

Stock Code: 2634



# **Aerospace Industrial Development Corporation**

## **2016 Annual Shareholders' Meeting**

### **Meeting Agenda**

(Translated from Mandarin)

Date: 14 June 2016

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

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**Aerospace Industrial Development Corporation (AIDC)**  
**2016 Annual Shareholders' Meeting Procedure**

I. Meeting Commencement Announced

II. Chairman's Address

III. Discussion (I)

IV. Report Items

V. Ratification Items

VI. Discussion (II)

VII. Special Motions

VIII. Meeting Adjournment

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

## **2016 Annual Shareholders' Meeting Agenda**

Time: 10:00 a.m., 14 June 2016 (Tuesday)

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

I. Meeting Commencement Announced

II. Chairman's Address

III. Discussion (I)

Discussion on Amendments to Company's "Articles of Incorporation"

IV. Report Items

(1) Business Report of 2015

(2) Audit Committee Review Report of 2015

(3) 2015 Compensation to Employees, Directors and Supervisors

V. Ratification Items

(1) To accept 2015 Business Report and Financial Statements

(2) To accept proposal for 2015 Earnings Profit Distribution

VI. Discussion (II)

Discussion on proposed amendments to Disposal Procedures for Acquisition and Disposal of Assets

VII. Special Motions

VIII. Meeting Adjournment

## **Discussion (I)**

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

Description:

- I. Pursuant to Articles 235 & 235-1 of the Company Act, the company thereby amends in part, the provisions of the Articles of Incorporation.
- II. Comparisons of proposed amendments with original provisions contained in company's "Articles of Incorporation" are shown in Appendix I (Pages 8-9).
- III. Please ratify proposed amendments to the company's "Articles of Incorporation".

Resolution:

## **Report Items**

- Item 1: Report on AIDC Business Operation of 2015, as shown in Appendix II (Pages 10-11).
- Item 2: Audit Committee Review Report of 2015, as shown in Appendix III (Page 12).
- Item 3: 2015 Compensation to Employees, Directors and Supervisors, as shown in Appendix IV (Page 13).

## **Ratification Items**

Item 1: To accept 2015 Business Report and Financial Statements  
(Proposed by the Board of Directors)

Description: I. AIDC's 2015 Financial Statements (including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows) have been reviewed and audited by Mr. Tung-Chien Tseng and Mr. Deh-Ruen Cheng, CPA of Deloitte & Touche.

II. Business Report of 2015, Auditors' Report, and aforementioned financial statements, are shown in Appendixes II and V (Pages 10-11 and Pages 14-20).

III. Please accept aforementioned Business Report and Financial Statements.

Resolution:

Item 2: To accept proposal for 2015 Earnings Profit Distribution  
(Proposed by the Board of Directors)

Description: I. The company's net profit after taxes for 2015 was NT\$2,029,168,841, by deducting the legal reserve of NT\$202,916,884 and the special reserve of NT\$608,750,652; adding the accumulated un-appropriated earnings at beginning of period in the amount of NT\$4,142,409, and the re-measurement amount of NT\$20,164,020 for the company's 2015 defined benefit plans; the distributable earnings at the end of the period was equal to NT\$1,241,807,734.

II. The company plans to distribute a cash dividend of NT\$1.36 per share for 2015. The profit allocation proposal of 2015 earnings is shown in Appendix VI (Page 21).

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

IV. Please accept proposed 2015 profits distribution.

Resolution:

## **Discussion (II)**

Proposal:                Discussion on proposed amendments to Disposal Procedures for Acquisition and Disposal of Assets  
(Proposed by the Board of Directors)

Description:           I.    In support of company's actual operating needs, the provisions contained in the existing Disposal Procedures for Acquisition and Disposal of Assets need to be amended in part.

                              II.    The comparisons of the amendments with the original provisions contained in the Disposal Procedures for Acquisition and Disposal of Assets are shown in Appendix VII (Pages 22-48).

                              III.   Please ratify the proposed amendments to Disposal Procedures for Acquisition and Disposal of Assets.

Resolution:



## **Special Motions**

## **Meeting Adjournment**

## Appendix I

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

After amendment	Before amendment	Cause of amendment
<p><u>Article 28</u>     <u>An amount not less than 0.58% and not more than 4.65% shall be allocated from the company's annual net profits as remuneration for the directors of the Board. However, if there are accumulated losses, the amount to offset the losses shall be reserved.</u></p>	<p>(New Article)</p>	<ol style="list-style-type: none"> <li>1. Added to the provision.</li> <li>2. Pursuant to Company Act. Article 235 &amp; 235-1.</li> </ol>
<p><u>Article 28-1</u>     This corporation shall not pay dividends or bonuses when there is no profit. When allocating the net profits for each fiscal year, <u>the sequence is done as follows: taxes payment; offset of losses in previous years; in addition to that the legal profit reserve has equaled 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.</u> Any balance left over shall be allocated according to the following principles per resolution of the shareholders' meeting:</p> <ol style="list-style-type: none"> <li>1. Profits may be distributed by taking financial, business and operational factors into consideration.</li> <li>2. Profits of this corporation may be distributed by way of cash dividend and/or stock dividend. <u>Since this Corporation is in a capital-intensive industry, distribution of</u></li> </ol>	<p><u>Article 28</u>     This corporation shall not pay dividends or bonuses when there is no profit. When allocating the net profits for each fiscal year, <u>except that the legal profit reserve has equaled the total capital of the Corporation, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge; and then set aside not more than 1% of the balance as bonus to the directors and not less than 1% and not more than 8% as bonus to employees of this Corporation.</u> <u>Directors who also serve as executive officers of this Corporation are not entitled to receive bonus to directors.</u> Any balance left over shall be allocated according to the following principles per resolution of the shareholders' meeting:</p> <ol style="list-style-type: none"> <li>1. Profits may be distributed by taking financial, business and</li> </ol>	<ol style="list-style-type: none"> <li>1. Amendment to the provision and reassignment of the article number.</li> <li>2. Pursuant to Company Act. Article 235 &amp; 235-1, Revised words in Paragraph 2.</li> </ol>

