

Stock Code: 2634



Aerospace Industrial Development Corporation

2022 Annual Shareholders' Meeting

Meeting Handbook

(Translated from Mandarin)

Date: 27 May 2022

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

Meeting Type: Hybrid Shareholders' Meeting
(Physical Shareholders' Meeting Supported By Visual Conference)

(The contents of this document has been translated from the original which was written in Mandarin and is for reference purposes only. In the event of any inconsistency between the English version and the Mandarin version, the Mandarin version shall take precedence.)

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Aerospace Industrial Development Corporation (AIDC)
2022 Annual Shareholders' Meeting Procedure

I. Meeting Commencement Announcement

II. Chairman's Address

III. Reports

IV. Ratifications

V. Discussion

VI. Extempore Motions

VII. Meeting Adjournment

Aerospace Industrial Development Corporation (AIDC)

2022 Annual Shareholders' Meeting Agenda

Meeting Type: Hybrid Shareholders' Meeting
(Physical Shareholders' Meeting Supported By Visual Conference)

Time: 10:00 a.m., 27 May 2022 (Friday)

Location: AIDC Hsiang-Yuan Complex at No.176, Lane 20, Zhongzhen Road, Shalu District, Taichung City, Taiwan

Virtual Meeting Platform: Taiwan Depository & Clearing Corporation
(<https://www.stockvote.com.tw/evote/index.html>)

- I. Meeting Commencement Announcement
- II. Chairman's Address
- III. Reports
 - (1) Business Report of 2021
 - (2) Audit Committee Review Report of 2021
 - (3) 2021 Compensation to Employees and Directors
 - (4) 2021 Unsecured Corporate Bond Issuance
- IV. Ratifications
 - (1) Ratification of the 2021 Business Report and Financial Statements
 - (2) Ratification of the Proposal for Earnings Distribution of 2021 Profits
- V. Discussion
 - (1) Amendments to Company's Articles of Incorporation
- VI. Extempore Motions
- VII. Meeting Adjournment

Reports

- Item 1: Business Report of 2021, as shown in Attachment I (Pages 7-9).
- Item 2: Audit Committee Review Report of 2021, as shown in Attachment II (Page 10).
- Item 3: Report on 2021 Compensation to Employees and Directors, as shown in Attachment III (Page 11).
- Item 4: Report on 2021 Unsecured Corporate Bond Issuance, as shown in Attachment IV (Page 12).

Ratifications

Item 1: Ratification of the 2021 Business Report and Financial Statements (Proposed by the Board of Directors)

Description: I. AIDC's 2021 Financial Statements (including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows) had been reviewed and audited by Ms. Lie-Dong Wu and Mr. Ting-Chien Su, CPAs of Deloitte & Touche.

II. Business Report of 2021, Auditors' Report, and aforementioned financial statements are shown in Attachments I and V (Pages 7-9 and Pages 13-32).

Resolution:

Item 2: Ratification of the Proposal for Earnings Distribution of 2021 Profits (Proposed by the Board of Directors)

Description: I. The company's net profit after taxes for 2021 was \$558,013,103 NT dollars. Based on Article 28-1 "Reserve Allocation" of the Company's Articles of Incorporation, the company plans to distribute a cash dividend of \$0.35 NT dollars per share. The current distributable surplus is \$329,653,485 NT dollars, as shown in Attachment VI (Page 33).

II. 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.

Resolution:

Discussion

- Proposal 1: Discussion on amendments to Company's Articles of Incorporation (Proposed by the Board of Directors)
- Description:
- I. Pursuant to Article 172-2 of the Company Act, the Company's Articles of Incorporation is amended accordingly.
 - II. The comparisons between the original and the amended provisions are shown in Attachment VII (Pages 34-39).
- Resolution:

Extempore Motions

Meeting Adjournment

Business Report of 2021

Since the outbreak of the coronavirus (COVID-19) in 2020, its muted variants wrecked across the globe, forcing every country to perform rigorous border control. While the pandemic started to slow down in 2021 by the crucial development of vaccines and their increased production, the aviation industry was able to slowly recover from the deadly strike it had been suffered. Under such circumstance, the Company doubled its attention in the military business to compensate the market downturn in the commercial sector, and at the same time, adjusted its strategies to cope with the market twist, which includes new business development, cost down, deepened training, accountability, and lean. The collective efforts resulted in the following achievements in Fiscal Year 2021.

In the military sector, Chairman Hu Kai-Hung personally co-flighted the AJT (Advanced Jet Trainer) to show the Company's determination in delivering high performance jet trainers. The first delivery was made in March 2021, and the 2nd shipset followed in December, also flown to the customer by Chairman Hu himself. The first 2 successful deliveries unveiled the AJT mass production.

In line with the objectives of self-sufficiency and localization, AIDC signed a 5-year open contract in January 2021 with the Air Force for the maintenance of the F-16. Additionally, the F-16A/B upgrade and the maintenance projects which include the IDF and the helicopters were all conducted on time and on expectations.

With the existing projects running in good order, the Company worked closely with the NCSIST (National Chung-Shan Institute of Science and Technology) to explore possible support where AIDC may offer in the future in co-development and production.

As soon as the borders started to reopen after the pandemic had eased off, Chairman Hu Kai-Hung led a team in October 2021 to visit 13 US based companies including Honeywell, GE, and Lockheed Martin. President Ma Wan-June followed in November with another team visiting the Dubai Air Show, where he met with tens of system suppliers and the prime defense contractors like Lockheed Martin and BAE. The agenda of these two trips were high level management discussions for the AJT 、 F-16A/B upgrade, aero engine business development, primary trainer, and the next generation fighter jet.

In commercial business, the passenger air traffic experienced slow recovery due to the COVID-19 variants. Such impact also affected the entire supply chain. The Company had its near-term strategy aim to sustain the existing orders and strived to increase the volume based on the current orders, while in the long-term continue to search for new aircraft and new engine joint venture opportunities for systems and components; research and develop larger aero engine cases; and cultivate engine maintenance business.

In particular, the Company's Technology Implementation sector took a great leap in 2021 upon its long-term diversification effort. As zero emission and energy saving become the most pressing global issues, in addition to its existing biogas power generation business, the Company activated the automatic frequency control (AFC) service and participated in power trading starting October 2021 by its newly established 5MW energy storage system.

Furthermore, AIDC and TAV (Tangeng Advanced Vehicles) together with members in the Taiwan eBus industry organized the CTP (Commercial Taiwan Partnership) for cooperation in the eBus business development. Dubbed Alighter, the new ebus supported by the CTP debuted in Taipei in January 2022. The Alighter will be promoted in the markets of Southeast Asia, Japan, the US, and Europe to show that Taiwan is not absent in the global effort for green sustainability.

The Company appreciates the continuous support from all its most valued shareholders. The summary of the report on the operation results for FY 2021 and the business plan for FY 2022 are presented hereunder.

FY 2021 Operation Highlight

Revenue and Income

The momentum of the AJT mass production and the F-16 A/B upgrade brought steady growth to the Company's defense business, while the commercial sector was favored by mild recovery in passenger air traffic from AIDC's clients such as GE and Bombardier. As a result, the operating profit in FY 2021 was NT\$23.7 billion, which constituted a 12.8% increase comparing to the previous year. The net income was NT\$558 million with EPS at NT\$0.59, which increased 41% in comparison with the previous year with profit margin at 2.4% that also exceeded the previous year.

Research and Development

The R&D expenses of AIDC in FY 2021 amounted to NT\$544 million with 37 R&D projects in a spectrum of 5 categories consisted of: application of military core technologies, new product development, management skills, maintenance technologies, and manufacturing technologies. They were conducted in support of the objectives of expanding the Company's core capabilities, as well as increasing business opportunities in both military and commercial sectors.

Credentials and Awards

Corporate Governance:

- * Ranked in the Top 5% of the TWSE listed companies in the Corporate Governance Evaluation in Apr. 2021
- * Awarded Diamond Supplier from Bombardier in Jul. 2021
- * Awarded "the Excellent in the Smart Manufacturing" by Harvard Business Review in Sep. 2021
- * The Gulfstream G700 test aircraft, which uses Pearl 700 Advanced 2 engine, took its first flight in Sep. 2021. As the core components supplier of the Rolls-Royce Pearl 700 Advance 2 engine, AIDC's contribution is recognized by Rolls-Royce.
- * Awarded "National Industrial Innovation" (Innovation Trailblazer of the Year) from Ministry of Economic Affairs in Nov. 2021
- * Awarded Golden Medal in TTQS Evaluation by Workforce Development Agency of Ministry of Labor in Dec. 2021

Sustainable Environment:

- * Awarded "Excellent Performance in Reducing Green House Gas" by Environmental Protection Bureau of Kaohsiung City Government in Sep. 2021
- * Awarded "Green Procurement Enterprise" by Taichung City Government in Nov. 2021
- * Awarded "R.O.C Enterprise Environmental Protection Award" (Bronze Medal in the Manufacturing category) in Nov. 2021
- * Granted "2021 Taiwan Corporate Sustainability Award" (Corporate Sustainability Report Award, Sustainability Performance Awards and Best Performance in Information Security, Innovation and People Development) in Nov. 2021

Labor-Management Relation

- * Granted "Excellent Health Occupational and Health Management" from the Ministry of Health and Welfare in Jan. 2021
- * Awarded "Excellent Health Occupational and Health Management" from Taichung City Government in May 2021
- * Awarded the "Five-Star Happy Workplace" from the Labor Affairs Bureau of Taichung City Government in Nov. 2021

- * Awarded the “Enterprise Volunteer Team” from Kaohsiung City Government in Dec. 2021
- * Awarded “Excellent Enterprise of Hiring disabilities” from Kaohsiung City Government in Dec. 2021

Business Plan for FY 2022

Business Development Plan

- * Defense Business: Positioned as a system integrator, the Company continues to dedicate in R&D and enhancement of technical capabilities of its supply chain to increase local content rate to support national defense requirement. With its strength and past experiences in aircraft R&D and production, AIDC remains confident in providing services such as aircraft full-scale development, mass production, performance upgrade, life extension, maintenance, and flight services.
- * Civil Aviation Business: In addition to targeting the engine related parts and aerostructure parts such as the flight control surface; cabin door; and fuselage of business jet and regional jet, AIDC also actively pursues non-aerostructure businesses to counterbalance the impact of the pandemic.
- * Technology Implementation: In conformity with the global net zero emission effort; Taiwan’s overall energy saving and carbon reduction target; and the government’s policy of “Prevention Precedes Relief” in disaster management, AIDC continues to strengthen its business deployment in the electric bus, power storage, carbon reduction, disaster prevention, flight service for atmospheric measurement, and technical services for the advanced simulation, elements of satellite, and communication system integration.

