 and 12)	482,193	2	304,107	1
Property, plant and equipment (Notes 4, 5 and 13)	4,853,536	19	5,114,956	24
Intangible assets (Notes 4, 5 and 14)	339,894	1	830,455	4
Deferred tax assets (Notes 4, 5 and 24)	365,379	2	266,135	1
Prepayments for equipment	251,124	1	153,528	1
Other non-current assets (Notes 4, 5, 15 and 30)	45,523	-	29,505	-
Total non - current assets	6,383,849	25	6,744,886	31
TOTAL	\$ 25,326,100	100	\$ 21,575,267	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 5,900,000	23	\$ 200,000	1
Short-term bills payable (Note 16)	2,494,876	10	-	-
Trade payables to unrelated parties (Note 6)	1,371,036	5	1,823,784	9
Trade payables to related parties (Note 29)	52,847	-	9,999	-
Other payables (Notes 6, 18 and 29)	2,696,781	11	3,273,339	15
Current tax liabilities (Notes 4, 6 and 24)	-	-	313,458	2
Unearned receipts	246,540	1	312,424	1
Current portion of long-term loans (Note 16)	139,400	1	711,789	3
Finance lease payables-current (Notes 4, 6 and 17)	6,495	-	-	-
Other current liabilities	24,307	-	13,637	-
Total current liabilities	12,932,282	51	6,658,430	31
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	680,246	3	819,646	4
Provisions-non-current (Notes 4, 5 and 19)	1,116,918	4	765,249	3
Deferred tax liabilities (Notes 4 and 24)	130,371	-	61,719	-
Finance lease payable - non-current (Notes 4 and 17)	11,768	-	18,263	-
Accrued pension liabilities (Notes 4, 5 and 20)	-	-	4,699,042	22
Guarantee deposits	161,013	1	153,819	1
Total non-current liabilities	2,100,316	8	6,517,738	30
Total liabilities	15,032,598	59	13,176,168	61
EQUITY				
Common stock- at par value of \$10 each authorized 1,500,000 thousand shares, issued 908,262 thousand shares	9,082,615	36	9,082,615	42
Retained earnings (accumulated deficits)	1,199,633	5	(671,870)	(3)
Other equity	11,254	-	(11,646)	-
Total equity	10,293,502	41	8,399,099	39
TOTAL	\$ 25,326,100	100	\$ 21,575,267	100

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 20, 2015)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2014		2013	
	Amount	%	Amount	%
SALES (Notes 4, 22 and 29)	\$ 24,924,039	100	\$ 23,086,459	100
COST OF GOODS SOLD (Notes 11, 23 and 29)	<u>22,158,906</u>	<u>89</u>	<u>20,819,879</u>	<u>90</u>
GROSS PROFIT	<u>2,765,133</u>	<u>11</u>	<u>2,266,580</u>	<u>10</u>
OPERATING EXPENSES (Notes 20, 23 and 29)				
Selling and marketing expenses	212,742	1	191,874	1
General and administrative expenses	438,809	2	419,488	2
Research and development expenses	<u>659,149</u>	<u>2</u>	<u>390,794</u>	<u>1</u>
Total operating expenses	<u>1,310,700</u>	<u>5</u>	<u>1,002,156</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>1,454,433</u>	<u>6</u>	<u>1,264,424</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 23)	344,763	1	328,508	1
Other gains and losses (Notes 4, 6 and 23)	(138,149)	-	(292,056)	(1)
Share of profit of associates (Note 4)	241,815	1	110,143	-
Finance costs	<u>(64,256)</u>	<u>-</u>	<u>(38,201)</u>	<u>-</u>
Total non-operating income and expenses	<u>384,173</u>	<u>2</u>	<u>108,394</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,838,606	8	1,372,818	6
INCOME TAX EXPENSE (BENEFIT) (Notes 4, 5, 6 and 24)	<u>(32,897)</u>	<u>-</u>	<u>96,954</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,871,503</u>	<u>8</u>	<u>1,275,864</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations (Note 4)	25,461	-	6,516	-
Unrealized loss on available-for-sale financial assets (Notes 4 and 24)	(256)	-	369	-
Actuarial gain and loss from defined benefit plans (Notes 4 and 20)	-	-	76,214	-
Income tax relating to components of other comprehensive income (Notes 4 and 24)	<u>(2,305)</u>	<u>-</u>	<u>(12,956)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>22,900</u>	<u>-</u>	<u>70,143</u>	<u>-</u>

