

Stock Code: 2634



# **Aerospace Industrial Development Corporation**

## **2024 Annual Shareholders' Meeting**

### **Meeting Handbook**

(Translated from Mandarin)

Date: 27 May 2024

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

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

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

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**Aerospace Industrial Development Corporation (AIDC)**  
**2024 Annual Shareholders' Meeting Procedure**

I. Meeting Commencement Announcement

II. Chairman's Address

III. Reports

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V. Discussions

VI. Election

VII. Additional Discussion

VIII. Extempore Motions

IX. Meeting Adjournment

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

## **2024 Annual Shareholders' Meeting Agenda**

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

Time: 10:00 a.m., 27 May 2024 (Monday)

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

Virtual Meeting Platform: Taiwan Depository & Clearing Corporation  
<https://stockservices.tdcc.com.tw>

- I. Meeting Commencement Announcement
- II. Chairman's Address
- III. Reports
  - (1) Business Report of 2023
  - (2) Audit Committee Review Report of 2023
  - (3) 2023 Compensation to Employees and Directors
- IV. Ratifications
  - (1) Ratification of the 2023 Business Report and Financial Statements
  - (2) Ratification of the Proposal for Earnings Distribution of 2023 Profits
- V. Discussions
  - (1) Amendments to Company's Rules and Procedures of Shareholders' Meetings
  - (2) Amendments to Company's Rules for Election of Directors
- VI. Election
  - Election of the 10<sup>th</sup> Board of Directors
- VII. Additional Discussion
  - Exemption of Non-competition Restrictions for the Directors
- VIII. Extempore Motions
- IX. Meeting Adjournment

## **Reports**

- Item 1: Business Report of 2023, as shown in Attachment I (Pages 9-12).
- Item 2: Audit Committee Review Report of 2023, as shown in Attachment II (Page 13).
- Item 3: Report on 2023 Compensation to Employees and Directors, as shown in Attachment III (Page 14).

## **Ratifications**

Item 1: Ratification of the 2023 Business Report and Financial Statements  
(Proposed by the Board of Directors)

Description: I. AIDC's 2023 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 2023, Auditors' Report, and aforementioned financial statements are shown in Attachments I and IV (Pages 9-12 and Pages 15-34).

Resolution:

Item 2: Ratification of the Proposal for Earnings Distribution of 2023 Profits (Proposed by the Board of Directors)

Description: I. The company's net profit after taxes for 2023 was \$2,225,899,075 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 \$1.42 NT dollars per share. The current distributable surplus is \$1,337,451,283 NT dollars, as shown in Attachment V (Page 35).

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:

## **Discussions**

Proposal 1: Amendments to Company's Rules and Procedures of Shareholders' Meetings. (Proposed by the Board of Directors)

Description: I. Pursuant to the amendments to Regulations Governing the Administration of Shareholder Services of Public Companies, the Company's Rules and Procedures of Shareholders' Meetings is amended accordingly.

II. The comparisons between the original and the amended provisions are shown in Attachment VI (Pages 36-40).

Resolution:

Proposal 2: Amendments to Company's Rules for Election of Directors. (Proposed by the Board of Directors)

Description: I. Pursuant to the amendments to Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, the Company's Rules and Procedures of Shareholders' Meetings is amended accordingly.

II. The comparisons between the original and the amended provisions are shown in Attachment VII (Pages 41-44).

Resolution:

## **Election**

Item : Election of the 10<sup>th</sup> Board of Directors  
(Proposed by the Board of Directors)

Description: I. The tenure of the sitting board of directors ends in August 2024. The election of the 10th Board of Directors, in which 11 directors (including 3 seats of independent directors) will be elected for a 3-year term starting May 27, 2024 till May 26, 2027, is performed according to the Company Act and the Company's Articles of Incorporation.

II. The director candidates have gone through the qualifications review in the Board Meeting of April 10, 2024. Shareholders will elect directors of the 10<sup>th</sup> BOD from the candidates list, which is shown in the Attachment XIII (Pages 45-48).

III. Election will be held in accordance with the Company's Rules for Election of Directors, which is shown in the Appendix III (Pages 60-61).

Resolution:



## **Additional Discussion**

Item : Exemption of Non-competition Restrictions for the Directors  
(Proposed by the Board of Directors)

Description: I. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure approval through the shareholders' meeting.

II. It is proposed to request the Shareholders' Meeting to release the non-compete restrictions on newly-elected directors, who participate in the operations of another company that engages in the same or similar business scope as the Company.

III. The content of the exemption is shown in the Attachment IX (Pages 49).

Resolution:

**Extempore Motions**

**Meeting Adjournment**

## **Aerospace Industrial Development Corporation**

### **Business Report of 2023**

We are grateful to all sectors for their support and concern for AIDC. 2023 was a milestone for AIDC. Looking back at during the pandemic, the Company formulated three major response measures "increase profits, cut costs, and deep squat" supported by accountable and lean efforts, which were effective in implementing response plans. In addition, the Company adhered to the policy of "no layoffs, no pay cuts, and no unpaid leave," and was thus able to preserve complete human and material resources. This enabled the Company to immediately utilize its capabilities after the pandemic subsided and the civilian aircraft business recovered, allowing the Company's revenue to continue to hit record highs.

Looking back at 2023, in the military business, 17 advanced jet trainers were completed and delivered to the Air Force according to the contract, and all 139 F-16A/B fighters of the Air Force were upgraded to the latest F-16V fighters under the F-16 Improvement Program according to the contract. In the civil business, orders for civilian aircrafts and engines continue to be steadily fulfilled; In the technology services business, AIDC has built three energy storage sites that continue to contribute stable revenue. In addition, AIDC has successfully built a reputation and increased visibility through the turnkey projects for power plants of Taipower (Tongxiao) and CPC Corporation (Yongan and Wuqi).

Looking towards business opportunities after the pandemic, for the "military business", the company will go all out to complete the mass production and delivery of new advanced jet trainers, and appropriately utilize resources accumulated from the improvement of F-16 A/B performance. As the sponsor of the F-16 aircraft maintenance center, AIDC actively assists the Air Force in solving the shortage of equipment, guides manufacturers to build domestic capacity, and promotes the performance improvement of various types of military aircraft, new aircraft construction projects, fleet outsourcing, and drones. For the "civilian business", AIDC will use the human and material resources that have been preserved during the pandemic to seize business opportunities brought by the disruption of global supply chains and secondary suppliers becoming unable to deliver. We will also actively deploy thermoplastic composite technology and seek to participate in next generation passenger aircraft development projects. For the "technology service business", the Company will continue to focus on the energy industry, using the experience and reputation from the CPC Corporation and Tongxiao projects and self-built energy storage demonstration project to seize carbon reduction business opportunities. The Company will develop core technologies for its own energy management system (EMS) and battery management system (BMS), and position itself as a comprehensive energy turnkey service provider to develop a blue ocean market.

Facing variables that remain in the external environment and rising labor awareness in 2024, the Company has comprehensively laid out its business strategy to "maintain internal security and resist foreign invasion" for the new year, in hopes of simultaneously strengthening internal operational flexibility and adaptability, and improving external business performance. To "maintain internal security", measures to make management information transparent, strengthen skills passed on by personnel, control labor costs, take care of employees to form a consensus, and implement assessment systems lay a more solid foundation for the Company's sustainable growth. To "resist foreign invasion", we will focus on building F-16/tank/LM2500 engine maintenance centers, deepening the agency business, developing the scientific service business, promoting basic jet trainers and next-generation fighters, and expanding the engine/civilian aircraft business in hopes of elevating the Company's technical position and market influence internationally.

The Company will also continue to implement the ESG sustainable development strategy, strengthen environmental protection, promote social responsibility, and make corporate governance

transparent to maximize shareholders' equity. We firmly believe that the implementation of these strategies will create greater value for our shareholders.

We are grateful to our shareholders for supporting the projects of AIDC, and will report our business performance in 2023 and business plan for 2024 below.

## **2023 Operational Report**

### **Revenue and profitability**

The Company demonstrated strong execution and management effectiveness in 2023, despite the challenges of the global aerospace supply chain such as shortage of materials and labor. The Brave Eagle advanced jet trainer was delivered according to schedule, and the revenue growth from the civilian business also rapidly recovered. Revenue from the defense business grew 27% and civilian business grew 21% compared with last year. Benefiting from the energy creation and energy storage businesses, annual revenue, operating profit, and EPS all increased significantly compared with last year, and both revenue and profits reached record highs.

