



**2017 Annual General Shareholders' Meeting
Handbook
(Translation)**

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.)

Date of the Meeting: June 13, 2017 at 10:00 a.m.

Place of the Meeting: Auditorium, 2F, No.18, Xinglong Rd., Taoyuan District, Taoyuan City

Handbook for the 2017 Annual General Shareholders' Meeting of Delta Electronics, Inc.

Table of Contents

I. Meeting Procedures

II. Meeting Agenda

1. Report items
 - (1) 2016 Operation Results
 - (2) 2016 Financial Results
 - (3) Audit Committee's Review Opinions on 2016 Annual Final Accounting Books and Statements
 - (4) Report on 2016 Employees' and Directors' Compensation
2. Proposal items
 - (1) Adoption of the 2016 Annual Final Accounting Books and Statements
 - (2) Adoption of the 2016 Earnings Distribution
3. Discussion items
 - (1) Discussion of the Amendments to Operation Procedures of Acquisition or Disposal of Assets
 - (2) Discussion of Releasing Directors from Non-competition Restrictions
4. Extemporaneous Motions
Meeting Adjourn

III. Appendices

1. Business Report
2. 2016 Parent Company Only Financial Statements and CPA Audit Report
3. 2016 Consolidated Financial Statements and CPA Audit Report
4. Audit Committee's Review Opinions on 2016 Annual Final Accounting Books and Statements
5. Operation Procedures of Acquisition or Disposal of Assets
6. Articles of Incorporation
7. Rules and Procedures of Shareholders' Meeting
8. Effect of Stock Distribution to be Resolved at This Shareholders' Meeting on Operating Performance and Earnings Per Share
9. Shareholdings of All Directors
10. Relevant Information on Proposals Made by Shareholders Who Hold 1% or More of the Total Issued Shares of the Company

Note: The Company's 2016 Parent Company Only Financial Statements, 2016 Consolidated Financial Statements and 2017 Annual General Shareholders' Meeting Handbook are available on the "Market Observation Post System" website; please visit <http://mops.twse.com.tw/> for details.

I. MEETING PROCEDURES

Procedures of Delta Electronics, Inc. 2017 Annual General Shareholders' Meeting

1. Call Meeting to order
2. Chairman takes his place
3. All rise
4. Singing of national anthem
5. Three respectful bows to the national flag and portrait of Dr. Sun Yat-Sen
6. Chairman's address
7. Report items
8. Proposal items
9. Discussion items
Voting and Resolution for each of Proposal and Discussion Items
10. Extemporaneous motions
11. Meeting adjourn

II. MEETING AGENDA

1. Report Items

- (1) 2016 Operation Results
See Appendix 1: Business Report
- (2) 2016 Financial Results
 - a) PricewaterhouseCoopers CPA Audit Report (Parent Company Only Financial Statements)
See Appendix 2: PricewaterhouseCoopers CPA Audit Report
 - b) Parent Company Only Balance Sheet as of December 31, 2016
See Appendix 2: Parent Company Only Balance Sheet
 - c) Parent Company Only Comprehensive Income Statement (January 1, 2016 ~ December 31, 2016)
See Appendix 2: Parent Company Only Comprehensive Income Statement
 - d) Parent Company Only Statement of Changes in Equity (January 1, 2016 ~ December 31, 2016)
See Appendix 2: Parent Company Only Statement of Changes in Equity
 - e) Parent Company Only Cash Flow Statement (January 1, 2016 ~ December 31, 2016)
See Appendix 2: Parent Company Only Cash Flow Statement
 - f) PricewaterhouseCoopers CPA Audit Report (Consolidated Financial Statements)
See Appendix 3: PricewaterhouseCoopers CPA Audit Report
 - g) Consolidated Balance Sheet as of December 31, 2016
See Appendix 3: Consolidated Balance Sheet
 - h) Consolidated Comprehensive Income Statement (January 1, 2016 ~ December 31, 2016)
See Appendix 3: Consolidated Statement of Comprehensive Income
 - i) Consolidated Statement of Changes in Equity (January 1, 2016 ~ December 31, 2016)
See Appendix 3: Consolidated Statement of Changes in Equity
 - j) Consolidated Cash Flow Statement (January 1, 2016 ~ December 31, 2016)
See Appendix 3: Consolidated Cash Flow Statement
- (3) Audit Committee's Review Opinions on 2016 annual final accounting books and statements
See Appendix 4: Audit Committee's Review Opinions on 2016 annual final accounting books and statements
- (4) Report on 2016 Employees' and Directors' Compensation
The Company's annual profit in 2016 is NT\$23,003,214,188, of which 11.44% is allocated as the employees' compensation in cash totaling NT\$2,631,691,465 and 0.15% is allocated as the directors' compensation totaling NT\$35,400,000.

2. Proposal Items

1. Adoption of the 2016 Annual Final Accounting Books and Statements (Proposed by the Board of Directors)

Explanation: a) This Company's 2016 Annual Final Accounting Books and Statements, including the Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements (please refer to Appendix 1~3), have been reviewed by the Company's Audit Committee. The Company's Audit Committee has found no discrepancies after a thorough review and has made a written review report.

- b) It is proposed by the Board of Directors to submit the 2016 Annual Final Accounting Books and Statements to the shareholders' meeting for adoption.

2. Adoption of the 2016 Earnings Distribution (Proposed by the Board of Directors)

Explanation: a) The 2016 Earnings Distribution Table is compiled as follows in accordance with Company Act and the Company's Articles of Incorporation and has been approved by the Audit Committee and the Board of Directors on March 9, 2017.

- b) The Board of Director proposed to set aside NT\$12,987,716,645 for cash dividends. Subject to the approval of Annual General Shareholders' Meeting, the Board of Directors would be authorized to set a record date on which the proposed cash dividend would be distributed according to the shareholding ratio of shareholders appeared in the register of shareholders on the designated record date of distribution. According to the number of shares issued and entitled to distribution totaling 2,597,543,329, the cash dividends of approximately NT\$ 5,000 per thousand shares will be distributed. In the event that the proposed earnings distribution approved is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a change in common shares (such as, buyback of shares for transfer or cancellation, domestic capital increase by cash, and employee stock options), it is proposed that the Board of Directors be authorized to adjust the cash dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

- c) It is proposed by the Board of Directors to submit the 2016 Earnings Distribution to the shareholders' meeting for adoption.

Delta Electronics, Inc.
2016 Earnings Distribution Table

Unit: NT\$

Item	Description	Amount
Net profit after tax for the year 2016		18,797,798,725
Subtract: Setting aside 10% legal reserve		1,879,779,873
Setting aside special reserves		2,240,193,499
Earnings available for distribution by the end of 2016		14,677,825,353
Add: Retained earnings in the beginning of 2016		13,122,204,578
Subtract: Actuarial losses on defined benefit plan		4,431,597
Earnings available for distribution by the end of the fiscal year (Note 1)		27,795,598,334
Distribution Items:		
Shareholders' dividends - Cash	NT\$5.0 per share	12,987,716,645
Undistributed earnings by the end of 2016		14,807,881,689

(Note 1) The principle of 2016 earnings distribution: Earnings available for distribution by the end of the fiscal year shall be distributed first.

(Note 2) Cash dividends distributed are rounded up to NT\$1. The total amount of fractional cash dividends less than NT\$1 shall be reversed to undistributed earnings.

3. Discussion Items

(A) Discussion of the Amendments to Operation Procedures of Acquisition or Disposal of Assets (Proposed by the Board of Directors)

Explanation: a) It is proposed to amend certain provisions of the Operating Procedures of Acquisition or Disposal of Assets in order to comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies announced by the Financial Supervisory Commission. Please see the comparison table of revised articles of the Operating Procedures of Acquisition or Disposal of Assets for the detailed revisions.

b) The proposed amendments are submitted for discussion.

Comparison Table of Revised Articles of the Operating Procedures of Acquisition or Disposal of Assets

Article	Article after revision	Article before revision	Explanation
Article 11	The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property <u>or equipment</u> : When acquiring or disposing real property or equipment, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a <u>government</u> agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring equipment for operating use, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions: 1. ~ 5. (not revised)	The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property <u>and other fixed assets</u> : When acquiring or disposing real property or equipment, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a <u>governmental</u> agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring equipment for operating use, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions: 1. ~ 5. (omitted for simplicity)	Certain languages are revised as appropriate.
Article 12	Procedures governing transactions with a related party are as follows: 1. When the Company acquires or disposes of assets from or to a related party, in addition to complying with the requirements set forth in Article	Procedures governing transactions with a related party are as follows: 1. When the Company acquires or disposes of assets from or to a related party, in addition to complying with the requirements set forth in Article	Amendments are made to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public

	<p>10, Article 11 and Article 13 and following required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 10, Article 11 and Article 13.</p> <p>The aforementioned calculation of the transaction amount shall be made in accordance with Article 13-1 hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties.</p> <p>2. Appraisal and operating procedures: Where the Company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, except for trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase of domestic money market funds</u></p>	<p>10, Article 11 and Article 13 and following required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 10, Article 11 and Article 13.</p> <p>The aforementioned calculation of the transaction amount shall be made in accordance with Article 13-1 hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties.</p> <p>2. Appraisal and operating procedures: Where the Company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, except for trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption of domestic</u></p>	<p>Companies.”</p>
--	--	---	--------------------

	<p>issued by securities investment trust enterprises, the Company may proceed to enter into a transaction contract and make only after submitting the following information to the Audit Committee and obtaining approval by one-half or more of all Audit Committee members and, after submitting the same to the Board of Directors, obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets. (2) The reason for choosing the related party as the transaction counterparty. (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 the provisions of items (1) and (4), subparagraph 3 of this Article 12. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. 	<p>money market funds, the Company may proceed to enter into a transaction contract and make only after submitting the following information to the Audit Committee and obtaining approval by one-half or more of all Audit Committee members and, after submitting the same to the Board of Directors, obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets. (2) The reason for choosing the related party as the transaction counterparty. (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 the provisions of items (1) and (4), subparagraph 3 of this Article 12. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. (5) Monthly cashflow forecasts 	
--	--	---	--

	<p>(5) Monthly cashflow forecasts for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.</p> <p>(6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.</p> <p>(7) Restrictive covenants and other important terms in connection with the transaction.</p> <p>The aforementioned calculation of the transaction amount shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, 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 submitted to and approved by the Board of Directors in accordance with these Operating Procedures need not be counted toward the said transaction amount.</p> <p>With respect to the acquisition or disposal of equipment for business use between the Company and its subsidiaries, the Board of Directors hereby authorizes the Chairman to decide such matters when the transaction is within NT\$300 million and subsequently submit the aforesaid decision to the next meeting of the Board of Directors for ratification.</p>	<p>for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.</p> <p>(6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.</p> <p>(7) Restrictive covenants and other important terms in connection with the transaction.</p> <p>The aforementioned calculation of the transaction amount shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, 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 submitted to and approved by the Board of Directors in accordance with these Operating Procedures need not be counted toward the said transaction amount.</p> <p>With respect to the acquisition or disposal of <u>machinery and</u> equipment for business use between the Company and its subsidiaries, the Board of Directors hereby authorizes the Chairman to decide such matters when the transaction is within NT\$300 million and subsequently submit the aforesaid decision to the next meeting of the Board of Directors for ratification.</p> <p>When the items listed in</p>	
--	---	---	--

	<p>When the items listed in subparagraph 2 of this Article 12 are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.</p> <p>3. (not revised)</p>	<p>subparagraph 2 of this Article 12 are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.</p> <p>3.(omitted for simplicity)</p>	
Article 13	<p>The Company shall comply with the following guidelines with regard to the acquisition or disposal of membership certificates or intangible assets: When the Company acquires or disposes of membership certificates or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a <u>government</u> agency, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.</p>	<p>The Company shall comply with the following guidelines with regard to the acquisition or disposal of membership certificates or intangible assets: When the Company acquires or disposes of membership certificates or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a <u>governmental</u> agency, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.</p>	<p>Certain languages are revised as appropriate</p>
Article 16	<p>Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows:</p> <p>1.Appraisal and operating procedures: (1)When the Company wishes to</p>	<p>Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows:</p> <p>1. Appraisal and operating procedures: (1)When the Company wishes to</p>	<p>Considering the mergers between the Company and its wholly owned subsidiary or subsidiaries and mergers between or among the</p>

	<p>conduct a merger or consolidation, split, acquisition, or assignment of shares, it may engage an accountant, lawyer, and underwriter to jointly review statutory procedures and proposed timetable; the Company shall also form a project execution team to implement the transaction in accordance with statutory procedures. The Company should, prior to convening a meeting of the Board of Directors to decide on the matter, further engage an accountant, lawyer, or underwriter to render opinions regarding the reasonableness of the share swap ratio, acquisition price, or distribution of cash or other property to shareholders, and shall submit the same to the Board of Directors for discussion and approval. <u>In the event the Company merges with its wholly owned subsidiary(ies), or the merger occurs between or among the Company's wholly owned subsidiaries, the above-mentioned appraisal report from a professional appraiser may be exempted.</u></p> <p>(2) (not revised)</p> <p>2.(not revised)</p>	<p>conduct a merger or consolidation, split, acquisition, or assignment of shares, it may engage an accountant, lawyer, and underwriter to jointly review statutory procedures and proposed timetable; the Company shall also form a project execution team to implement the transaction in accordance with statutory procedures. The Company should, prior to convening a meeting of the Board of Directors to decide on the matter, further engage an accountant, lawyer, or underwriter to render opinions regarding the reasonableness of the share swap ratio, acquisition price, or distribution of cash or other property to shareholders, and shall submit the same to the Board of Directors for discussion and approval.</p> <p>(2)(omitted for simplicity)</p> <p>2. (omitted for simplicity)</p>	<p>Company's wholly owned subsidiaries under Enterprises Mergers and Acquisitions Act are recognized as the organizational restructuring in the group and not involved in an exchange ratio stipulation, distribution of cash or other property to shareholders, such mergers may be exempted from engaging a professional appraiser to give an opinion on the reasonableness of the share exchange ratio.</p>
Article 17	<p>Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:</p> <p>1. Acquisition or disposal of real</p>	<p>Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:</p> <p>1. Acquisition or disposal of real</p>	<p>1. The reason to amend Section 1.1 is the same as the reason set forth in Article 12.</p>

	<p>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% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million; provided, however, that this paragraph shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase of domestic money market funds issued by securities investment trust enterprises.</u></p> <p>2. Merger or consolidation, split, acquisition, or assignment of shares.</p> <p>3. Any losses from derivatives trading which reaches the limits on aggregate losses or losses for individual contracts as set out in the operating procedures promulgated by the Company.</p> <p>4. Where the type of asset acquired or disposed of is equipment for operational use, and the transaction counterparty is not a related party, and the transaction amount is <u>NT\$1 billion or more.</u></p> <p>5. Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the transaction amount to be</p>	<p>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% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million; provided, however, that this paragraph shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption of domestic money market funds.</u></p> <p>2. Merger or consolidation, split, acquisition, or assignment of shares.</p> <p>3. Any losses from derivatives trading which reaches the limits on aggregate losses or losses for individual contracts as set out in the operating procedures promulgated by the Company.</p> <p>4. Other asset transactions other than those referred to in the preceding three subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Where the company is an</p>	<p>2. Move the original Section 1. 4 (4) to Section 1. 4 and amend the amount of transaction required for public announcement.</p> <p>3. Move the original Section 1.4 (5) to Section 1. 5. Move the original Section 1.4 to the Section 1. 6.</p> <p>4. Amend Section 1.4 (2) for efficiency and consistency of the procedures of public announcement, and move such Section to Section 1. 6 (2).</p> <p>5. The reason to amend the original Section 1. 4 (3) is the same as the reason set forth in Article 12. Move Section 1. 4 (3) to the Section 1. 6 (3).</p>
--	---	--	--