After amendment	Before amendment	Cause of amendment
<p>profits shall be made preferably by way of cash dividend. Distribution of profits may also be made by way of stock dividend, provided however, the ration for stock dividend shall not exceed 50% of total distribution.</p> <p>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, this Corporation 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.</p>	<p>operational factors into consideration.</p> <p>2. Profits of this corporation may be distributed by way of cash dividend and/or stock dividend. Since this Corporation is in a capital-intensive industry <u>with steady growth in its current business</u>, distribution of profits shall be made preferably by way of cash dividend. Distribution of profits may also be made by way of stock dividend, provided however, the ration for stock dividend shall not exceed 50% of total distribution.</p> <p>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, this Corporation 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.</p>	
<p>Article 30      The Articles of Incorporation of AIDC was instituted on March 5 1996 with amendment for the 1<sup>st</sup> instance on June 14, 1996 and several subsequent amendments being followed. ...the amendment for the 20<sup>th</sup> instance was made on June 23, 2015, <u>and the amendment for the 21<sup>th</sup> instance was made on June 14, 2016.</u></p>	<p>Article 30      The Articles of Incorporation of AIDC was instituted on March 5 1996 with amendment for the 1<sup>st</sup> instance on June 14, 1996 and several subsequent amendments being followed. ...the amendment for the 20<sup>th</sup> instance was made on June 23 2015.</p>	<p>1. Amendment to the provision. 2. Addition of the note on amendment (21<sup>th</sup> instance) and the date of amendment.</p>

Despite the economic downturn in Taiwan, the aviation industry maintains its steady growth. Taiwan's aviation parts suppliers have been receiving medium- and long-term parts orders from international aircraft/engine companies, and are expanding their capacity accordingly. However, in the face of increasing pressure from cost down demands, new contract subcontract management and pay raise amendment bills, AIDC as well as all the domestic suppliers are subject to harsh cost challenges. In response to this situation, AIDC's efforts include internally, investing in the R&D of core technologies and implementing LEAN initiatives to reduce costs; externally, providing upgrade assistance to its supply chain partners and utilizing outsourcing resources. It is our hope that by integrating the competitive edge of Taiwan's suppliers to achieve cost reductions and ensure corporate profits.

To meet the strong market demand and maintain self-developed product service and core competence, AIDC made a significant investment in its fixed assets which included the construction of its Engine Case Manufacturing Center (ECMC), Taiwan Advanced Composite Center (TACC #19) and the F-16 A/B Upgrade & Maintenance Building. These projects are scheduled to be completed and put into operation in 2016 and 2017.

The ECMC is designed for the manufacture of large engine cases to meet the growing requirement for large engine cases. The TACC #19 is aimed at the production of after belly fairing composite parts for Airbus popular models. And the F-16 A/B Upgrade & Maintenance Building is planned for long-term and steady aircraft maintenance business, and will fully support Taiwan's independent defense industry policy.

I would like to express my appreciation and gratitude to all the shareholders for your steadfast support of our programs, and the summary of the report on the operation results for FY 2015 and the business plan for FY 2016 are presented hereunder.

### FY 2015 Operation Highlights

#### Revenue and Income

The Company had revenue of NT\$26,878,156 thousand in FY 2015, which was an increase of NT\$1,954,117 thousand from NT\$24,924,039 thousand in the same period of FY 2014. Pre-tax earnings in FY 2015 amounted to NT\$2,482,284 thousand, which was an increase of NT\$643,678 thousand from NT\$ 1,838,606 thousand in the same period of FY 2014.

#### Financial Structure and Profitability Analysis

As of December 31 2015, the financial structure of AIDC showed total assets of NT\$ 28,704,182 thousand and total liabilities of NT\$ 17,177,587 thousand. The analysis of overall profitability indicators are shown in the table below:

Indicators	2014	2015
ROA (%)	8.20	7.92
ROE (%)	20.02	18.59
EBT to Paid-in Capital Ratio (%)	20.24	27.33
Net Profit Ratio (%)	7.50	7.54

#### Research and Development Outlook

The R&D expenses of AIDC in FY 2015 amounted to NT\$439,262 thousand with the successful development of Project "Upgrade the Process Capacity of Composite Materials and Refinement Plan" and so on, which could help to upgrade the overall technological capacity and production capacity of the Company for better business opportunity.

#### Credentials and Awards

- \* Gang Shan Complex (AEF) received the Distinguished Award of "2014 Energy Saving and Carbon Reduction" label presented by Environmental Protection Administration in January 2015.
- \* Received the "Performance Excellence Award 2014" from The Boeing Company in February 2015, the fourth for four consecutive years.
- \* Received the "Most Improved Supplier Award" from Honeywell during Honeywell Supplier Summit held in

Malaysia in March 2015

- \* Ranked the 140<sup>th</sup> in Top 1000 Taiwan Manufacturers by the CommonWealth Magazine in May 2015
- \* Received the “Growth Excellence Award” from GE in May 2015, the fourth award for five consecutive years
- \* Selected as “Taiwan High Compensation 100 Index” stock by Taiwan Stock Exchange Corporation in June 2015
- \* Selected as “TWSE RA Taiwan Employment Creation 99 Index” stock by Taiwan Stock Exchange Corporation in July 2015
- \* Gang Shan Complex (AEF) received the distinguished ROC Enterprise Environmental Protection Award (Manufacturing: Bronze Medal) presented by Environmental Protection Administration, Executive Yuan, in Nov. 2015
- \* Gang Shan Complex (AEF) was awarded Excellent Occupational Safety and Health Workplace by Kaohsiung City Government in Nov. 2015
- \* Received “Award of the Year 2015 for Best Partner ” from Mitsubishi Aircraft Corporation in Dec. 2015
- \* Gang Shan Complex (AEF) received “Health Navigator Award for Healthy Workplace ” presented by Health Promotion Administration, Ministry of Health and Welfare in Dec. 2015