AIDC's 2023 consolidated operating revenue was NT\$39.1 billion, up 29.3% compared with the NT\$30.24231 billion in the previous year; gross profit was NT\$4.35795 billion, up 49.7% compared with the NT\$2.911 billion in the previous year; operating profit was NT\$2.79066 billion, up 85.2% compared with the NT\$1.50699 billion in the previous year; net profit after tax was NT\$2.22590 billion, up 36.8% compared with the NT\$1.62733 billion in the previous year; Earnings per share was NT\$2.36.

### **Research and development**

In coordination with the Company's business strategies and business plans, a total of 38 R&D projects were implemented in 2023, and R&D expenses was approximately NT\$660 million, which was invested in the development of next generation military aircraft, new product development, management technologies, repair technologies, and manufacturing technologies. The projects expand the Company's key technology capabilities, and increase opportunities for developing military and civilian businesses.

### **Awards**

#### **Implementing corporate governance**

- \* Ranked in the top 6-20% of TWSE-listed companies in the 2022 (9th) Corporate Governance Evaluation in April 2023.
- \* Selected by Taiwan Index Plus Corporation as a constituent stock of TWSE Corporate Governance 100 Index in July 2023.
- \* Rated as Grade A in the Airbus IPCA+ evaluation in July 2023 and received full customer satisfaction scores.
- \* In August 2023, extended the corporate version gold medal certificate in the "Talent Quality-management System (TTQS)" of the Workforce Development Agency, Ministry of Labor to December 19, 2025.

### **Developing a sustainable environment**

- \* Received the "Environmental Sustainability Contribution Award" from Kaohsiung City Government in August 2023.
- \* Received the "Sunshine A+ Competition - Net Zero Excellence Award" from Taichung City Government in October 2023.
- \* Received the Top 100 Sustainable Companies Award, Bronze Award in the Corporate Sustainability Report Awards, Information Security Leadership Award, and Talent Development Leadership Award in the 2023 Taiwan Corporate Sustainability Awards (TCSA) in November 2023.
- \* Received the Silver Award in the National Enterprises Environmental Protection Award from the Environmental Protection Administration, Executive Yuan in November 2023
- \* Received the Silver Award in the Energy Saving Benchmark Award of the Bureau of Energy, Ministry of Economic Affairs in November 2023.
- \* Recognized in the "Top 100 Carbon Competitiveness" of Business Weekly in November 2023.
- \* Recognized for "Excellence in Occupational Safety and Health" by Kaohsiung City Government in December 2023.

### **Maintaining employee relations and care for society**

- \* Received the "2023 Labor Volunteer Service Performance Evaluation Award" from the Labor Affairs Bureau of Taichung City Government in October 2023.
- \* AIDC was recognized by the Veteran Affairs Council in October 2023 as one of the top 10 companies in 2023 for "assisting veterans with finding employment."
- \* Received the Exercise Enterprise Certification from the Sports Administration, Ministry of Education in October 2023.
- \* Received the Top Award of Kaohsiung City's 2023 Workplace Employee Health Service Promotion Project in December 2023.

## **2024 Business Plan**

As the global aviation industry continues to recover, the Company maintained optimal production capacity in terms of personnel and machinery during the pandemic. In contrast with the labor shortage, material shortage, and broken supply chains in other countries, the Company is more equipped to seize business opportunities after the pandemic.

### **Business development direction**

- \* Military businesses: Complete ongoing projects according to schedule while meeting quality requirements, including the manufacturing of advanced jet trainer, commercial maintenance of IDF, Cobra, and Black Hawk helicopters, scientific research projects of the National Chung-Shan Institute of Science and Technology, and the manufacturing of equipment and missile parts and components. Pursue business opportunities from newly purchased F-16V fighters, as well as maintenance and service life extension for F16 fighters. Accelerate the upgrade of the IDF's electronic warfare system and smooth production of new basic jet trainers. Pursue the outsourcing business of different fleets

and industrial cooperation in the Air Force's MQ-9 drone. Work with domestic drone corporations and industries in coordination with government policy, and establish a drone mass production center to meet the drone needs of the R.O.C. Armed Forces.

- \* Civil aviation businesses: Secure existing orders, pursue a higher percentage of manufacturing, actively form strategic alliances, and jointly take on orders. Develop non-furnace carbon reduction processes for thermoplastic composites and seek to participate in the development and production of next-generation passenger aircrafts. Expand casting capabilities and production capacity to meet customer needs for one-stop services. Enter the field of civil aircraft engine maintenance and expand to related businesses. Continue to develop commercial engine forging and casting technology, build high-value forging and casting capabilities, and pursue civilian forging and casting business opportunities.
- \* Technology services: Target the domestic gas turbine generator market and increase market share in the nation's energy transition stage. Use the experience of building 3 energy storage demonstration sites and Taipower Tongxiao and CPC Corporation projects to build system planning, design, integration, implementation, operation, and maintenance capabilities, in order to obtain energy storage turnkey and system integration projects in the industry. Also develop proprietary EMS and BMS and develop independent core capabilities in engineering to become a comprehensive energy turnkey service provider.

#### Business administration policy

AIDC uses the balanced scorecard (BSC) for management under the core philosophy of corporate sustainability, and connects the Company's vision, strategies, goals, key tasks of each department, and action plans. We continue to improve management work and take measures under the strategic goals to "elevate technical capabilities for high-end products," "take the initiative to become a first mover to secure mass production purchase orders," "implement global strategic outsourcing to enhance competitiveness," "expand the scope of business," and "improve management performance and activate human resources." These measures aim to ensure that 2024 business goals are achieved.

In light of the global trend of net zero emissions, Taiwan announced the goal to achieve net zero emissions by 2050, and passed the third reading of the "Greenhouse Gas Reduction and Management Act." As the leader of the domestic aviation industry, it is AIDC's responsibility to continue down the pathway to carbon neutrality by 2050. We will accelerate the transition to low carbon, improve business flexibility and response ability, seize carbon reduction business opportunities, create sustainable value, and hope to jointly create a prosperous and sustainable future together with our shareholders.

AIDC will enter a stage of even faster growth in 2024, and we are grateful to shareholders for their trust, encouragement, and advice. We look forward to shareholders providing even more support and care, and express our most sincere gratitude and blessings.

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

Date: March 26, 2024

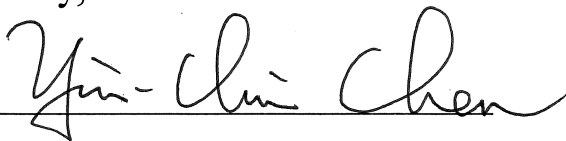
To: Aerospace Industrial Development Corporation  
2024 Annual Shareholders' Meeting

Subject: Audit Committee Review Report

Dear Valued Shareholders,

The Board of Directors has prepared the Company's 2023 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", is written over a horizontal line.

Chen, Yin-Chin  
Chairman of the Audit Committee

**Aerospace Industrial Development Corporation**  
**2023 Compensation to Employees and Directors**

The Board of Directors has approved the proposal of the 2023 Employees' Compensation and Remuneration to Directors in the board meeting of March 26, 2024.

1. Employees' compensation and the directors' remuneration are totaled respectively at NT\$127,108,361 and NT\$15,854,376 in cash.
2. The amounts, cited above as expenses of the 2023 net profit before income tax, are the same as the amounts proposed by the Board of Directors.





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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 Subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Auditing and Attestation Engagement of Certified Public Accountants and the Standards on Auditing of 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, 2023. 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, 2023 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 conditions and future consumption in accordance with IAS 2. Refer to Notes 5 and 9 to the consolidated financial statements. 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, 2023 and 2022 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 Standards on Auditing of 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 Standards on Auditing of 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, 2023 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 26, 2024