(Continued)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2014		2013	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 1,894,403	8	\$ 1,346,007	6
EARNINGS PER SHARE (Note 25)				
Basic	\$ 2.06		\$ 1.40	
Diluted	\$ 2.06		\$ 1.40	

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 20, 2015)

(Concluded)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Common Stock	Unappropriated Earnings (Accumulated Deficits) (Notes 4, 6 and 21)	Other Equity (Note 4) Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for- Sale Financial Assets	Total Equity
BALANCE AT JANUARY 1, 2013	\$ 9,082,615	\$ (2,010,992)	\$ (18,418)	\$ (113)	\$ 7,053,092
Profit for the year ended December 31, 2013	-	1,275,864	-	-	1,275,864
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	63,258	6,516	369	70,143
Total comprehensive income for the year ended December 31, 2013	-	1,339,122	6,516	369	1,346,007
BALANCE AT DECEMBER 31, 2013	9,082,615	(671,870)	(11,902)	256	8,399,099
Profit for the year ended December 31, 2014	-	1,871,503	-	-	1,871,503
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	23,156	(256)	22,900
Total comprehensive income for the year ended December 31, 2014	-	1,871,503	23,156	(256)	1,894,403
BALANCE AT DECEMBER 31, 2014	\$ 9,082,615	\$ 1,199,633	\$ 11,254	\$ -	\$ 10,293,502

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 20, 2015)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,838,606	\$ 1,372,818
Adjustments for:		
Depreciation expenses	742,383	664,461
Amortization expenses	1,116,630	1,545,945
Impairment loss recognized on trade receivables	5,702	11,650
Finance costs	64,256	38,201
Interest income	(29,623)	(11,273)
Dividend income	(319)	(1,269)
Share of profit of associate	(241,815)	(110,143)
Loss on disposal of property, plant and equipment	365	2,151
Net gain on disposal of available-for-sale financial assets	(440)	-
Impairment loss recognized on non-financial assets	120,703	78,294
Reversal of impairment loss on non-financial assets	(102,687)	(13,386)
Unrealized net gain on foreign currency exchange	(203,003)	(35,088)
Recognized provisions	481,456	235,102
Other income from liabilities	(125,299)	(121,493)
Net changes in operating assets and liabilities		
Notes receivable	(19,001)	1,042
Trade receivables	(1,163,844)	(1,056,044)
Other receivables	(24,248)	(6,734)
Inventories	(1,961,595)	(816,842)
Other current assets	(1,127,654)	(95,400)
Trade payables	(381,719)	303,418
Other payables	(344,856)	498,824
Unearned receipts	(65,884)	(88,879)
Other current liabilities	10,670	(297)
Accrued pension liabilities	(4,699,042)	492,319
Cash generated from (used in) operations	(6,110,258)	2,887,377
Interest received	29,615	11,096
Interest paid	(56,471)	(39,087)
Income tax paid	(313,458)	(581)
Net cash generated from (used in) operating activities	(6,450,572)	2,858,805
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale financial assets	4,761	-
Payments for property, plant and equipment	(602,646)	(381,010)
Proceeds from disposal of property, plant and equipment	989	302
Increase in refundable deposits	(34,696)	(10,826)
Decrease in refundable deposits	14,750	15,053
Payments for intangible assets	(45,922)	(51,859)
Increase in other financial assets	(767,320)	(7,577)
Decrease in other financial assets	39	1,903