Corporate Management Policy

The Balanced Scorecard is the Company’s management tool that interlocks corporate visions, strategies, goals, priorities, and action plans together to ensure all operational activities are supporting AIDC’s corporate sustainability. For the coming fiscal year, AIDC strives for deeper and wider endeavors in new business development, cost down, training, accountability, and lean, so as to sail through the aftermath of the pandemic and secure the operational goal of 2022.

The COP26 2021 made the carbon reduction a global consensus. While achieving Net Zero Emission has become a common goal across the world, Taiwan also announced her net zero target set by 2050. Being a leading company in Taiwan’s aerospace industry that also supports the national defense, AIDC responds to carbon reduction without hesitation by formulating a roadmap and setting up milestones that will lead AIDC to become carbon neutral by 2050.

As such, the Company will continue to expand the aerospace business; extend its core capabilities to participate in the new markets derived from the global net zero effort; and develop complementary marketing power to create multiple momentum that will contribute to the long-term corporate growth and create sustainability value that will benefit its customers, shareholders, employees, and the society.

Chairman: Hu, Kai-Hung President: Ma, Wan-June Accounting Supervisor: Huang, Hsiu-Yen

Date: March 28, 2022

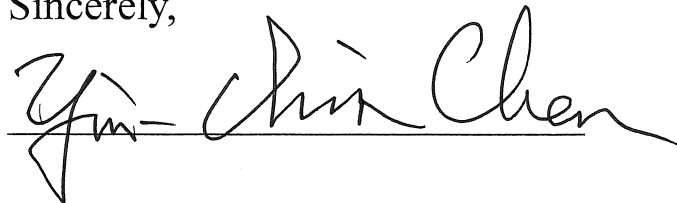
To: Aerospace Industrial Development Corporation
2022 Annual Shareholders' Meeting

Subject: Audit Committee Review Report

Dear Valued Shareholders,

The Board of Directors has prepared the Company's 2021 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 Financial Statements. The Business Report, Financial Statements, and proposal for allocation of profits have been reviewed and determined to be correct and accurate by the Audit Committee of Aerospace Industrial Development Corporation. According to Article 219 of the Company Law and Article 14-4 of the Securities and Exchange Act, I hereby submit this report.

Sincerely,

A handwritten signature in black ink, reading "Yin-Chin Chen", written over a horizontal line.

Yin-Chin Chen

Chairman of the Audit Committee

Aerospace Industrial Development Corporation
2021 Compensation to Employees and Directors

The Board of Directors has approved the proposal of the 2021 Employees' Compensation and Remuneration to Directors in the board meeting of March 28, 2022. The compensation will be distributed after the Annual Shareholders' Meeting.

1. Employees' compensation and the directors' remuneration are totaled respectively at NT\$28,431,329 and NT\$3,546,273 in cash.
2. The amounts, cited above as expenses of the 2021 net profit before income tax, are the same as the amounts proposed by the Board of Directors.

Aerospace Industrial Development Corporation

2021 Unsecured Corporate Bond Issuance

The Board of Directors consented to the issuance of Unsecured Corporate Bond in the BOD meeting of March 26, 2021, and unsecured corporate bonds were issued on May 26, 2021 to pay off the short term debt on the same day, which has fulfilled the purpose of strengthening AIDC's financial structure as expected. Details of the issuance are shown below.

Type of Bond Issued		1 st Unsecured Corporate Bond Issued in 2021
Date Issued		May. 26, 2021
Par Value		NT\$1,000,000
Issue Price		Par Value
Nominal Amount		NT\$3,450,000,000
Interest Rate		0.52%
Term		Seven Years, Maturity: May 26, 2028
Repayment Method		Principal Payment as Matured
Redemption Clauses		None
Restrictive Covenants		None
Credit Rating Agency / Date / Rating		Credit Rating Agency: Taiwan Ratings Corporation Rating: Long term: twAA- / Short term: twA-1+ Outlook: Negative Rating Date: May 29, 2020 Bond Rating: Not Applicable
Other Convertible Rights	Amount Converted to Common Stock or Depository Receipt or Other Securities.	Not Applicable
	Issue/Conversion Rules	None
Terms to issuance, conversion, exchange and subscription. The impacts to current shareholder equity and potential dilutions.		None



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Aerospace Industrial Development Corporation

Opinion

We have audited the accompanying consolidated financial statements of Aerospace Industrial Development Corporation and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Impairment loss of inventory

The Group assesses the impairment of inventory by identifying raw materials individually. The Group's assessment of impairment loss of raw materials was based on current market condition and future consumption in accordance with IAS 2. Refer to Notes 5 and 9 to the consolidated financial statements for the relevant accounting policies, accounting judgments and estimation uncertainties, and other information. The assessment of impairment loss of raw materials involves management's critical judgment; therefore, we considered the impairment of inventory as a key audit matter. Our key audit procedures performed in regard to the impairment assessment included the following:

1. We selected samples of the inventory aging report and tested the completeness and accuracy of the inventory.
2. We selected samples of raw materials that were over 1 year, which were not recognized as obsolete, and confirmed the reasonableness of not recognizing the raw materials' obsolescence.
3. We tested the net realizable value of raw materials which were not recognized as obsolete and selected samples and calculated the allowance for impairment loss.

Other Matter

We have also audited the parent company only financial statements of Aerospace Industrial Development Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lie-Dong Wu and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	December 31			
	2021		2020	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,312,656	8	\$ 4,587,565	11
Contract assets - current (Notes 4 and 23)	530,666	1	954,090	2
Notes receivable (Notes 4 and 8)	16,203	-	48,561	-
Trade receivables from unrelated parties (Notes 4 and 8)	8,398,245	21	8,763,922	20
Trade receivables from related parties (Notes 4 and 29)	138,244	-	101,332	-
Other receivables (Notes 4)	3,417	-	11,655	-
Current tax assets	4,941	-	20,267	-
Inventories (Notes 4, 5 and 9)	11,955,772	30	12,196,505	28
Other financial assets - current (Notes 4, 15 and 30)	15,382	-	33,021	-
Other current assets (Notes 4, 16, and 29)	2,409,895	6	3,077,685	7
Total current assets	26,785,421	66	29,794,603	68
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	46,883	-	49,928	-
Investments accounted for using the equity method (Notes 4 and 11)	1,134,885	3	976,879	2
Property, plant and equipment (Notes 4, 12, 24 and 30)	9,413,000	23	9,297,868	21
Right-of-use assets (Notes 3, 4 and 13)	1,703,931	4	1,815,293	4
Intangible assets (Notes 4 and 14)	906,575	2	1,156,391	3
Deferred tax assets (Notes 4 and 25)	307,626	1	319,835	1
Prepayments for equipment (Note 24)	278,858	1	472,268	1
Net defined benefit assets - non-current (Notes 4 and 21)	38,732	-	6,533	-
Other financial assets - non-current (Notes 4, 15 and 30)	41,753	-	47,841	-
Other non-current assets (Notes 4, 8 and 16)	90,228	-	86,861	-
Total non-current assets	13,962,471	34	14,229,697	32
TOTAL	<u>\$ 40,747,892</u>	<u>100</u>	<u>\$ 44,024,300</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 1,200,000	3	\$ 3,710,000	9
Short-term bills payable (Note 17)	8,636,928	21	11,696,287	27
Contract liabilities (Note 4 and 23)	1,516,535	4	1,480,736	3
Trade payables to unrelated parties	1,987,802	5	1,232,686	3
Trade payables to related parties (Note 29)	110,937	-	101,685	-
Other payables (Notes 19 and 29)	2,642,297	7	2,699,823	6
Current tax liabilities (Notes 4 and 25)	68,360	-	61,401	-
Lease liabilities - current (Notes 3, 4 and 13)	102,769	-	103,630	-
Other current liabilities	39,964	-	100,842	-
Total current liabilities	16,305,592	40	21,187,090	48
NON-CURRENT LIABILITIES				
Bonds payable (Note 18)	6,443,779	16	2,997,014	7
Long-term borrowings (Note 17)	1,180,000	3	3,260,000	7
Provisions - non-current (Notes 4 and 20)	414,658	1	442,175	1
Non-current tax liabilities (Notes 4 and 25)	30,700	-	92,101	-
Deferred tax liabilities (Notes 4 and 25)	204,887	1	157,145	-
Lease liabilities - non-current (Notes 3, 4 and 13)	1,640,924	4	1,740,938	4
Long-term deferred revenue (Note 4)	8,564	-	3,856	-
Guarantee deposits	194,101	-	179,709	1
Total non-current liabilities	10,117,613	25	8,872,938	20
Total liabilities	26,423,205	65	30,060,028	68
EQUITY				
Ordinary shares	9,418,671	23	9,418,671	21
Retained earnings				
Legal reserve	1,143,477	3	1,098,424	3
Special reserve	2,020,291	5	1,931,264	4
Unappropriated earnings	1,896,068	4	1,634,749	4
Other equity	(153,820)	-	(118,836)	-
Total equity	14,324,687	35	13,964,272	32
TOTAL	<u>\$ 40,747,892</u>	<u>100</u>	<u>\$ 44,024,300</u>	<u>100</u>