## Business Plan in FY 2016

### Business Development Planning

- \* In the area of defense business, AIDC seeks to successfully upgrade the performance of the jet fighters as scheduled, and to make effort in securing orders for the maintenance of different types of aircraft and the manufacturing of advanced and lead-in trainers with domestic resources or through international cooperation.
- \* In the area of commercial aviation, AIDC seeks to expand its production capacity and supplier system for more business in the high value-added parts and components of aircraft segments and engines.
- \* In the area of industrial technology service, AIDC will extend its momentum of aerospace technology to green energy business, disasters prevention and rescue and atmospheric measurements flight services to support the national objective of energy saving and carbon reduction.

### Corporate Management Policy

AIDC will continue to adopt the Balanced Scorecard (BSC) as a management tool in FY 2016. This BSC system helps to converge and link the Company’s vision, strategy, objectives, the gravity of works for each department and the action plans, and this system has been properly implemented in full effort under the culture of accountability. In an environment where the aerospace industry is extremely competitive worldwide, AIDC will spare no effort to secure more business, and will continue to refine its management capability. The corporate management policy in FY 2016 will cover:

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

While aviation industry is considered an indicator of the industrial level of a country it leads the development of national economy as well as defense industry. Therefore the advanced industrialized countries always regard it as one of the major strategic industries. AIDC, while sustaining the great responsibilities of national defense and development of Taiwan’s aviation industry, is dedicated to fortifying the supply chain to develop dual-use technologies of Taiwan’s aviation industry and promoting industry collaboration to improve industrial level and overall competitiveness. AIDC is currently engaged in promoting the concept of A-Team 4.0 which is to bring together suppliers who share similar values and beliefs to form a cross-sector collaboration for the development of Taiwan’s aerospace industry. It is hoped that by integrating suppliers of raw material, machinery & equipment, manufacturing, logistics and transport to achieve the objective of improving Taiwan’s competitiveness, establishing mutually beneficial win-win relationship and making Taiwan’s A-team an integral part of the global aerospace supply chain; and at the same time, increasing Company’s revenue and profits to improve shareholders’ equity.

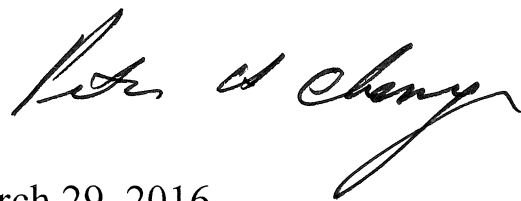
## Audit Committee Review Report

The Company's 2015 Financial Statements prepared by The Board of Directors have been audited by the CPA firm of Deloitte & Touche Tohmatsu and an audit report has been issued and concurred by this Audit Committee.

The Board of Directors also prepared the Company's 2015 Business Report and Proposal for Allocation of Profits. The above report and proposal 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 14-5 of the Securities and Exchange Act, we hereby submit this report.

To: Aerospace Industrial Development Corporation  
2016 Annual Shareholders' Meeting

Chairman of the Audit Committee

A handwritten signature in black ink, appearing to read 'Liu A. Chen', is written over the printed name of the Chairman of the Audit Committee.

Date: March 29, 2016

## Appendix IV

### 2015 Compensation to Employees, Directors and Supervisors

The Board of Directors adopted a proposal for 2015 employees' compensation and remuneration to directors and supervisors at its Meeting on March 29, 2016. The proposal will be effected upon the approval by shareholders at the Annual Shareholders' Meeting on June 14, 2016.

1. The employees' compensation and the remuneration to directors and supervisors in cash totals NT\$115,426,209 and NT\$14,397,248, respectively.
2. The amounts, cited above as expenses of 2015 net profit before income tax, were the same as the amounts proposed by the Board of Directors.

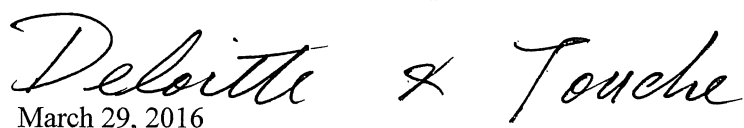
## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
Aerospace Industrial Development Corporation

We have audited the accompanying balance sheets of Aerospace Industrial Development Corporation as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of Aerospace Industrial Development Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aerospace Industrial Development Corporation as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in conformity with the decrees promulgated by the government on the regulations governing state-owned enterprises' accounting affairs (effective until August 21, 2015), Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations, and Standing Interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