	<p>invested by the Company is <u>NT\$500 million or more.</u></p> <p>6. Other asset transactions other than those referred to in the preceding <u>five</u> subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Where the company is an investment company, the securities trading in foreign securities exchanges or over-the-counter markets, <u>or subscribing the offering and issuance of straight corporate bonds and bank debentures that not involving shareholding rights on domestic primary markets.</u></p> <p>(3) Trading of bonds under repurchase/resale agreements, or subscription or repurchase <u>of domestic money market funds issued by securities investment trust enterprises.</u></p> <p>7. The transaction amount shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has been duly announced in</p>	<p>investment company, the securities trading in foreign securities exchanges or over-the-counter markets.</p> <p>(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p>(4) Where the type of asset acquired or disposed of is <u>equipment and machinery</u> for operational use, and the transaction counterparty is not a related party, and the transaction amount is <u>less than NT\$500 million.</u></p> <p>(5) Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the transaction amount to be invested by the Company is <u>less than NT\$500 million.</u></p> <p>5. The transaction amount referred to in the foregoing <u>four</u> subparagraphs shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has been duly announced in accordance with applicable</p>	
--	---	--	--

	<p>accordance with applicable regulations may be disregarded for the calculation:</p> <p>(1)The amount of each transaction.</p> <p>(2)The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.</p> <p>(3)The cumulative transaction amount of acquisitions and disposals of real property in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p> <p>(4)The cumulative transaction amount of acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p>	<p>regulations may be disregarded for the calculation:</p> <p>(1) The amount of each transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.</p> <p>(3) The cumulative transaction amount of acquisitions and disposals of real property in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p> <p>(4) The cumulative transaction amount of acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p>	
Article 19	<p>Procedures governing public announcement and reporting are as follows:</p> <p>1.The Company shall make the public announcement and reporting of relevant information on the website designated by the Competent Authority in accordance with the preceding Article 18.</p> <p>2.The Company shall post information regarding derivative trading activities of the Company and its subsidiaries that are not</p>	<p>Procedures governing public announcement and reporting are as follows:</p> <p>1.The Company shall make the public announcement and reporting of relevant information on the website designated by the Competent Authority in accordance with the preceding Article 18.</p> <p>2.The Company shall post information regarding derivative trading activities of the Company and its subsidiaries that are not</p>	<p>If the event the announcement made by the Company contains errors or omissions and requires further correction, the Company shall re-issue the public announcement within two days from the date it learns the occurrence of the given matter.</p>

	<p>domestic public companies during the preceding month on the reporting website designated by the Competent Authority in the required format by the tenth day of each month.</p> <p>3.If any required items publicly announced by the Company in accordance with applicable regulations contain errors or omissions and a correction thereof is necessary, the Company shall make an public announcement and report of such items in their entirety again <u>within two days from the date it learns of the occurrence of the given matter.</u></p> <p>4. When acquisition or disposal of assets, unless otherwise provided in other applicable laws, the Company shall keep all relevant contracts, resolution minutes, memorandum books, appraisal reports, and opinions of accountants, lawyers, or underwriters for at least five years.</p> <p>5. After the Company has publicly announced and reported a transaction in accordance with applicable regulations, in case any of the following event occurs, it shall report relevant information on the website designated by the Competent Authority within two days commencing from the date of occurrence of the event:</p> <p>(1) Any amendment, termination or discharge of the contracts originally executed in the</p>	<p>domestic public companies during the preceding month on the reporting website designated by the Competent Authority in the required format by the tenth day of each month.</p> <p>3.If any required items publicly announced by the Company in accordance with applicable regulations contain errors or omissions and a correction thereof is necessary, the Company shall make an public announcement and report of such items in their entirety again.</p> <p>4. When acquisition or disposal of assets, unless otherwise provided in other applicable laws, the Company shall keep all relevant contracts, resolution minutes, memorandum books, appraisal reports, and opinions of accountants, lawyers, or underwriters for at least five years.</p> <p>5. After the Company has publicly announced and reported a transaction in accordance with applicable regulations, in case any of the following event occurs, it shall report relevant information on the website designated by the Competent Authority within two days commencing from the date of occurrence of the event:</p> <p>(1) Any amendment, termination or discharge of the contracts originally executed in the transaction.</p> <p>(2) The merger or consolidation,</p>	<p>Therefore, the amendment is made to the Section 3.</p>
--	---	---	---

	<p>transaction.</p> <p>(2) The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled completion date set forth in the relevant contract.</p> <p>(3) Change in publicly announced and reported information.</p>	<p>split, acquisition, or assignment of shares is not completed by the scheduled completion date set forth in the relevant contract.</p> <p>(3) Change in publicly announced and reported information.</p>	
--	---	--	--

(B) Discussion of Releasing Directors from Non-competition Restrictions (Proposed by the Board of Directors)

Explanation: a) It is proposed by the Board of directors to release the non-competition restrictions on the following directors in accordance with Article 209 of Company Act.

b) The proposal is submitted for discussion.

Description of Positions of Directors in Other Companies (New)

Name of Director	Positions in Other Companies	Title
Ping Cheng	Beijing Industrial Foresight Technology Co., Ltd. Delta Electronics (Xi' an) Co., Ltd. Delta Electronics (Beijing) Co., Ltd.	Director Chairman Chairman
Johnson Lee	Delta Energy Technology (Dongguan) Co., Ltd. Delta Electronics (Xi' an) Co., Ltd.	Director Director

Voting and Resolution for each of the Proposal and Discussion Items

4. Extemporaneous Motions

Meeting Adjourn.

Appendix 1 Business Report

Thanks to the strong commitment and efforts from all Delta team members, we are pleased to report that Delta has successfully delivered good business results with growth in both revenues and earnings in 2016, despite of uncertain global economic outlooks and weak market sentiment. The consolidated revenues increased 5% from previous year to NT\$214.4 billion in 2016. Gross profits amounted to NT\$59.5 billion, 7% higher than last year, with 27.8% gross margin. Net operating profits also increased 2% from 2015 to NT\$20.8 billion with 9.7% net operating margin. Our net income after tax also grew slightly from previous year to NT\$18.8 billion, which represented 8.8% of revenues. Delta's 2016 earnings per share (EPS) was NT\$7.24 and the return on equity (ROE) ratio was 15.1%. In addition to overall satisfactory financial performances, Delta also achieved significant business progress in developing energy-saving technologies and commercializing new energy-efficient products and solutions. Below summarizes our 2016 business results and prospect for the future.

Power Electronics Founded on the core value to pursue technology advancement and continuous innovation, Delta has been the global leader in switching power supply, brushless DC fan, thermal management and miniaturized component businesses along with the prosperity of IT, communications and consumer electronics industries. With our efforts and rich experiences from past decades to enhance the business platforms Delta has built for technology development and operations excellence, we are able to gauge market trends and provide customers with new products to address their needs in new areas such as automotive electronics, electric cars, medical care, cloud applications, data analytics, and smart home requirements. Our solid foundation and agility helped to expand Delta's business horizon and create higher added value to customers, making Delta an indispensable strategic partner to many global industry leaders. For instance, Delta outperformed thousands of vendors and earned the Vendor Innovation Award from General Motors last year as a strong recognition for our 96.5% high energy conversion efficiency, smaller in size yet more reliable on board charger for its next-generation hybrid electric vehicles. With the trend of increasing awareness of the need for energy conservation and environmental protection, along with the wide-spreading IoT applications and maturity of cloud technologies, we believe Delta's power electronics business will continue to generate significant revenues and profits, and its technologies and operations platforms will be a strong backbone to support

and expedite the progress of Delta's new business development initiatives.

Energy Management Industrial automation is an area that Delta has been devoting to for over two decades. Today Delta offers a wide spectrum of products ranging from control and drive to motion and sensing technologies. In addition, our advanced system integration service capabilities, professional technical engineering resources and global service networks enable Delta to not only penetrate aggressively into targeted verticals but also develop smart manufacturing solutions that have been implemented in our own manufacturing premises to validate design concept and continuously fine-tune for optimal human-machine collaboration in preparation for upcoming digital manufacturing era that requires high safety, flexibility, productivity and quality, yet low manpower as well as energy consumption level. Our in-house Delta Smart Manufacturing (DSM) solutions will become one of the most powerful tools for Delta to help its customers adapt to the inevitable requirements for high mix low volume local manufacturing requirements in the future.

Besides industrial automation, Delta is the world's number one telecom power provider with state-of-the-art technologies and complete product offerings to serve customers all over the world. We are also highly recognized in UPS (uninterruptible power systems), data center solutions, renewable energies as well as electric vehicles charging solutions. With our relentless dedication to Delta's corporate mission of providing clean, innovative and energy efficient solutions for a better tomorrow, we have full confidence in our capabilities in energy management businesses from which we will build up to become another cornerstone to Delta's enduring business growth.

Smart Green Life Display solutions and networking business are the two major areas where Delta is active in Smart Green Life. By integrating smart control systems and visualization display technologies, Delta offers real-time visualized information for decision making which has been widely adopted by key applications such as grid, civil security and transportation management. Delta Network Inc., or DNI which is Delta's arm in networking business, specializes in network communication technologies and has established long-term partnership with world-class telecom operators, big data service providers, corporate accounts and data center builders. DNI is a valuable stand-alone business contributor as well as an internal expert in networking communication technologies which are essential to our system and solution business. In light of the ever-increasing demand for visualized information and networking communications, the importance of smart green life business to Delta and its enormous business

potential are self-evident.

Delta takes our corporate mission into action and has been working hard to promote public awareness on issues arising from environment and climate change. As buildings are interconnected with our everyday life and has tremendous potential for energy saving and business opportunities, Delta established a new business team years ago to focus on building energy management and energy conservation technologies in addition to constructing green buildings since ten years ago. Last year Delta acquired two well-known building automation companies, Delta Controls headquartered in Canada and LOYTEC from Austria, to enhance our capabilities and competitiveness in building automation business. By integrating the unique technologies, product portfolio and channel coverage among three of us to create synergies in HVAC, lighting, energy monitoring/management and building automation management systems, we aim to make future buildings greener and more intelligent to provide a better living environment for us all.

Corporate social responsibility and governance mechanism are as important as business growth at Delta. Delta was ranked on top by CommonWealth Magazine CSR Award in 2016 to recognize our outstanding achievements in social participation. Delta was also ranked in the first place by Global Views CSR Award for the fourth consecutive year. In addition, Delta continued to be listed on DJSI (Dow Jones Sustainability Indices) World for the sixth consecutive year, and we earned four major recognitions in 2016 Taiwan Corporate Sustainability Award by Taiwan Institute for Sustainable Energy. Delta was also certified by Taiwan Stock Exchange on top 5% among all listed companies with best CSR practice for the second consecutive year. With regard to branding, Delta remained Taiwan's top 20 international brands for the sixth consecutive year, and our brand value increased by 13% to US\$225 million in 2016. Delta was the only brand in Taiwan with double-digit increase in brand value for four consecutive years, which demonstrated the strong recognition from the general public on Delta's effort to best serve our role as a responsible social citizen.

On behalf of all management team members, we are grateful to all customers, suppliers, shareholders and all stakeholders for your support to Delta, and to all Delta colleagues for your dedication and endeavor, enabling Delta to outperform competitors and achieve consistent, stable operation performances. We will continue to enhance our organizational capability and operational results while at the same time act on our corporate mission to contribute back to the society. Delta is fully committed to

become a respectable world-class enterprise and bring positive and long-lasting impact to the society.
We will make every effort possible to achieve this goal in return for your support to Delta.

Chairman	Yancey Hai
----------	------------

CEO	Ping Cheng
-----	------------

CFO	Judy Wang
-----	-----------

Appendix 2

Report of Independent Accountants

To the Board of Directors and Shareholders of Delta Electronics, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Delta Electronics, Inc. as at December 31, 2016 and 2015, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Delta Electronics Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained and the reports of other independent accountants are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Investments accounted for under equity method

Description

A subsidiary of the Company acquired 85% of Loy Tec Group in April 2016, while another subsidiary acquired the operating assets from building automation business of Delta Controls Inc. in July 2016. The acquisitions were accounted for by the subsidiaries as investments accounted for under equity method.

As the allocation of goodwill and the fair value of identifiable intangible assets acquired were based on management's estimation and involved accounting estimations and assumptions, we consider the purchase price allocation for the acquisition of the above equity interest a key audit matter.

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. We assessed the original data and the reasonableness of major assumptions, including growth rate, gross margin, discount rate and fair value calculation model as indicated in the purchase price allocation reports prepared by the appraisers appointed by the Group. Our procedures also included the following:

- A. Assessing the setting of parameters of valuation models and calculation formulas;
- B. Comparing expected growth rates and gross margin with historical data, economic and industry forecasts; and
- C. Comparing the discount rate with the cost of capital assumptions of cash generating units and rates of return of similar assets.

Impairment assessment of investments accounted for under equity method

Description

Please refer to Notes 5(1) and 5(2) for the uncertainty of accounting estimates and assumptions of impairment assessment of investments accounted for using equity method. As of December 31, 2016, the Company's investments accounted for under equity method included Cyntec Co., Ltd., ELTEK AS - a reinvestment company of Delta Electronics (Netherlands) B.V., and Delta Greentech (China) Co., Ltd. - a reinvestment company of Delta International Holding. These reinvestments made by certain subsidiaries were material and generated goodwill and other intangible assets.

As the balance of investments accounted for under equity method is material, the impairment assessment involves significant accounting estimates and prediction of future cash flows, and the

valuation model adopted in the impairment assessment would have an impact in the calculation of the recoverable amount, we consider the impairment assessment of investments accounted for under equity method a key audit matter.

How our audit addressed the matter

We obtained management's impairment assessment of investments accounted for under equity method, obtained an understanding of the process in determining the expected future cash flows based on each cash generating unit, and performed the following audit procedures:

- A. Assessed whether the valuation models adopted by the Company are reasonable for the industry, environment and the valued assets of the Company;
- B. Confirmed whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the business units; and
- C. Assessed the reasonableness of material assumptions, such as expected growth rates, operating margin and discount rates, by:
 - (a) Checking the setting of parameters of valuation models and calculation formulas;
 - (b) Comparing the expected growth rate based on operating margin with historical data, economic and industrial forecast documents;
 - (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rates of return of similar assets; and
 - (d) Assessing the future cash flow sensitivity analysis which was prepared by the management based on the alternative hypothesis using different expected growth rates and discount rates, and confirming whether management has adequately managed the possible impact of the estimation uncertainty on the impairment assessment.