(Continued)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2014	2013
Increase in prepayments for equipment	\$ (123,573)	\$ (252,570)
Dividend received	<u>89,509</u>	<u>52,852</u>
Net cash used in investing activities	<u>(1,464,109)</u>	<u>(633,732)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	25,190,000	2,780,000
Repayments of short-term borrowings	(19,490,000)	(2,971,279)
Proceeds from short-term bills payable	2,494,876	-
Repayments of long-term borrowings	(711,789)	(747,670)
Refund of guarantee deposits received	(192,088)	(154,996)
Proceeds of guarantee deposits received	<u>199,282</u>	<u>189,560</u>
Net cash generated from (used in) financing activities	<u>7,490,281</u>	<u>(904,385)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(424,400)	1,320,688
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,145,733</u>	<u>1,825,045</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,721,333</u>	<u>\$ 3,145,733</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 20, 2015)

(Concluded)

Appendix V

Aerospace Industrial Development Corporation Statement of Distribution of Earnings in FY 2014	
	Currency: in NTD
Undistributed earnings at beginning of period (for covering loss carried forward)	(671,869,512)
Earnings in current period	1,871,502,260
Legal reserve (10%)	119,963,275
Special reserve (note 1)	239,926,550
Earnings distributable in current period	839,742,923
Dividend for common shares - 908,261,428 common shares at NT\$0.92/share	835,600,514
Total allocations	1,195,490,339
Undistributed earnings at the ending of period	4,142,409
Note: remuneration to Directors and Supervisors (note 2)	4,198,715
Employee bonus	67,179,434
Note 1:	
Appropriation of special reserve for investment of fixed assets	
Note 2:	
Corporate earnings in FY2014	1,871,502,260
Legal reserve in current period	119,963,275
Special reserve in current period	239,926,550
Subtotal	359,889,825
Remuneration to Directors and Supervisors: distributable earnings in current period *0.5% =	4,198,715
Employee bonus: distributable earnings in current period *8.0% =	67,179,434

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

Before amendment	After amendment	Cause of amendment
Chapter IV The Board and the <u>committees</u>	Chapter IV Directors and <u>Supervisors</u>	The Auditing Committee was established to replace the system of Supervisors. The title of this Chapter shall be renamed as per the content of the draft amendment.
<p>Article 18 The company has 11 seats of Directors of whom <u>3</u> shall be Executive Directors elected among the Directors. One of the 3 Executive Directors shall be the Independent Director. The Chairman shall be elected among the Executive Directors. Directors may be excused from any Board session and appointed another Director as the proxy to attend the meeting with the scope of authorization specified. When the Board is in recess, the Executive Directors shall keep the Board in function in accordance with applicable legal rules, the Articles of Incorporation of AIDC, the resolution of the General Meeting of Shareholders, and the resolutions of the Board. The Chairman may call for special session at any time where necessary and the presence of Directors representing half of the total seats shall qualify for a quorum and resolution can be made by a simple majority of the Directors in session.</p>	<p>Article 18 The company has 11 seats of Directors of whom <u>3 to 5</u> shall be Executive Directors elected among the Directors. One of the 3 Executive Directors shall be the Independent Director. The Chairman shall be elected among the Executive Directors. Directors may be excused from any Board session and appointed another Director as the proxy to attend the meeting with the scope of authorization specified. When the Board is in recess, the Executive Directors shall keep the Board in function in accordance with applicable legal rules, the Articles of Incorporation of AIDC, the resolution of the General Meeting of Shareholders, and the resolutions of the Board. The Chairman may call for special session at any time where necessary and the presence of Directors representing half of the total seats shall qualify for a quorum and resolution can be made by a simple majority of the Directors in session.</p>	<ol style="list-style-type: none"> 1. Amendment to the provision. 2. Pursuant to Article 208-2, there shall be at least 3 seats of Executive Directors but not more than 1/3 of total seats of Directors thereby amendment was made to the number of seats for the Executive Directors.