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 SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	December 31			
	2023		2022	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,367,456	8	\$ 3,313,477	8
Contract assets - current (Notes 4 and 23)	1,385,123	3	1,520,979	4
Notes receivable (Notes 4 and 8)	11,595	-	3,651	-
Trade receivables from unrelated parties (Notes 4 and 8)	7,396,361	17	8,203,654	19
Trade receivables from related parties (Notes 4 and 29)	259,722	1	337,603	1
Other receivables (Notes 4 and 8)	41,708	-	37,806	-
Inventories (Notes 4, 5 and 9)	15,515,727	35	13,384,439	31
Other financial assets - current (Notes 4, 15 and 30)	1,285,140	3	17,225	-
Incremental costs of obtaining a contract - current (Notes 4 and 23)	177,342	-	134,592	-
Other current assets (Notes 4, 16, and 29)	<u>998,443</u>	<u>2</u>	<u>1,952,057</u>	<u>5</u>
Total current assets	<u>30,438,617</u>	<u>69</u>	<u>28,905,483</u>	<u>68</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	49,719	-	43,373	-
Investments accounted for using the equity method (Notes 4 and 11)	1,069,500	3	1,440,617	3
Property, plant and equipment (Notes 4, 12 and 30)	8,928,023	20	8,834,090	21
Right-of-use assets (Notes 4 and 13)	1,496,517	3	1,596,860	4
Intangible assets (Notes 4 and 14)	770,080	2	871,773	2
Deferred tax assets (Notes 4 and 25)	396,447	1	276,847	1
Prepayments for equipment	381,407	1	460,068	1
Net defined benefit assets - non-current (Notes 4 and 21)	189,944	1	159,757	-
Other financial assets - non-current (Notes 4, 15 and 30)	42,008	-	41,844	-
Other non-current assets (Notes 4, 8 and 16)	<u>100,319</u>	<u>-</u>	<u>77,847</u>	<u>-</u>
Total non-current assets	<u>13,423,964</u>	<u>31</u>	<u>13,803,076</u>	<u>32</u>
<b>TOTAL</b>	<u>\$ 43,862,581</u>	<u>100</u>	<u>\$ 42,708,559</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 500,000	1	\$ 1,500,000	4
Short-term bills payable (Note 17)	7,444,470	17	6,387,890	15
Contract liabilities (Notes 4 and 23)	1,126,421	3	2,155,899	5
Trade payables to unrelated parties	2,748,132	6	1,670,230	4
Trade payables to related parties (Note 29)	27,891	-	24,530	-
Other payables (Notes 19 and 29)	4,052,888	9	3,805,819	9
Current tax liabilities (Notes 4 and 25)	565,010	2	313,821	1
Lease liabilities - current (Notes 4 and 13)	103,904	-	105,125	-
Current portion of long-term borrowings and bonds payable (Note 18)	2,999,426	7	-	-
Other current liabilities	<u>871,125</u>	<u>2</u>	<u>68,367</u>	<u>-</u>
Total current liabilities	<u>20,439,267</u>	<u>47</u>	<u>16,031,681</u>	<u>38</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 18)	3,447,223	8	6,445,214	15
Long-term borrowings (Note 17)	-	-	1,800,000	4
Provisions - non-current (Notes 4 and 20)	817,072	2	530,420	1
Deferred tax liabilities (Notes 4 and 25)	341,702	1	294,502	1
Lease liabilities - non-current (Notes 4 and 13)	1,447,876	3	1,540,915	4
Long-term deferred revenue (Note 4)	7,348	-	8,260	-
Guarantee deposits	<u>262,753</u>	<u>-</u>	<u>224,662</u>	<u>-</u>
Total non-current liabilities	<u>6,323,974</u>	<u>14</u>	<u>10,843,973</u>	<u>25</u>
Total liabilities	<u>26,763,241</u>	<u>61</u>	<u>26,875,654</u>	<u>63</u>
<b>EQUITY</b>				
Ordinary shares	9,418,671	21	9,418,671	22
Capital surplus	11,746	-	4,981	-
Retained earnings				
Legal reserve	1,374,269	3	1,201,854	3
Special reserve	1,946,538	5	2,055,275	5
Unappropriated earnings	4,366,362	10	3,197,207	7
Other equity	<u>(18,246)</u>	<u>-</u>	<u>(45,083)</u>	<u>-</u>
Total equity	<u>17,099,340</u>	<u>39</u>	<u>15,832,905</u>	<u>37</u>
<b>TOTAL</b>	<u>\$ 43,862,581</u>	<u>100</u>	<u>\$ 42,708,559</u>	<u>100</u>

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

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4, 23 and 29)	\$ 39,100,002	100	\$ 30,242,307	100
COST OF GOODS SOLD (Notes 9, 24 and 29)	<u>34,742,053</u>	<u>89</u>	<u>27,331,310</u>	<u>90</u>
GROSS PROFIT	<u>4,357,949</u>	<u>11</u>	<u>2,910,997</u>	<u>10</u>
OPERATING EXPENSES (Notes 24 and 29)				
Selling and marketing expenses	153,920	-	144,740	1
General and administrative expenses	762,874	2	665,399	2
Research and development expenses	655,683	2	591,208	2
Expected credit loss (gain) (Notes 4 and 8)	<u>(5,192)</u>	<u>-</u>	<u>2,662</u>	<u>-</u>
Total operating expenses	<u>1,567,285</u>	<u>4</u>	<u>1,404,009</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>2,790,664</u>	<u>7</u>	<u>1,506,988</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 24)	155,853	1	160,737	1
Other gains and losses (Notes 4, 14 and 24)	(317,682)	(1)	292,133	1
Share of profit of associates (Note 4)	407,560	1	223,577	1
Interest income	65,428	-	15,028	-
Finance costs	<u>(259,864)</u>	<u>(1)</u>	<u>(163,496)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>51,295</u>	<u>-</u>	<u>527,979</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	2,841,959	7	2,034,967	7
INCOME TAX EXPENSE (Notes 4 and 25)	<u>616,060</u>	<u>1</u>	<u>407,634</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,225,899</u>	<u>6</u>	<u>1,627,333</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	24,150	-	96,820	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	6,346	-	(3,510)	-

(Continued)

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 20,491	-	\$ 112,247	1
Other comprehensive income for the year, net of income tax	50,987	-	205,557	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 2,276,886	6	\$ 1,832,890	6
EARNINGS PER SHARE (Note 26)				
Basic	\$ 2.36		\$ 1.73	
Diluted	\$ 2.36		\$ 1.72	

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

(Concluded)

## AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity	
	Common Stock (Note 22)	Capital Surplus (Notes 4 and 11)	Retained Earnings (Note 22)			Exchange Differences on Translation of the Financial Statement of Foreign Operations	Unrealized gain (loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	\$ 9,418,671	\$ -	\$ 1,143,477	\$ 2,020,291	\$ 1,896,068	\$ (121,503)	\$ (32,317)	\$ 14,324,687
Appropriation of 2021 earnings								
Legal reserve	-	-	58,377	-	(58,377)	-	-	-
Special reserve	-	-	-	34,984	(34,984)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(329,653)	-	-	(329,653)
Changes in capital surplus from investments in associates accounted for using the equity method	-	4,981	-	-	-	-	-	4,981
Profit for the year ended December 31, 2022	-	-	-	-	1,627,333	-	-	1,627,333
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	96,820	112,247	(3,510)	205,557
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,724,153	112,247	(3,510)	1,832,890
BALANCE AT DECEMBER 31, 2022	9,418,671	4,981	1,201,854	2,055,275	3,197,207	(9,256)	(35,827)	15,832,905
Appropriation of 2022 earnings								
Legal reserve	-	-	172,415	-	(172,415)	-	-	-
Special reserve	-	-	-	(108,737)	108,737	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,017,216)	-	-	(1,017,216)
Changes in capital surplus from investments in associates accounted for using the equity method	-	6,765	-	-	-	-	-	6,765
Profit for the year ended December 31, 2023	-	-	-	-	2,225,899	-	-	2,225,899
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	24,150	20,491	6,346	50,987
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	2,250,049	20,491	6,346	2,276,886
BALANCE AT DECEMBER 31, 2023	\$ 9,418,671	\$ 11,746	\$ 1,374,269	\$ 1,946,538	\$ 4,366,362	\$ 11,235	\$ (29,481)	\$ 17,099,340

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



# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,841,959	\$ 2,034,967
Adjustments for:		
Depreciation expense	1,250,920	1,235,692
Amortization expense	228,501	178,430
Expected credit loss recognized (reversed)	(5,192)	2,662
Finance costs	259,864	163,496
Interest income	(65,428)	(15,028)
Dividend income	(167)	(131)
Share of profit of associates	(407,560)	(223,577)
Loss on disposal of property, plant and equipment	-	102
Impairment loss recognized on non-financial assets	56,483	193,983
Unrealized net loss on foreign currency exchange	168,505	9,620
Recognition of provisions	345,444	146,756
Other income from liabilities	(318)	(3,376)
Benefits from lease modification	-	(24,035)
Net changes in operating assets and liabilities		
Contract assets	135,856	(990,313)
Notes receivable	(7,944)	12,552
Trade receivables	711,843	(17,858)
Other receivables	15,394	(34,388)
Inventories	(2,097,039)	(1,651,455)
Other current assets	953,614	457,838
Incremental costs of obtaining a contract	(42,750)	(97,779)
Contract liabilities	(1,029,478)	639,364
Trade payables	1,091,886	(400,491)
Other payables	234,617	1,013,873
Other current liabilities	(131,137)	30,195
Deferred income	(912)	(304)
Cash generated from operations	4,506,961	2,660,795
Interest received	46,132	15,027
Interest paid	(262,591)	(144,234)
Income tax paid	(418,056)	(119,804)
Net cash generated from operating activities	<u>3,872,446</u>	<u>2,411,784</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(807,570)	(308,342)
Proceeds from disposal of property, plant and equipment	-	2
Increase in refundable deposits	(64,405)	(38,719)
Decrease in refundable deposits	43,289	46,183
Payments for intangible assets	(238,846)	(154,931)