Other matter

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under equity method amounted to NT\$9,236,030 thousand and NT\$6,916,950, constituting 5.78% and 4.45% of total assets as of December 31, 2016 and 2015, respectively, and the share of profit of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method was NT\$1,038,065 thousand and NT\$1,273,474 thousand, constituting 8.22% and 6.62% of total comprehensive income for the years then ended, respectively. Those financial statements and the

information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to these investees is based solely on the audit reports of the other independent accountants.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor’s responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override

of internal control;

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine

that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liang, Hua-Ling

Chou Tseng, Hui-Chin

for and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2017

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2016	December 31, 2015
Current assets			
Cash	6(1)	\$ 421,038	\$ 1,643,371
Available-for-sale financial assets - current	6(2)	105,380	73,479
Notes receivable, net		176,745	71,961
Accounts receivable, net	6(4)	6,452,209	5,547,542
Accounts receivable - related parties	7	2,166,172	1,851,365
Other receivables		63,397	95,016
Other receivables - related parties	7	431,803	560,607
Current income tax assets		-	615,729
Inventory	6(5)	1,079,095	922,628
Prepayments		1,005,277	414,893
Other current assets	8	136,390	150,952
Total current assets		<u>12,037,506</u>	<u>11,947,543</u>
Non-current assets			
Available-for-sale financial assets – non-current	6(2)	3,792,734	5,082,561
Financial assets carried at cost – non-current	6(3)	59,358	59,387
Investments accounted for under equity method	6(6)	131,161,267	125,786,886
Property, plant and equipment	6(7)	11,253,913	11,174,713
Intangible assets	6(8)	638,607	551,907
Deferred income tax assets	6(22)	414,251	537,450
Other non-current assets	6(9)	299,987	286,270
Total non-current assets		<u>147,620,117</u>	<u>143,479,174</u>
Total assets		<u>\$ 159,657,623</u>	<u>\$ 155,426,717</u>

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

<u>Liabilities and Equity</u>	<u>Notes</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Current liabilities			
Accounts payable		\$ 766,296	\$ 609,352
Accounts payable - related parties	7	7,035,028	6,533,493
Other payables		8,595,016	8,309,120
Other payables - related parties	7	362,056	346,502
Current income tax liabilities		62,306	312,901
Other current liabilities		791,415	744,018
Total current liabilities		<u>17,612,117</u>	<u>16,855,386</u>
Non-current liabilities			
Long-term borrowings	6(10)	8,023,565	3,570,366
Deferred income tax liabilities	6(22)	7,873,345	7,960,828
Other non-current liabilities	6(11)	2,034,170	2,669,950
Total non-current liabilities		<u>17,931,080</u>	<u>14,201,144</u>
Total liabilities		<u>35,543,197</u>	<u>31,056,530</u>
Equity			
Share capital			
Share capital - common stock	6(13)	25,975,433	25,975,433
Capital surplus			
Capital surplus	6(14)	48,442,451	48,344,161
Retained earnings			
	6(15)		
Legal reserve		19,493,608	17,622,146
Special reserve		527,556	-
Unappropriated retained earnings		31,915,572	28,508,940
Other equity interest			
	6(6)		
Other equity interest		(2,240,194)	3,919,507
Total equity		<u>124,114,426</u>	<u>124,370,187</u>
Significant contingent liabilities and unrecorded contract commitments			
	9		
Total liabilities and equity		<u>\$ 159,657,623</u>	<u>\$ 155,426,717</u>

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	2016	2015
Sales revenue	6(16) and 7	\$ 38,547,696	\$ 37,892,526
Operating costs	6(17) and 7	(34,018,668)	(33,584,230)
Net operating margin		<u>4,529,028</u>	<u>4,308,296</u>
Operating expenses	6(23)(24)		
Selling expenses		(599,218)	(505,597)
General and administrative expenses		(1,543,551)	(1,433,036)
Research and development expenses		(442,533)	(440,875)
Total operating expenses		<u>(2,585,302)</u>	<u>(2,379,508)</u>
Operating profit		<u>1,943,726</u>	<u>1,928,788</u>
Non-operating income and expenses			
Other income	6(18)	574,099	778,580
Other gains and losses	6(2)(19)	(97,786)	(100,956)
Finance costs	6(20)	(52,479)	(202,048)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	<u>17,968,563</u>	<u>17,906,727</u>
Total non-operating income and expenses		<u>18,392,397</u>	<u>18,382,303</u>
Profit before income tax		20,336,123	20,311,091
Income tax expense	6(22)	(1,538,324)	(1,596,468)
Profit for the year		<u>\$ 18,797,799</u>	<u>\$ 18,714,623</u>
Other comprehensive income (loss)			
Components of other comprehensive income (loss) that will not be reclassified to profit or loss			
Loss on remeasurement of defined benefit plan	6(11)	(\$ 3,522)	(\$ 321,223)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	<u>(910)</u>	<u>-</u>
Components of other comprehensive loss that will not be reclassified to profit or loss		<u>(4,432)</u>	<u>(321,223)</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss			
Financial statements translation difference of foreign operations		(2,916,590)	3,277,513
Unrealized loss on valuation of available-for-sale financial assets		(1,573,376)	(493,147)
Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(2,394,943)	(1,690,950)
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(22)	<u>725,208</u>	<u>(237,994)</u>
Components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(6,159,701)</u>	<u>855,422</u>
Other comprehensive (loss) income for the year		<u>(\$ 6,164,133)</u>	<u>\$ 534,199</u>
Total comprehensive income for the year		<u>\$ 12,633,666</u>	<u>\$ 19,248,822</u>
Earnings per share (in dollars)	6(23)		
Basic earnings per share		<u>\$ 7.24</u>	<u>\$ 7.67</u>
Diluted earnings per share		<u>\$ 7.17</u>	<u>\$ 7.59</u>

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other Equity Interest			Total equity	
		Share capital - common stock	Total capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets		Hedging instrument gain (loss) on effective hedge of cash flow hedges
<u>2015</u>										
Balance at January 1, 2015		\$ 24,375,433	\$ 25,822,764	\$ 15,552,256	\$ 527,556	\$ 33,579,303	\$ 2,415,377	\$ 642,078	\$ 6,630	\$ 102,921,397
Share-based payments	6(12)	-	123,165	-	-	-	-	-	-	123,165
Issuance of shares		1,600,000	22,400,000	-	-	-	-	-	-	24,000,000
Distribution of 2014 earnings (Note 1)										
Legal reserve	6(15)	-	-	2,069,890	-	(2,069,890)	-	-	-	-
Reversal of special reserve	6(15)	-	-	-	(527,556)	527,556	-	-	-	-
Cash dividends	6(15)	-	-	-	-	(16,331,528)	-	-	-	(16,331,528)
Change in acquisition of non-controlling interests from subsidiaries		-	-	-	-	(5,589,901)	-	-	-	(5,589,901)
Change in equity of associates and joint ventures accounted for under equity method		-	(1,768)	-	-	-	-	-	-	(1,768)
Other comprehensive income (loss) for the year		-	-	-	-	(321,223)	1,293,061	(437,197)	(442)	534,199
Profit for the year		-	-	-	-	18,714,623	-	-	-	18,714,623
Balance at December 31, 2015		<u>\$ 25,975,433</u>	<u>\$ 48,344,161</u>	<u>\$ 17,622,146</u>	<u>\$ -</u>	<u>\$ 28,508,940</u>	<u>\$ 3,708,438</u>	<u>\$ 204,881</u>	<u>\$ 6,188</u>	<u>\$ 124,370,187</u>
<u>2016</u>										
Balance at January 1, 2016		\$ 25,975,433	\$ 48,344,161	\$ 17,622,146	\$ -	\$ 28,508,940	\$ 3,708,438	\$ 204,881	\$ 6,188	\$ 124,370,187
Distribution of 2015 earnings (Note 2)										
Legal reserve	6(15)	-	-	1,871,462	-	(1,871,462)	-	-	-	-
Reversal of special reserve	6(15)	-	-	-	527,556	(527,556)	-	-	-	-
Cash dividends	6(15)	-	-	-	-	(12,987,717)	-	-	-	(12,987,717)
Change in equity of associates and joint ventures accounted for under equity method		-	(9,692)	-	-	-	-	-	-	(9,692)
Proceeds from investments accounted for under the equity method		-	(12,384)	-	-	-	-	-	-	(12,384)
Effects due to gain on share of non-controlling interests		-	120,366	-	-	-	-	-	-	120,366
Other comprehensive income (loss) for the year		-	-	-	-	(4,432)	(4,724,834)	(1,492,174)	57,307	(6,164,133)
Profit for the year		-	-	-	-	18,797,799	-	-	-	18,797,799
Balance at December 31, 2016		<u>\$ 25,975,433</u>	<u>\$ 48,442,451</u>	<u>\$ 19,493,608</u>	<u>\$ 527,556</u>	<u>\$ 31,915,572</u>	<u>(\$ 1,016,396)</u>	<u>(\$ 1,287,293)</u>	<u>\$ 63,495</u>	<u>\$ 124,114,426</u>

Note 1: Directors' and supervisors' remuneration amounting to \$32,900 and employees' bonus amounting to \$2,893,928 had been deducted from the Statement of Comprehensive Income in 2014.
Note 2: Directors' and supervisors' remuneration amounting to \$35,404 and employees' bonus amounting to \$1,896,987 had been deducted from the Statement of Comprehensive Income in 2015.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 20,336,123	\$ 20,311,091
Adjustments to reconcile net income to cash generated from operating activities			
Depreciation	6(7)(21)	685,148	565,870
Amortization	6(8)(21)	152,051	233,387
Provision for bad debts (reversal of allowance)	6(4)	21,430	(9,452)
Interest expense	6(20)	52,479	202,048
Interest income	6(18)	(17,575)	(17,003)
Dividend income	6(18)	(45,328)	(75,786)
Share of profit of associates accounted for under equity method	6(6)	(17,968,563)	(17,906,727)
(Gain) loss on disposal of property, plant and equipment	6(19)	(754)	804
Share-based payments	6(12)	-	123,165
(Gain) loss on disposal of investments	6(19)	(4)	322,733
Impairment loss on financial assets	6(19)	6,305	36,671
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(104,784)	(13,868)
Accounts receivable		(905,400)	195,559
Accounts receivable - related parties		(314,807)	85,345
Other receivables		31,481	(2,587)
Other receivables - related parties		128,804	(204,655)
Inventories		(147,577)	17,395
Prepayments		(590,384)	336,195
Other current assets		19,151	(7,851)
Other non-current assets		22,617	6,884
Changes in operating liabilities			
Accounts payable		145,545	15,353
Accounts payable - related parties		501,535	(1,695,731)
Other payables		276,004	934,158
Other payables - related parties		15,554	117,906
Other current liabilities		47,130	(670,221)
Other non-current liabilities		(629,379)	45,586
Cash inflow generated from operations		1,716,802	2,946,269
Interest received		17,713	17,021
Dividends received		10,525,509	9,131,585
Interest paid		(51,101)	(225,730)
Income tax paid		(437,829)	(443,743)
Net cash flows from operating activities		11,771,094	11,425,402

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of available-for-sale financial assets		(\$ 152,853)	(\$ 910,116)
Proceeds from disposal of available-for-sale financial assets		-	368,539
Proceeds from capital reduction of available-for-sale financial assets		34,679	48,689
Proceeds from capital reduction of financial assets at cost		32	540
Acquisition of investments accounted for under equity method		(3,446,470)	(918,019)
Proceeds from disposal of investments accounted for under the equity method		81,129	596,239
Decrease in cash surrender value of life insurance		1,238	36,131
Acquisition of property, plant and equipment	6(7)	(770,019)	(1,715,802)
Proceeds from disposal of property, plant and equipment		9,315	14,483
Acquisition of intangible assets	6(8)	(148,307)	(151,027)
Decrease (increase) in refundable deposits		229	(2,004)
(Increase) decrease in prepayments for business facilities		(17,610)	13,841
Proceeds from disposal of financial assets at cost		-	68,426
Cash received through merger	6(25)	1,380	-
Increase in other non-current assets		(19,406)	(52,853)
Net cash flows used in investing activities		(4,426,663)	(2,602,933)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term debt		4,421,999	-
Repayment of long-term debt		-	(22,795,634)
Proceeds from issuance of shares		-	24,000,000
Increase in guarantee deposits received		(1,046)	(290)
Cash dividends paid	6(15)	(12,987,717)	(16,331,528)
Acquisition of non-controlling interests in subsidiaries	6(24)	-	(28,350)
Net cash flows used in financing activities		(8,566,764)	(15,155,802)
Decrease in cash and cash equivalents		(1,222,333)	(6,333,333)
Cash and cash equivalents at beginning of year		1,643,371	7,976,704
Cash and cash equivalents at end of year		<u>\$ 421,038</u>	<u>\$ 1,643,371</u>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Delta Electronics, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Delta Electronics, Inc. and its subsidiaries (the “Group”) as at December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of the other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the section of Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements of our report. We are independent of the Group in accordance with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China (the “Codes”), and we have fulfilled our other ethical responsibilities in accordance with the Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Business combination

Description

The Group acquired 85% of Loy Tec Group in the amount of NT\$2,229,415 thousand in April 2016, and the operating assets from building automation business of Delta Controls Inc. in the amount of NT\$5,480,200 thousand in July 2016. The value of intangible assets, inclusive of goodwill and identifiable intangible assets – premium on customer relationship, acquired from the merger is significant. The merger was accounted for in accordance with IFRS 3, “Business Combination”. For details of purchase price allocation, please refer to Note 6(34).

As the allocation of goodwill and the fair value of identifiable intangible assets acquired are based on management’s estimation and involves accounting estimations and assumptions, we consider the business combination transaction a key audit matter.

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. We assessed the original data and the reasonableness of major assumptions, including growth rate, gross margin, discount rate and fair value calculation model as indicated in the purchase price allocation reports prepared by the appraisers appointed by the Group. Our procedures also included the following:

- A. Assessing the setting of parameters of valuation models and calculation formulas;
- B. Comparing expected growth rates and gross margin with historical data, economic and industry forecasts; and
- C. Comparing the discount rate with the cost of capital assumptions of cash generating units and rate of returns of similar assets.

Impairment assessment of intangible assets

Description

As of December 31, 2016, the recognised goodwill and intangible assets – customer relationship as a result of acquisitions of Cyntec Co., Ltd., Eltek AS and Delta Greentech (China) Co., Ltd. amounted to NT\$12,789,132 thousand and NT\$5,171,233 thousand, respectively, both constituting 7.64% of the consolidated total assets. Please refer to Notes 5(2) and 6(12).

As the balance of goodwill and intangible assets – customer relationship acquired

from merger is material, the valuation model adopted in the impairment assessment has an impact in determining the recoverable amount which involves the significant accounting estimates and prediction of future cash flows. Thus, we consider the impairment assessment of goodwill and intangible assets – customer relationship a key audit matter.

How our audit addressed the matter

We obtained management's impairment assessment of goodwill and intangible assets, obtained an understanding of the process in determining the expected future cash flows based on each cash generating unit, and performed the following audit procedures:

- A. Assessing whether the valuation models adopted by the Group are reasonable for the industry, environment and the valued assets of the Group;
- B. Confirming whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the business units; and
- C. Assessing the reasonableness of material assumptions, such as expected growth rates, operating margin and discount rates, by:
 - (a) Checking the setting of parameters of valuation models and calculation formulas;
 - (b) Comparing the expected growth rate based on operating margin with historical data, economic and industrial forecast documents;
 - (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rate of returns of similar assets; and
 - (d) Assessing the future cash flow sensitivity analysis which was prepared by the management based on the alternative hypothesis using different expected growth rates and discount rates, and confirming whether management has adequately managed the possible impact of the estimation uncertainty on the impairment assessment.