Before amendment		After amendment		Cause of amendment
Article 18-1	The number of seats for Independent Directors as mentioned in the preceding article shall <u>at least 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. 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. For the diversification of the legal liability risk of the <u>Directors</u> , the company shall take appropriate professional liability insurance for each Director for the protection of their respective assigned duties.	Article 18-1	The number of seats for Independent Directors as mentioned in the preceding article shall <u>at least be 2 and the total number shall not be less than 1/5 of the total seats for the Directors</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. 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. For the diversification of the legal liability risk of the <u>Directors and Supervisors</u> , the company shall take appropriate professional liability insurance for each Director for the protection of their respective assigned duties.	1. Amendment to the provision. 2. The establishment of the Auditing Committee dictated for the determination of the seats for the Independent Directors pursuant to Article 14-4 of the Securities and Exchange Act, and the deletion of issues related to the Supervisors in Paragraph 2.
Article 18-2	(Deleted)	Article 18-2	<u>The Board shall specify the cause of convention and shall inform all the Directors and Supervisors 7 days in advance. The Board may call for special session at any time where necessary. The Board may give notice of meeting in correspondence or e-mail, and shall be made at the consent of the respondents if the latter mean is adopted.</u>	1. Deletion of the provision. 2. The serial number of the articles is reassigned and the content is incorporated into Article 19.
<u>Article 18-3</u>	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	<u>Article 18-3</u>	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 <u>Directors and the Supervisors</u> . Each	1. Amendment to the provision and reassignment of the article number. 2. Deletion of all

Before amendment	After amendment	Cause of amendment
<p>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 Directors. 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.</p>	<p>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 <u>Directors or Supervisors</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.</p>	<p>issues related to Supervisors due to the establishment of the Auditing Committee.</p>
<p>Article 19 <u>The Board shall specify the cause of convention and shall inform all the Directors and Supervisors 7 days in advance. The Board may call for special session at any time where necessary. The Board may give notice of meeting in correspondence or electronic means.</u></p>	<p>Article 19 <u>The company shall establish 3 to 5 seats of Supervisors among whom one shall be elected as Executive Supervisor.</u></p>	<ol style="list-style-type: none"> 1. Amendment to the provision. 2. As a continuation of the article number, the provision originally coded as Article 18-2 is coded as Article 19. The content of the original provision of Article 19 concerning the Supervisors is deleted due to the establishment of the Auditing Committee.
<p>Article 20 The Directors of AIDC shall each has a term of office for 3 years and may assume a second term of office if reelected. The remuneration to the aforementioned Directors (including the Chairman, Independent Directors) shall commensurate with their respective levels of</p>	<p>Article 20 The Directors and <u>Supervisors</u> of AIDC shall each has a term of office for 3 years and may assume a second term of office if reelected. <u>The number of seats for Supervisors shall be determined by the Board.</u> The remuneration to the aforementioned Directors (including the Chairman,</p>	<ol style="list-style-type: none"> 1. Amendment to the wording in part. 2. All issues related to the Supervisors were deleted due to the establishment of the Auditing