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

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
SALES (Notes 4, 23 and 29)	\$ 23,734,566	100	\$ 21,042,937	100
COST OF GOODS SOLD (Notes 9, 24 and 29)	<u>21,963,093</u>	<u>93</u>	<u>19,640,836</u>	<u>93</u>
GROSS PROFIT	<u>1,771,473</u>	<u>7</u>	<u>1,402,101</u>	<u>7</u>
OPERATING EXPENSES (Notes 24 and 29)				
Selling and marketing expenses	160,989	1	115,566	1
General and administrative expenses	575,681	2	597,985	3
Research and development expenses	544,242	2	516,700	2
Expected credit gain (Notes 4 and 8)	<u>(780)</u>	<u>-</u>	<u>(7,974)</u>	<u>-</u>
Total operating expenses	<u>1,280,132</u>	<u>5</u>	<u>1,222,277</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>491,341</u>	<u>2</u>	<u>179,824</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 24)	601,754	3	750,132	4
Other gains and losses (Notes 4 and 24)	(534,462)	(2)	(552,757)	(3)
Share of profit of associates (Note 4)	246,315	1	241,233	1
Interest income	2,991	-	41,216	-
Finance costs (Notes 4 and 24)	<u>(133,243)</u>	<u>(1)</u>	<u>(180,025)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>183,355</u>	<u>1</u>	<u>299,799</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	674,696	3	479,623	2
INCOME TAX EXPENSE (Notes 4 and 25)	<u>116,683</u>	<u>1</u>	<u>83,765</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>558,013</u>	<u>2</u>	<u>395,858</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	25,759	-	54,677	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	<u>(3,045)</u>	<u>-</u>	<u>(37,406)</u>	<u>-</u>

(Continued)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (31,939)	-	\$ (51,621)	-
Other comprehensive loss for the year, net of income tax	(9,225)	-	(34,350)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 548,788</u>	<u>2</u>	<u>\$ 361,508</u>	<u>2</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.59</u>		<u>\$ 0.42</u>	
Diluted	<u>\$ 0.59</u>		<u>\$ 0.42</u>	

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

(Concluded)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Total Equity
	Ordinary Shares (Note 22)	Retained Earnings (Note 22)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity (Note 4)	
		Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized gain (loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2020	\$ 9,418,671	\$ 909,345	\$ 2,522,475	\$ 1,902,904	\$ (37,943)	\$ 8,134	\$ 14,723,586
Appropriation of 2019 earnings							
Legal reserve	-	189,079	-	(189,079)	-	-	-
Special reserve	-	-	(591,211)	591,211	-	-	-
Cash dividends distributed by the Company	-	-	-	(1,120,822)	-	-	(1,120,822)
Profit for the year ended December 31, 2020	-	-	-	395,858	-	-	395,858
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	54,677	(51,621)	(37,406)	(34,350)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	450,535	(51,621)	(37,406)	361,508
BALANCE AT DECEMBER 31, 2020	9,418,671	1,098,424	1,931,264	1,634,749	(89,564)	(29,272)	13,964,272
Appropriation of 2020 earnings							
Legal reserve	-	45,053	-	(45,053)	-	-	-
Special reserve	-	-	89,027	(89,027)	-	-	-
Cash dividends distributed by the Company	-	-	-	(188,373)	-	-	(188,373)
Profit for the year ended December 31, 2021	-	-	-	558,013	-	-	558,013
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	25,759	(31,939)	(3,045)	(9,225)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	583,772	(31,939)	(3,045)	548,788
BALANCE AT DECEMBER 31, 2021	\$ 9,418,671	\$ 1,143,477	\$ 2,020,291	\$ 1,896,068	\$ (121,503)	\$ (32,317)	\$ 14,324,687

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

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 674,696	\$ 479,623
Adjustments for:		
Depreciation expense	1,225,158	1,090,238
Amortization expense	218,956	339,940
Expected credit gain	(780)	(7,974)
Finance costs	133,243	180,025
Interest income	(2,991)	(41,216)
Dividend income	(123)	(111)
Share of profit of associates	(246,315)	(241,233)
Loss (gain) on disposal of property, plant and equipment	(616)	21
Impairment loss recognized on non-financial assets	400,004	267,345
Unrealized net loss on foreign currency exchange	8,936	47,887
Recognition (reversal) of provisions	7,222	(72,336)
Other income from liabilities	(13,612)	(2,168)
Benefits from lease modification	(24,025)	(24,069)
Net changes in operating assets and liabilities		
Contract assets	423,424	325,624
Notes receivable	32,358	(42,924)
Trade receivables	314,868	3,911,255
Other receivables	6,429	65,077
Inventories	11,012	(2,638,183)
Other current assets	661,257	1,515,966
Contract liabilities	35,799	896,617
Trade payables	767,171	(139,964)
Other payables	139,079	(875,180)
Other current liabilities	(47,576)	57,490
Deferred income	4,708	3,577
Cash generated from operations	4,728,282	5,095,327
Interest received	4,800	46,402
Interest paid	(111,383)	(159,576)
Income tax paid	(102,288)	(137,310)
Net cash generated from operating activities	<u>4,519,411</u>	<u>4,844,843</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments accounted for using the equity method	-	(50,000)
Payments for property, plant and equipment	(1,038,670)	(1,566,946)
Proceeds from disposal of property, plant and equipment	680	-
Increase in refundable deposits	(38,589)	(76,673)
Decrease in refundable deposits	45,226	51,448
Payments for intangible assets	(150,545)	(236,777)
		(Continued)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2021	2020
Decrease in other financial assets	\$ 23,770	\$ 2,870,196
Increase in other non-current assets	(10,287)	(27,123)
Increase in prepayments for equipment	(208,614)	(151,457)
Dividends received	<u>57,947</u>	<u>103,083</u>
Net cash generated from (used in) investing activities	<u>(1,319,082)</u>	<u>915,751</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	21,125,000	39,042,244
Repayments of short-term borrowings	(23,635,000)	(40,252,244)
Proceeds from short-term bills payable	67,310,050	79,086,586
Repayments of short-term bills payable	(70,369,409)	(75,747,554)
Proceeds from bonds payable	3,445,585	-
Proceeds from long-term borrowings	25,203,000	31,438,000
Repayments of long-term borrowings	(27,283,000)	(34,106,299)
Proceeds of guarantee deposits received	118,735	103,677
Refund of guarantee deposits	(104,343)	(138,359)
Repayment of the principal portion of lease liabilities	(96,018)	(110,216)
Cash dividends distributed	<u>(188,373)</u>	<u>(1,120,822)</u>
Net cash used in financing activities	<u>(4,473,773)</u>	<u>(1,804,987)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(1,465)</u>	<u>(2,182)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,274,909)	3,953,425
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,587,565</u>	<u>634,140</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,312,656</u>	<u>\$ 4,587,565</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Aerospace Industrial Development Corporation

Opinion

We have audited the accompanying financial statements of Aerospace Industrial Development Corporation (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2021 is stated as follows:

Impairment loss of inventory

The Company assesses the impairment of inventory by identifying raw materials individually. The Company's assessment of impairment loss of raw materials was based on current market condition and future consumption in accordance with IAS 2. Refer to Notes 5 and 9 to the financial statements for the relevant accounting policies, accounting judgments and estimation uncertainties, and other information. The assessment of impairment loss of raw materials involves management's critical judgment; therefore, we considered the impairment of inventory as

a key audit matter. Our key audit procedures performed in regard to the impairment assessment included the following:

1. We selected samples of the inventory aging report and tested the completeness and accuracy of the inventory.
2. We selected samples of raw materials that were over 1 year, which were not recognized as obsolete, and confirmed the reasonableness of not recognizing the raw materials' obsolescence.
3. We tested the net realizable value of raw materials which were not recognized as obsolete and selected samples and calculated the allowance for impairment loss.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lie-Dong Wu and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2022