  
March 29, 2016

### Notice to Readers

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

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



# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

## BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31			
	2015		2014	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,554,739	5	\$ 2,721,333	11
Notes receivable (Note 4)	19,823	-	22,894	-
Trade receivables from unrelated parties (Notes 4, 5 and 8)	6,479,638	23	5,697,766	22
Trade receivables from related parties (Note 28)	202,531	1	118,892	-
Other receivables (Notes 4 and 8)	153,957	-	129,154	1
Current tax asset (Notes 4 and 23)	162,372	1	163,296	1
Inventories (Notes 4, 5 and 9)	8,795,613	31	7,499,357	30
Other financial asset - current (Notes 4, 13 and 29)	2,554,657	9	825,416	3
Other current assets (Note 4, 5, 14 and 28)	1,262,414	4	1,764,143	7
Total current assets	21,185,744	74	18,942,251	75
<b>NON-CURRENT ASSETS</b>				
Financial assets measured at cost - non-current (Notes 4 and 7)	46,200	-	46,200	-
Investment accounted for using equity method (Notes 4 and 10)	665,521	2	482,193	2
Property, plant and equipment (Notes 4, 5 and 11)	5,713,002	20	4,853,536	19
Intangible assets (Notes 4, 5 and 12)	412,054	2	339,894	1
Deferred tax assets (Notes 4, 5 and 23)	298,563	1	365,379	2
Prepayments for equipment	327,952	1	251,124	1
Other financial asset - non-current (Notes 4, 13 and 29)	24,517	-	6,911	-
Other non-current assets (Notes 4, 5, and 14)	30,629	-	38,612	-
Total non - current assets	7,518,438	26	6,383,849	25
<b>TOTAL</b>	<b>\$ 28,704,182</b>	<b>100</b>	<b>\$ 25,326,100</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 15)	\$ 5,650,000	20	\$ 5,900,000	23
Short-term bills payable (Note 15)	1,697,592	6	2,494,876	10
Trade payables to unrelated parties	1,420,746	5	1,371,036	5
Trade payables to related parties (Note 28)	25,050	-	52,847	-
Other payables (Notes 17 and 28)	3,400,616	12	2,696,781	11
Current tax liabilities (Notes 4 and 23)	367,499	1	-	-
Unearned receipts	212,217	1	246,540	1
Current portion of long-term borrowings (Note 15)	964,400	3	139,400	1
Finance lease payables-current (Notes 4 and 16)	6,637	-	6,495	-
Other current liabilities	20,821	-	24,307	-
Total current liabilities	13,765,578	48	12,932,282	51
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 15)	1,915,846	7	680,246	3
Provisions - non-current (Notes 4, 5 and 18)	1,108,956	4	1,116,918	4
Deferred tax liabilities (Notes 4 and 23)	154,714	-	130,371	-
Finance lease payable - non-current (Notes 4 and 16)	5,131	-	11,768	-
Guarantee deposits	227,362	1	161,013	1
Total non-current liabilities	3,412,009	12	2,100,316	8
Total liabilities	17,177,587	60	15,032,598	59
<b>EQUITY</b>				
Common stock- at par value of \$10 each authorized 1,500,000 thousand shares, issued 908,262 thousand shares	9,082,615	32	9,082,615	36
Retained earnings				
Legal reserve	119,963	-	-	-
Special reserve	239,927	1	-	-
Unappropriated earnings	2,053,475	7	1,199,633	5
Total retained earnings	2,413,365	8	1,199,633	5
Other equity	30,615	-	11,254	-
Total equity	11,526,595	40	10,293,502	41
<b>TOTAL</b>	<b>\$ 28,704,182</b>	<b>100</b>	<b>\$ 25,326,100</b>	<b>100</b>

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

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31			
	2015		2014	
	Amount	%	Amount	%
SALES (Notes 4, 21 and 28)	\$ 26,878,156	100	\$ 24,924,039	100
COST OF GOODS SOLD (Notes 9, 22 and 28)	<u>23,626,449</u>	<u>88</u>	<u>22,158,906</u>	<u>89</u>
GROSS PROFIT	<u>3,251,707</u>	<u>12</u>	<u>2,765,133</u>	<u>11</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	159,167	-	212,742	1
General and administrative expenses	499,561	2	438,809	2
Research and development expenses	<u>439,262</u>	<u>2</u>	<u>659,149</u>	<u>2</u>
Total operating expenses	<u>1,097,990</u>	<u>4</u>	<u>1,310,700</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>2,153,717</u>	<u>8</u>	<u>1,454,433</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 22)	155,102	1	344,763	1
Other gains and losses (Notes 4 and 22)	4,232	-	(138,149)	-
Share of profit of associates (Note 4)	302,673	1	241,815	1
Finance costs	<u>(133,440)</u>	<u>(1)</u>	<u>(64,256)</u>	<u>-</u>
Total non-operating income and expenses	<u>328,567</u>	<u>1</u>	<u>384,173</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	2,482,284	9	1,838,606	8
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 23)	<u>453,115</u>	<u>1</u>	<u>(32,897)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>2,029,169</u>	<u>8</u>	<u>1,871,503</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	<u>20,164</u>	<u>-</u>	<u>-</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	19,361	-	23,156	-
Unrealized gain (loss) on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>(256)</u>	<u>-</u>
	<u>19,361</u>	<u>-</u>	<u>22,900</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>39,525</u>	<u>-</u>	<u>22,900</u>	<u>-</u>

(Continued)

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31			
	2015		2014	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,068,694</u>	<u>8</u>	<u>\$ 1,894,403</u>	<u>8</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 2.23</u>		<u>\$ 2.06</u>	
Diluted	<u>\$ 2.23</u>		<u>\$ 2.06</u>	

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

(Concluded)

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

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

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

## STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,482,284	\$ 1,838,606
Adjustments for:		
Depreciation expenses	585,420	742,383
Amortization expenses	884,687	1,116,630
Impairment loss recognized on trade receivables	797	5,702
Finance costs	133,440	64,256
Interest income	(21,519)	(29,623)
Dividend income	(880)	(319)
Share of profit of associate	(302,673)	(241,815)
Loss on disposal of property, plant and equipment	166	365
Net gain on disposal of available-for-sale financial assets	-	(440)
Impairment loss recognized on non-financial assets	89,833	120,703
Reversal of impairment loss on non-financial assets	-	(102,687)
Unrealized net gain on foreign currency exchange	(197,814)	(203,003)
Recognized provisions	105,018	481,456
Other income from liabilities	(27,272)	(125,299)
Net changes in operating assets and liabilities		
Notes receivable	3,083	(19,001)
Trade receivables	(824,864)	(1,163,844)
Other receivables	(22,377)	(24,248)
Inventories	(1,443,886)	(1,260,745)
Other current assets	526,337	(1,127,654)
Trade payables	21,224	(381,719)
Other payables	544,570	(344,856)
Unearned receipts	(34,323)	(65,884)
Other current liabilities	23,786	10,670
Accrued pension liabilities	-	(4,699,042)
Cash generated from (used in) operations	2,525,037	(5,409,408)
Interest received	19,704	29,615
Interest paid	(137,777)	(56,471)
Income tax paid	(1,942)	(313,458)
Net cash generated from (used in) operating activities	2,405,022	(5,749,722)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of available-for-sale financial assets	-	4,761
Payments for property, plant and equipment	(1,059,011)	(602,646)
Proceeds from disposal of property, plant and equipment	-	989
Increase in refundable deposits	(28,363)	(34,696)
Decrease in refundable deposits	33,420	14,750
Payments for intangible assets	(955,551)	(746,772)
Increase in other financial assets	(1,596,965)	(767,320)
Decrease in other financial assets	9,479	39