Other matter

We did not audit the financial statements of a wholly-owned consolidated subsidiary and an investment accounted for under the equity method that are included in the consolidated financial statements. Total assets of the subsidiary amounted to NT\$5,202,263 thousand, constituting 2.21% of consolidated total assets as of December 31, 2016, and operating income was NT\$3,513,380 thousand, constituting 1.64% of consolidated total operating income for the year then ended. The balance of investment accounted for under equity method was NT\$7,084,482 thousand and NT\$6,916,950 thousand, constituting 3.01% and 3.06% of consolidated total assets as of December 31, 2016 and 2015, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method and share of other comprehensive

income of associates and joint ventures accounted for under equity method was NT\$909,301 thousand and NT\$ 1,273,474 thousand, constituting 7.07% and 6.23% of consolidated total comprehensive income for the years then ended, respectively. Those financial statements and information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

We have audited and expressed an unqualified opinion on the parent company only financial statements of Delta Electronics, Inc. as at and for the years ended December 31, 2016 and 2015.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

including any significant deficiencies in internal control that we identify during our audit.

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

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

Liang, Hua-Ling Chou Tseng, Hui-Chin

for and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2016	December 31, 2016	December 31, 2015
Current assets				
Cash and cash equivalents	6(1)	\$ 1,723,186	\$ 55,572,744	\$ 51,252,453
Financial assets at fair value through profit or loss - current	6(2)	1,744	56,252	149,350
Available-for-sale financial assets - current	6(3)	20,956	675,817	409,320
Derivative financial assets for hedging - current	6(5)	239	7,708	-
Notes receivable, net		110,176	3,553,181	3,100,796
Accounts receivable, net	6(6)	1,449,814	46,756,514	45,456,423
Accounts receivable - related parties	7	44,401	1,431,921	1,475,555
Other receivables		22,243	717,329	480,474
Other receivables - related parties	7	3,243	104,580	125,608
Current income tax assets		6,774	218,467	867,935
Inventories	6(8)	804,750	25,953,182	23,912,036
Prepayments		86,177	2,779,206	3,970,329
Non-current assets held for sale, net	6(13)	485	15,647	-
Other current assets	8	17,338	559,150	953,202
Total current assets		<u>4,291,526</u>	<u>138,401,698</u>	<u>132,153,481</u>
Non-current assets				
Financial assets at fair value through profit or loss - non-current	6(2)	-	-	111,866
Available-for-sale financial assets - non-current	6(3)	183,773	5,926,691	7,130,177
Financial assets carried at cost - non-current	6(4)	34,520	1,113,279	627,574
Investments accounted for under equity method	6(9)	257,971	8,319,562	8,528,444
Property, plant and equipment	6(10)	1,257,617	40,558,137	41,891,417
Investment property, net	6(11)	59,662	1,924,097	2,073,648
Intangible assets	6(12)	958,724	30,918,856	25,424,926
Deferred income tax assets		165,397	5,334,038	5,663,227
Other non-current assets	6(14) and 8	81,188	2,618,312	2,671,176
Total non-current assets		<u>2,998,852</u>	<u>96,712,972</u>	<u>94,122,455</u>
Total assets		<u>\$ 7,290,378</u>	<u>\$ 235,114,670</u>	<u>\$ 226,275,936</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF DOLLARS)

Liabilities and Equity	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2016	December 31, 2016	December 31, 2015
Current liabilities				
Short-term borrowings	6(15)	\$ 388,815	\$ 12,539,294	\$ 11,109,573
Financial liabilities at fair value through profit or loss - current	6(16)	6,806	219,490	140,080
Accounts payable		1,148,687	37,045,171	35,423,550
Accounts payable - related parties	7	14,542	468,980	458,709
Other payables		721,719	23,275,430	22,362,597
Current income tax liabilities	6(31)	48,751	1,572,229	1,825,908
Other current liabilities	6(13)	190,483	6,143,043	5,031,879
Total current liabilities		<u>2,519,803</u>	<u>81,263,637</u>	<u>76,352,296</u>
Non-current liabilities				
Long-term borrowings	6(17)	263,999	8,513,958	3,993,805
Deferred income tax liabilities		384,082	12,386,659	11,715,032
Other non-current liabilities	6(18)	122,219	3,941,550	4,661,994
Total non-current liabilities		<u>770,300</u>	<u>24,842,167</u>	<u>20,370,831</u>
Total liabilities		<u>3,290,103</u>	<u>106,105,804</u>	<u>96,723,127</u>
Equity				
Share capital				
Share capital - common stock	6(20)	805,440	25,975,433	25,975,433
Capital surplus				
Capital surplus	6(21)	1,502,092	48,442,451	48,344,161
Retained earnings				
Legal reserve	6(22)	604,453	19,493,608	17,622,146
Special reserve		16,358	527,556	-
Unappropriated retained earnings		989,630	31,915,572	28,508,940
Other equity interest				
Other equity interest		(69,464)	(2,240,194)	3,919,507
Equity attributable to owners of the parent		3,848,509	124,114,426	124,370,187
Non-controlling interest	6(23)	151,766	4,894,440	5,182,622
Total equity		<u>4,000,275</u>	<u>129,008,866</u>	<u>129,552,809</u>
Significant contingent liabilities and unrecorded contract commitments	9			
Significant subsequent events	11			
Total liabilities and equity		<u>\$ 7,290,378</u>	<u>\$ 235,114,670</u>	<u>\$ 226,275,936</u>

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2016	2016	2016	2015
Sales revenue	6(24) and 7	\$ 6,646,684	\$ 214,355,571	\$ 203,451,661	
Operating costs	6(7)(25)(29) (30) and 7	(4,801,917)	(154,861,840)	(148,082,996)	
Gross profit		<u>1,844,767</u>	<u>59,493,731</u>	<u>55,368,665</u>	
Operating expenses	6(29)(30)				
Selling expenses		(430,899)	(13,896,495)	(12,420,421)	
General and administrative expenses		(287,881)	(9,284,163)	(7,984,301)	
Research and development expenses		(480,230)	(15,487,402)	(14,465,029)	
Total operating expenses		<u>(1,199,010)</u>	<u>(38,668,060)</u>	<u>(34,869,751)</u>	
Operating profit		<u>645,757</u>	<u>20,825,671</u>	<u>20,498,914</u>	
Non-operating income and expenses					
Other income	6(26)	125,039	4,032,505	3,959,725	
Other gains and losses	6(27)	(18,953)	(611,243)	(460,354)	
Finance costs	6(28)	(11,896)	(383,647)	(456,036)	
Share of profit of associates and joint ventures accounted for under equity method	6(9)	<u>28,734</u>	<u>926,675</u>	<u>1,232,547</u>	
Total non-operating income and expenses		<u>122,924</u>	<u>3,964,290</u>	<u>4,275,882</u>	
Profit before income tax		768,681	24,789,961	24,774,796	
Income tax expense	6(31)	(171,472)	(5,529,979)	(4,892,422)	
Profit for the year		<u>\$ 597,209</u>	<u>\$ 19,259,982</u>	<u>\$ 19,882,374</u>	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars	New Taiwan Dollars	
		2016	2016	2015
Other comprehensive income (loss)				
Components of other comprehensive loss that will not be reclassified to profit or loss				
Loss on remeasurements of defined benefit plans		(\$ 109)	(\$ 3,522)	(\$ 321,223)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(28)	(910)	-
Components of other comprehensive loss that will not be reclassified to profit or loss		(137)	(4,432)	(321,223)
Components of other comprehensive (loss) income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations		(173,137)	(5,583,670)	1,512,094
Unrealized loss on valuation of available-for-sale financial assets		(45,967)	(1,482,432)	(437,310)
Hedging instrument gain on effective hedge of cash flow hedges		1,777	57,307	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		(3,705)	(119,472)	50,910
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(31)	22,487	725,208	(237,994)
Components of other comprehensive (loss) income that will be reclassified to profit or loss		(198,545)	(6,403,059)	887,700
Other comprehensive (loss) income for the year		(\$ 198,682)	(\$ 6,407,491)	\$ 566,477
Total comprehensive income for the year		<u>\$ 398,527</u>	<u>\$ 12,852,491</u>	<u>\$ 20,448,851</u>
Profit attributable to:				
Owners of the parent		<u>\$ 582,878</u>	<u>\$ 18,797,799</u>	<u>\$ 18,714,623</u>
Non-controlling interest		<u>\$ 14,331</u>	<u>\$ 462,183</u>	<u>\$ 1,167,751</u>
Comprehensive income attributable to:				
Owners of the parent		<u>\$ 391,743</u>	<u>\$ 12,633,666</u>	<u>\$ 19,248,822</u>
Non-controlling interest		<u>\$ 6,784</u>	<u>\$ 218,825</u>	<u>\$ 1,200,029</u>
Earnings per share (in dollars)	6(32)			
Basic earnings per share		<u>\$ 0.22</u>	<u>\$ 7.24</u>	<u>\$ 7.67</u>
Diluted earnings per share		<u>\$ 0.22</u>	<u>\$ 7.17</u>	<u>\$ 7.59</u>

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF DOLLARS)

Equity attributable to owners of the parent												
Notes	Retained earnings					Other equity interest			Total	Non-controlling interest	Total equity	
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges				
<u>2015 New Taiwan Dollars</u>												
		\$ 24,375,433	\$ 25,822,764	\$ 15,552,256	\$ 527,556	\$ 33,579,303	\$ 2,415,377	\$ 642,078	\$ 6,630	\$ 102,921,397	\$ 12,746,960	\$ 115,668,357
	6(22)											
				2,069,890	-	(2,069,890)	-	-	-	-	-	-
				-	(527,556)	527,556	-	-	-	-	-	-
				-	-	(16,331,528)	-	-	-	(16,331,528)	-	(16,331,528)
	6(20)	1,600,000	22,400,000	-	-	-	-	-	-	24,000,000	-	24,000,000
			123,165	-	-	-	-	-	-	123,165	-	123,165
			(1,768)	-	-	-	-	-	-	(1,768)	-	(1,768)
				-	-	(5,589,901)	-	-	-	(5,589,901)	(356,959)	(5,946,860)
	6(23)			-	-	-	-	-	-	-	(8,407,408)	(8,407,408)
				-	-	(321,223)	1,293,061	(437,197)	(442)	534,199	32,278	566,477
				-	-	18,714,623	-	-	-	18,714,623	1,167,751	19,882,374
		<u>\$ 25,975,433</u>	<u>\$ 48,344,161</u>	<u>\$ 17,622,146</u>	<u>\$ -</u>	<u>\$ 28,508,940</u>	<u>\$ 3,708,438</u>	<u>\$ 204,881</u>	<u>\$ 6,188</u>	<u>\$ 124,370,187</u>	<u>\$ 5,182,622</u>	<u>\$ 129,552,809</u>
<u>2016 New Taiwan Dollars</u>												
		\$ 25,975,433	\$ 48,344,161	\$ 17,622,146	\$ -	\$ 28,508,940	\$ 3,708,438	\$ 204,881	\$ 6,188	\$ 124,370,187	\$ 5,182,622	\$ 129,552,809
	6(22)			1,871,462	-	(1,871,462)	-	-	-	-	-	-
				-	527,556	(527,556)	-	-	-	-	-	-
				-	-	(12,987,717)	-	-	-	(12,987,717)	-	(12,987,717)
			(9,692)	-	-	-	-	-	-	(9,692)	-	(9,692)
	6(23)			-	-	-	-	-	-	-	(507,007)	(507,007)
			(12,384)	-	-	-	-	-	-	(12,384)	-	(12,384)
				-	-	(4,432)	(4,724,834)	(1,492,174)	57,307	(6,164,133)	(243,358)	(6,407,491)
	6(33)		120,366	-	-	-	-	-	-	120,366	-	120,366
				-	-	18,797,799	-	-	-	18,797,799	462,183	19,259,982
		<u>\$ 25,975,433</u>	<u>\$ 48,442,451</u>	<u>\$ 19,493,608</u>	<u>\$ 527,556</u>	<u>\$ 31,915,572</u>	<u>(\$ 1,016,396)</u>	<u>(\$ 1,287,293)</u>	<u>\$ 63,495</u>	<u>\$ 124,114,426</u>	<u>\$ 4,894,440</u>	<u>\$ 129,008,866</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Equity attributable to owners of the parent											
	Notes	Retained earnings					Other equity interest			Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges			
<u>2016 US Dollars</u>												
Balance at January 1, 2016		\$ 805,440	\$ 1,499,045	\$ 546,423	\$ -	\$ 883,997	\$ 114,990	\$ 6,353	\$ 192	\$ 3,856,440	\$ 160,701	\$ 4,017,141
Distribution of 2015 earnings	6(22)											
Legal reserve		-	-	58,030	-	(58,030)	-	-	-	-	-	-
Special reserve		-	-	-	16,358	(16,358)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(402,720)	-	-	-	(402,720)	-	(402,720)
Change in equity of associates and joint ventures accounted for under equity method		-	(301)	-	-	-	-	-	-	(301)	-	(301)
Changes in non-controlling interests	6(23)	-	-	-	-	-	-	-	-	-	(15,720)	(15,720)
Proceeds from investments accounted for under the equity method		-	(384)	-	-	-	-	-	-	(384)	-	(384)
Other comprehensive (loss) income for the year		-	-	-	-	(137)	(146,506)	(46,270)	1,777	(191,136)	(7,546)	(198,682)
Effects due to gain on share of non-controlling interests	6(33)	-	3,732	-	-	-	-	-	-	3,732	-	3,732
Profit for the year		-	-	-	-	582,878	-	-	-	582,878	14,331	597,209
Balance at December 31, 2016		<u>\$ 805,440</u>	<u>\$ 1,502,092</u>	<u>\$ 604,453</u>	<u>\$ 16,358</u>	<u>\$ 989,630</u>	<u>(\$ 31,516)</u>	<u>(\$ 39,917)</u>	<u>\$ 1,969</u>	<u>\$ 3,848,509</u>	<u>\$ 151,766</u>	<u>\$ 4,000,275</u>