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

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	December 31			
	2021		2020	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,251,313	8	\$ 4,550,068	11
Contract assets - current (Notes 4 and 22)	530,666	1	954,090	2
Notes receivable (Notes 4 and 8)	16,203	-	48,561	-
Trade receivables from unrelated parties (Notes 4 and 8)	8,398,245	21	8,763,922	20
Trade receivables from related parties (Notes 4 and 28)	134,375	-	99,413	-
Other receivables (Note 4)	3,417	-	11,655	-
Current tax assets	4,941	-	4,541	-
Inventories (Notes 4, 5 and 9)	11,955,772	30	12,196,505	28
Other financial assets - current (Notes 4, 14 and 29)	15,382	-	33,021	-
Other current assets (Notes 4, 15 and 28)	2,409,447	6	3,077,295	7
Total current assets	26,719,761	66	29,739,071	68
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	46,883	-	49,928	-
Investments accounted for using the equity method (Notes 4 and 10)	1,186,243	3	1,029,026	2
Property, plant and equipment (Notes 4, 11, 23 and 29)	9,412,918	23	9,297,653	21
Right-of-use assets (Notes 3, 4 and 12)	1,700,935	4	1,813,172	4
Intangible assets (Notes 4 and 13)	906,544	2	1,156,321	3
Deferred tax assets (Notes 4 and 24)	307,526	1	319,637	1
Prepayments for equipment (Note 23)	278,858	1	472,268	1
Net defined benefit assets - non-current (Notes 4 and 20)	38,732	-	6,533	-
Other financial assets - non-current (Notes 4, 14 and 29)	41,753	-	47,841	-
Other non-current assets (Notes 4, 8 and 15)	90,088	-	86,718	-
Total non-current assets	14,010,480	34	14,279,097	32
TOTAL	<u>\$ 40,730,241</u>	<u>100</u>	<u>\$ 44,018,168</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 1,200,000	3	\$ 3,710,000	9
Short-term bills payable (Note 16)	8,636,928	21	11,696,287	27
Contract liabilities (Notes 4 and 22)	1,516,535	4	1,480,736	3
Trade payables to unrelated parties	1,985,897	5	1,232,686	3
Trade payables to related parties (Note 28)	111,286	-	102,182	-
Other payables (Notes 18 and 28)	2,636,110	7	2,695,662	6
Current tax liabilities (Notes 4 and 24)	61,401	-	61,401	-
Lease liabilities - current (Notes 3, 4 and 12)	101,012	-	102,069	-
Other current liabilities	39,953	-	100,687	-
Total current liabilities	16,289,122	40	21,181,710	48
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	6,443,779	16	2,997,014	7
Long-term borrowings (Note 16)	1,180,000	3	3,260,000	7
Provisions - non-current (Notes 4 and 19)	414,658	1	442,175	1
Non-current tax liabilities (Notes 4 and 24)	30,700	-	92,101	-
Deferred tax liabilities (Notes 4 and 24)	204,887	1	157,145	-
Lease liabilities - non-current (Notes 3, 4 and 12)	1,639,743	4	1,740,186	4
Long-term deferred revenue (Note 4)	8,564	-	3,856	-
Guarantee deposits	194,101	-	179,709	1
Total non-current liabilities	10,116,432	25	8,872,186	20
Total liabilities	26,405,554	65	30,053,896	68
EQUITY				
Ordinary shares	9,418,671	23	9,418,671	21
Retained earnings				
Legal reserve	1,143,477	3	1,098,424	3
Special reserve	2,020,291	5	1,931,264	4
Unappropriated earnings	1,896,068	4	1,634,749	4
Other equity	(153,820)	-	(118,836)	-
Total equity	14,324,687	35	13,964,272	32
TOTAL	<u>\$ 40,730,241</u>	<u>100</u>	<u>\$ 44,018,168</u>	<u>100</u>

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

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
SALES (Notes 4, 22 and 28)	\$ 23,711,193	100	\$ 21,020,879	100
COST OF GOODS SOLD (Notes 9, 23 and 28)	<u>21,985,251</u>	<u>93</u>	<u>19,665,936</u>	<u>93</u>
GROSS PROFIT	<u>1,725,942</u>	<u>7</u>	<u>1,354,943</u>	<u>7</u>
OPERATING EXPENSES (Notes 23 and 28)				
Selling and marketing expenses	164,625	1	119,408	1
General and administrative expenses	532,033	2	555,117	3
Research and development expenses	544,242	2	516,700	2
Expected credit gain (Notes 4 and 8)	<u>(780)</u>	<u>-</u>	<u>(7,974)</u>	<u>-</u>
Total operating expenses	<u>1,240,120</u>	<u>5</u>	<u>1,183,251</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>485,822</u>	<u>2</u>	<u>171,692</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 23)	601,754	2	750,129	4
Other gains and losses (Notes 4 and 23)	(535,140)	(2)	(552,756)	(3)
Share of profit of subsidiary and associates (Note 4)	189,176	1	175,719	1
Interest income	2,969	-	41,189	-
Finance costs (Notes 4 and 23)	<u>(133,155)</u>	<u>(1)</u>	<u>(179,880)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>125,604</u>	<u>-</u>	<u>234,401</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	611,426	2	406,093	2
INCOME TAX EXPENSE (Notes 4 and 24)	<u>53,413</u>	<u>-</u>	<u>10,235</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>558,013</u>	<u>2</u>	<u>395,858</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	25,759	-	54,677	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	<u>(3,045)</u>	<u>-</u>	<u>(37,406)</u>	<u>-</u>

(Continued)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (31,939)	-	\$ (51,621)	-
Other comprehensive loss for the year, net of income tax	(9,225)	-	(34,350)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 548,788</u>	<u>2</u>	<u>\$ 361,508</u>	<u>2</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 0.59</u>		<u>\$ 0.42</u>	
Diluted	<u>\$ 0.59</u>		<u>\$ 0.42</u>	

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

(Concluded)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 21)	Retained Earnings (Note 21)			Other Equity (Note 4)		Total Equity
		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized gain (loss) on Investments in Equity Instruments Designated as at Fair Value through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2020	\$ 9,418,671	\$ 909,345	\$ 2,522,475	\$ 1,902,904	\$ (37,943)	\$ 8,134	\$ 14,723,586
Appropriation of 2019 earnings							
Legal reserve	-	189,079	-	(189,079)	-	-	-
Special reserve	-	-	(591,211)	591,211	-	-	-
Cash dividends distributed by the Company	-	-	-	(1,120,822)	-	-	(1,120,822)
Profit for the year ended December 31, 2020	-	-	-	395,858	-	-	395,858
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	54,677	(51,621)	(37,406)	(34,350)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	450,535	(51,621)	(37,406)	361,508
BALANCE AT DECEMBER 31, 2020	9,418,671	1,098,424	1,931,264	1,634,749	(89,564)	(29,272)	13,964,272
Appropriation of 2020 earnings							
Legal reserve	-	45,053	-	(45,053)	-	-	-
Special reserve	-	-	89,027	(89,027)	-	-	-
Cash dividends distributed by the Company	-	-	-	(188,373)	-	-	(188,373)
Profit for the year ended December 31, 2021	-	-	-	558,013	-	-	558,013
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	25,759	(31,939)	(3,045)	(9,225)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	583,772	(31,939)	(3,045)	548,788
BALANCE AT DECEMBER 31, 2021	\$ 9,418,671	\$ 1,143,477	\$ 2,020,291	\$ 1,896,068	\$ (121,503)	\$ (32,317)	\$ 14,324,687

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

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 611,426	\$ 406,093
Adjustments for:		
Depreciation expense	1,223,104	1,088,005
Amortization expense	218,919	339,901
Expected credit gain	(780)	(7,974)
Finance costs	133,155	179,880
Interest income	(2,969)	(41,189)
Dividend income	(123)	(111)
Share of profit of subsidiary and associates	(189,176)	(175,719)
Loss on disposal of property, plant and equipment	63	21
Impairment loss recognized on non-financial assets	400,004	267,345
Unrealized net loss on foreign currency exchange	8,936	47,887
Recognition (reversal) of provisions	7,222	(72,336)
Other income from liabilities	(13,612)	(2,168)
Benefits from lease modification	(24,025)	(24,069)
Net changes in operating assets and liabilities		
Contract assets	423,424	325,624
Notes receivable	32,358	(42,924)
Trade receivables	316,818	3,909,940
Other receivables	6,429	65,073
Inventories	11,012	(2,638,183)
Other current assets	661,315	1,515,933
Contract liabilities	35,799	896,617
Trade payables	765,118	(139,467)
Other payables	137,053	(875,345)
Other current liabilities	(47,432)	57,377
Deferred income	4,708	3,577
Cash generated from operations	4,718,746	5,083,788
Interest received	4,778	46,375
Interest paid	(111,383)	(159,576)
Income tax paid	(61,801)	(35,609)
Net cash generated from operating activities	4,550,340	4,934,978
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments accounted for using the equity method	-	(50,000)
Payments for property, plant and equipment	(1,038,632)	(1,566,886)
Proceeds from disposal of property, plant and equipment	1	-
Increase in refundable deposits	(38,589)	(76,673)
Decrease in refundable deposits	45,226	51,446
Payments for intangible assets	(150,545)	(236,777)
Decrease in other financial assets	23,770	2,870,196

(Continued)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2021	2020
Increase in other non-current assets	\$ (10,287)	\$ (27,123)
Increase in prepayments for equipment	(208,614)	(151,457)
Dividends received	<u>123</u>	<u>111</u>
Net cash generated from (used in) investing activities	<u>(1,377,547)</u>	<u>812,837</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	21,125,000	39,042,244
Repayments of short-term borrowings	(23,635,000)	(40,252,244)
Proceeds from short-term bills payable	67,310,050	79,086,586
Repayments of short-term bills payable	(70,369,409)	(75,747,554)
Proceeds from bonds payable	3,445,585	-
Proceeds from long-term borrowings	25,203,000	31,438,000
Repayments of long-term borrowings	(27,283,000)	(34,106,299)
Proceeds of guarantee deposits received	118,735	103,677
Refund of guarantee deposits	(104,343)	(138,359)
Repayment of the principal portion of lease liabilities	(93,793)	(108,263)
Cash dividends distributed	<u>(188,373)</u>	<u>(1,120,822)</u>
Net cash used in financing activities	<u>(4,471,548)</u>	<u>(1,803,034)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,298,755)	3,944,781
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,550,068</u>	<u>605,287</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,251,313</u>	<u>\$ 4,550,068</u>