(Continued)

# AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION

## STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Increase in prepayments for equipment	\$ (362,240)	\$ (123,573)
Dividend received	<u>143,551</u>	<u>89,509</u>
Net cash used in investing activities	<u>(3,815,680)</u>	<u>(2,164,959)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	50,948,000	25,190,000
Repayments of short-term borrowings	(51,198,000)	(19,490,000)
Proceeds from short-term bills payable	6,586,538	2,494,876
Repayments of short-term bills payable	(7,383,822)	-
Proceeds from long-term borrowings	2,200,000	-
Repayments of long-term borrowings	(139,400)	(711,789)
Proceeds of guarantee deposits received	306,953	(192,088)
Refund of guarantee deposits received	(240,604)	199,282
Dividends paid to owners of the Company	<u>(835,601)</u>	<u>-</u>
Net cash generated from financing activities	<u>244,064</u>	<u>7,490,281</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,166,594)	(424,400)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,721,333</u>	<u>3,145,733</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,554,739</u>	<u>\$ 2,721,333</u>

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

(Concluded)

## Appendix VI

Aerospace Industrial Development Corporation Proposal for Earnings Distribution of 2015 Profits		
		Currency: in NTD
Undistributed earnings at beginning of period	A	4,142,409
Remeasurement of defined benefit plans	B	20,164,020
Undistributed earnings after adjustment	C= A+B	24,306,429
Earnings in current period	D	2,029,168,841
Legal reserve	E=D*10%	(202,916,884)
Special reserve (note 1)	F=D*30%	(608,750,652)
Earnings distributable in current period	H=C+D+E+F	1,241,807,734
Dividend for common shares - 908,261,428 common shares at NT\$1.36/share		(1,235,235,542)
Total allocations	E+F+G	(2,046,903,078)
Undistributed earnings at the ending of period	H+G	6,572,192
Note 1:		
Appropriation of special reserve for investment of fixed assets		

## Mapping of the original provisions of the Acquisition and Disposal of Assets Disposal Procedures after amendments

After amendment		Before amendment		Cause of amendment
Article 1	<p>These regulations are adopted in accordance with the provisions of <u>Regulations Governing the Acquisition and Disposal of Assets by Public Companies</u> of the Financial Supervisory Commission (FSC) to safeguard <u>investors'</u> interests, and the implementation of information disclosure.</p> <p>The company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where another law or regulation provides otherwise, such provisions shall govern.</p>	Article 1	<p>These regulations are adopted in accordance with the provisions of <u>Regulations Governing the Acquisition and Disposal of Assets by Public Companies</u> of the Financial Supervisory Commission (FSC) to safeguard <u>shareholders'</u> interests, <u>protection of the interests of investors</u>, and the implementation of information disclosure.</p> <p>The company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where another law or regulation provides otherwise, such provisions shall govern.</p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. Eliminate Wordiness.</li> </ol>
Article 2	<p>The term "assets" <u>mentioned in</u> these regulations, <u>as established according to the company's business requirements</u>, <u>refers to</u> the following items:</p> <ol style="list-style-type: none"> <li>1. Investments in stocks, government bonds, corporate bonds, and beneficial interest securities.</li> <li>2. Real property (including land, houses and buildings, investment property, and rights to use land) and equipment.</li> <li>3. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>4. Derivatives.</li> <li>5. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer</li> </ol>	Article 2	<p>The term "assets" <u>as used in</u> these Regulations <u>includes</u> the following:</p> <ol style="list-style-type: none"> <li>1. Investments in stocks, government bonds, corporate bonds, <u>financial bonds</u>, <u>securities representing interest in a fund</u>, <u>depository receipts</u>, <u>call (put) warrants</u>, beneficial interest securities, <u>and asset-backed securities</u>.</li> <li>2. Real property (including land, houses and buildings, investment property, rights to use land, <u>and construction enterprise inventory</u>) and equipment.</li> <li>3. <u>Memberships</u>.</li> <li>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>5. <u>Claims of financial institutions (including</u></li> </ol>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. Eliminate some of the term "assets" mentioned in these regulations, as established according to the company's business requirements.</li> </ol>



After amendment		Before amendment	Cause of amendment
	of shares in accordance with law. 6. Other major assets.	<u>receivables, bills purchased and discounted, loans, and overdue receivables).</u> 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 8. Other major assets.	
Article 3	<p>Terms used in these Regulations are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act</p>	<p>Article 3</p> <p>Terms used in these Regulations are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another</p>	<p>1. Amendment to the provision.</p> <p>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 4.</p>

After amendment	Before amendment	Cause of amendment
<p>and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>equipment</u>.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in</p>	<p>company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>other fixed assets</u>.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	

After amendment	Before amendment	Cause of amendment
<p>accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>		
<p>Article 5 When The procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p>	<p>Article 5 When the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by <u>the board of directors. After the procedures are submitted for discussion by the board of directors , and shall take into full consideration each independent director's opinions.</u>  <u>If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</u>  <u>Where the position of independent director has been created in accordance with the provisions of the Act, When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u>  <u>Where an audit committee has been established in accordance with the provisions of the Act, the procedures for the acquisition and disposal of assets being adopted or amended and any</u></p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 6.</li> <li>3. In accordance with the Articles of Incorporation of AIDC, to establish an audit committee in lieu of a supervisor.</li> </ol>