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars	New Taiwan Dollars	
		2016	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Consolidated profit before tax for the year		\$ 768,681	\$ 24,789,961	\$ 24,774,796
Adjustments to reconcile net income to net cash generated from operating activities				
Income and expenses having no effect on cash flows				
Depreciation	6(10)(11)	226,147	7,293,247	6,910,278
Amortization	6(12)	57,031	1,839,254	1,484,802
Provision for bad debts	6(6)	3,817	123,101	277,273
Net loss on financial assets or liabilities at fair value through profit or loss	6(27)	5,488	176,974	73,588
Interest expense	6(28)	11,896	383,647	456,036
Interest income	6(26)	(19,327)	(623,297)	(634,443)
Dividend income		(4,234)	(136,534)	(156,599)
Share-based payments	6(19)	-	-	123,165
Share of profit of associates accounted for under the equity method	6(9)	(28,734)	(926,675)	(1,232,547)
Gain on disposal of property, plant and equipment	6(27)	(4,501)	(145,171)	(747)
(Gain) loss on disposal of investments	6(27)	(6,598)	(212,799)	110,857
Impairment loss on financial assets	6(3)	3,370	108,693	32,029
Impairment loss on non-financial assets	6(12)	2,309	74,457	7,291
Changes in assets/liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Financial assets held for trading		(1,881)	(60,647)	11,430
Notes receivable		(14,027)	(452,385)	(1,129,790)
Accounts receivable		(34,364)	(1,108,255)	1,280,226
Accounts receivable - related parties		1,469	47,366	(94,821)
Other receivables		(6,965)	(224,634)	112,860
Other receivables - related parties		652	21,028	2,067
Inventories		(49,827)	(1,606,928)	585,318
Prepayments		37,767	1,217,971	1,134,686
Other current assets		12,219	394,052	(446,967)
Other non-current assets		(3,763)	(121,341)	(43,463)
Net changes in liabilities relating to operating activities				
Accounts payable		46,161	1,488,687	(315,445)
Accounts payable - related parties		319	10,272	(285,841)
Other payables		24,992	805,993	2,031,795
Other current liabilities		18,751	604,717	(1,192,406)
Other non-current liabilities		(23,327)	(752,214)	(339,746)
Cash generated from operations		1,023,521	33,008,540	33,535,682
Interest received		19,449	627,229	657,269
Dividends received		27,183	876,657	905,633
Interest paid		(11,828)	(381,465)	(478,520)
Income taxes paid		(100,190)	(3,231,112)	(3,560,959)
Net cash provided by operating activities		958,135	30,899,849	31,059,105

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars	New Taiwan Dollars	
		2016	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of financial assets at fair value through profit or loss, designated upon initial recognition		\$ -	\$ -	(\$ 94,512)
Proceeds from disposal of financial assets at fair value through profit or loss, designated upon initial recognition		5,796	186,936	-
Acquisition of available-for-sale financial assets	(26,189)	(844,593)	(1,469,484)
Proceeds from disposal of available-for-sale financial assets		10,283	331,639	820,473
Proceeds from capital reduction of available-for-sale financial assets		1,075	34,679	50,101
Acquisition of financial assets at cost	(14,386)	(463,948)	(37,075)
Proceeds from disposal of financial assets at cost		78	2,514	68,426
Proceeds from capital reduction of financial assets carried at cost		1	32	540
Acquisition of investments accounted for using equity method		-	-	(1,040,118)
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(34)	(239,754)	(7,732,070)	(13,857,180)
Acquisition of property, plant and equipment	6(10)	(250,488)	(8,078,237)	(7,973,678)
Proceeds from disposal of property, plant and equipment		24,737	797,778	152,717
Advances on sale of property, plant and equipment		14,685	473,606	-
Acquisition of intangible assets	6(12)	(6,840)	(220,585)	(278,722)
Decrease (increase) in other financial assets		2,357	76,026	(204,251)
Decrease in other non-current assets		2,682	86,406	277,706
Net cash used in investing activities		(475,963)	(15,349,817)	(23,585,057)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in short-term borrowings		44,332	1,429,721	-
Repayment of short-term borrowings		-	-	(948,698)
Proceeds from long-term debt		138,084	4,453,199	473,669
Repayment of long-term debt		-	-	(22,848,731)
Cash dividends paid to minority share interests		(6,995)	(225,604)	(2,998,146)
Cash dividends paid	6(22)	(402,720)	(12,987,717)	(16,331,528)
Proceeds from issuance of shares	6(20)	-	-	24,000,000
Acquisition of non-controlling interests in subsidiaries	6(33)	(27,086)	(873,505)	(11,998,300)
Net cash used in financing activities		(254,385)	(8,203,906)	(30,651,734)
Effects due to changes in exchange rate		(93,824)	(3,025,835)	970,321
Increase (decrease) in cash and cash equivalents		133,963	4,320,291	(22,207,365)
Cash and cash equivalents at beginning of year		1,589,223	51,252,453	73,459,818
Cash and cash equivalents at end of year		\$ 1,723,186	\$ 55,572,744	\$ 51,252,453

Appendix 4

Audit Committee's Review Report

To: The 2017 Annual General Shareholders' Meeting of Delta Electronics, Inc.

We, the Audit Committee of the Company have reviewed the business report, parent company only financial statements, consolidated financial statements and proposal for earnings distribution of the Company for the year 2016 in accordance with applicable laws and regulations and found the same have been complied with. We hereby report to the shareholders as described above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The Audit Committee of Delta Electronics, Inc.

Convenor of the Audit Committee: Yung-Chin Chen

Date: March 09, 2017

Delta Electronics, Inc. (the "Company")
Operating Procedures of Acquisition or Disposal of Assets
(Translation)

June 23, 1989--passed by the Board of Directors
September 12, 1991--amendment passed by the Board of Directors
May 29, 1995--amendment passed by the Board of Directors
April 16, 1996--amendment passed by the Board of Directors
November 26, 1999--amendment passed by the Board of Directors
March 8, 2000--amendment passed by the Board of Directors
February 13, 2003--amendment passed by the Board of Directors
April 9, 2003--amendment passed by the Board of Directors
May 6, 2003--amendment passed by the general shareholders' meeting
May 18, 2004--amendment passed by the general shareholders' meeting
June 8, 2007 – amendment passed by the general shareholders' meeting
June 19, 2012 – amendment passed by the general shareholders' meeting
June 10, 2014 – amendment passed by the general shareholders' meeting
June 10, 2015 – amendment passed by the general shareholders' meeting
June 8, 2016 – amendment passed by the general shareholders' meeting

Chapter 1 General Principles

Article 1: Legal Basis

These operating procedures ("Operating Procedures") have been promulgated in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Financial Supervisory Commission ("Competent Authority").

Article 2: Promulgation and Amendment of the Operating Procedures

The Operating Procedures of Acquisition or Disposal of Assets of the Company shall be approved by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors and be further submitted to the shareholders' meeting for approval. The same procedure shall apply to any amendment to the Operating Procedures.

If the Operating Procedures have not been approved by one-half or more of all Audit Committee members, the Operating Procedures may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors.

"All Audit Committee members" and "all directors" in the preceding paragraph referred to in these Operating Procedures shall mean the actual number of persons currently holding those positions.

When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full

consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.

Article 3: Definition of Terms

1. Derivatives: refers to forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, and compound contracts comprising combinations of the foregoing 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.
2. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: refers to assets acquired or disposed through mergers, splits, or acquisitions conducted in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other applicable laws, or issuance of new shares and by use of the share equity so raised as the consideration payable for acquisition of another company's shares (the "assignment of shares") in accordance with Paragraph 8, Article 156 of the Company Law.
3. Related party and subsidiaries: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: refers to a real estate appraiser or other person authorized by applicable laws to engage in the appraisal of real estate or equipment.
5. Date of occurrence: refers to the date of contract signing, date of payment, date of completion of trading, date of transfer registration, date of board of directors resolution, or other date confirming the counterpart and amount of the transaction, whichever date is earlier. However, in the case of investments 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.
6. Mainland China area investment: refers to investments in Mainland China area approved by the Investment Commission of the Ministry of Economic Affairs or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China.
7. As used in the Operating Procedures, "within one year" refers to the year preceding the date of occurrence of the acquisition or disposal of assets; however, items duly announced in accordance with the Operating Procedures will be disregarded.

8. As used in the Operating Procedures, "latest financial statement" refers to the financial statement published and audited or reviewed by the Company's auditing CPA in accordance with applicable laws prior to the acquisition or disposal of assets.
9. As used in the Operating Procedures, "10% of the Company's total assets" is calculated based on the total assets as stated in the most recent stand-alone or individual financial statement prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Chapter 2 Scope of Assets and Investment Limits

Article 4: Scope of assets applicable to the Operating Porcedures

1. Securities: including long- term and short-term investments such as stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, deposit receipts, call (put) warrants, beneficiary certificates and asset-backed securities.
2. Real estate (including land, buildings and construction, investment real estate and rights to use land) and equipment.
3. Membership certificates.
4. Intangible assets: including patents, copyrights, trademarks, and franchises, etc.
5. Claims against financial institutions (including receivables, loans and bills purchase discounts, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws.
8. Other important assets.

Article 5: The total value of real property or securities purchased by the Company and its subsidiaries ("Subsidiaries") for non-operating use and limit on investment in each specific security are as follows:

1. The total value of real property purchased by the Company for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement. The total value of real property purchased by a Subsidiary for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement.

2. The total value of securities invested by the Company may not exceed 100% of the Company's net worth as stated in its latest financial statement. The total value of securities invested by a Subsidiary may not exceed 60% of the Company's net worth as stated in its latest financial statement.
3. The investment in a specific security by the Company may not exceed 50% of the Company's net worth as stated in its latest financial statement. The investment in a specific security by a Subsidiary may not exceed 30% of the Company's net worth as stated in its financial statement.

Chapter 3 Evaluation and Operating Process

Article 6: When assets are acquired or disposed in accordance with the Operating Procedures, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance and then submit it for approval by the authorized person according to the authorized limit table approved by the Board of Directors. If the amount of the assets to be acquired or disposed exceeds the amount as set forth in the authorized limit table, the transaction may be implemented only after approved by the Board of Directors.

The execution departments referred to in the foregoing paragraph are as follows:

1. For long-term and short-term securities: the Investment Department and the Finance Department.
2. For real property and equipment: the Department which uses such assets and the Finance Department.
3. For membership certificate: the Finance Department.
4. For intangible assets: each business unit, Legal and Intellectual Property Department or other competent department concerned.
5. For claims against financial institutions: the Finance Department.
6. For derivatives: the Finance Department.
7. For assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: the Investment Department.
8. For other important assets: the Department which uses such assets.

Article 7: When the Company should appoint a professional appraiser, accountant, lawyer, or underwriter to assist in appraisal work and obtain an expert opinion in accordance with the "Regulations Governing the Acquisition or

Disposal of Assets by Public Companies" promulgated by the Competent Authority, the professional appraiser and its appraisal personnel, the accountant, lawyer, or underwriter so appointed shall not be a related party to the parties in the proposed transaction.

Article 8: When the Company acquires or disposes of assets through court auction procedures, the relevant evidence documentation issued by the court may be used as substitute for the appraisal report or the accountant opinion.

Article 9: If any acquisition or disposal of assets should be approved by the Audit Committee, the Board of Directors, or the shareholders' meeting in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority or other applicable laws, paragraph 1 of Article 6 of the Operating Procedures shall not apply to such acquisition or disposal of assets. In this case, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance, and then approved by one-half or more of all Audit Committee members and submit it for approval by the Board of Directors, or approval by the shareholders' meeting.

When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.

Chapter 4 Guidelines for the Acquisition or Disposal of Assets and Operating Procedures

Article 10: When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, first obtain the latest audited or reviewed financial statement of the issue company for reference in appraising the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. If the accountant needs to use an expert's report, the accountant shall do so in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (the "ARDF"). 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 Competent Authority.

Article 10-1: Where the total amount invested by a Subsidiary in securities after making a proposed investment will exceed 30% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance. Where the transaction amount of a proposed investment in a specific security by a Subsidiary exceeds

10% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance.

Article 11: The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property and other fixed assets:

When acquiring or disposing real property or equipment, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a governmental agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring equipment for operating use, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances a limited price, specific price or specified price should be used as reference price in determining the transaction price, such transaction shall be submitted for approval by the Board of Directors in advance, and the same procedures shall apply for any future changes to the terms and conditions of such transaction.
2. If the transaction amount is NT\$1 billion or more, the Company shall obtain appraisal reports from at least two professional appraisers
3. If the professional appraiser's appraisal results revealed any of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, the Company shall appoint an accountant to conduct the appraisal in accordance with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF and render a specific opinion regarding the cause of the differences and the reasonableness of the transaction price:
 - (1) Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (2) Where the difference between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. The period from the date of the appraisal report issued by a professional appraiser to the execution date of the relevant sale and purchase agreement should be no more than three months. However, where the publicly announced current land value for the same period is used and not more than six months have elapsed from the original appraisal report, an opinion may still be issued by the same professional appraiser.
5. Items which should be included in an appraisal report are:

- (1) Items required in accordance with Regulations on Real Estate Appraisal.
- (2) Matters regarding the professional appraiser and its appraisal personnel:
 - a. The professional appraiser's name, amount of paid-in capital, organizational structure, and personnel composition.
 - b. The names, ages, academic records and curriculum vitae (with relevant evidences), number of years performing appraisal work and employment period, and number of appraisals conducted of the appraisal personnel.
 - c. Relationship between professional appraiser, appraisal personnel, and the client.
 - d. Declaration of no false statement or omission being contained in the appraisal report.
 - e. Date of appraisal report.
- (3) Basic information of the subject property, which shall at least include the name and nature, location, and area of the subject property.
- (4) Examples of transactions involving other properties that are located within the area as the subject property.
- (5) When the appraisal type is for a specific price or specified price, the conditions of the specific or specified price and whether said conditions are met under current circumstances, the reason for the difference between the normal prices and such specific or specified price and the reasonableness of such difference, and whether the specific price or specified price is qualified to be used as reference for the transaction price.
- (6) In terms of a joint development contract, the reasonable allocation percentage between the parties should be provided.
- (7) An estimate of land value incremental tax.
- (8) In case that appraised value of the subject property at the same appraisal date among appraisers differs and the difference is twenty percent or more, whether measures provided in Article 41 of the Real Estate Appraiser Act has been taken.
- (9) Attachments to the appraisal report shall include the appraisal details of the subject property, ownership registration information, photocopy of cadastral map, urban planning sketch, location map of the subject property, certificate of land use zoning, and photographs showing current condition of the subject property.

Article 11-1: Where the total amount invested by a Subsidiary in real property for

non-operating use after making a proposed investment will exceed 10% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance. Where the transaction amount of a proposed investment by a Subsidiary in a specific real property for non-operating use exceeds 1% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance.

Article 12: Procedures governing transactions with a related party are as follows:

1. When the Company acquires or disposes of assets from or to a related party, in addition to complying with the requirements set forth in Article 10, Article 11 and Article 13 and following required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 10, Article 11 and Article 13.
2. The aforementioned calculation of the transaction amount shall be made in accordance with Article 13-1 hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties.
3. Appraisal and operating procedures:
Where the Company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, except for trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may proceed to enter into a transaction contract and make only after submitting the following information to the Audit Committee and obtaining approval by one-half or more of all Audit Committee members and, after submitting the same to the Board of Directors, obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply *mutatis mutandis*:
 - (1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as the transaction counterparty.
 - (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 the provisions of items (1) and (4), subparagraph 3 of this Article 12.

- (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- (5) Monthly cashflow forecasts for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.
- (6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.
- (7) Restrictive covenants and other important terms in connection with the transaction.

The aforementioned calculation of the transaction amount shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, 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 submitted to and approved by the Board of Directors in accordance with these Operating Procedures need not be counted toward the said transaction amount.

With respect to the acquisition or disposal of machinery and equipment for business use between the Company and its subsidiaries, the Board of Directors hereby authorizes the Chairman to decide such matters when the transaction is within NT\$300 million and subsequently submit the aforesaid decision to the next meeting of the Board of Directors for ratification.