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

(Concluded)

AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2021	2020
Decrease in other financial assets	\$ 23,770	\$ 2,870,196
Increase in other non-current assets	(10,287)	(27,123)
Increase in prepayments for equipment	(208,614)	(151,457)
Dividends received	<u>57,947</u>	<u>103,083</u>
Net cash generated from (used in) investing activities	<u>(1,319,082)</u>	<u>915,751</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	21,125,000	39,042,244
Repayments of short-term borrowings	(23,635,000)	(40,252,244)
Proceeds from short-term bills payable	67,310,050	79,086,586
Repayments of short-term bills payable	(70,369,409)	(75,747,554)
Proceeds from bonds payable	3,445,585	-
Proceeds from long-term borrowings	25,203,000	31,438,000
Repayments of long-term borrowings	(27,283,000)	(34,106,299)
Proceeds of guarantee deposits received	118,735	103,677
Refund of guarantee deposits	(104,343)	(138,359)
Repayment of the principal portion of lease liabilities	(96,018)	(110,216)
Cash dividends distributed	<u>(188,373)</u>	<u>(1,120,822)</u>
Net cash used in financing activities	<u>(4,473,773)</u>	<u>(1,804,987)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(1,465)</u>	<u>(2,182)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,274,909)	3,953,425
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,587,565</u>	<u>634,140</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,312,656</u>	<u>\$ 4,587,565</u>

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

(Concluded)

Aerospace Industrial Development Corporation Proposal for Earnings Distribution of 2021 Profits	
Currency: in NTD	
Item	Amounts
Distributable earnings at beginning of period	1,312,295,163
Remeasurement of defined benefit plans	25,759,200
Distributable earnings after adjustment	1,338,054,363
Annual net profit after tax	558,013,103
Less Items:	
Legal reserve (10%)	-58,377,230
Legal Special reserve	-153,820,020
Add Items:	
Reverse previous year self-listing of Special reserve	118,836,265
Accumulate available for distribution surplus	1,802,706,481
Distribution Items :	
Cash dividend to shareholders (NT\$0.35 per share)	-329,653,485
Total distribution	-329,653,485
Unappropriated earnings at the end of period	1,473,052,996

Attachment VII

Mapping of the Amended Provisions of the Company's Articles of Incorporation and the Original Provisions

After amendment		Before amendment		Cause of amendment
Article 12	The shareholders' meeting is assembled according to the Company Act, the Securities & Exchange Act, and applicable regulations. <u>The shareholders' meeting can be held by means of visual conference or other methods announced by the central competent authority, and shall be subject to the regulations of the securities competent authority.</u>	Article 12	The shareholders' meeting is assembled according to the Company Act, the Securities & Exchange Act, and applicable regulations.	1. Amendment to the provision. 2. Amendments are made according to Article 172-2 of the Company Act.
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, the 2 nd amendment was incorporated on June 24, 1996,, the 24 th amendment was incorporated on May 29, 2020, the 25 th amendment was incorporated on August 13, 2021, <u>and the 26th amendment was incorporated on May 27, 2022.</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, the 2 nd amendment was incorporated on June 24, 1996,, the 24 th amendment was incorporated on May 29, 2020, and the 25 th amendment was incorporated on August 13, 2021.	1. Amendment to the provision. 2. Addition of the note on amendment (26 th instance) and the date of amendment.

Aerospace Industrial Development Corporation

The Articles of Incorporation (Draft)

Chapter I General Provisions

- Article 1 The Corporation shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 漢翔航空工業股份有限公司 in the Chinese language, and AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION in the English language.
- Article 2 The scope of business of the Corporation shall be as follows:
1. CB01010 Machinery and Equipment Manufacturing
 2. CD01060 Aircraft and Parts Manufacturing
 3. I101100 Aviation Consultancy
 4. JE01010 Rental and Leasing Business
 5. IG03010 Energy Technical Services
 6. CD01020 Tramway Cars Manufacturing
 7. I599990 Other Designing
 8. I199990 Other Consultancy
 9. CB01030 Pollution Controlling Equipment Manufacturing
 10. F113100 Wholesale of Pollution Controlling Equipment.
 11. E605010 Computing Equipment Installation Construction
 12. G502011 Aviation
 13. F401010 International Trade
 14. E701030 Restrained Telecom Radio Frequency Equipment and Materials Construction
 15. E606010 Electricity Equipment Checking and Maintenance
 16. I103060 Management Consulting Services
 17. I401010 General Advertising Services
 18. JB01010 Exhibition Services
 19. CF01011 Medical Materials and Equipment Manufacturing
 20. F108031 Wholesale of Drugs, Medical Goods
 21. F208031 Retail sale of Medical Equipment
 22. D101060 Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
 23. D101050 Steam and Electricity Para Genesis
 24. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
 25. CC01100 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
 26. CC01060 Wired Communication Equipment and Apparatus Manufacturing
 27. CC01070 Telecommunication Equipment and Apparatus Manufacturing
 28. F501990 Other Eating and Drinking Places Not Elsewhere Classified
 29. H703100 Real Estate Rental and Leasing
 30. CD01030 Automobiles and Parts Manufacturing
 31. I301010 Software Design Services
 32. J202010 Industry Innovation and Incubation Services
 33. F107090 Wholesale of Industrial Explosives
 34. F107060 Toxic and Concerned Chemical Substances Wholesale Trade
 35. E603050 Cybernation Equipments Construction
 36. CA02030 Screw, Nut and Rivet Manufacturing
 37. CA02060 Metal Containers Manufacturing
 38. CA02990 Other Metal Products Manufacturing
 39. CA03010 Heat Treatment
 40. CA04010 Surface Treatments
 41. CB01990 Other Machinery Manufacturing
 42. CC01020 Electric Wires and Cables Manufacturing

	43. CC01080	Electronics Components Manufacturing
	44. CC01110	Computer and Peripheral Equipment Manufacturing
	45. CC01990	Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
	46. CD01990	Other Transport Equipment and Parts Manufacturing
	47. CQ01010	Mold and Die Manufacturing
	48. ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Article 3	As business may require, the Company may provide guarantee according to the Company's warranty principles.	
Article 4	The Company is located in Taichung City. It may establish subsidiaries in and out the country where and when necessary with approval from the Board of Directors.	
Article 5	The Company's public announcements shall be made according to Article 28 of the Company Act.	
Article 6	When the Company performs reinvestment to become a limited liability shareholder, the total investment amount must not exceed 60% of the paid-up capital.	
Chapter II Shares		
Article 7	The total capital of the Company is 15 billion NT dollars in 1.5 billion shares and NT\$10 per share. The shares may be issued in separate batches to the public.	
Article 8	All company stock shares are registered. Their issuance shall be in accordance with Article 162 of the Company Act and is to be legitimately certified by an endorsement bank. The Company may issue non-printed stock shares and the public shall register the acquired stock shares with the Taiwan Depository & Clearing Corporation through their securities dealers.	
Article 9	The execution and management of stock share issuing is conducted according to the Government's "Criteria Governing Handling of Stock Affairs by Public Stock Companies".	
Article 10	Activities of stock share transfers are prohibited under the following timeframes: within 60 days prior to the shareholders' general meeting; within 30 days prior to the provisional shareholders' meeting; and within 5 days of the determined record date on which dividends or other benefits are to be distributed. The aforementioned times are initiated based on the date of meeting or the date of record.	
Chapter III Shareholders' Meeting		
Article 11	There are general and provisional meetings for the shareholders. General shareholders' meeting is called six months from the end of the previous fiscal year by the Board of Directors, whereas provisional shareholders' meeting is held whenever necessary according to applicable regulations.	
Article 12	The shareholders' meeting is assembled according to the Company Act, the Securities & Exchange Act, and applicable regulations. The shareholders' meeting can be held by means of visual conference or other methods announced by the central competent authority, and shall be subject to the regulations of the securities competent authority.	
Article 13	Except when otherwise regulated in the Company Act, resolutions shall be approved by more than half of the votes from the attending shareholders, who collectively hold more than half of the total number of outstanding stock shares issued.	
Article 14	The shareholder's each share stands for one count of vote, unless otherwise regulated in Item 2, Article 197 of the Company Act.	
Article 15	The Company shall follow the procedures cited in the "Rules for Public Offering Company with Shareholders Using the Power of Attorney" for its shareholders who are unable to attend the shareholders' meeting.	
Article 16	When Shareholders' meeting is called by the Board of Directors, the Chairman is the chairperson of the shareholders' meeting. The Chairman shall assign one of the executive directors as proxy when the Chairman is on leave or unable to perform this task. If the	

- assignment is not being made, the executive directors shall elect a director among themselves to chair the shareholders' meeting.
- For meetings whose convener is not a member of the BOD, the one who convenes the meeting shall be the chairperson of the shareholders' meeting. If there are more than one conveners, they shall elect one among themselves.
- Article 17 Resolutions of shareholders' meeting shall be recorded in meeting minutes; signed by the chairperson; and distributed to the shareholders within 20 days after the shareholders' meeting.
- Such meeting minutes may be generated in the form of an electronic file and may be distributed through public announcement.
- Article 17-1 Shall the Company decide to terminate public offerings in the future, Article 156-2 of the Company Act shall be followed.