After amendment	Before amendment	Cause of amendment
	<p><u>transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</u></p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p>	
<p>Article 6      The acquisition and disposal of assets shall be conducted according to the subject provisions <u>and in compliance</u> with the following procedures:</p> <ol style="list-style-type: none"> <li>1. <u>Related party transaction: the provisions of ESP-AR-023 Operating Regulations of AIDC Related party transaction.</u></li> <li>2. Derivatives trading: the provisions of ESP-GR-002 Operating Regulations of AIDC Derivatives trading.</li> <li>3. Fixed and Intangible Asset Punishment: the provisions of SP-GR-023 Operating Regulations of AIDC Fixed and Intangible Asset Acquisition 、 SP-GR-022 Operating Regulations of AIDC Fixed and Intangible Asset Acquisition Punishment.</li> <li>4. Transfer of shares of enterprises: the provisions of SP-GR-020 Operating Regulations of AIDC Transfer of shares</li> </ol>	<p>Article 6      The acquisition and disposal of assets shall be conducted according to the subject provisions with <u>supplementary provisions of</u> the following procedures:</p> <ol style="list-style-type: none"> <li>1. <u>For related matters or circumstances that are not described in the subject provisions, find support and guidelines from the ESP-AR-012 Operating Regulations of AIDC Related party transaction.</u></li> <li>2. Derivatives trading: <u>For related matters or circumstances that are not described in the subject provisions, find support and guidelines from the provisions of ESP-GR-002 Operating Regulations of AIDC Derivatives trading.</u></li> <li>3. Fixed and Intangible Asset Punishment: <u>For related matters or circumstances that are not described in the subject provisions, find support and guidelines from the provisions of SP-GR-023 Operating Regulations of AIDC Fixed and Intangible Asset Acquisition 、 SP-GR-022</u></li> </ol>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 7.</li> <li>3. Revise the reference provisions of related party transaction.</li> <li>4. Eliminate the reference provision of SP-GR-004 Operating Regulations of AIDC securities of cash note and Immovable Property Management</li> <li>5. Add the procedures: The degree of authority delegated, and the authority</li> </ol>

After amendment	Before amendment	Cause of amendment
<p>of enterprises.</p> <p>5. The degree of authority delegated, and the levels to which authority is delegated: the provisions of ESP-HR-009 Authorization and Responsibilities for Board of Directors, Chairman and General Manager of AIDC 、 SP-HR-049 AIDC Authorization and Responsibilities Hierarchical List.</p> <p>6. Subsidiary Governance: the provisions of ESP-AR-021 Operating Regulations of AIDC supervision and management of subsidiaries.</p>	<p>Operating Regulations of AIDC Fixed and Intangible Asset Acquisition Punishment.</p> <p>4. Transfer of shares: <u>For related matters or circumstances that are not mentioned in the subject provisions, find support or guidelines in the provisions of SP-GR-020 Operating Regulations of AIDC Transfer of shares of enterprises 、 SP-GR-004 Operating Regulations of AIDC securities of cash note and Immovable Property Management.</u></p>	<p>levels 、 Subsidiary Governance.</p>
<p>Article 6-1 The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each <u>audit committee member</u>. When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's</p>	<p>Article 6-1 The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each <u>supervisor</u>. <u>Where the position of independent director has been created in accordance with the provisions of the Act</u>, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the</p>	<p>1. Amendment to the provision.</p> <p>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 8.</p> <p>3. In accordance with the Articles of Incorporation of AIDC, to establish an audit committee in lieu of a supervisor.</p>

After amendment	Before amendment	Cause of amendment
<p>opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. Article 5 of the Act shall apply.</p>	<p>board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>Where an audit committee has been established in accordance with the provisions of the Act,</u> any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. Article 5, <u>paragraph 4 and 5</u> of the Act shall apply.</p>	
<p>Article 6-2      Total amounts of real property and securities acquired by the company and each subsidiary for non-business use, and limits on individual securities, except that subsidiaries of the domestic public companies shall comply with their own provisions of the procedures for the acquisition or disposal of assets, are defined as follows:</p> <ol style="list-style-type: none"> <li>1. The total amount of reinvestment made on other company as its limited liability shareholder shall not exceed 60 percent of paid-in capital.</li> <li>2. Total amounts of securities acquired by the company shall not exceed \$600 million, and limit on individual securities is not to exceed 50 percent of total amounts.</li> </ol> <p>Subsidiaries' investment</p>	<p>(New Article)</p>	<ol style="list-style-type: none"> <li>1. Add to the provision.</li> <li>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 7 and the Articles of Incorporation AIDC with limited amounts of reinvestment, to prescribe total amounts of real property and securities acquired by the company and each subsidiary for non-business use, and limits on individual securities.</li> </ol>

After amendment	Before amendment	Cause of amendment
<p>in securities shall be in compliance with the provisions of ESP-AR-021 Operating Regulations of AIDC supervision and management of subsidiaries.</p> <p>3. Total amounts of real property acquired by the company and each subsidiary for non-business use shall not exceed 10 percent of each company's paid-in capital.</p>		
<p>Article 8 The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards <u>No. 20 published by the ARDF</u>. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the</p>	<p>Article 8 The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>1. Amendment to the provision. 2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 10.</p>

After amendment	Before amendment	Cause of amendment
Financial Supervisory Commission (FSC).		
<p>Article 9      The company acquires or disposes of intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards <u>No. 20 published by the ARDF.</u></p>	<p>Article 9      The company acquires or disposes of memberships <u>or intangible assets</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards. <u>The amount of transactions above shall be calculated as follows:</u></p> <ol style="list-style-type: none"> <li>1. <u>The amount of any individual transaction.</u></li> <li>2. <u>The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</u></li> <li>3. <u>The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</u></li> <li>4. <u>The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</u></li> </ol> <p><u>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current</u></p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 11.</li> <li>3. Eliminate the intangible assets of memberships as the explanation of the Article 2.</li> <li>4. Amounts of transaction in accordance with Article 26, paragraph 2 of the Provision.</li> </ol>