(Continued)

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Increase in other financial assets	\$ (333,720)	\$ (190)
Increase in other non-current assets	(15,372)	(10,147)
Increase in prepayments for equipment	(347,770)	(283,001)
Dividends received	<u>791,185</u>	<u>57,429</u>
Net cash used in investing activities	<u>(973,209)</u>	<u>(691,716)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	44,270,000	24,050,000
Repayments of short-term borrowings	(45,270,000)	(23,750,000)
Proceeds from short-term bills payable	42,812,213	28,293,541
Repayments of short-term bills payable	(41,755,633)	(30,542,579)
Proceeds from long-term borrowings	4,820,000	36,587,000
Repayments of long-term borrowings	(6,620,000)	(35,967,000)
Proceeds of guarantee deposits	130,413	125,219
Refund of guarantee deposits	(92,322)	(94,658)
Repayment of the principal portion of lease liabilities	(112,361)	(96,049)
Dividends paid to owners of the Company	<u>(1,017,216)</u>	<u>(329,653)</u>
Net cash used in financing activities	<u>(2,834,906)</u>	<u>(1,724,179)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(10,352)</u>	<u>4,932</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>53,979</b>	<b>821</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>3,313,477</b></u>	<u><b>3,312,656</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 3,367,456</b></u>	<u><b>\$ 3,313,477</b></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 parent company only financial statements of Aerospace Industrial Development Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only 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, 2023 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 the impairment loss of raw materials was based on current market conditions and future consumption in accordance with IAS 2. Refer to Notes 5 and 9 to the financial statements. 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 Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 parent company only financial statements for the year ended December 31, 2023 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 26, 2024

Notice to Readers

*The accompanying parent company only 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 parent company only financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.*

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	December 31			
	2023		2022	
ASSETS	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,061,101	7	\$ 3,265,951	8
Contract assets - current (Notes 4 and 23)	1,385,123	3	1,520,979	4
Notes receivable (Notes 4 and 8)	11,595	-	3,651	-
Trade receivables from unrelated parties (Notes 4 and 8)	7,396,029	17	8,203,654	19
Trade receivables from related parties (Notes 4 and 29)	256,948	1	335,168	1
Other receivables (Notes 4, 8 and 29)	22,023	-	37,806	-
Inventories (Notes 4, 5 and 9)	15,513,355	35	13,384,439	31
Other financial assets - current (Notes 4, 15 and 30)	848,769	2	17,225	-
Incremental costs of obtaining a contract- current (Notes 4 and 23)	177,342	1	134,592	-
Other current assets (Notes 4, 16 and 29)	<u>990,486</u>	<u>2</u>	<u>1,951,428</u>	<u>5</u>
Total current assets	<u>29,662,771</u>	<u>68</u>	<u>28,854,893</u>	<u>68</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	49,719	-	43,373	-
Investments accounted for using the equity method (Notes 4 and 10)	1,864,119	4	1,519,686	3
Property, plant and equipment (Notes 4, 11 and 30)	8,878,930	20	8,804,629	21
Right-of-use assets (Notes 4 and 12)	1,495,477	3	1,594,928	4
Investment properties (Notes 4 and 13)	20,218	-	-	-
Intangible assets (Notes 4 and 14)	770,080	2	871,773	2
Deferred tax assets (Notes 4 and 25)	396,396	1	276,798	1
Prepayments for equipment	381,407	1	460,068	1
Net defined benefit assets - non-current (Notes 4 and 21)	189,944	1	159,757	-
Other financial assets - non-current (Notes 4, 15 and 30)	42,008	-	41,844	-
Other non-current assets (Notes 4, 8 and 16)	<u>100,025</u>	<u>-</u>	<u>77,760</u>	<u>-</u>
Total non-current assets	<u>14,188,323</u>	<u>32</u>	<u>13,850,616</u>	<u>32</u>
<b>TOTAL</b>	<u>\$ 43,851,094</u>	<u>100</u>	<u>\$ 42,705,509</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 500,000	1	\$ 1,500,000	4
Short-term bills payable (Note 17)	7,444,470	17	6,387,890	15
Contract liabilities (Notes 4 and 23)	1,125,593	3	2,155,899	5
Trade payables to unrelated parties	2,746,536	6	1,667,442	4
Trade payables to related parties (Note 29)	28,372	-	24,972	-
Other payables (Notes 19 and 29)	4,052,933	9	3,809,485	9
Current tax liabilities (Notes 4 and 25)	557,077	2	311,257	1
Lease liabilities - current (Notes 4 and 12)	103,044	-	104,137	-
Current portion of long-term borrowings and bonds payable (Note 18)	2,999,426	7	-	-
Other current liabilities	<u>870,702</u>	<u>2</u>	<u>68,356</u>	<u>-</u>
Total current liabilities	<u>20,428,153</u>	<u>47</u>	<u>16,029,438</u>	<u>38</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 18)	3,447,223	8	6,445,214	15
Long-term borrowings (Note 17)	-	-	1,800,000	4
Provisions - non-current (Notes 4 and 20)	817,072	2	530,420	1
Deferred tax liabilities (Notes 4 and 25)	341,702	1	294,502	1
Lease liabilities - non-current (Notes 4 and 12)	1,447,740	3	1,540,108	4
Long-term deferred revenue (Note 4)	7,348	-	8,260	-
Guarantee deposits (Note 29)	<u>262,516</u>	<u>-</u>	<u>224,662</u>	<u>-</u>
Total non-current liabilities	<u>6,323,601</u>	<u>14</u>	<u>10,843,166</u>	<u>25</u>
Total liabilities	<u>26,751,754</u>	<u>61</u>	<u>26,872,604</u>	<u>63</u>
<b>EQUITY</b>				
Ordinary shares	9,418,671	21	9,418,671	22
Capital surplus	11,746	-	4,981	-
Retained earnings				
Legal reserve	1,374,269	3	1,201,854	3
Special reserve	1,946,538	5	2,055,275	5
Unappropriated earnings	4,366,362	10	3,197,207	7
Other equity	<u>(18,246)</u>	<u>-</u>	<u>(45,083)</u>	<u>-</u>
Total equity	<u>17,099,340</u>	<u>39</u>	<u>15,832,905</u>	<u>37</u>
<b>TOTAL</b>	<u>\$ 43,851,094</u>	<u>100</u>	<u>\$ 42,705,509</u>	<u>100</u>

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

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4, 23 and 29)	\$ 39,010,555	100	\$ 30,215,337	100
COST OF GOODS SOLD (Notes 9, 24 and 29)	<u>34,739,937</u>	<u>89</u>	<u>27,353,098</u>	<u>91</u>
GROSS PROFIT	<u>4,270,618</u>	<u>11</u>	<u>2,862,239</u>	<u>9</u>
OPERATING EXPENSES (Notes 24 and 29)				
Selling and marketing expenses	159,748	-	149,461	-
General and administrative expenses	686,150	2	617,714	2
Research and development expenses	655,683	2	591,209	2
Expected credit loss (gain) (Notes 4 and 8)	<u>(5,192)</u>	<u>-</u>	<u>2,662</u>	<u>-</u>
Total operating expenses	<u>1,496,389</u>	<u>4</u>	<u>1,361,046</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>2,774,229</u>	<u>7</u>	<u>1,501,193</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 24)	155,846	1	160,157	-
Other gains and losses (Notes 4, 14 and 24)	(317,675)	(1)	292,146	1
Share of profits of subsidiaries and associates (Note 4)	342,439	1	173,160	1
Interest income	38,492	-	15,011	-
Finance costs	<u>(259,818)</u>	<u>(1)</u>	<u>(163,436)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(40,716)</u>	<u>-</u>	<u>477,038</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,733,513	7	1,978,231	6
INCOME TAX EXPENSE (Notes 4 and 25)	<u>507,614</u>	<u>1</u>	<u>350,898</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>2,225,899</u>	<u>6</u>	<u>1,627,333</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	24,150	-	96,820	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	6,346	-	(3,510)	-

(Continued)



# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 20,491	-	\$ 112,247	1
Other comprehensive income for the year, net of income tax	50,987	-	205,557	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,276,886</u>	<u>6</u>	<u>\$ 1,832,890</u>	<u>6</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 2.36</u>		<u>\$ 1.73</u>	
Diluted	<u>\$ 2.36</u>		<u>\$ 1.72</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity		Total Equity
	Common Stock (Note 22)	Capital Surplus (Notes 4 and 10)	Retained Earnings (Note 22)			Exchange Differences on Translation of the Financial Statement of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income		
			Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2022	\$ 9,418,671	\$ -	\$ 1,143,477	\$ 2,020,291	\$ 1,896,068	\$ (121,503)	\$ (32,317)	\$ 14,324,687	
Appropriation of 2021 earnings									
Legal reserve	-	-	58,377	-	(58,377)	-	-	-	
Special reserve	-	-	-	34,984	(34,984)	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(329,653)	-	-	(329,653)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	4,981	-	-	-	-	-	4,981	
Profit for the year ended December 31, 2022	-	-	-	-	1,627,333	-	-	1,627,333	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	96,820	112,247	(3,510)	205,557	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,724,153	112,247	(3,510)	1,832,890	
BALANCE AT DECEMBER 31, 2022	9,418,671	4,981	1,201,854	2,055,275	3,197,207	(9,256)	(35,827)	15,832,905	
Appropriation of 2022 earnings									
Legal reserve	-	-	172,415	-	(172,415)	-	-	-	
Special reserve	-	-	-	(108,737)	108,737	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(1,017,216)	-	-	(1,017,216)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	6,765	-	-	-	-	-	6,765	
Profit for the year ended December 31, 2023	-	-	-	-	2,225,899	-	-	2,225,899	
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	24,150	20,491	6,346	50,987	
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	2,250,049	20,491	6,346	2,276,886	
BALANCE AT DECEMBER 31, 2023	\$ 9,418,671	\$ 11,746	\$ 1,374,269	\$ 1,946,538	\$ 4,366,362	\$ 11,235	\$ (29,481)	\$ 17,099,340	

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

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,733,513	\$ 1,978,231
Adjustments for:		
Depreciation expense	1,248,767	1,233,421
Amortization expense	228,501	178,397
Expected credit loss recognized (reversed)	(5,192)	2,662
Finance costs	259,818	163,436
Interest income	(38,492)	(15,011)
Dividend income	(167)	(131)
Share of profit of subsidiaries and associates	(342,439)	(173,160)
Loss on disposal of property, plant and equipment	-	102
Impairment loss recognized on non-financial assets	56,483	193,983
Unrealized net loss on foreign currency exchange	168,505	9,620
Recognition of provisions	345,444	146,756
Other income from liabilities	(318)	(3,376)
Benefits from lease modification	-	(24,025)
Net changes in operating assets and liabilities		
Contract assets	135,856	(990,313)
Notes receivable	(7,944)	12,552
Trade receivables	712,514	(19,292)
Other receivables	15,776	(34,388)
Inventories	(2,094,667)	(1,651,455)
Other current assets	960,942	458,019
Incremental costs of obtaining a contract	(42,750)	(97,779)
Contract liabilities	(1,030,306)	639,364
Trade payables	1,093,117	(401,281)
Other payables	230,996	1,023,726
Other current liabilities	(131,549)	30,195
Deferred income	(912)	(304)
Cash generated from operations	4,495,496	2,659,949
Interest received	38,499	15,010
Interest paid	(262,590)	(144,234)
Income tax paid	(314,976)	(58,724)
Net cash generated from operating activities	<u>3,956,429</u>	<u>2,472,001</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for using the equity method	-	(15,000)
Payments for property, plant and equipment	(807,482)	(279,493)
Proceeds from disposal of property, plant and equipment	-	2
Increase in refundable deposits	(64,196)	(38,719)
Decrease in refundable deposits	43,289	46,116
Payments for intangible assets	(238,847)	(154,931)

(Continued)

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Decrease (increase) in other financial assets	\$ 102,651	\$ (190)
Increase in other non-current assets	(15,372)	(10,147)
Increase in prepayments for equipment	(347,770)	(283,001)
Dividends received	<u>167</u>	<u>131</u>
Net cash used in investing activities	<u>(1,327,560)</u>	<u>(735,232)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	44,270,000	24,050,000
Repayments of short-term borrowings	(45,270,000)	(23,750,000)
Proceeds from short-term bills payable	42,812,213	28,293,541
Repayments of short-term bills payable	(41,755,633)	(30,542,579)
Proceeds from long-term borrowings	4,820,000	36,587,000
Repayments of long-term borrowings	(6,620,000)	(35,967,000)
Proceeds of guarantee deposits	130,413	125,219
Refund of guarantee deposits	(92,559)	(94,658)
Repayment of the principal portion of lease liabilities	(110,937)	(94,001)
Dividends paid to owners of the Company	<u>(1,017,216)</u>	<u>(329,653)</u>
Net cash used in financing activities	<u>(2,833,719)</u>	<u>(1,722,131)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(204,850)	14,638
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>3,265,951</u>	<u>3,251,313</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 3,061,101</u>	<u>\$ 3,265,951</u>

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

(Concluded)

<b>Aerospace Industrial Development Corporation</b> <b>Proposal for Earnings Distribution of 2023 Profits</b>	
Currency: in NTD	
Item	Amounts
Distributable earnings at beginning of period	2,116,311,238
Remeasurement of defined benefit plans	24,149,600
Distributable earnings after adjustment	2,140,460,838
Annual net profit after tax	2,225,899,075
Less Items:	0
Legal reserve ( 10% )	-225,004,868
Legal special reserve	-18,246,004
Add Items:	
Reverse previous year self-listing of Special reserve	45,082,873
Accumulate available for distribution surplus	4,168,191,914
Distribution Items :	
Cash dividend to shareholders (NT\$1.42 per share)	-1,337,451,283
Total distribution	-1,337,451,283
Unappropriated earnings at the end of period	2,830,740,631

Attachment VI

## Mapping of the Amended Provisions of the Company's Rules and Procedures of Shareholders' Meeting and the Original Provisions

After amendment		Before amendment		Cause of amendment
Article 2	Shareholders' meeting convened in the form of visual conference, except as otherwise governed by the laws and regulations, shall be approved by the Board of Directors with two third of the directors present and agreement of the majority.	Article 2	Shareholders' meeting of the Company, except as otherwise governed by the laws and regulations, shall be convened by the Board of Directors.	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. Made according to the Direction #1120380899 issued by the Financial Supervisory Committee, which provisions of Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</li> </ol>
Article 12-2	When convening a virtual-only shareholders meeting, the Corporation shall reveal in the meeting notice that on-line connecting support and alternative measures will be provided to shareholders who have difficulty in participating a virtual conference upon their request in the duration given by the Corporation.	Article 12-2	When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures to shareholders with difficulties in attending a virtual shareholders meeting.	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. Made according to the provisions of Article 44-21 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</li> </ol>

## **Aerospace Industrial Development Corporation**

### **Rules and Procedures of Shareholders' Meetings (Draft)**

- 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 convened in the form of visual conference, except as otherwise governed by the laws and regulations, shall be approved by the Board of Directors with two third of the directors present and agreement of the majority.
- 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, attendance cards, and the shares checked in on the virtual meeting platform, plus the shares that exercise their voting power 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. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.
- 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 presented does not constitute the quorum prescribed in the preceding Paragraph, but sufficiently 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 who present. Each of the shareholders shall be informed on such tentative resolution and a shareholders' meeting shall be reconvened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register according to the Company's Rules and Procedures of Shareholders' Meeting in accordance with Article 4-1.
- 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, agenda handbook and supplemental materials under the preceding paragraph 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 4-1 If the Company shareholders' meeting is convened by videoconference, it shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date, and the same applies to cancellation.

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.

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.



- 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.
- Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised, and each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.
- 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. In the event of a virtual shareholders' meeting, the record shall be made and uploaded to the video conference platform.
- 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 through solicitation, represented by proxy, and the number of shares represented by shareholders attending the meeting in person or by electronic means, shall be presented in a statistical table in required format by the Company and shall be revealed explicitly at the venue of the 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 12-1 In the event of a virtual shareholders' meeting when the proceedings are obstructed due to natural disasters, accidents or other force majeure events, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.
- In the event that the circumstances described in the preceding paragraph occur, the Company shall postpone or resume the meeting in accordance with Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies.
- Article 12-2 When convening a virtual-only shareholders meeting, the Corporation shall reveal in the meeting notice that on-line connecting support and alternative measures will be provided to shareholders who have difficulty in participating a virtual conference upon their request in the duration given by the Corporation.
- 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.