Chapter IV The Board of Directors and the Committees

- Article 18 The company has 11 seats of Directors of whom 3 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 with appointment of 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 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 attending the session.
- Article18-1 The number of seats for Independent Directors as mentioned in the preceding article shall be at least 3. The professional qualification, quantity of shareholding, restriction on holding other positions, method of nomination, and other particulars to follow shall be subject to the regulations of the competent authority.
- Article18-2 AIDC Directors shall be elected in accordance with a nomination system as specified in 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. AIDC will elect its Directors by the accumulation of individual votes whereby each stock share has legitimate votes relevant with the number of seats for the Directors. Each shareholder may vote in favor of a particular candidate with all his/her votes on hand or distribute his/her votes equally to a number of preferred candidates. Candidates winning the majority of the votes shall be elected as members on the Board of Directors.
- 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.
- To reduce of the legal liability risk of the Directors, the company shall provide appropriate professional liability insurance for each Director for the protection of their respective duties.
- Article 19 The Board shall specify the reason for convening the meeting and shall inform all the Directors and Supervisors 7 days in advance. The Board may call for special sessions at any time where necessary.
- The Board may give notice of meeting in correspondence or electronic means.
- Article 20 The Directors of AIDC shall each have a term of office for 3 years and may assume a second term as Director if reelected.
- The remuneration to the aforementioned Directors (including the Chairman, Independent Directors) shall be 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.
- The Chairman shall be entitled to a 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.
Article 21	<p>The Board of AIDC shall perform the following functions:</p> <ol style="list-style-type: none"> 1. Planning for the adjustment of capital status and direct investment. 2. The approval of the organization code and management regulations of AIDC. 3. Approval of the long, mid, and short-term plans, business policy and annual plans. 4. Approval of company budget and account settlement. 5. Approval of unbudgeted long-term loans and the issuance of corporate bonds. 6. Approval of the disposition or exchange of lands, buildings, and essential machinery and equipment. 7. Approval of repair and renovation works, and the procurement of properties exceeding the authorized limit of the Board. 8. 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. 9. Approval of the salary scale and fringe benefits for the employees. 10. Any other duties as required by law. <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>
Article 22	<p>The company established the Auditing Committee pursuant to Article 14-4 of the Securities and Exchange Act with committee members consisting of all Independent Directors of the company. 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.</p> <p>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.</p>
Article 23	<p>The Company shall establish a Remuneration Committee.</p> <p>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.</p>
	Chapter V Managers and Staff
Article 24	<p>The president of the Company oversees the management and businesses of the company according to the operational guidelines of the BOD. Three to seven seats of senior vice presidents shall be nominated to support the president.</p> <p>The appointment, discharge, and remuneration of the aforementioned executives shall be conducted according to Article 29 of the Company Act.</p>
Article 25	(Deleted)
Article 26	Unless regulated by legal rules or specified in the employment contract or agreement, the employment and discharge of employees shall be conducted according to the Company's applicable rules and regulations for human resources management.
	Chapter VI Financial Report
Article 27	<p>The fiscal period of the Company shall start on January 1 and end on December 31 of 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 statements and forward to the Auditing Committee for auditing 30 days before the session of the General Meeting of Shareholders, and presented before the General Meeting session for ratification:</p> <ol style="list-style-type: none"> 1. Report on Operation. 2. Financial Statement

3. Proposal for distribution of earnings or allocation of earnings for covering losses carried forward.
- Article 28 An amount not less than 0.58% and not more than 4.65% shall be allocated from the company's annual net profits as employee bonus, and not more than 0.58% as remuneration for the directors of the Board. However, if there are accumulated losses, the amount to offset the losses shall be deducted resulting in a corresponding reduction in the bonus/remuneration allocation.
- Article 28-1 This corporation shall not pay dividends or bonuses when there is no profit. When allocating the net profits for each fiscal year, the sequence shall be as follows: taxes payment; offset of losses in previous years; in addition to that the legal profit reserve equals to the total capital of the Corporation, a legal capital reserve at 10% of the profits leftover shall be set aside; set aside special capital reserve in accordance with relevant laws or regulations. Any balance left over shall be allocated according to the following principles per resolution of the shareholders' meeting:
1. Profits may be distributed by taking financial, business and operational factors into consideration.
 2. Profits of this corporation may be distributed by way of issuance of cash dividends and/or stock dividends. Since this Corporation is in a capital-intensive industry, distribution of profits shall be made preferably by way of issuance of cash dividends. Distribution of profits may also be made by way of issuance of stock dividends, provided however, the ration for stock dividends shall not exceed 50% of total distribution.
- In case there is no profit for distribution in a certain year, or the profit of a certain year is far less than the profit actually distributed by this Corporation in the previous year, or in consideration of financial, business, operational, or other related factors of this Corporation, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

Chapter VII Supplemental Provisions

- Article 29 Matters that are not covered in the Articles shall be ruled according to the Company Act.
- Article 30 The Articles of Incorporation of AIDC was instituted on March 5, 1996, with amendment for the 1st instance on June 14, 1996, the 2nd amendment was incorporated on June 24, 1996, the 3rd amendment was incorporated on May 29, 1997, the 4th amendment was incorporated on September 23, 1997, the 5th amendment was incorporated on November 24, 1998, the 6th amendment was incorporated on May 25, 1999, the 7th amendment was incorporated on November 2, 1999, the 8th amendment was incorporated on January 20, 2000, the 9th amendment was incorporated on June 12, 2001, the 10th amendment was incorporated on September 6, 2001, the 11th amendment was incorporated on June 6, 2002, the 12th amendment was incorporated on June 16, 2004, the 13th amendment was incorporated on June 15, 2005, the 14th amendment was incorporated on May 2, 2006, the 15th amendment was incorporated on August 26, 2008, the 16th amendment was incorporated on April 19, 2010, the 17th amendment was incorporated on September 17, 2013, the 18th amendment was incorporated on April 3, 2014, the 19th amendment was incorporated on October 17, 2014, the 20th amendment was incorporated on June 23, 2015, the 21st amendment was incorporated on June 14, 2016, the 22nd amendment was incorporated on June 14, 2017, the 23nd amendment was incorporated on May 31, 2019, the 24th amendment was incorporated on May 29, 2020, the 25th amendment was incorporated on August 13, 2021, and the 26th amendment was incorporated on May 27, 2022.

Appendixes

Aerospace Industrial Development Corporation

Rules and Procedures of Shareholders' Meetings

Formulated by the 2nd Promoters' Meeting on June 14, 1996
Amended by 2002 Annual Shareholders' Meeting on June 6, 2002
Amended by 2014 3rd Special Shareholders' Meeting on October 17, 2014
Amended by 2015 Annual Shareholders' Meeting on June 23, 2015
Amended by 2021 Annual Shareholders' Meeting on May 28, 2021

- Article 1 Shareholders' meeting of the Company, except as otherwise governed by the laws and regulations or the Articles of Incorporation, shall be proceeded in compliance with the rules and procedures set out herein.
- Article 2 Shareholders' meeting of the Company, except as otherwise governed by the laws and regulations, shall be convened by the Board of Directors.
- Article 3 The attendance of the meeting shall be counted based on the shares represented. Numbers of shares present at the meeting shall be counted based on registration book and attendance cards submitted along with voting powers exercised in writing or electronic form.
- The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of outstanding shares of the Company, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of outstanding shares of the Company, the chair shall declare the meeting adjourned.
- Unless otherwise stipulated by the Company Act, resolutions of shareholders' meetings shall be reached by a majority of the shareholders who represent half or more of the total number of outstanding shares of the Company.
- When the number of shareholders present does not constitute the quorum prescribed in the preceding Paragraph, but those present represent one third or more of the total number of outstanding shares of the Company, a tentative resolution may be passed by a majority of those present. Each of the shareholders shall be informed on such tentative resolution and a shareholders' meeting shall be reconvened within one month.
- In the aforesaid shareholders' meeting, if the tentative resolution is again adopted by a majority of those present who represent one third or more of the total number of outstanding shares, such tentative resolution shall be deemed to be a formal resolution.
- Article 4 The Company's rules and procedures for shareholders' meetings shall be held in accordance with Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies.
- Thirty days before the Company is to convene an annual shareholders' meeting and fifteen days before a special shareholders' meeting, the Company shall inform the shareholders on meeting notice and shareholders' meeting agenda. The meeting notice shall contain reasons for convening the meeting and may be presented in electronic form.
- Election or discharge of directors; changes in the Articles of Incorporation; capital reduction; termination of public issuance; exemption of non-competition restrictions for directors; transfer of profits to capital increase; transfer of reserve to capital increase; dismissal, merge and demerger of the Company or issues regarding Article 185-1 of the Company Act; issues regarding Article 26-1, 43-6 of the Securities and Exchange Act and Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the reasons for convening the meeting with description and shall not be proposed as extempore motions.
- When election of the board is held in a shareholders' meeting and the meeting notice contains a set

inauguration date for the new board, such date shall not be altered after completion of the election either by an extempore motion or any other means in the same meeting.

Shareholders holding one percent or more of the total number of outstanding shares of the Company may propose one proposal at most to annual shareholders' meeting in writing. In cases where a proposal contains more than one matter, such proposal shall not be included in the agenda.