After amendment		Before amendment		Cause of amendment
		<u>transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</u>		
Article 9-1	The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 26, paragraph 2 of the Act, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.		(New Article)	1. Add to the Provisions. 2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 11-1.
Section III	Related Party Transactions	Section III	Related Party Acquire Immovables	1. Amendment to the Section. 2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Chapter II, Section III.
Article 10-1	When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding	Article 10-1	When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the	1. Amendment to the provision. 2. Amounts of transaction in accordance with Article 26, paragraph 2 of the Provisions.

After amendment	Before amendment	Cause of amendment
<p>Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article <u>26, paragraph 2 of the Act</u> herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p>transaction amount referred to in the preceding paragraph shall be made in accordance with Article <u>9</u> herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	
<p>Article 11 When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and submitted to the board of directors <u>for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the</u></p>	<p>Article 11 When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors <u>and recognized</u> by the supervisors: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the</p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 14.</li> <li>3. In accordance with the Articles of Incorporation AIDC, to establish an audit committee in lieu of a supervisor.</li> <li>4. Remove duplicate provisions.</li> </ol>

After amendment	Before amendment	Cause of amendment
<p><u>audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a trading counterparty.</li> <li>3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 and Article 14.</li> <li>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</li> <li>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</li> <li>7. Restrictive covenants and other important stipulations associated with the transaction.</li> </ol> <p>The calculation of the transaction amounts</p>	<p>reasonableness of the preliminary transaction terms shall be submitted to the BOD in accordance with Article 13 and Article 14.</p> <ol style="list-style-type: none"> <li>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</li> <li>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</li> <li>7. Restrictive covenants and other important stipulations associated with the transaction.</li> </ol> <p><u>When a matter is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 10, and "within the preceding year" as used</p>	

After amendment	Before amendment	Cause of amendment
<p>referred to in the preceding paragraph shall be made in accordance with Article <u>26, paragraph 2 of the Act</u>, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries, <u>the company's board of directors</u> may pursuant to ESP-HR-009 Authorization and Responsibilities for Board of Directors, Chairman and General Manager of AIDC delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>When a matter is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries, may pursuant to ESP-HR-009 Authorization and Responsibilities for Board of Directors, Chairman and General Manager of AIDC delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p><u>Where the position of independent director has been created in accordance with the provisions of the Act</u>, when a matter is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee</u>.</p>	

After amendment	Before amendment	Cause of amendment
	<u>members and then submitted to the board of directors for a resolution, and if approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u>	
<p>Article 12      The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> <li>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</li> <li>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period</li> </ol>	<p>Article 12      The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> <li>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</li> <li>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related</li> </ol>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. In accordance Governing the Acquisition and Disposal of Assets by Public Companies Article 15, paragraph 2 and 3.</li> <li>3. The provisions of Article 13 are part incorporated into Article 12 to completely state matters needing attention of related party transaction.</li> </ol>

After amendment	Before amendment	Cause of amendment
<p>of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p><u>Where land and structures thereupon are combined as a single property purchased in one transaction by the company and related party, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</u></p>	<p>party of one of the trading counterparties.</p>	
<p>Article 13</p> <p>Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 11 and the preceding <u>paragraph</u> do not apply:</p> <ol style="list-style-type: none"> <li>1. The related party acquired the real property through inheritance or as a gift.</li> <li>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</li> <li>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build houses and buildings, either on the company's own land or on rented land.</li> </ol>	<p>Article 13</p> <p><u>Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</u></p> <p><u>The company that acquires real property from a related party and appraises the cost of the real property in accordance with the preceding paragraph shall also engage a CPA to check the appraisal and render a specific opinion.</u></p> <p>Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 11 and the preceding <u>three paragraphs</u> do not apply:</p> <ol style="list-style-type: none"> <li>1. The related party acquired the real property through inheritance or as a gift.</li> <li>2. More than 5 years will have elapsed from the time the related party</li> </ol>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 15, paragraph 4.</li> <li>3. Such as the explanation of the Article 12.</li> </ol>

After amendment		Before amendment	Cause of amendment
		<p>signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p>	
Article 15	<p>Where the company acquires real property from a related party and the results of appraisals conducted in accordance with Article 12 ,13 ,and Article 14 are uniformly lower than the transaction price, the following steps shall betaken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. <u>Such as supervisors, independent director members of the audit</u></p>	<p>Article 15</p> <p>Where the company acquires real property from a related party and the results of appraisals conducted in accordance with Article 12 ,13 ,and Article 14 are uniformly lower than the transaction price, the following steps shall betaken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be</p>	<p>1. Amendment to the provision.</p> <p>2. In accordance with the Articles of Incorporation AIDC, to establish an audit committee in lieu of a supervisor.</p>

After amendment	Before amendment	Cause of amendment
<p><u>committee shall comply with Article 218 of the Company Act.</u></p> <p>3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
<p>Article 16</p> <p>The company engaging in derivatives trading shall adopt the following risk management measures:</p> <ol style="list-style-type: none"> <li>1. Risk Related Party Acquire Immovables management shall address credit, market, liquidity, cash flow, operational, and legal risks.</li> <li>2. Personnel engaged in derivatives trading may not serve concurrently in</li> </ol>	<p>Article 16</p> <p>The company engaging in derivatives trading shall adopt the following risk management measures:</p> <ol style="list-style-type: none"> <li>1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.</li> <li>2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and</li> </ol>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. Add the process of the degree of authority delegated and the authority levels.</li> </ol>