Before amendment	After amendment	Cause of amendment
<p>participation in the operation of and contribution to the company with reference to industry level at home and abroad subject to the finalization of the Board under authorization. The chairman shall be entitled to subsidy at the same level of the employees in remuneration. The Labor Standards Act shall be applicable to the Chairman in pension payment for resignation (retirement) irrespective of the limitation of the term of service or age.</p>	<p>Independent Directors) <u>and Supervisors</u> shall commensurate with their respective levels of participation in the operation of and contribution to the company with reference to industry level at home and abroad subject to the finalization of the Board under authorization. The chairman shall be entitled to subsidy at the same level of the employees in remuneration. The Labor Standards Act shall be applicable to the Chairman in pension payment for resignation (retirement) irrespective of the limitation of the term of service or age.</p>	<p>Committee.</p>
<p>Article 21 The Board of AIDC shall perform the following functions:</p> <ul style="list-style-type: none"> I. Planning for the adjustment of capital status and direct investment. II. The approval of the organization code and management regulations of AIDC. III. Approval of the long, mid, and short-term plans, business policy and annual plan. IV. Approval of company budget and account settlement. V. Approval of unbudgeted long-term loans and the issuance of corporate bonds. VI. Approval of the disposition or exchange of lands, buildings, and essential machinery and equipment. VII. Approval of the repair and renovation works, and the procurement of properties exceeding the authorized limit of the 	<p>Article 21 The Board of AIDC shall perform the following functions:</p> <ul style="list-style-type: none"> I. Planning for the adjustment of capital status and direct investment. II. The approval of the organization code and management regulations of AIDC. III. Approval of the long, mid, and short-term plans, business policy and annual plan. IV. Approval of company budget and account settlement. V. Approval of unbudgeted long-term loans and the issuance of corporate bonds. VI. Approval of the disposition or exchange of lands, buildings, and essential machinery and equipment. VII. Approval of the repair and renovation works, and the procurement of properties exceeding the authorized limit of the 	<ul style="list-style-type: none"> 1. Amendment to the provision. 2. In consideration of the practice of operation management and the enlargement of the scope of authorization in business contracts and personnel appointment, Paragraph 8 in the original version was deleted. In addition, amendment to Paragraph 9 was also made that only the officers at the level higher than vice presidents with the adjustment of

	Before amendment	After amendment	Cause of amendment
	<p>Board.</p> <p>VIII. <u>The appointment and discharge of personnel at the level senior to vice presidents, chief financial officer, chief accounting officer, and the chief of internal auditing.</u></p> <p>IX. Approval of the salary scale and fringe benefits for the employees.</p> <p>X. Any other duties as required by law.</p> <p>Further to the aforementioned scope, the duties of Independent Directors shall be determined separately subject to the approval of the Board before coming into effect.</p>	<p>Board.</p> <p>VIII. <u>Approval of contracts.</u></p> <p>IX. The employment and dismissal of <u>level-I officers</u> and higher ranks.</p> <p>X. Approval of the salary scale and fringe benefits for the employees.</p> <p>XI. Any other duties as required by law.</p> <p>Further to the aforementioned scope, the duties of Independent Directors shall be determined separately subject to the approval of the Board before coming into effect.</p>	the serial number.
Article 22	<p><u>The company established the Auditing Committee pursuant to Article 14-4 of the Securities and Exchange Act and the committee members are all the Independent Directors of the company.</u></p> <p><u>The number of members, the term of office, the authority, and parliamentary rules of the Auditing Committee and the kind of resources available from the company at the time of performing their duties shall be determined in the organization code of the Auditing Committee.</u></p> <p><u>The number of members, the term of office, the authority, and parliamentary rules of the Remuneration Committee and the kind of resources available from the company at the time of performing their duties shall be determined in the organization code of the Remuneration Committee.</u></p>	<p>Article 22</p> <p><u>The functions of the Supervisors of AIDC are specified below:</u></p> <p>I. <u>Supervise the execution of business operation and review the operation and financial position of the company.</u></p> <p>II. <u>Audit on the ledger books and documents of the company.</u></p> <p>III. <u>Performance of other duties under law.</u></p>	<p>1. Addition of provision.</p> <p>2. According to FSC Order Chin-Kuan-C heng-Fa-Zi. No. 10200531121, TWSE/GTSM -listed companies not falling into the scope of finance and banking industry with paid-in capital of more than NT\$ 2 billion but less than NT\$10 billion shall establish Auditing Committee with effect on January 1 2017. This article specifies the establishment of the Auditing</p>