## Mapping of the Amended Provisions of the Company's Rules for Election of Directors and the Original Provisions

After amendment		Before amendment	Cause of amendment
Article 2	<p>Election of directors shall take the constitution of the board into consideration. Board members shall have the necessary knowledge, skills, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:</p> <ol style="list-style-type: none"> <li>1. Ability to make operational judgments.</li> <li>2. Ability to perform accounting and financial analysis.</li> <li>3. Ability to conduct business administration.</li> <li>4. Ability to conduct crisis management.</li> <li>5. Knowledge of the industry.</li> <li>6. An international market perspective.</li> <li>7. Ability to lead.</li> <li>8. Ability to make policy decisions.</li> </ol> <p>Should there be any, the number of directors with spousal relationship or a familial relationship within the second degree of kinship must not exceed half of the total seats of the Board. Also at least one of the directors must be of different genders.</p>	<p>Article 2 Election of directors shall take the constitution of the board into consideration. Board members shall have the necessary knowledge, skills, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:</p> <ol style="list-style-type: none"> <li>1. Ability to make operational judgments.</li> <li>2. Ability to perform accounting and financial analysis.</li> <li>3. Ability to conduct business administration.</li> <li>4. Ability to conduct crisis management.</li> <li>5. Knowledge of the industry.</li> <li>6. An international market perspective.</li> <li>7. Ability to lead.</li> <li>8. Ability to make policy decisions.</li> </ol> <p>A spousal relationship nor a familial relationship within the second degree of kinship may not exist among more than half of the directors.</p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. Made according to the provisions of Article 4 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers to allow gender diversification of the Board members.</li> </ol>
Article 5	<p>Election of directors of the Company shall be conducted in accordance with Article 192-1 of the Company Act and the Articles of Incorporation of the Company.</p> <p>Election of independent directors and non-independent directors of the Company shall be held together, provided that the number of seats elected</p>	<p>Article 5 Election of directors of the Company shall be conducted in accordance with Article 192-1 of the Company Act and the Articles of Incorporation of the Company.</p> <p>Election of independent directors and non-independent directors of the Company shall be held together, provided that the number of seats elected</p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. Made according to the provisions of Article 14 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE</li> </ol>

After amendment	Before amendment	Cause of amendment
<p>shall be calculated separately. When the number of directors is reduced to below five due to the discharge of directors for any reason, the Company shall hold a by-election to fill the vacancies at its next shareholders' meeting. When the number of directors is reduced to below one third of the total number, the Company shall convene a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>When the number of independent directors is reduced to below that required under the provision of Article 14-2, Paragraph 1 of the Securities and Exchange Act, the Company shall hold a by-election to fill the vacancies at the next shareholders' meeting.</p> <p>When the independent directors are dismissed en masse, the Company shall convene a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>In case of resignation of director or director reassignment according to the provision of Item 3, Article 27 of the Company Act, the resigned director or the representative legal body shareholder shall notify the Corporation and the managing authority immediately.</p>	<p>shall be calculated separately. When the number of directors is reduced to below five due to the discharge of directors for any reason, the Company shall hold a by-election to fill the vacancies at its next shareholders' meeting. When the number of directors is reduced to below one third of the total number, the Company shall convene a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>When the number of independent directors is reduced to below that required under the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, the Company shall hold a by-election to fill the vacancies at the next shareholders' meeting. When the independent directors are dismissed en masse, the Company shall convene a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>Listed Companies and the Board's Exercise of Powers to stipulate necessary notification in case of a director resignation or replacement of a director representing a legal person shareholder.</p>

## **Aerospace Industrial Development Corporation**

### **Rules for Election of Directors (Draft)**

- Article 1 Election of directors 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 set out herein.
- Article 2 Election of directors shall take the constitution of the board into consideration. Board members shall have the necessary knowledge, skills, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
1. Ability to make operational judgments.
  2. Ability to perform accounting and financial analysis.
  3. Ability to conduct business administration.
  4. Ability to conduct crisis management.
  5. Knowledge of the industry.
  6. An international market perspective.
  7. Ability to lead.
  8. Ability to make policy decisions.
- Should there be any, the number of directors with spousal relationship or a familial relationship within the second degree of kinship must not exceed half of the total seats of the Board. Also at least one of the directors must be of different genders.
- Article 3 (Deleted)
- Article 4 Qualification and election of independent directors of the Company shall be compliant with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- Article 5 Election of directors of the Company shall be conducted in accordance with Article 192-1 of the Company Act and the Articles of Incorporation of the Company.
- Election of independent directors and non-independent directors of the Company shall be held together, provided that the number of seats elected shall be calculated separately.
- When the number of directors is reduced to below five due to the discharge of directors for any reason, the Company shall hold a by-election to fill the vacancies at its next shareholders' meeting.
- When the number of directors is reduced to below one third of the total number, the Company shall convene a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- When the number of independent directors is reduced to below that required under the provision of Article 14-2, Paragraph 1 of the Securities and Exchange Act, the Company shall hold a by-election to fill the vacancies at the next shareholders' meeting. When the independent directors are dismissed en masse, the Company shall convene a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- In case of resignation of director or director reassignment according to the provision of Item 3, Article 27 of the Company Act, the resigned director or the representative legal body shareholder shall notify the Corporation and the managing authority immediately.
- Article 6 In election of directors, cumulative voting system shall be adopted. Each share bears voting rights in number equal to the number of the seats to be elected, which may be voted for a single candidate or split among multiple candidates.
- Article 7 The Board of Directors of the Company shall prepare election ballots in number equal to the number of the seats to be elected, listing the attendance card number and the corresponding number of voting rights of shareholders. The election ballots shall be distributed to the common shareholders present at the shareholders' meeting.
- Attendance card numbers printed on the ballots, instead of the names of voting shareholders, shall be used to represent the voter.
- Ballots may not be distributed to common shareholders who cast votes through electronic form.

- Article 8 In the election of directors and non-independent directors of the Company, candidates who acquire more votes win the seats sequentially according to the numbers of votes they receive respectively. If two or more candidates acquire the same number of votes and the number of such candidates exceeds the specified seats available, such candidates acquiring the same votes shall draw lots to decide who should win the seats available, and the chair shall draw lots on behalf of the absent candidates.
- Article 9 Before the election begins, the chair shall appoint several persons from the shareholders present to monitor and count the ballots.  
The ballot box used for voting shall be prepared by the Board of Directors of the Company and checked in public by the persons to monitor the ballots before voting.
- Article 10 A ballot is void under any of the following circumstances:  
1. A ballot is not prepared by persons with the meeting calling right.  
2. A ballot shows written characters in addition to the number of voting rights.  
3. A blank ballot.  
4. The writing on a ballot is unclear and indecipherable or has been altered; however, correction to the required information is not subject to the rule specified hereof.  
5. The candidates shown on the ballots are inconsistent with the list of Director Candidates of the Board of Directors.
- Article 11 The ballots should be calculated immediately after the voting ends and results of the election, including directors elected and voting rights they obtained, shall be announced by the chair at the meeting. The election shall be performed as cited in Article 9 of the Company's Rules for Election of Directors.  
When questions about ballots are raised, the persons to monitor shall determine if the ballots are void. If disputes arise as to the decision by the persons to monitor, all monitoring personnel shall put it to a vote. The ballot shall be deemed void if numbers of votes for and against are the same.
- Article 12 The Board of Directors of the Company shall issue notifications to the directors elected respectively.
- Article 13 The rules set forth herein shall take effect after approval by a shareholders' meeting; the same applies to amendments.

## Attachment VIII

**Candidates of the 10<sup>th</sup> Board of Directors of Aerospace Industrial Development Corp. (AIDC)**

<b>Category</b>	<b>Gender</b>	<b>Name</b>	<b>Title</b>	<b>Experience/Education</b>	<b>Shareholding</b>	<b>Representation</b>
Director	Male	Hu, Kai-Hung	Chairman, AIDC Director, Industrial Technology Research Institute Chairman, Taiwan Aerospace Industry Association Chairman, Taiwan Defense Industry Development Association	Vice Chief of the General Staff, Ministry of National Defense (MND); Inspector General, MND; Vice Commander-in-Chief, Air Force Command; Commander, Air Force Education, Training and Doctrine Development Command; Deputy Chief of Staff, Air Force Command; Director, Combat Readiness and Training Division, Air Force Command; Wing Commander, the 427th Tactical Fighter Wing, Air Force; Director of the Board, Industrial Technology Research Institute; Chairman, Taiwan Aerospace Industry Association; Joint Force Education, National Defense University; General Staff College of National Defense University; Air Force Academy	331,301,773	Ministry of Economic Affairs
Director	Male	Ma, Wan-June	President and Director of AIDC Executive Director, AIDC Director, Metal Industries Research & Development Centre Director, Taiwan Aerospace Industry Association	Vice President, National Chung-Shan Institute of Science and Technology (NCSIST); Director, Aeronautical Systems Research Division, NCSIST; General Director of Aeronautical Systems Research Division, NCSIST Deputy General Director of Systems Development Center, NCSIST Project Leader of Systems Development Center, NCSIST Chairman, Aeronautical & Astronautical Society of ROC; Member of the Advisory Committee, Management college, National Defense University; Director of the Board, Metal Industries Research & Development Center; Executive Director, Taiwan Aerospace Industry Association; Ph.D. in Power Mechanical Engineering, National Tsing Hua University; Master in Mechanical Engineering, National Central University; B.S. in Aeronautics and Astronautics, National Cheng Kung University	331,301,773	Ministry of Economic Affairs