After amendment	Before amendment	Cause of amendment
<p>other operations such as confirmation and settlement.</p> <p>3. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</p> <p>4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors <u>in accordance with the provisions of ESP-HR-009 Authorization and Responsibilities for Board of Directors, Chairman and General Manager of AIDC.</u></p> <p>5. Other important risk management measures.</p>	<p>settlement.</p> <p>3. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</p> <p>4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</p> <p>5. Other important risk management measures.</p>	
<p>Article 18 The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 16 and subparagraph 2 of paragraph 1, and</p>	<p>Article 18 The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 16 and subparagraph 2 of paragraph 1, and</p>	<p>1. Amendment to the provision.</p> <p>2. In accordance with the Articles of Incorporation AIDC, to establish an audit committee in lieu of a supervisor.</p>

After amendment	Before amendment	Cause of amendment
<p>subparagraph 1 of paragraph 2, of Article 17 shall be recorded in detail in the log book.</p> <p>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all <u>audit committee members</u> shall be notified in writing.</p>	<p>subparagraph 1 of paragraph 2, of Article 17 shall be recorded in detail in the log book.</p> <p>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all <u>supervisors</u> shall be notified in writing.</p>	
<p>Article 21    The company and <u>the related companies</u> participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>The company and <u>the related companies</u> participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed</p>	<p>Article 21    The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>The company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for</p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 24.</li> </ol>

After amendment	Before amendment	Cause of amendment
<p>on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <ol style="list-style-type: none"> <li>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</li> <li>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</li> <li>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</li> </ol> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of</p>	<p>5 years for reference:</p> <ol style="list-style-type: none"> <li>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another Company's shares prior to disclosure of the information.</li> <li>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</li> <li>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</li> </ol> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to</p>	

After amendment	Before amendment	Cause of amendment
<p>a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation. Where the company participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.</p>	<p>the FSC for recordation. Where the company participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.</p>	
<p>Article 26 Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or</li> </ol>	<p>Article 26 Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or</li> </ol>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 30.</li> </ol>

After amendment	Before amendment	Cause of amendment
<p>subscription or redemption of domestic money market funds.</p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of government bonds.</p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p>D. Where the type of asset acquired or</p>	<p>subscription or redemption of domestic money market funds.</p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of government bonds.</p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p>D. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is</p>	

After amendment	Before amendment	Cause of amendment
<p>disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>E. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of any individual transaction.</li> <li>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the</li> </ol>	<p>not a related party, and the transaction amount is less than NT\$500 million.</p> <p>E. Acquisition or disposal by a public Company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of any individual transaction.</li> <li>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</li> <li>3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and</li> </ol>	

After amendment	Before amendment	Cause of amendment
<p>preceding year.</p> <p>3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic <u>public</u> companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again</p>	<p>disposals, respectively) within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters,</p>	

After amendment		Before amendment	Cause of amendment
	publicly announced and reported in their entirety. The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.	where they shall be retained for 5 years except where another act provides otherwise.	
Chapter IV	Additional Provisions	(New Article)	<ol style="list-style-type: none"> <li>1. Add to the Chapter.</li> <li>2. Clearly separate chapters and paragraphs.</li> </ol>
Article 28	<p>Information required to be publicly announced and reported in accordance with the provisions of Chapter III on acquisitions and disposals of assets by Subsidiaries of the company that is not itself a public company in Taiwan shall be reported by the public [parent] company. The paid-in capital or total assets of the public company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 26, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</p> <p><u>Subsidiaries of the company shall adopt and implement the procedures for the acquisition or disposal of assets with Governing the Acquisition and Disposal of</u></p>	<p>Article 28</p> <p>Information required to be publicly announced and reported in accordance with the provisions of Chapter III on acquisitions and disposals of assets by Subsidiaries of the company that is not itself a public company in Taiwan shall be reported by the public [parent] company. The paid-in capital or total assets of the public company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 29, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</p>	<ol style="list-style-type: none"> <li>1. Amendment to the provision.</li> <li>2. In accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 33.</li> <li>3. Revise the number of the reference Article.</li> <li>4. Adding the Article in accordance with Governing the Acquisition and Disposal of Assets by Public Companies Article 7, to see to it that its subsidiaries adopt and implement the procedures for the acquisition or disposal of</li> </ol>



After amendment	Before amendment	Cause of amendment
<u>Assets by Public Companies Regulations.</u>		assets in compliance with these Regulations.
(Deleted)	<p>Article 29</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding supervisors set out in Articles 5, and 6, paragraph 1, and 11, and in Article 18, paragraph 2, shall apply mutatis mutandis to the audit committee.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding independent directors set out in Article 15, paragraph 1, subparagraph 2 shall apply mutatis mutandis to the audit committee.</p>	<ol style="list-style-type: none"> <li>1. Delete the Article.</li> <li>2. In accordance with the Article of Incorporation, to establish an audit committee in lieu of a supervisor.</li> </ol>
<p><u>Article 29</u></p> <p>For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p>	<p><u>Article 30</u></p> <p>For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent <u>parent company only financial report or individual financial report</u> prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p><u>In the case of the company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.</u></p>	<ol style="list-style-type: none"> <li>1. Reassignment of the article number.</li> <li>2. Delete the Article due to the company whose shares are NT\$10 par value.</li> </ol>
<p><u>Article 30</u></p> <p>The company's managers and persons-in-charge shall follow the Procedures in order to prevent the company from incurring</p>	<p><u>Article 31</u></p> <p>The company's managers and persons-in-charge shall follow the Procedures in order to prevent the company from incurring any losses.</p>	Reassignment of the article number.

After amendment	Before amendment	Cause of amendment
any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related Personnel Articles of the company.	Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related Personnel Articles of the company.	
(Deleted)	Article 32 Establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended.	1. Delete the Article. 2. Remove duplicate provisions.