Before amendment		After amendment	Cause of amendment
			Committee and deletes the content of Supervisors.
Article 23	<u>The Company shall establish a Remuneration Committee. The number of members, the term of office, the authority, and parliamentary rules of the Remuneration Committee and the kind of resources available from the company at the time of performing their duties shall be determined in the organization code of the Remuneration Committee.</u>	Article 23 <u>Further to the performance of duties under law, the Supervisors shall attend the session of the Board as observers and present opinions but have no voting right.</u>	1. Amendment to the provision. 2. The company has established the Remuneration Committee in 2014, and incorporated this part of the regulation into this article with the deletion of personnel appointment content due to the establishment of the Auditing Committee.
Chapter V <u>Managers</u> and staff		Chapter V Staff	Amendment to the title of the chapter to reflect the actual condition
Article 25	(Deleted)	Article 25 The President of the company shall nominate <u>Level-I officers</u> before the Board for approval before appointment.	1. Deletion of this provision. 2. Deletion of this provision in line with Article 21-9 on Personnel Appointment
Article 27	The fiscal period of the company shall start on January 1 and end on December 31 each calendar year. The calendar year shall be expressed as the year of the Republic of China. At the end of each fiscal year, the Board shall compile the following ledgers and statement and forward to the <u>Auditing Committee</u> for	Article 27 The fiscal period of the company shall start on January 1 and end on December 31 each calendar year. The calendar year shall be expressed as the year of the Republic of China. At the end of each fiscal year, the Board shall compile the following ledgers and statement and forward to the Supervisors for auditing 30	1. Addition of provision. 2. Amendment to the authority for the audit of the financial statement due to the establishment of the Auditing

Before amendment		After amendment	Cause of amendment
	auditing 30 days before the session of the General Meeting of Shareholders, and present before the General Meeting session for ratification: I. Report on Operation. II. Financial Statement. III. Proposal for distribution of earnings of allocation of earnings for covering loss carried forward.	days before the session of the General Meeting of <u>Shareholders</u> , and present before the General Meeting session for ratification: I. Report on Operation. II. Financial Statement. III. Proposal for distribution of earnings of allocation of earnings for covering loss carried forward.	Committee.
Article 30	The Articles of Incorporation of AIDC was instituted on March 5 1996 with amendment for the 1 st instance on June 14, 1996 and several subsequent amendments being followed. The amendment for the 19 th instance was made on October 17 2014, and <u>the amendment for the 20th instance was made on June 23 2015.</u>	Article 30 The Articles of Incorporation of AIDC was instituted on March 5 1996 with amendment for the 1 st instance on June 14, 1996 and several subsequent amendments being followed. The amendment for the 19 th instance was made on October 17 2014.	1. Amendment to the provision. 2. Addition of the note on amendment (20 th instance) and the date of amendment.

Appendix VII

Mapping of original provisions of the AIDC Parliamentary Procedure of the General Meeting of Shareholders and the provisions after the amendments

After amendment	Before amendment	Cause of amendment
<p>Article 4 ...</p> <p>The election or dismissal of directors, alteration of the Articles of Incorporation, dissolution of the company, corporate merger, spinoff, or as stated in Article 185-1 of the Company Act, Articles 26-1, 34-6 of the Securities and Exchange Act, shall be specified as a part of the cause for the convention of the General Meeting, which shall not be brought up as impromptu motions.</p> <p>...</p>	<p>Article 4 ...</p> <p>The election or dismissal of directors, <u>supervisors</u>, alteration of the Articles of Incorporation, dissolution of the company, corporate merger, spinoff, or as stated in Article 185-1 of the Company Act, Articles 26-1, 34-6 of the Securities and Exchange Act, shall be specified as a part of the cause for the convention of the General Meeting, which shall not be brought up as impromptu motions.</p> <p>...</p>	<ol style="list-style-type: none"> 1. Amendment to the provision. 2. The amendment to the Articles of Incorporation due to the establishment of the Auditing Committee that dictates for the amendment to Paragraph 3 and deletion of issues related to supervisors.
<p>Article 9</p> <p>If an election for the <u>Directors</u> is held in the General Meeting of Shareholders, comply with applicable regulations of the company and announce the election result on the scene including the list of <u>Directors</u> being elected and the number of votes being cast.</p>	<p>Article 9</p> <p>If an election for the <u>Directors and Supervisors</u> is held in the General Meeting of Shareholders, comply with applicable regulations of the company and announce the election result on the scene including the list of <u>Directors and Supervisors</u> being elected and the number of votes being cast.</p>	<ol style="list-style-type: none"> 1. Amendment to the provision. 2. The amendment to the Articles of Incorporation due to the establishment of the Auditing Committee that dictates for the amendment the content related to Supervisors.