Proposals with regard to Article 172-1, Paragraph 4 of the Company Act submitted by shareholders may not be listed as discussion items by the Board of Directors. Shareholders may submit a proposal regarding promotion of CSR by following the procedure cited in Article 172-1 of the Company Act, with the limitation of one CSR proposal per meeting. The rest, if any, will not be included in the agenda.

Prior to the book closure date before the convening of a regular shareholders' meeting, the Company shall give a public notice announcing acceptance of proposals, acceptable formats of proposal, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten days.

The number of words of a proposal submitted by a shareholder shall be limited to not more than three hundred words, and any proposal containing more than 300 words shall not be included in the agenda of shareholders' meetings. The shareholder who has submitted proposals shall attend, in person or by proxy, the regular shareholders' meeting whereat the submitted proposal are to be discussed and shall take part in the discussion of such proposals.

Before the day on which the meeting notice is announced, the Company shall inform the shareholder who has submitted proposals on the acceptance result and list the proposals in compliance with this article in the meeting notice. For proposals not included in the agenda, the Board of Directors shall make an explanation about exclusion of such proposals.

The agenda of shareholders' meetings shall be set by the Board of Directors when it is convened by the Board. All the proposals in the agenda shall be voted consecutively (including extempore motions and amendments.)

Unless otherwise resolved at shareholders' meetings, the meetings shall proceed in accordance with the agenda. Before all proposals, including extempore motions, listed in the agenda are resolved, the chair shall not announce adjournment of the meeting unless otherwise resolved. It also applies to a shareholders' meeting which is convened by persons, other than the Board, with the meeting calling right.

Article 5 Unless otherwise restricted or in the circumstances provided by Article 179-2 of the Company Act, a shareholder shall have one voting right in respect of each share of the Company in the shareholder's possession.

When a shareholder is government agency or corporate shareholder, it may designate more than one representative. The exercising of its voting power, however, is counted based on the number of shares it holds. In cases where two representatives are appointed, they shall exercise the voting rights jointly.

Prior to a shareholders' meeting is convened, a shareholder may appoint one proxy only to attend the meeting through a power of attorney issued by the Company stating therein the scope of power authorized to the proxy. Such power of attorney shall be delivered to the Company five days before the convening of the meeting. In cases where two or more written proxies are sent, the first one received by the Company shall prevail.

When a person acts as the proxy for two or more shareholders, the number of voting rights represented by the person shall not exceed 3 percent of the total number of voting rights of the Company, otherwise, the portion of excessive voting rights shall not be counted.

Article 6 Registration of shareholders, proceedings of shareholders' meetings, voting and vote counting shall be recorded in audio and video uninterruptedly by the Company and shall be retained for at least one year. When lawsuits are filed in pursuant to Article 189 of the Company Act, the relevant audio or video record shall be retained until the conclusion of the litigation.

Article 7 When the chair at a shareholders' meeting deem that a proposal, amendment or extempore motion

has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

Article 8 When a shareholder present at a shareholders' meeting wishes to speak, a speech note shall be filled out with summary of the speech, the shareholder's number (or the number of attendance card) and the name of the shareholder. The order of speeches by shareholders shall be decided by the chair.

If any shareholder present at a shareholders' meeting submits a speech note but does not speak, no speech should be deemed to have been made by such shareholder. In cases where the contents of the speech of a shareholder are inconsistent with the contents of the speech note filled out, the contents of actual speech shall prevail.

Unless otherwise permitted by the chair, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In cases where the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chair may stop the speech of such shareholder.

Unless otherwise permitted by the chair and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chair shall stop such interruption.

If a corporate shareholder designates two or more representatives to present at a shareholders' meeting, only one representative can speak for each discussion item.

After the speech of a shareholder, the chair may respond in person or appoint an appropriate person to respond.

Article 9 When election is held in a shareholders' meeting, relevant rules of election set by the Company shall be followed and the election result, including list of director elected and voting rights obtained, shall be announced at the meeting.

Ballots of the aforesaid election shall be sealed with signatures by the persons to monitor and kept in proper custody for at least one year. When lawsuits are filed in pursuant to Article 189 of the Company Act, the relevant audio or video record shall be retained until the conclusion of the litigation.

Article 10 Resolutions of a shareholders' meeting shall be recorded in meeting minutes which shall bear the signature or seal of the chair and shall be distributed to each shareholders within 20 days after the meeting.

The aforesaid meeting minutes may be produced and distributed in electronic form.

Article 11 Numbers of shares that are solicited by solicitors and represented by proxy shall be presented in a statistical table in required format by the Company and shall be revealed explicitly at the venue of a shareholders' meeting.

Article 12 During a shareholders' meeting, the chair may announce an intermission at the chair's discretion. When an event of force majeure occurs, the chair may decide to suspend the meeting and announce the time for resumption of the meeting depending on the situation.

Before all discussion items listed in the agenda are resolved but venue for a shareholders' meeting becomes unavailable, the meeting may resolve to resume the meeting elsewhere.

Pursuant to Article 182 of the Company Act, shareholders' meeting may resolve to postpone or reconvene the meeting for not more than five days.

Article 13 Matters not specified herein shall be governed by the Company Act, the Securities and Exchange Act and the Articles of Incorporation and relevant regulations of the Company.

Article 14 The rules set forth herein shall take effect after approval by a shareholders' meeting; the same applies to amendments.

Aerospace Industrial Development Corporation

The Articles of Incorporation (Original)

Chapter I General Provisions

- Article 1 The Corporation shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 漢翔航空工業股份有限公司 in the Chinese language, and AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION in the English language.
- Article 2 The scope of business of the Corporation shall be as follows:
1. CB01010 Machinery and Equipment Manufacturing
 2. CD01060 Aircraft and Parts Manufacturing
 3. I101100 Aviation Consultancy
 4. JE01010 Rental and Leasing Business
 5. IG03010 Energy Technical Services
 6. CD01020 Tramway Cars Manufacturing
 7. I599990 Other Designing
 8. I199990 Other Consultancy
 9. CB01030 Pollution Controlling Equipment Manufacturing
 10. F113100 Wholesale of Pollution Controlling Equipment.
 11. E605010 Computing Equipment Installation Construction
 12. G502011 Aviation
 13. F401010 International Trade
 14. E701030 Restrained Telecom Radio Frequency Equipment and Materials Construction
 15. E606010 Electricity Equipment Checking and Maintenance
 16. I103060 Management Consulting Services
 17. I401010 General Advertising Services
 18. JB01010 Exhibition Services
 19. CF01011 Medical Materials and Equipment Manufacturing
 20. F108031 Wholesale of Drugs, Medical Goods
 21. F208031 Retail sale of Medical Equipment
 22. D101060 Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
 23. D101050 Steam and Electricity Para Genesis
 24. CC01010 Electric Power Supply, Electric Transmission and Power Distribution
 25. CC01100 Machinery Manufacturing
 26. CC01100 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
 27. CC01060 Wired Communication Equipment and Apparatus Manufacturing
 28. CC01070 Telecommunication Equipment and Apparatus Manufacturing
 29. F501990 Other Eating and Drinking Places Not Elsewhere Classified
 30. H703100 Real Estate Rental and Leasing
 31. CD01030 Automobiles and Parts Manufacturing
 32. I301010 Software Design Services
 33. J202010 Industry Innovation and Incubation Services
 34. F107090 Wholesale of Industrial Explosives
 35. F107060 Toxic and Concerned Chemical Substances Wholesale Trade
 36. E603050 Cybernation Equipments Construction
 37. CA02030 Screw, Nut and Rivet Manufacturing
 38. CA02060 Metal Containers Manufacturing
 39. CA02990 Other Metal Products Manufacturing
 40. CA03010 Heat Treatment
 41. CA04010 Surface Treatments

- 41. CB01990 Other Machinery Manufacturing
 - 42. CC01020 Electric Wires and Cables Manufacturing
 - 43. CC01080 Electronics Components Manufacturing
 - 44. CC01110 Computer and Peripheral Equipment Manufacturing
 - 45. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
 - 46. CD01990 Other Transport Equipment and Parts Manufacturing
 - 47. CQ01010 Mold and Die Manufacturing
 - 48. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 As business may require, the Company may provide guarantee according to the Company's warranty principles.
- Article 4 The Company is located in Taichung City. It may establish subsidiaries in and out the country where and when necessary with approval from the Board of Directors.
- Article 5 The Company's public announcements shall be made according to Article 28 of the Company Act.
- Article 6 When the Company performs reinvestment to become a limited liability shareholder, the total investment amount must not exceed 60% of the paid-up capital.

Chapter II Shares

- Article 7 The total capital of the Company is 15 billion NT dollars in 1.5 billion shares and NT\$10 per share. The shares may be issued in separate batches to the public.
- Article 8 All company stock shares are registered. Their issuance shall be in accordance with Article 162 of the Company Act and is to be legitimately certified by an endorsement bank. The Company may issue non-printed stock shares and the public shall register the acquired stock shares with the Taiwan Depository & Clearing Corporation through their securities dealers.
- Article 9 The execution and management of stock share issuing is conducted according to the Government's "Criteria Governing Handling of Stock Affairs by Public Stock Companies".
- Article 10 Activities of stock share transfers are prohibited under the following timeframes: within 60 days prior to the shareholders' general meeting; within 30 days prior to the provisional shareholders' meeting; and within 5 days of the determined record date on which dividends or other benefits are to be distributed. The aforementioned times are initiated based on the date of meeting or the date of record.