Category	Gender	Name	Title	Experience/Education	Shareholding	Representation
Director	Male	Chang, Ming-Pin	Director-General, Department of Investment Promotion, MOEA CEO, Invest Taiwan Services Center, MOEA Director, AIDC Director, Kuo Kuang Power Co., Ltd.	Director General, Investment Commission, MOEA; Executive Secretary, Investment Commission, MOEA; Vice Executive Secretary and Spokesperson, Investment Commission, MOEA; Commissioner, Review Committee, National Development Fund, Executive Yuan; Member, Examination Committee for Establishment Application of Business Entity in the Economic Processing Zone; Master of Laws, Edinburgh University (Scotland); Bachelor of Laws, National Taiwan University; Executive Leadership Program, Harvard University (USA)	331,301,773	Ministry of Economic Affairs
Director	Male	Liu, Sung-Yu	CPA, Solomon & Co., CPAs; Independent Director, Cashbox Partyworld Co., Ltd	Senior Manager, Diwan & Company (or known as Ernst & Young since 2012); Supervisor, Taichung Certified Public Accountant Association; BS in Accounting, Department of Accountancy, National Cheng Kung University	331,301,773	Ministry of Economic Affairs
Director	Male	Liu, Hans I. J.	-	Advisor, Aerospace Industrial Development Corp. (AIDC); Manager-Flight Science, Aerospace Industrial Development Corp. (AIDC); Team Leader-Aerodynamics, National Chung Shan Institute of Science and Technology MS of Aerospace Engineering, University of Maryland; BS in Materials Science and Engineering, National Chung Hsing University	331,301,773	Ministry of Economic Affairs
Director	Male	Hsiao, Mu-Lai	Chairman, Aerospace Industrial Development Corporation Labor Union in Taichung; Director, AIDC Executive Director, Taiwan Machinery Labor Union; (T.P.M.L.U) Executive Director, General Labor Union of Aviation Industry	Chairman, Taiwan Aerospace Technology Association; Director, Taiwan Machinery Labor Union (T.P.M.L.U); Director, Aerospace Industrial Development Corporation Labor Union in Taichung; Quality Assurance Engineer, AIDC; Member of Labor Mediation Committee, Taichung District Court; B.S. in Industrial Engineering, Feng Chia University	331,301,773	Ministry of Economic Affairs



Category	Gender	Name	Title	Experience/Education	Shareholding	Representation
Director	Male	Yu, Cheng-Tao	Quality Assurance Engineer, AIDC; Director, Aerospace Industrial Development Corporation Labor Union in Taichung	Chairman, Aerospace Industrial Development Corporation Labor Union in Taichung; Director, AIDC; Assistant Professor, National Taichung University of Science & Technology; Adjunct Assistant Professor, National Taichung University of Science and Technology; Adjunct Assistant Professor, National Chin-Yi University of Technology; Ph.D. in Industrial Engineering and Management, National Yunlin University of Science and Technology;	331,301,773	Ministry of Economic Affairs
Director	Male	Cheng, Jung-Feng	Deputy Chief of Staff (Executive), General Staff Headquarter, Ministry of National Defense (MND); Director, AIDC;	Deputy Chief of Staff, General Staff Headquarter, Ministry of National Defense (MND) Deputy Commander, Chief of Staff, and Director of Political Warfare Office, Air Force Command Commander, Air Force Combatant Command Deputy Chief of Staff and Director of Combat Readiness and Training Division, Air Force Command Master in Political Science, National Taiwan University; Class of 2009, War College, National Defense University; Class of 1985, Air Force Academy	11,063,201	National Defense Industrial Development Foundation
Independent Director	Male	Chan, Chia-Chang	Vice President of Tunghai University and Professor of Department of Finance Executive Director (Independent), AIDC Chair of Remuneration Committee, AIDC Independent Director, Mobiletron Co., Ltd. Independent Director, Edison Technology Co., Ltd Independent Director, Full Wang International Development Co., Ltd.	Chief Secretary, Chair of Department of Finance; Director of Extension Education Center, Dean of College of Management, Tunghai University; Chair of Department of Finance, Providence University; Executive Director (Independent), AIDC; Independent Director, Mobiletron Co., Ltd.; Chair of Remuneration Committee and Audit Committee, AIDC; Chair of Remuneration Committee and Audit Committee, Mobiletron Co., Ltd.; Ph.D. in Business Administration, National Sun Yat-Sen University	0	-

Category	Gender	Name	Title	Experience/Education	Shareholding	Representation
Independent Director	Female	Chen, Yin-Chin	Associate Professor, Department of Financial and Economic Law, Chung Yuan Christian University; Independent Director, AIDC Chair of Audit Committee, AIDC	Chair of Department of Financial and Economic Law, Chung Yuan Christian University; Associate Professor, Department of Public Finance and Taxation, Takming University of Science and Technology; Commissioner, Fair Trade Commission; Commissioner, Complaint Review Board for Government Procurement, Public Construction Commission Executive Yuan; Advisory, Department of Nuclear Regulation, Atomic Energy Council; Advisory, Advisory Committee on Handling of State Compensation Cases, Atomic Energy Council; Commissioner, Complaint Review Board for Government Procurement, Taoyuan City Government; Commissioner, Medical Review Board, Health Bureau; Commissioner, Laws and Regulations Committee, MOEA; Commissioner, International Trade Commission, MOEA; Commissioner, Complaint Review Board, Ministry of National Defense; Advisory, Advisory Committee on Handling of State Compensation Cases, Ministry of National Defense; Advisory, Advisory Committee on Handling of State Compensation Cases, Army Command Headquarters; Advisory, Advisory Committee on Handling of State Compensation Cases, Taipei City Government; Commissioner, Listing Review Committee of Taiwan Stock Exchange Corporation; Commissioner, Mainboard Listing Review Committee of Taipei Exchange (GreTai Securities Market); Supervisor, Andes Technology Corporation (Representative of National Development Fund, Executive Yuan); Supervisor, Light's American Sportscopter Inc. (Representative of National Development Fund, Executive Yuan); Director of the Board, CSBC CORP., Taiwan (Representative of MOEA); Ph. D of Laws, National Chung Hsing University	0	-
Independent Director	Male	Wang, Yi-Shen	Managing Attorney, Hong Der Law Firm; Independent Director, Agricultural Bank of Taiwan Co., Ltd. Adjunct Instructor, College of Law, Tunghai University	Adjunct Instructor, Chaoyang University of Technology; Adjunct Instructor, Ling Tung University; Director, Nantou Bar Association; Member of Lawyers Code of Ethic Interpretation Committee, Taiwan Bar Association; Master of Laws, Graduate School of Science & Technology Laws, National Yunlin University of Science & Technology	0	-

### Exemption of Restrictions for Directors

Director Name	Other companies and position	Businesses Overlapped with AIDC
MOEA Representative: Chang, Ming-Pin (Director)	Director, Kuo Kuang Power Co., LTD. (Representative of CPC Corp.)	Combined Heat and Power
MOEA Representative: Liu, Sung-Yu (Director)	Independent Director, Cashbox Partyworld Co., Ltd	Rental and Leasing International Trade Management Consulting Information Software Services Computer Equipment Installation Automatic Control Equipment Engineering
Chan, Chia-Chang (Independent Director)	Independent Director, Mobiletron Co., Ltd.	Machinery and Equipment Manufacturing Manufacture of Power Generation, Transmission and Distribution Machinery Electronics Components Manufacturing Other Electrical Engineering and Electronic Machinery Equipment Manufacturing Motor Vehicles and Parts Manufacturing Information Software Services Energy Technical Services Rental and Leasing
	Independent Director, Edison Technology Co., Ltd	Manufacture of Power Generation, Transmission and Distribution Machinery Electronics Components Manufacturing Computer and Peripheral Equipment Manufacturing International Trade Management Consulting Other Designing
	Independent Director, Full Wang International Development Co., Ltd.	Industry Innovation and Incubation Services Information Software Services

# Appendixes

## **Aerospace Industrial Development Corporation**

### **Rules and Procedures of Shareholders' Meetings (Original)**

Formulated by the 2<sup>nd</sup> Promoters' Meeting on 14 June, 1996  
Amended by 2002 Annual Shareholders' Meeting on 6 June, 2002  
Amended by 2014 3<sup>rd</sup> Special Shareholders' Meeting on 17 October, 2014  
Amended by 2015 Annual Shareholders' Meeting on 23 June, 2015  
Amended by 2021 Annual Shareholders' Meeting on 13 August, 2021  
Amended by 2023 Annual Shareholders' Meeting on 30 May, 2023

- 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, attendance cards, and the shares checked in on the virtual meeting platform, plus the shares that exercise their voting power 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. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.
- 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 presented does not constitute the quorum prescribed in the preceding Paragraph, but sufficiently 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 who present. Each of the shareholders shall be informed on such tentative resolution and a shareholders' meeting shall be reconvened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register according to the Company's Rules and Procedures of Shareholders' Meeting in accordance with Article 4-1.
- 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, agenda handbook and supplemental materials under the preceding paragraph 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 4-1 If the Company shareholders' meeting is convened by videoconference, it shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date, and the same applies to cancellation.