Appendix VIII

Mapping of the original provisions of the AIDC Procedure for the Election of Directors and the provisions after the amendment

After amendment	Before amendment	Cause of amendment
AIDC Procedure for the Election of Directors	AIDC Procedure for the Election of Directors and <u>Supervisors</u> .	Name of document amended. The term “supervisors” is deleted due to the amendment to the Articles of Incorporation after the establishment of the Auditing Committee.

After amendment	Before amendment	Cause of amendment
Article 1 The election of <u>Directors</u> shall be done in accordance with this procedure unless otherwise specified by law or the Articles of Incorporation.	Article 1 The election of <u>Directors and Supervisors</u> shall be done in accordance with this procedure unless otherwise specified by law or the Articles of Incorporation.	Amendment to the provision. Deletion of content related to supervisors .
Article 3 (Deleted)	Article 3 The seats of Supervisors at AIDC were established with reference to the regulations of public companies on the establishment of independent directors and compliance, and the requirement related to independence of the supervisors to appropriately elect competent persons to the seats so as to reinforce the company in risk management and financial and operation control. The supervisors of the company shall possess the following qualifications: I. Sincere and pragmatic. II. Judgment with fairness. III. Professional knowledge. IV. Good experience. V. Capable of reading and interpreting financial statements. Further to the aforementioned qualifications, at least one of the supervisors of the company shall be a professional in accounting or finance. At least one seat of the supervisors shall not be a spouse or kindred within the	Deletion of the provision. The alteration of the Articles of Incorporation due to the establishment of the Auditing Committee for replacement of the system of Supervisors dedicated for the deletion of this provision.

After amendment	Before amendment	Cause of amendment
	2 nd tier under the Civil Code to another supervisor or director. Supervisors of the company shall not hold positions as a director, manager or as employee of the company and they shall have residence in the country for performing the function of supervision timely.	
Article 5 The election of Directors of the company shall be done pursuant to Article 192-1 and the Articles of Incorporation of AIDC. ...	Article 5 The election of <u>Directors and Supervisors</u> of the company shall be done pursuant to Article 192-1 and the Articles of Incorporation of AIDC. ...	Amendment to the provision. Deletion of content related to supervisors in Paragraph 1.
Article 6 AIDC elects its <u>Directors</u> by the accumulation of single votes system whereby each share shall be relevant with the number of the seats for the <u>Directors</u> . Each shareholder may vote in favor of particular candidate with all their votes on hand or distribute to a number of preferred candidates.	Article 6 AIDC elects its <u>Directors and Supervisors</u> by the accumulation of single votes system whereby each share shall be relevant with the number of the seats for the <u>Directors or Supervisors</u> . Each shareholder may vote in favor of particular candidate with all their votes on hand or distribute to a number of preferred candidates.	Amendment to the provision. Deletion of content related to supervisors.
Article 7 The Board shall prepare ballots equivalent to the number of seats for the <u>Directors</u> to be elected and print out the attendance card number and the votes, and distribute to the shareholders of common stock attending the meeting. ...	Article 7 The Board shall prepare ballots equivalent to the number of seats for the <u>Directors or Supervisors</u> to be elected and print out the attendance card number and the votes, and distribute to the shareholders of common stock attending the meeting. ...	Amendment to the provision. Deletion of content related to supervisors in Paragraph 1.
Article 8 The Independent Directors <u>and non-Independent Directors</u> shall be elected to the number of seats to be filled. Candidates who won the majority of the votes shall be entitled to the seats of Independent Directors or non-Independent Directors. If two candidates won the same number of votes and both are qualified under the minimum votes requirement, one of them will be chosen by random picking by themselves	Article 8 The <u>Independent Directors and non-Independent Directors or Supervisors</u> shall be elected to the number of seats to be filled. Candidates who won the majority of the votes shall be entitled to the seats of <u>Independent Directors or non-Independent Directors or Supervisors</u> . If two candidates won the same number of votes and both are qualified under the minimum votes requirement, one of them will be chosen by	Amendment to the provision. Deletion of content related to supervisors.