When the items listed in subparagraph 2 of this Article 12 are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.

- 4. Assessment of reasonableness of transaction cost:
 - (1) The Company shall use the following methods to assess the reasonableness of the transaction cost when acquiring real property from a related party:
 - a. Based upon the related party's transaction price plus necessary interest on funding and the costs payable by the buyer in accordance with applicable law. "Necessary interest on funding" refers to and is calculated by use of the weighted average interest rate on funds borrowed by the Company in the year

when the Company plans to purchase the property as the basis. However, such necessary interest on funding may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

- b. Based upon the total appraisal value from a financial institution if the related party has previously taken a mortgage on the property as security for a loan; provided that the actual cumulative amount lent by the financial institution shall be 70% or more of the financial institution's appraisal value for the property and the loan shall have been disbursed and outstanding for one year or more. However, this method shall not apply if the financial institution is a related party of one of the transaction counterparties.
- (2) Where the land and the building situated thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the methods set forth in the preceding paragraph.
 - (3) When the Company acquires real property from a related party, it shall appraise the cost of the real property in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12, and shall also engage an accountant to review the appraisal result and issue a specific opinion regarding appraisal result.
 - (4) Where the Company acquires real property from a related party and the results of appraisal performed in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12 are both lower than the transaction price, the transaction shall be handled in accordance with the provisions of Item (5), subparagraph 3 of this Article 12. However, if any of the following circumstances occur and where any objective evidence has been provided and specific opinions on reasonableness of the transaction price have been obtained from a professional appraiser and an accountant have been obtained, the preceding paragraph shall not apply:
 - a. When the related party has acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - i. The undeveloped land is appraised in accordance with the foregoing methods, and the building is appraised according to the related party's construction cost plus reasonable construction profit, and the total appraised value of the land and the building is in excess of the actual transaction price. "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the

gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- ii. Concluded transactions by unrelated parties within the preceding year involving other floors of the same target property or properties located in the neighboring area, of which the property size and transaction terms are similar to the proposed transaction after taking into consideration of reasonable price differences in floor or area prices in accordance with standard real property market practices.
 - iii. Concluded leasing transactions by unrelated parties within the preceding year for other floors of the same target property, of which the transaction terms are similar to the proposed transaction after taking into consideration of reasonable price differences in floor according to standard real property leasing market practices.
- b. Where the Company provides evidences that the terms of the proposed acquisition of real property with the related party are similar to the terms of transactions concluded for the acquisition of property located in neighboring area of a similar size by unrelated parties within the preceding year. Concluded transactions for the acquisition of property located in neighboring area in the preceding paragraph in principle refers to property located at the same or an adjacent block of the target property and within a distance of no more than 500 meters or the publicly announced current value of the property is close to that of the target property; transaction of similar size refers to transactions concluded by unrelated parties with a land area of no less than 50% of the target property; within one year refers to one year preceding the date of occurrence of the proposed acquisition of the target property.
- (5) When the Company acquires real property from a related party and the results of appraisal performed in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12 are both lower than the transaction price, the Company shall comply with the following provisions. In addition, if the Company and any public company that invests in the Company using the equity method have allocated a special reserve in accordance with the following provisions, the Company and the public company may not utilize such special reserve until it has recognized loss due to price decline for such real property, or such property has been disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and approval in connection therewith from the Competent Authority shall have been obtained.

- a. The Company shall allocate the difference between the real property transaction price and the estimate cost as a special reserve in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act, and shall not be distribute this reserve or use it for capitalization and issuance of new shares. If an investor that has investment in the Company by using the equity method is a public company, it shall also allocate special reserve in an amount in proportion to its shareholding in the Company according to paragraph 1, Article 41 of the Securities and Exchange Act.
 - b. The Audit Committee of the Company shall comply with Article 218 of the Company Law.
 - c. The Company shall report matters handled under the foregoing items (1) and (2) to the shareholders' meeting and shall disclose the details of the transaction in its annual report and prospectus.
- (6) When the Company acquires real property from a related party and any of the following circumstances occur, it shall implement the transaction in accordance with the appraisal and operating procedures in subparagraphs 1 and 2 of this Article 12, and items (1), (2), and (3), subparagraph 3 of this Article 12 regarding the assessment of the reasonableness of transaction cost are not applicable:
- a. The related party acquired the real property through inheritance or as a gift.
 - b. More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the execution date of the proposed transaction.
 - c. The real property is to be acquired through signing of a joint development contract with the related party or through engaging the related party to build real property, either on the Company's own land or on a leased land.
- (7) When the Company acquires real property from a related party and there is other evidence indicating that such acquisition does not conform to conventional business practice, the Company shall act in accordance with item (5), subparagraph 3 of this Article 12.

Article 13: The Company shall comply with the following guidelines with regard to the acquisition or disposal of membership certificates or intangible assets: When the Company acquires or disposes of membership certificates or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a government agency, the Company shall, prior to the

date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.

Article 13-1:The calculation of the transaction amount referred to in Articles 10, 10-1, 11, 11-1 and 13 shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, 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 an accountant's opinion is obtained in accordance with these Operating Procedures need not be counted toward the transaction amount.

Article 14: The Company shall comply with the following guidelines with regard to the acquisition or disposal of claims against financial institutions: The Company shall not engage in the acquisition or disposal of claims against financial institutions. If the Company wishes to acquire or dispose of claims against financial institutions in the future, it shall promulgate assessment and operating procedures after obtaining approval by the Board of Director.

Article 15: Procedures governing derivatives trading activities are as follows:

1. Trading principles and strategies:

(1) Types of trades:

The scope of the Company's derivatives trading shall be limited to forward foreign exchange, options, interest rate or exchange rate swaps, outright bond purchase and sale, and repurchase transactions. Prior approval of the Board of Directors is required for trading of other types of products.

(2) Operating and hedging strategies:

The Company shall engage in derivatives trading for the purpose of mitigating risks. When selecting derivatives products, the Company shall choose from the products with a view to mitigate the risks arising from the Company's business operating. In addition, to avoid creating credit risk, the Company shall choose derivatives trading counterparties from the Company's correspondent banks to the extent possible.

(3) Delegation of powers and duties:

a. Funds management: Funds management is the pivot of the foreign exchange management system; it is necessary to acquire foreign exchange mark information, assess trends and risks, have knowledge of financial products, be familiar with relevant laws and regulations and have relevant skills in order to provide the management, sales, purchasing, accounting, and funds management departments with sufficient and up-to-date

information.

- b. Accounting Department: Accounting Department is responsible for the control of the Company's overall foreign exchange position and shall accurately calculate realized and future positions for the Company to set account exchange rates and lock in profit and cost, which may avert the performance of the Company's core business from being influenced by exchange rate fluctuations. Accounting Department needs to rely on the information provided by purchasing and sales departments for the prediction and creation of positions, and a high level of accuracy of such information is essential to the holding of positions.
- (4) Trading limits:
- a. Hedging trade limit: The Company shall use the monthly trading-type foreign exchange hedge net position as the hedging limit. Any excess of such limit shall be approved by the Board of Directors in advance.
 - b. Special purpose trade limit: Special purpose trading limit shall be confined to capital expenditures, corporate bonds, and long-term investments and the actual amount of such transactions is used as the maximum hedging amount.
 - c. Others: The trading limit, stop-loss limit, and authorized limit for other trades which does not belong to the two foregoing categories should be approved by the Board of Directors before execution.
- (5) Performance evaluation:
- a. Performance evaluation shall be based on the exchange rate costs on the Company's books and profit/loss from derivatives trading.
 - b. The Company has adopted a monthly profit/loss appraisal approach in order to accurately manage and disclose price risks of derivatives trading.
- (6) Setting of loss limits:
- a. Hedging trade:
 - i. After a trading position has been established, a stop-loss spot must be set to prevent over-limit losses. The stop-loss spot shall not exceed 10% of the trading contract amount. If the loss amount exceeds 10% of the trading amount, such event shall be immediately reported to CEO and the Board of Directors for discussion of necessary counter measures.
 - ii. The loss amount for each trading contract shall not exceed 10% of the contract amount.

iii. After a trading position has been established, a clear stop-loss exchange rate and interest rate shall be set based on 10% of the amount shown on the trade approval sheet. The stop-loss exchange rate and interest rate shall be recorded in the trade approval sheet and prior approval for the transaction shall be obtained in accordance with the authorized limit table. Market fluctuations must be monitored constantly so long as a position is held; if the exchange rate or interest rate reached the stop-loss spot, stop loss measures must be immediately implemented.

b. Special purpose trade:

Special purpose trade is used to hedge risks for definite purpose, and there must be specific corresponding hedge positions. In principle, a special purpose trade will not be early terminated.

2. Operating procedures:

(1) Authorized limit (including hedging trades and special purpose trades):

In accordance with the Company's growth of sales, change of risk positions, and designated purpose, the authorized limits of the Company are set as follows. Any amendment to the authorized limit shall be handled in accordance with these Operating Procedures.

	Upper limit on single trades	Total daily limit
CEO	US\$40 million	US\$100 million
Chief Officer of Finance Department	US\$20 million	US\$50 million
Officer of Funds Management Department	US\$5 million	US\$15 million

To ensure that the Company's authorization cooperate with the corresponding bank's oversight, the foregoing authorized limits and operating and hedging strategies shall be reported to the relevant corresponding bank. The bank shall be notified of any amendment to the authorized limit and make corrections thereof. In addition to compliance with the existing terms between Company and the bank, the bank shall be requested to continue to control the Company's trading and positions in accordance with the foregoing authorized limit table.

(2) Execution department:

As derivatives trading is characterized by rapid fluctuations, large monetary amounts, frequent trading, and complex calculations, it is necessary to appoint well trained professionals to conduct the trading and management. Thus, all derivatives trading shall be executed by authorized funds management personnel designated by the Chief Officer of the Finance Department.

3. Accounting treatment:

Accounting treatment shall be handled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Internal control system:

(1) Risk management measures:

- a. Credit risk considerations: In principle, transaction counterparties are limited to the Company's correspondent banks and those who could provide professional information.
- b. Market risk considerations: The major trading market is to trade in the OTC (over-the-counter) market via banks. The Futures market is not taken into consideration currently.
- c. Liquidity considerations: To ensure liquidity, the bank which the Company transacts with should have sufficient equipment, information, and trading capabilities, and should be able to trade in any market.
- d. Operation considerations: To avoid operation risk, the Company shall observe the authorized limit and operating procedures closely.
- e. Legal risk: To avoid legal risk, all documents to be entered into between the bank and the Company shall be reviewed by the Legal Department and the Finance Department before execution.
- f. Product risk: Internal trading officers and counterparty banks should possess extensive and correct professional knowledge in connection with the trading of financial products. It is required for the counterparty banks to fully disclose risks to the Company so as to avoid losses from incorrect use of financial products.
- g. Cashflow risk: In addition to strictly observe the limits as set forth in the authorized limit table, the trading officers shall pay close attention to the Company's foreign currency cash-flow so as to ensure that there is sufficient cash to pay for F/X settlements.

(2) Internal control:

- a. Trading personnel shall not concurrently serve as confirmation and settlement personnel.
- b. Trading personnel shall give trading vouchers or contracts to recording personnel for records.
- c. Recording personnel shall regularly check account balances with correspondent banks or request for bank statements.

- d. Recording personnel shall check whether the total amount of trades has exceeded the net position of foreign currency assets, liabilities and commitment net positions from time to time.
 - e. The Funds Management Department shall assess the profit/loss status based on the final posted daily exchange rates and produce a report thereof at the end of each month. The Funds Management Department shall submit such report to the Chief Officer of the Finance Department and the Company's senior management officers.
 - f. Personnel responsible for the risk assessment, monitoring, and control shall be assigned to different departments from the personnel referred to in the foregoing subparagraphs, and shall report to the Board of Directors or senior management officers not responsible for trading or position decisions.
- (3) Regular evaluation methods:
- a. The Board of Directors shall authorize senior management personnel to regularly monitor and evaluate whether derivative trades are executed in compliance with the Company's trading procedures, and determine whether the risk exposure is within the acceptable limits. Whenever a market price evaluation report contains any irregularity (such as the position held exceeding the loss limit), the aforementioned personnel shall immediately report to the Board of Directors and take necessary counter measures.
 - b. Derivative trading positions held shall be evaluated at least once each week. However, hedging trades executed for the Company's business needs shall be evaluated at least twice each month. Evaluation reports shall be submitted to the Chief Officer of the Finance Department.
- (4) Oversight principles for derivative trading by the Board of Directors:
- a. The Board of Directors shall appoint senior management officers to regularly monitor and control the derivatives trading risk. The guidelines for monitoring and control are as follows:
 - i. Periodically evaluate whether the risk management measures currently adopted are appropriate and are conducted in accordance with these Operating Procedures and derivative trading operating guidelines promulgated by the Company.
 - ii. Monitoring trading activities and profit/loss status, whenever irregularities are found, the senior management officers shall take appropriate counter measures and shall immediately report to the Board of Directors.

- b. Periodically evaluate whether derivatives trading performance is consistent with the Company's established operational strategy and whether the risk exposure is acceptable to the Company.
 - c. When engaging in derivatives trading, the Company shall report to the next Board of Directors meeting after it authorizes relevant personnel to conduct derivatives trading in accordance with the derivative trading operating guidelines promulgated by the Company.
 - d. The Company shall establish a memorandum 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 items 3-2, 4-1 and 4-2, subparagraph 4 of this Article 15, shall be recorded in detail in the memorandum book for inspection.
5. Internal audit system:
- (1) The Company's internal auditor shall periodically review the appropriateness of the internal control system of derivatives trading, conduct a monthly audit of compliance of derivatives trading operating procedures by the execution department, analyze trading cycles, and prepare an audit report accordingly. The internal auditor shall notify the Audit Committee of the Company in writing if any material violation is found.
 - (2) The Company's internal auditor shall file the audit report together with the annual internal audit review report for the preceding year with the Competent Authority by the end of February each year. The Company's internal auditor shall also report any improvements of irregularities during the preceding year to the Competent Authority by the end of May each year.

Article 16: Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows:

- 1. Appraisal and operating procedures:
 - (1) When the Company wishes to conduct a merger or consolidation, split, acquisition, or assignment of shares, it may engage an accountant, lawyer, and underwriter to jointly review statutory procedures and proposed timetable; the Company shall also form a project execution team to implement the transaction in accordance with statutory procedures. The Company should, prior to convening a meeting of the Board of Directors to decide on the matter, further engage an accountant, lawyer, or underwriter to render opinions regarding the reasonableness of the share swap ratio, acquisition price, or distribution of cash or other property to shareholders, and shall submit the same to the Board of Directors for discussion and approval.