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.

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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.

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised, and each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

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. In the event of a virtual shareholders' meeting, the record shall be made and uploaded to the video conference platform.

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 through solicitation, represented by proxy, and the number of shares represented by shareholders attending the meeting in person or by electronic means, shall be presented in a statistical table in required format by the Company and shall be revealed explicitly at the venue of the 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 12-1 In the event of a virtual shareholders' meeting when the proceedings are obstructed due to natural disasters, accidents or other force majeure events, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

In the event that the circumstances described in the preceding paragraph occur, the Company shall postpone or resume the meeting in accordance with Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 12-2 When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures to shareholders with difficulties in attending a virtual shareholders meeting.

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**

### **Articles of Incorporation**

#### **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. CC01060 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
  27. CC01070 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

	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.	
<b>Chapter II Shares</b>		
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.	
<b>Chapter III Shareholders' Meeting</b>		
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"> <li>1. Planning for the adjustment of capital status and direct investment.</li> <li>2. The approval of the organization code and management regulations of AIDC.</li> <li>3. Approval of the long, mid, and short-term plans, business policy and annual plans.</li> <li>4. Approval of company budget and account settlement.</li> <li>5. Approval of unbudgeted long-term loans and the issuance of corporate bonds.</li> <li>6. Approval of the disposition or exchange of lands, buildings, and essential machinery and equipment.</li> <li>7. Approval of repair and renovation works, and the procurement of properties exceeding the authorized limit of the Board.</li> <li>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.</li> <li>9. Approval of the salary scale and fringe benefits for the employees.</li> <li>10. Any other duties as required by law.</li> </ol> <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>
	<b>Chapter V Managers and Staff</b>
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.
	<b>Chapter VI Financial Report</b>
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 1<sup>st</sup> instance on June 14, 1996, the 2<sup>nd</sup> amendment was incorporated on June 24, 1996, the 3<sup>rd</sup> amendment was incorporated on May 29, 1997, the 4<sup>th</sup> amendment was incorporated on September 23, 1997, the 5<sup>th</sup> amendment was incorporated on November 24, 1998, the 6<sup>th</sup> amendment was incorporated on May 25, 1999, the 7<sup>th</sup> amendment was incorporated on November 2, 1999, the 8<sup>th</sup> amendment was incorporated on January 20, 2000, the 9<sup>th</sup> amendment was incorporated on June 12, 2001, the 10<sup>th</sup> amendment was incorporated on September 6, 2001, the 11<sup>th</sup> amendment was incorporated on June 6, 2002, the 12<sup>th</sup> amendment was incorporated on June 16, 2004, the 13<sup>th</sup> amendment was incorporated on June 15, 2005, the 14<sup>th</sup> amendment was incorporated on May 2, 2006, the 15<sup>th</sup> amendment was incorporated on August 26, 2008, the 16<sup>th</sup> amendment was incorporated on April 19, 2010, the 17<sup>th</sup> amendment was incorporated on September 17, 2013, the 18<sup>th</sup> amendment was incorporated on April 3, 2014, the 19<sup>th</sup> amendment was incorporated on October 17, 2014, the 20<sup>th</sup> amendment was incorporated on June 23, 2015, the 21<sup>st</sup> amendment was incorporated on June 14, 2016, the 22<sup>nd</sup> amendment was incorporated on June 14, 2017, the 23<sup>rd</sup> amendment was incorporated on May 31, 2019, the 24<sup>th</sup> amendment was incorporated on May 29, 2020, the 25<sup>th</sup> amendment was incorporated on August 13, 2021, and the 26<sup>th</sup> amendment was incorporated on May 27, 2022.

## Appendix III

### **Aerospace Industrial Development Corporation Rules for Election of Directors (Original)**

Formulated by 2014 3rd Special Shareholders' Meeting on 17 October, 2014  
Amended by 2015 Annual Shareholders' Meeting on 23 June, 2015  
Amended by 2021 Annual Shareholders' Meeting on 13 August, 2021

- Article 1 Election of directors 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 set out herein.
- Article 2 Election of directors shall take the constitution of the board into consideration. Board members shall have the necessary knowledge, skills, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
1. Ability to make operational judgments.
  2. Ability to perform accounting and financial analysis.
  3. Ability to conduct business administration.
  4. Ability to conduct crisis management.
  5. Knowledge of the industry.
  6. An international market perspective.
  7. Ability to lead.
  8. Ability to make policy decisions.
- A spousal relationship nor a familial relationship within the second degree of kinship may not exist among more than half of the directors.
- Article 3 (Deleted)
- Article 4 Qualification and election of independent directors of the Company shall be compliant with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- Article 5 Election of directors of the Company shall be conducted in accordance with Article 192-1 of the Company Act and the Articles of Incorporation of the Company.
- Election of independent directors and non-independent directors of the Company shall be held together, provided that the number of seats elected shall be calculated separately.
- When the number of directors is reduced to below five due to the discharge of directors for any reason, the Company shall hold a by-election to fill the vacancies at its next shareholders' meeting. When the number of directors is reduced to below one third of the total number, the Company shall convene a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- When the number of independent directors is reduced to below that required under the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, the Company shall hold a by-election to fill the vacancies at the next shareholders' meeting. When the independent directors are dismissed en masse, the Company shall convene a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

- Article 6 In election of directors, cumulative voting system shall be adopted. Each share bears voting rights in number equal to the number of the seats to be elected, which may be voted for a single candidate or split among multiple candidates.
- Article 7 The Board of Directors of the Company shall prepare election ballots in number equal to the number of the seats to be elected, listing the attendance card number and the corresponding number of voting rights of shareholders. The election ballots shall be distributed to the common shareholders present at the shareholders' meeting.
- Attendance card numbers printed on the ballots, instead of the names of voting shareholders, shall be used to represent the voter.
- Ballots may not be distributed to common shareholders who cast votes through electronic form.
- Article 8 In the election of directors and non-independent directors of the Company, candidates who acquire more votes win the seats sequentially according to the numbers of votes they receive respectively. If two or more candidates acquire the same number of votes and the number of such candidates exceeds the specified seats available, such candidates acquiring the same votes shall draw lots to decide who should win the seats available, and the chair shall draw lots on behalf of the absent candidates.
- Article 9 Before the election begins, the chair shall appoint several persons from the shareholders present to monitor and count the ballots.
- The ballot box used for voting shall be prepared by the Board of Directors of the Company and checked in public by the persons to monitor the ballots before voting.
- Article 10 A ballot is void under any of the following circumstances:
1. A ballot is not prepared by persons with the meeting calling right.
  2. A ballot shows written characters in addition to the number of voting rights.
  3. A blank ballot.
  4. The writing on a ballot is unclear and indecipherable or has been altered; however, correction to the required information is not subject to the rule specified hereof.
  5. The candidates shown on the ballots are inconsistent with the list of Director Candidates of the Board of Directors.
- Article 11 The ballots should be calculated immediately after the voting ends and results of the election, including directors elected and voting rights they obtained, shall be announced by the chair at the meeting. The election shall be performed as cited in Article 9 of the Company's Rules for Election of Directors.
- When questions about ballots are raised, the persons to monitor shall determine if the ballots are void. If disputes arise as to the decision by the persons to monitor, all monitoring personnel shall put it to a vote. The ballot shall be deemed void if numbers of votes for and against are the same.
- Article 12 The Board of Directors of the Company shall issue notifications to the directors elected respectively.
- Article 13 The rules set forth herein shall take effect after approval by a shareholders' meeting; the same applies to amendments.

Appendix IV

**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 2023.

Appendix V

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

Book Closure Date: 29 March, 2024

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: Hsiao, Mu-Lai	331,301,773	35.175%
Director	MOEA Representative: Lee, Ming-Li	331,301,773	35.175%
Director	NDIDF Representative: Cheng, Jung-Feng	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 29 March, 2024, 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.
  4. Shieu, Fuh-Sheng, Representative of the Director MOEA, resigned on 18 August, 2023.