Chapter III Shareholders' Meeting

- Article 11 There are general and provisional meetings for the shareholders. General shareholders' meeting is called six months from the end of the previous fiscal year by the Board of Directors, whereas provisional shareholders' meeting is held whenever necessary according to applicable regulations.
- Article 12 The shareholders' meeting is assembled according to the Company Act, the Securities & Exchange Act, and applicable regulations.
- Article 13 Except when otherwise regulated in the Company Act, resolutions shall be approved by more than half of the votes from the attending shareholders, who collectively hold more than half of the total number of outstanding stock shares issued.
- Article 14 The shareholder's each share stands for one count of vote, unless otherwise regulated in Item 2, Article 197 of the Company Act.
- Article 15 The Company shall follow the procedures cited in the "Rules for Public Offering Company with Shareholders Using the Power of Attorney" for its shareholders who are unable to attend the shareholders' meeting.
- Article 16 When Shareholders' meeting is called by the Board of Directors, the Chairman is the chairperson of the shareholders' meeting. The Chairman shall assign one of the executive directors as proxy when the Chairman is on leave or unable to perform this task. If the

assignment is not being made, the executive directors shall elect a director among themselves to chair the shareholders' meeting.

For meetings whose convener is not a member of the BOD, the one who convenes the meeting shall be the chairperson of the shareholders' meeting. If there are more than one conveners, they shall elect one among themselves.

Article 17 Resolutions of shareholders' meeting shall be recorded in meeting minutes; signed by the chairperson; and distributed to the shareholders within 20 days after the shareholders' meeting.

Such meeting minutes may be generated in the form of an electronic file and may be distributed through public announcement.

Article 17-1 Shall the Company decide to terminate public offerings in the future, Article 156-2 of the Company Act shall be followed.

Chapter IV The Board of Directors and the Committees

Article 18 The company has 11 seats of Directors of whom 3 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 with appointment of 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 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 attending the session.

Article 18-1 The number of seats for Independent Directors as mentioned in the preceding article shall be at least 3. The professional qualification, quantity of shareholding, restriction on holding other positions, method of nomination, and other particulars to follow shall be subject to the regulations of the competent authority.

Article 18-2 AIDC Directors shall be elected in accordance with a nomination system as specified in 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. AIDC will elect its Directors by the accumulation of individual votes whereby each stock share has legitimate votes relevant with the number of seats for the Directors. Each shareholder may vote in favor of a particular candidate with all his/her votes on hand or distribute his/her votes equally to a number of preferred candidates. Candidates winning the majority of the votes shall be elected as members on the Board of Directors.

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.

To reduce of the legal liability risk of the Directors, the company shall provide appropriate professional liability insurance for each Director for the protection of their respective duties.

Article 19 The Board shall specify the reason for convening the meeting and shall inform all the Directors and Supervisors 7 days in advance. The Board may call for special sessions at any time where necessary.

The Board may give notice of meeting in correspondence or electronic means.

Article 20 The Directors of AIDC shall each have a term of office for 3 years and may assume a second term as Director if reelected.

The remuneration to the aforementioned Directors (including the Chairman, Independent Directors) shall be 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.

The Chairman shall be entitled to a 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.
- Article 21 The Board of AIDC shall perform the following functions:
1. Planning for the adjustment of capital status and direct investment.
 2. The approval of the organization code and management regulations of AIDC.
 3. Approval of the long, mid, and short-term plans, business policy and annual plans.
 4. Approval of company budget and account settlement.
 5. Approval of unbudgeted long-term loans and the issuance of corporate bonds.
 6. Approval of the disposition or exchange of lands, buildings, and essential machinery and equipment.
 7. Approval of repair and renovation works, and the procurement of properties exceeding the authorized limit of the Board.
 8. 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.
 9. Approval of the salary scale and fringe benefits for the employees.
 10. Any other duties as required by law.
- 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.
- Article 22 The company established the Auditing Committee pursuant to Article 14-4 of the Securities and Exchange Act with committee members consisting of all Independent Directors of the company. 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.
- 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.
- Article 23 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.
- Chapter V Managers and Staff**
- Article 24 The president of the Company oversees the management and businesses of the company according to the operational guidelines of the BOD. Three to seven seats of senior vice presidents shall be nominated to support the president.
- The appointment, discharge, and remuneration of the aforementioned executives shall be conducted according to Article 29 of the Company Act.
- Article 25 (Deleted)
- Article 26 Unless regulated by legal rules or specified in the employment contract or agreement, the employment and discharge of employees shall be conducted according to the Company's applicable rules and regulations for human resources management.
- Chapter VI Financial Report**
- Article 27 The fiscal period of the Company shall start on January 1 and end on December 31 of 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 statements and forward to the Auditing Committee for auditing 30 days before the session of the General Meeting of Shareholders, and presented before the General Meeting session for ratification:
1. Report on Operation.
 2. Financial Statement

3. Proposal for distribution of earnings or allocation of earnings for covering losses carried forward.
- Article 28 An amount not less than 0.58% and not more than 4.65% shall be allocated from the company's annual net profits as employee bonus, and not more than 0.58% as remuneration for the directors of the Board. However, if there are accumulated losses, the amount to offset the losses shall be deducted resulting in a corresponding reduction in the bonus/remuneration allocation.
- Article 28-1 This corporation shall not pay dividends or bonuses when there is no profit. When allocating the net profits for each fiscal year, the sequence shall be as follows: taxes payment; offset of losses in previous years; in addition to that the legal profit reserve equals to the total capital of the Corporation, a legal capital reserve at 10% of the profits leftover shall be set aside; set aside special capital reserve in accordance with relevant laws or regulations. Any balance left over shall be allocated according to the following principles per resolution of the shareholders' meeting:
1. Profits may be distributed by taking financial, business and operational factors into consideration.
 2. Profits of this corporation may be distributed by way of issuance of cash dividends and/or stock dividends. Since this Corporation is in a capital-intensive industry, distribution of profits shall be made preferably by way of issuance of cash dividends. Distribution of profits may also be made by way of issuance of stock dividends, provided however, the ration for stock dividends shall not exceed 50% of total distribution.
- In case there is no profit for distribution in a certain year, or the profit of a certain year is far less than the profit actually distributed by this Corporation in the previous year, or in consideration of financial, business, operational, or other related factors of this Corporation, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

Chapter VII Supplemental Provisions

- Article 29 Matters that are not covered in the Articles shall be ruled according to the Company Act.
- Article 30 The Articles of Incorporation of AIDC was instituted on March 5, 1996, with amendment for the 1st instance on June 14, 1996, the 2nd amendment was incorporated on June 24, 1996, the 3rd amendment was incorporated on May 29, 1997, the 4th amendment was incorporated on September 23, 1997, the 5th amendment was incorporated on November 24, 1998, the 6th amendment was incorporated on May 25, 1999, the 7th amendment was incorporated on November 2, 1999, the 8th amendment was incorporated on January 20, 2000, the 9th amendment was incorporated on June 12, 2001, the 10th amendment was incorporated on September 6, 2001, the 11th amendment was incorporated on June 6, 2002, the 12th amendment was incorporated on June 16, 2004, the 13th amendment was incorporated on June 15, 2005, the 14th amendment was incorporated on May 2, 2006, the 15th amendment was incorporated on August 26, 2008, the 16th amendment was incorporated on April 19, 2010, the 17th amendment was incorporated on September 17, 2013, the 18th amendment was incorporated on April 3, 2014, the 19th amendment was incorporated on October 17, 2014, the 20th amendment was incorporated on June 23, 2015, the 21st amendment was incorporated on June 14, 2016, the 22nd amendment was incorporated on June 14, 2017, the 23rd amendment was incorporated on May 31, 2019, the 24th amendment was incorporated on May 29, 2020, and the 25th amendment was incorporated on May 28, 2021.

Appendix III

Aerospace Industrial Development Corporation **Impact to Business Performance, EPS and Rate on Investment of Shareholders** **Resulting from Stock Dividend Distribution**

Not applicable due to the fact that the Company did not issue stock dividend in 2021.

Appendix IV

Aerospace Industrial Development Corporation **Shareholdings of the Directors**

Book Closure Date: March 29, 2022

Title	Name	Shareholding recorded in shareholders' register on book closure date	
		Shares	%
Chairman	MOEA Representative: Hu, Kai-Hung	331,301,773	35.175%
Executive Director	MOEA Representative: Ma, Wan-June	331,301,773	35.175%
Director	MOEA Representative: Liou, Ming-Jong	331,301,773	35.175%
Director	MOEA Representative: Chang, Ming-Pin	331,301,773	35.175%
Director	MOEA Representative: Shieu, Fuh-Sheng	331,301,773	35.175%
Director	MOEA Representative: Hsiao, Mu-Lai	331,301,773	35.175%
Director	MOEA Representative: Lee, Ming-Li	331,301,773	35.175%
Director	NDIDF Representative: Mei, Chia-Shu	11,063,201	1.175%
Executive and Independent Director	Chan, Chia-Chang	0	0
Independent Director	Chen, Yin-Chin	0	0
Independent Director	Lien, Li-Jen	0	0
Total Shareholding Owned by All Directors		342,364,974	36.350%

- Notes:
1. By March 29, 2022, the book closure date, the Company has issued a total of 941,867,101 shares.
 2. Pursuant to the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, shareholdings of independent directors shall not be counted in the shareholdings owned by all directors; and, the prescribed minimum shares to be owned by all directors are 30,139,747 shares.
 3. The Company has set up an audit committee; hence, the provisions on the minimum percentage requirements for the shareholding of supervisors shall not apply.