(2) When conducting a merger or consolidation, split, or acquisition, the Company shall prepare a public report to its shareholders, specifying important contractual contents and matters relevant to the merger or consolidation, split, or acquisition prior to the shareholders' meeting. The Company shall attach such public report and the expert opinions referred to in item (1), subparagraph 1 of this Article 16 when sending the notice of shareholders' meeting for shareholders' reference in determining whether to approve the merger or consolidation, split, or acquisition. However, if the convention of shareholders' meeting to approve the merger or consolidation, split, or acquisition is exempted by applicable laws, the notification requirement for sending the notification in the preceding paragraph shall not apply. Moreover, where any one of the companies participating in a merger or consolidation, split, or acquisition fails to convene or obtain a resolution due to lack of a quorum, insufficient votes, or restrictions by applicable laws, or the proposal was vetoed by the shareholders' meeting, such company shall immediately publicly announce an explanation of the reason for such failure, follow-up measures to be taken, and the proposed date of the next shareholders' meeting.

2. Other matters to be noted:

(1) Date of shareholders' meeting or meeting of the Board of Directors: Companies participating in a merger or consolidation, split, or acquisition shall convene their board meetings and shareholders' meetings on the same day to resolve matters relevant to the merger or consolidation, split, or acquisition, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the Competent Authority in advance. Companies participating in an assignment of shares shall convene their board meetings on the same day, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the Competent Authority in advance.

When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall prepare a full written record of the following information and retain it for five years for reference:

- a. 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 prior to disclosure of the information in the planning or implementation of any merger or consolidation, split, acquisition, or assignment of another company's shares.
- b. Dates of material events: including those for signing of any letter of intent or memorandum of understanding, engaging of a financial or legal advisor, execution of a contract, and convening of a board of directors meeting.
- c. Important documents and minutes: including merger or

consolidation, split, acquisition, or plan of assignment of share, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall, within two days commencing 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 aforementioned basic identification data for personnel and dates of material events to the Competent Authority for recordation.

Where any of the companies participating in a merger or consolidation, split, acquisition, or assignment of another company's shares is neither listed in the securities exchange nor trading over-the-counter, the Company shall sign an agreement with such company in order to prepare a full written record of the information of basic identification data for personnel, dates of material events and important documents and minutes and retain it for five years for reference and to report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Competent Authority for recordation.

- (2) Commitment to confidentiality obligations in advance: Each person participating in or being informed of the plan for merger or consolidation, split, acquisition, or assignment of shares shall execute a written undertaking of confidentiality and shall not disclose the contents of the plan prior to public announcement of information in connection with the plan and shall not trade, in their own names or under the name of another person, in any stock or other equity security of any company related to the plan for merger or consolidation, split, acquisition, or assignment of shares.
- (3) Principles for setting and amending share swap ratio or acquisition price: When conducting a merger or consolidation, split, acquisition, or assignment of shares, except for the following circumstances, the share swap ratio or acquisition price shall not be amended arbitrarily and the circumstances in which the share swap ratio or acquisition price could be amended should be provided in the contract for the merger or consolidation, split, acquisition, or assignment of shares:
 - a. Capital increase by cash, issuance of convertible bonds, free distribution of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity securities.
 - b. Any disposal of material assets of the company or other action which may have a material adverse effect on the company's financial condition or business.

- c. A disaster or major technological shift or other event which may affect shareholder's equity or the share price.
 - d. An adjustment results from the buy-back of treasury stock by any of the companies participating in the merger or consolidation, split, acquisition, or assignment of shares.
 - e. An increase or decrease in the number of entities or companies participating in the merger or consolidation, split, acquisition, or assignment of shares.
 - f. Other terms and conditions allowing amendments which have been provided in the relevant contract and have been publicly disclosed.
- (4) Items to be provided in contract: In addition to those items required under Article 317-1 of the Company Law and Article 22 of the Business Mergers and Acquisitions Act, the contract for participation in a merger or consolidation, split, acquisition, or assignment of shares shall provide the following provisions:
- a. Remedy for breach of contract.
 - b. Principles for the handling of equity securities previously issued or treasury stock previously bought back by any company that is to be dissolved in a merger or that is spun off.
 - c. The amount of treasury stock that could be bought back by participating companies in accordance with applicable laws after the record date of calculation of the share swap ratio, and the handling principles thereof.
 - d. Methods for handling changes in the number of participating entities or companies.
 - e. Estimated schedule for execution of the plan, and anticipated completion date.
 - f. Scheduled date for convention of shareholders' meeting in accordance with applicable laws in the event that execution of the plan falls behind the estimated schedule and relevant handling procedures.
- (5) Changes in the number of companies participating in a merger or consolidation, split, acquisition, or assignment of shares: After relevant information has been publicly announced, if any company participating in the merger or consolidation, split, acquisition, or assignment of shares intends further to carry out a merger or consolidation, split, acquisition, or assignment of shares with another company, all of the participating companies shall repeat the

procedures or legal actions that had originally been completed toward the merger or consolidation, split, acquisition, or assignment of shares; except that where the number of participating companies is decreased and the participating company's shareholders' meeting has resolved and authorized the Board of Directors to amend the terms, such participating company could be exempted from convening another shareholders' meeting to resolve the matter again.

- (6) Where a company participating in a merger or consolidation, split, acquisition, or assignment of shares is not a public company, the Company shall sign an agreement with that company, and shall conduct the merger or consolidation, split, acquisition, or assignment of shares in accordance with the Board of Directors meeting convention date specified in item (1), the confidentiality obligation in item (2), and the requirements regarding changes in the number of companies participating in a merger or consolidation, split, acquisition, or assignment of shares in item (5), subparagraph 2 of this Article 16.

Chapter 5 Disclosure of Information and Public Announcement and Reporting Procedures

Article 17: Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:

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% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million; provided, however, that this paragraph shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.
2. Merger or consolidation, split, acquisition, or assignment of shares.
3. Any losses from derivatives trading which reaches the limits on aggregate losses or losses for individual contracts as set out in the operating procedures promulgated by the Company.
4. Other asset transactions other than those referred to in the preceding three subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:
 - (1) Trading of government bonds.

- (2) Where the company is an investment company, the securities trading in foreign securities exchanges or over-the-counter markets.
 - (3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.
 - (4) Where the type of asset acquired or disposed of is equipment and machinery for operational use, and the transaction counterparty is not a related party, and the transaction amount is less than NT\$500 million.
 - (5) Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the transaction amount to be invested by the Company is less than NT\$500 million.
5. The transaction amount referred to in the foregoing four subparagraphs shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has been duly announced in accordance with applicable regulations may be disregarded for the calculation:
- (1) The amount of each transaction.
 - (2) The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.
 - (3) The cumulative transaction amount of acquisitions and disposals of real property in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).
 - (4) The cumulative transaction amount of acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).

Article 18: Deadline for public announcement and reporting:

When acquiring or disposing of assets, if such acquisition or disposal is one of the items that should be publicly announced and reported, and the transaction amount reaches the requirements for public announcement and reporting, the Company shall make the public announcement and reporting on the website designated by the Competent Authority in the format prescribed by the "Regulations Governing Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority within two days commencing from the date of occurrence of the event.

Article 19: Procedures governing public announcement and reporting are as follows:

1. The Company shall make the public announcement and reporting of relevant information on the website designated by the Competent Authority in accordance with the preceding Article 18.
2. The Company shall post information regarding derivative trading activities of the Company and its subsidiaries that are not domestic public companies during the preceding month on the reporting website designated by the Competent Authority in the required format by the tenth day of each month.
3. If any required items publicly announced by the Company in accordance with applicable regulations contain errors or omissions and an correction thereof is necessary, the Company shall make an public announcement and report of such items in their entirety again.
4. When acquisition or disposal of assets, unless otherwise provided in other applicable laws, the Company shall keep all relevant contracts, resolution minutes, memorandum books, appraisal reports, and opinions of accountants, lawyers, or underwriters for at least five years.
5. After the Company has publicly announced and reported a transaction in accordance with applicable regulations, in case any of the following event occurs, it shall report relevant information on the website designated by the Competent Authority within two days commencing from the date of occurrence of the event:
 - (1) Any amendment, termination or discharge of the contracts originally executed in the transaction.
 - (2) The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled completion date set forth in the relevant contract.
 - (3) Change in publicly announced and reported information.

Chapter 6 Supplemental Provisions

Article 20: The Subsidiaries shall comply with the following provisions:

1. The Subsidiaries shall promulgate its own "Operating Procedures of the Acquisition or Disposal of Assets" in accordance with the relevant provisions of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," and shall submit the said operating procedures for approval by the Board of Directors first and then by the shareholders' meeting. The same procedure shall apply in the event of any amendment to the said operating procedures. If a Subsidiary has established an audit committee, the aforesaid promulgation shall be subject to the consent of one-half or more of all its audit committee members and be submitted to its board of directors for approval first and then by its shareholders' meeting. The same procedure shall apply

in the event of any amendment to the said operating procedures.

2. When a Subsidiary acquires or disposes of assets, the Subsidiary shall act in accordance with these Operating Procedures. The Audit Division of the Company shall include the operating specifics of the acquisition or disposal of assets by the Subsidiaries as one of the internal audit items and shall conduct audits regularly or randomly; and shall review the self-check report prepared by the Subsidiaries.
3. If a Subsidiary is not a public company but its transaction amount of acquisition or disposal of assets meets the requirement of public announcement and reporting as set forth in the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies", the Company shall make the public announcement and reporting on behalf of the Subsidiary.
4. With regard to requirement of public announcement and reporting for subsidiaries, the provisions regarding "exceeding 20% of the Company's paid-in capital" or 10% of the total assets shall refer to the parent company's paid-in capital or total assets.

Article 21: Penalty provision is as follows:

If any of the Company's officers in charge of the acquisition or disposal of assets violates the Operating Procedures and such violation is verified, the person who violates the Operating Procedures will receive penalties commensurate with the severity of such violation according to the Company's working rules.

Article 22: Any matters not provided in these Operating Procedures shall be handled in accordance with applicable laws and regulations.

**ARTICLES OF INCORPORATION OF DELTA ELECTRONICS, INC.
(Translation)**

Section I - General Provisions

Article 1

The Company is incorporated as a company limited by shares under the Company Law of the Republic of China, and its name is "Delta Electronics, Inc."

Article 2

The Company is engaged in the following businesses:

1. A101020 Food Crops;
2. A101030 Special Crops;
3. A102020 Agricultural Products Preparations;
4. A102080 Horticulture;
5. A199990 Other Agriculture;
6. C801010 Basic chemical industry business;
7. C801990 Other chemical material manufacturing business;
8. C802120 Industrial Catalyst Manufacturing;
9. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified;
10. CA04010 Metal Surface Treating;
11. CB01010 Machinery equipment manufacturing business;
12. CB01071 Frozen and Air-conditioning manufacturing business;
13. CB01990 Other machinery manufacturing business;
14. CC01010 Electronic power generating, Electric transmission and power distributing machinery manufacturing business;
15. CC01030 Electric appliance and audiovisual electric products manufacturing business;
16. CC01040 Lighting equipment manufacturing business;
17. CC01060 Wire communication equipment and apparatus manufacturing business;
18. CC01070 Wireless communication devices and equipment manufacturing business;
19. CC01080 Electronic parts and components manufacturing business;
20. CC01090 Batteries manufacturing business;
21. CC01101 Restrained telecommunication radio frequency equipment and materials manufacturing;
22. CC01110 Computers and its peripheral equipment manufacturing business;
23. CC01120 Data Storage Media Manufacturing and Duplicating;
24. CC01990 Other electrical and electronic machinery and materials manufacturing business;

25. CD01010 Ship and parts manufacturing business;
26. CD01020 Tramway Cars manufacturing business;
27. CD01030 Automobiles and auto-parts manufacturing business;
28. CD01040 Motorcycles and motorcycle parts manufacturing business;
29. CD01050 Bicycles and bicycle parts manufacturing business;
30. CD01060 Aircraft and parts manufacturing business;
31. CD01990 Other transportation equipment and parts manufacturing business;
32. CE01010 General equipment and instruments manufacturing business;
33. CE01021 measuring instruments manufacturing business;
34. CE01030 Photographic and Optical Equipment Manufacturing business;
35. CE01040 Clocks and Watches manufacturing business;
36. CE01990 Other photographic and optical equipment manufacturing business;
37. CF01011 Medical appliances and equipment business;
38. E599010 Pipe lines construction business;
39. E601010 Electric appliance installation business;
40. E601020 Electric appliance construction business;
41. E602011 Frozen and Air-conditioning Engineering;
42. E603010 Cables construction;
43. E603040 Fire fighting equipments installation business;
44. E603050 Automation control equipment manufacturing business;
45. E603090 Illumination equipments installation business;
46. E604010 Machinery installation business;
47. E605010 Computer equipment installation business;
48. E7010030 Restricted telecommunication radio frequency equipment and materials installation business;
49. EZ05010 Apparatus installation and construction business;
50. EZ14010 Sports Ground Equipments Construction;
51. F101081 Wholesale of Seedling;
52. F101130 Wholesale of vegetable and fruits;
53. F106040 Water containers wholesale business;
54. F108031 Drugs and medical goods wholesale business;
55. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;
56. F113010 Machinery wholesale business;
57. F113020 Electrical appliances wholesale business;
58. F113030 Wholesale of Precision Instruments;
59. F113050 Computer and office appliances and equipment wholesale business;
60. F113070 Telecommunication equipment wholesale business;
61. F113110 Wholesale of Batteries;
62. F118010 Computer software wholesale business;
63. F119010 Electronic components and materials wholesale business;
64. F199990 Other wholesale business;
65. F201010 Retail Sale of Agricultural Products;

66. F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products;
67. F208031 Medical equipment retail business;
68. F209060 Education, musical instruments and entertainment articles retail business;
69. F213010 Electrical appliances retail business;
70. F213030 Computer and office appliances and equipment retail business;
71. F213060 Telecommunication equipment retail business;
72. F213110 Retail sale of batteries;
73. F217010 Retail sale of fire fighting equipments;
74. F218010 Computer software retail business;
75. F219010 Electronic components and materials retail business;
76. F399040 Non-store retail business;
77. F401010 International trade business;
78. F401021 Restricted telecommunication radio frequency equipment and materials import business;
79. F401181 Measuring instrument importing business;
80. F601010 Intellectual property business;
81. G801010 Warehousing and storage business;
82. I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy;
83. I103060 Management consulting services business;
84. I199990 Other Consultancy
85. I301010 Software design and service business;
86. I301020 Data processing services business;
87. I301030 Digital information supply services business;
88. I401010 General advertising service business;
89. I501010 Product external appearance designing business;
90. I599990 Other design business;
91. IG02010 Research development service business;
92. IG03010 Energy technical services business;
93. IZ03010 Newspaper clipping business;
94. IZ04010 Translation business;
95. IZ10010 Typesetting business;
96. IZ13010 Network authentication service business;
97. IZ99990 Other industry and commerce services not elsewhere classified;
98. J303010 Magazines (journals) publishing business;
99. J304010 Books publishing business;
100. J305010 Audio publishing business;
101. J399010 Software publishing business;
102. J399990 Other publishing business;
103. J701070 Computer Recreational Activities;
104. JE01010 Rental and leasing business;
105. ZZ99999 All businesses that are not prohibited or restricted by laws and regulations other than those requiring special permits.

Article 3

The Company shall have its head office in Taoyuan City, and may set up branch offices at various locations that the Board of Directors may deem necessary by resolution.

Article 4

The method to make public announcements of the Company shall be subject to Article 28 of the Company Law and regulations stipulated by the competent securities administration authority.

Article 4-1

When necessary for its operations, the Company may provide endorsement and guarantee in accordance with the "Operational Procedures for Providing Endorsement and Guarantee" of the Company.