After amendment	Before amendment	Cause of amendment
or by the Chairman in the absence of the candidates elected to the seat.	random picking by themselves or by the Chairman in the absence of the candidates elected to the seat. °	
<p>Article 11 The voters shall fill in the following information on the ballot under the title of relevant candidates for Independent Directors or non-Independents Directors in the field marked “candidates for election” in the ballots, and put the ballots into the ballot box: I.....</p>	<p>Article 11 The voters shall fill in the following information on the ballot under the title of relevant candidates for <u>Independent Directors or non-Independents Directors or Supervisors</u> in the field marked “candidates for election” in the ballots, and put the ballots into the ballot box: I.....</p>	<p>Amendment to the provision. Deletion of content related to supervisors.</p>
<p>Article 13 After the voting is completed, all the votes shall be read and counted in public. The Chairman shall announce the result of the election and the list of <u>Director</u>-elect. In the event of query about the ballots, the monitors of the election shall determine if specific ballot is invalid. If there is controversy about the validity of specific ballot, the validity shall be judged collectively by all monitors. If the votes for and against the validity of specific ballot is equal, the ballot shall be deemed in valid.</p>	<p>Article 13 After the voting is completed, all the votes shall be read and counted in public. The Chairman shall announce the result of the election and the list of <u>Director or Supervisor</u>-elect. In the event of query about the ballots, the monitors of the election shall determine if specific ballot is invalid. If there is controversy about the validity of specific ballot, the validity shall be judged collectively by all monitors. If the votes for and against the validity of specific ballot is equal, the ballot shall be deemed in valid.</p>	<p>Amendment to the provision. Deletion of content related to supervisors.</p>
<p>Article 14 The Board of AIDC shall deliver a notice informing the Directors-elect of their success in the election.</p>	<p>Article 14 The Board of AIDC shall deliver a notice informing the <u>Directors or Supervisors</u>-elect of their success in the election.</p>	<p>Amendment to the provision. Deletion of content related to supervisors.</p>

Appendix IX

Mapping of the original provisions of AIDC Procedure for Derivative Trade and the provisions after the amendment

After amendment	Before amendment	Cause of amendment
<p>X. Internal Audit The internal auditors shall, for understanding of the fair control of the position for derivative trade, shall conduct audit on related systems and operations at regular intervals or as needed. They shall conduct audit on the department responsible for derivative trade on their compliance with this procedure and the analysis of the transaction cycle, and put the findings into audit reports for presenting to relevant departments for corrective action in the care of the competent authority of the company. In the event of material breach of the regulations, inform the <u>members of the Auditing Committee</u> in writing.</p>	<p>X. Internal Audit The internal auditors shall, for understanding of the fair control of the position for derivative trade, shall conduct audit on related systems and operations at regular intervals or as needed. They shall conduct audit on the department responsible for derivative trade on their compliance with this procedure and the analysis of the transaction cycle, and put the findings into audit reports for presenting to relevant departments for corrective action in the care of the competent authority of the company. In the event of material breach of the regulations, inform the <u>Supervisors</u> in writing.</p>	<p>Amendment to the provision. AIDC established the Auditing Committee for replacement of the system of Supervisors thereby amended the content related to Supervisors.</p>
<p>XI. This procedure shall be passed by the <u>Auditing Committee subject to the approval of the Board and the ratification of the General Meeting of Shareholders</u>. The same principle shall be applicable to any amendment thereto.</p>	<p>XI. This procedure shall be subject to the <u>approval of the Board and forwarded to the Supervisors</u>, and <u>presented before the General Meeting of Shareholders for ratification</u> before coming into effect. The same principle shall be applicable to any amendment thereto.</p>	<p>Amendment to the provision. AIDC established the Auditing Committee for replacement of the system of Supervisors thereby amended the content related to Supervisors.</p>