Section II - Capital Stock

Article 5

The total capital stock of the Company shall be in the amount of NT\$40,000,000,000, divided into 4,000,000,000 shares, at a par value of Ten New Taiwan Dollars (NT\$10) each, and may be issued in installments subject to the resolution of the Board of Directors. Within the aforementioned capital, NT\$1,000,000,000 divided into 100,000,000 shares shall be reserved for issuing warrants, preferred shares with warrants or corporate bonds with warrants.

In the event that the Company intends to issue employee warrants whose exercise price is lower than the closing price of the Company stocks as of the issue date, a resolution at a shareholders' meeting shall be adopted if voted in favor by two-thirds of the votes at a shareholders' meeting at which shareholders of more than one-half of the total issued and outstanding shares are present.

In the event that the Company intends to transfer to employees the bought-back shares at the price lower than the actual average buying-back price, a resolution at a shareholders' meeting shall be adopted prior to such transfer if voted in favor by two-thirds of the votes at a shareholders' meeting at which shareholders of more than one-half of the total issued and outstanding shares are present.

Article 5-1

The aggregate amount of the Company's investment in other entities is not subject to the restriction stipulated in Article 13 of the Company Law.

Article 5-2

Deleted

Article 6

The shares of the Company may be made without physical certificates. Nevertheless, the stock of the Company shall be registered with the securities centralized depository institution.

Article 6-1

Deleted

Article 7

Unless otherwise provided for in applicable laws, regulations and rulings stipulated by the competent securities authority, the Company shall handle its stock affairs for shareholders in accordance with the Company Law and the Regulations Governing Handling of Stock Affairs by Public Companies.

Article 8

Deleted

Article 9

Deleted

Article 10

Deleted

Article 11

Registration for stock transfer shall be suspended for sixty days before any general shareholders' meeting, thirty days before any special shareholders' meeting, and five days before a record date on which dividends, bonuses or any other interests are scheduled for distribution by the Company.

Section III - Stockholders' Meeting

Article 12

Shareholders' meetings shall be of two types: general meetings and special meetings. General shareholders' meetings shall be convened within six months after the end of each fiscal year. Special meetings shall be convened according to laws when necessary.

Article 13

In case a shareholder is unable to attend a shareholders' meeting, the shareholder may issue a proxy form to appoint a proxy on his/her behalf to attend such meeting in accordance with Article 177 of the Company Law.

Article 13-1

Where the Company convenes the shareholders' meeting, the shareholders could exercise their voting right in writing or by way of electronic transmission. A shareholder who exercises his voting right in writing or by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person, but shall be deemed to have waived his voting right in respect of any extemporary motions and amendments to the original proposals at the shareholders' meeting. The declaration of intention by a shareholder shall be handled according to Article 177-2 of the Company Law.

Article 14

A shareholders' meeting shall be presided over by the Chairman of the Board of Directors. In case of his absence, the Chairman of the Board of Directors shall designate one director to act on his/her behalf. In the absence of such designation, the directors shall elect one from among themselves as the chairman of the meeting.

Article 15

A shareholder shall be entitled to one vote for each share held by him/her; except those shares for which the voting rights are restricted or excluded as stipulated in Article 179 of the Company Law.

Article 16

Unless otherwise provided for in the Company Law, any resolution at a shareholders' meeting shall be adopted if voted in favor by the majority of votes at a shareholders' meeting at which shareholders of more than one-half of the total issued and outstanding shares are present.

Article 17

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes and signed or sealed by the chairman of the meeting, which shall be distributed to each shareholder within twenty (20) days after the meeting. The minutes shall record the key contents and the results of the meeting. The minutes, the sign-in book of attending shareholders and proxy forms shall be kept in the Company. The distribution of meeting minutes may be effected by means of a public announcement.

The preservation period for the minutes, sign-in book of attending shareholders, and proxy forms shall be subject to the Company Law.

Section IV - Directors

Article 18

The Company shall have at least five but no more than thirteen directors to be elected at the shareholders' meeting by the shareholders from any person with legal capacity in accordance with the Company Law. The term of office for directors shall be three years. All of the directors are eligible for re-election.

To conform to the Securities and Exchange Act, the Company shall have, among the aforementioned directors, at least three independent directors, and the number of independent directors shall be no less than one-fifth of the total number of the directors. The directors (including independent directors) shall be elected from among the nominees listed in the roster of director candidates pursuant to the candidates nomination system in Article 192-1 of the Company Law. Compliance matters with respect to independent directors shall

be subject to the regulations prescribed by the Company Law and the securities authority.

The aggregate number of the registered shares held by all directors shall be subject to the regulations, if any stipulated by the competent securities authority.

Remuneration for directors of the Company shall be evaluated by the compensation committee according to their respective participation in operation and value of contribution, and the board of directors is authorized to determine their remuneration according to the evaluation made by the compensation committee and general standard in the same industries. Remuneration for independent directors may be different from non-independent directors.

The Company may purchase liability insurance for its directors.

Article 18-1

The Company shall establish an Audit Committee according to Article 14-4 of the Securities and Exchange Act and the Audit Committee shall have such powers and duties of supervisors as provided in the Company Law, the Securities and Exchange Act, and other laws and regulations.

Article 19

When one-third of the directors have vacated their offices, a shareholders' meeting shall be convened by the Board of Directors within sixty days to elect new directors to fill the vacancies. The term of office of the newly elected director shall be the same as the remaining term of the predecessor.

Article 20

Deleted.

Article 21

The Board of Directors shall be formed by directors. The directors shall elect from among themselves the Chairman of the Board of Directors by a majority of votes cast by the directors present at the meeting attended by at least two-thirds of the directors, and such method may apply to the election of Vice Chairman. The Chairman and Vice Chairman shall conduct the business of the Company in accordance with applicable laws and regulations, these Articles of Incorporation of the Company, the resolutions adopted at shareholders' meetings and the resolutions adopted by the Board of Directors.

Article 21-1

The Company may set up various functional committees under the Board of Directors. Each functional committee shall stipulate the operating rules for its functioning and such operating rules shall only take effect after the approval of the Board of Directors.

Article 22

Business policy of the Company and other important matters shall be decided by resolutions adopted by the Board of Directors. Any meeting of Board of Directors shall be convened by the Chairman of the Board of Directors who shall also be the chairman of the meeting, provided that the first meeting of each term of the Board of Directors shall be convened in accordance with Article 203 of the Company Law. In case the Chairman of the Board of Directors is on leave or cannot exercise his powers, he may designate a proxy in accordance with Article 208 of the Company Law.

Article 22-1

The notice of meeting of Board of Directors shall be made in accordance with Article 204 of the Company Act, and may be made in writing, or by email, facsimile, etc.

Article 23

Unless otherwise provided in the Company Law, a meeting of the Board of Directors at which a resolution is adopted shall be attended by a majority of the directors and a majority of those present shall vote in favor of such a resolution. If a director cannot attend a meeting of Board of Directors, he shall appoint another director as proxy to attend the meeting and shall execute a power of attorney for the proxy. The power of attorney shall specify the scope and limitation of authority or powers in respect to the business to be transacted at the meeting. The proxy may accept the appointment of one director only. If a meeting of the Board of Directors is held by way of a videoconference, the director who attends the meeting in such manner shall be deemed as present in person.

Article 24

Resolutions adopted at the meeting of the Board of Directors shall be recorded in the minutes and signed or sealed by the chairman of the meeting and the recorder. The minutes shall be distributed to each director within twenty (20) days after the meeting. The minutes shall be classified as important files of this Company and shall be well preserved during the existence of the Company. The required items of the minutes shall be subject to the Company Law and the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

The production and distribution of the meeting minutes may be made in the electronic form.

Article 25

Deleted

Section V - Officers and Staffers

Article 26

The Company may appoint officers. The appointment and discharge of the officers shall be approved by a majority in a meeting of the Board of Directors attended by a majority of the directors.

Article 27

Deleted

Article 28

Deleted

Section VI - Finalization of Accounts

Article 29

The fiscal year of the Company shall be from January 1 to December 31 of each year. After the end of each fiscal year, the following reports shall be prepared by the Board of Directors, which deliver the same to the Audit Committee for audit thirty days before the convention of the general shareholders' meeting, and such documents, as well as the audit report made by the Audit Committee, shall be submitted to the general shareholders' meeting for acceptance:

1. Business Report;
2. Financial Statements; and
3. Proposal concerning allocation of earnings or making up losses.

Article 30

If the Company makes profits for the current year, the Board of Directors shall resolve on the allocation of at least 3% as the employee compensation and no more than 1% as the compensation for directors.

If the Company has cumulative losses, the amount equivalent to such losses shall be reserved prior to the allocation and reported in the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive the abovementioned compensation, may be specified by the authorized Board of Directors or the person authorized by the Board of Directors.

The Company shall allocate the earnings for each fiscal year in the following order:

1. Paying tax;
2. Making up losses for preceding years;
3. Setting aside a legal reserve at 10% of the earnings unless the accumulated amount of the legal reserve has reached the total authorized capital of the Company;
4. Setting aside or reversing a special reserve according to relevant regulations when necessary;
5. The balance together with the retained earnings as of the beginning of the fiscal year concerned shall be the shareholders' dividends. The proposed of earnings distribution shall be set by the Board of Directors and submitted to shareholders' meetings for resolving. As the Company is at a stage of stable growth, and considering the benefits of shareholders, stability of financial condition and business development, the amount of dividends distributed to shareholders shall be no less than 60% of the distributable earnings of the current year and no less than 15% of the shareholder's dividends shall be in the form of cash.

Section VII - Supplementary Provisions

Article 31

The internal organizational rules and regulations of the Company shall be separately stipulated by the Board of Directors.

Article 32

In regards to all matters not provided for in these Articles of Incorporation, the Company Law and other laws and regulations shall govern.

Article 33

These Articles of Incorporation were enacted on July 28, 1975.
The first amendment was made on September 25, 1976;
The second amendment was made on January 10, 1977;
The third amendment was made on May 31, 1977;
The fourth amendment was made on May 29, 1978;
The fifth amendment was made on March 31, 1979;
The sixth amendment was made on May 28, 1979;
The seventh amendment was made on September 20, 1980;
The eighth amendment was made on September 9, 1982;
The ninth amendment was made on April 20, 1983;
The tenth amendment was made on June 25, 1984;
The eleventh amendment was made on June 10, 1985;
The twelfth amendment was made on June 20, 1985;
The thirteenth amendment was made on July 12, 1985;
The fourteenth amendment was made on April 18, 1987;
The fifteenth amendment was made on May 12, 1987;
The sixteenth amendment was made on November 17, 1987;
The seventeenth amendment was made on December 11, 1987;
The eighteenth amendment was made on March 19, 1988;
The nineteenth amendment was made on May 12, 1988;
The twentieth amendment was made on July 24, 1988;
The twenty-first amendment was made on November 25, 1988;
The twenty-second amendment was made on May 22, 1989;
The twenty-third amendment was made on May 9, 1990;
The twenty-fourth amendment was made on May 8, 1991;
The twenty-fifth amendment was made on May 8, 1992;
The twenty-sixth amendment was made on May 8, 1993;
The twenty-seventh amendment was made on May 9, 1994;
The twenty-eighth amendment was made on May 10, 1995;
The twenty-ninth amendment was made on June 6, 1996;
The thirtieth amendment was made on June 3, 1997;
The thirty-first amendment was made on May 15, 1998;
The thirty-second amendment was made on May 12, 1999;
The thirty-third amendment was made on May 18, 2000;
The thirty-fourth amendment was made on May 16, 2001;
The thirty-fifth amendment was made on May 16, 2002;
The thirty-sixth amendment was made on May 6, 2003;
The thirty-seventh amendment was made on May 18, 2004;
The thirty-eighth amendment was made on May 19, 2005;
The thirty-ninth amendment was made on May 18, 2006;
The fortieth amendment was made on June 8, 2007;
The forty-first amendment was made on June 13, 2008;
The forty-second amendment was made on June 10, 2009;

The forty-third amendment was made on June 15, 2010;
The forty-fourth amendment was made on June 24, 2011;
The forty-five amendment was made on June 19, 2012;
The forty-Six amendment was made on June 7, 2013;
The forty-seventh amendment was made on June 10, 2014;
The forty-eighth amendment was made on June 10, 2015;
The forty-night amendment was made on June 8, 2016.

Appendix 7

Delta Electronics, Inc. Shareholders' Meeting Rules and Procedures

Passed by general shareholders' meeting on March 19, 1988

Amendment passed by general shareholders' meeting on May 15, 1998

Amendment passed by general shareholders' meeting on May 16, 2002

Amendment passed by general shareholders' meeting on May 19, 2005

Amendment passed by general shareholders' meeting on May 18, 2006

Amendment passed by general shareholders' meeting on June 19, 2012

Amendment passed by general shareholders' meeting on June 7, 2013

Article 1

These Rules and Procedures have been stipulated in accordance with the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies in order to establish effective governance of the shareholders' meeting, implement sound supervisory functions, and strengthen managerial functions.

Article 2

Unless otherwise provided for in applicable laws and regulation or this Company's Articles of Incorporation, the Company's Shareholders' Meeting Rules and Procedures shall comply with the following articles.

Article 3

The Company's shareholders' meeting shall be convened by the Board of Directors unless applicable laws and regulations provide otherwise.

The Company shall prepare the electronic files of the notification of the shareholders' meeting, the proxy instrument, agenda and materials relating to proposals for acknowledgment and discussion and election or discharge of directors, and upload the same to the Market Observation Post System Website 30 days in advance of an annual general shareholders' meeting or 15 days in advance of an extraordinary shareholders' meeting. The Company shall also prepare the electronic files of the shareholders' meeting agenda and supplemental materials and upload the same to the Market Observation Post System Website 21 days in advance of an annual general shareholders' meeting or 15 days in advance of an extraordinary shareholders' meeting. The Company shall make the shareholders' meeting agenda and supplemental materials available for shareholders to

review at any time 15 days in advance of the shareholders' meeting and these documents shall be displayed at the Company and its stock affairs agency and shall be distributed at the shareholders' meeting.

Notification and announcements shall state the reasons for the meeting. The notification may be given by means of electronic transmission after obtaining prior consent from the recipient(s) thereof.

The election or discharge of directors, the amendment of this Company's Articles of Incorporation, the dissolution, merger, or spin-off of the Company, or the matters specified in Article 185, Paragraph 1 of the Company Law, or Article 26-1 or Article 43-6 of the Securities and Exchange Law shall be listed among the reasons for the meeting, and may not be proposed as provisional motions.

Article 4

Before any shareholders' meeting, shareholders may submit proxy forms issued by the Company bearing the scope of authorization, name of proxy, and shareholders' meeting to be attended.

Each shareholder may submit one proxy form, and may appoint only one person to serve as a proxy.

Proxy forms must be delivered to the Company at least five days before each shareholder's meeting. If multiple proxy letters are delivered, the first shall take precedence; however, if the shareholder has made a statement to cancel a prior proxy appointment, the preceding sentence shall not apply.

After the proxy form is served to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his voting right in writing or by way of electronic transmission, such shareholder shall file a written notice of proxy rescission with the Company 2 days in advance of the shareholders' meeting. In the event the shareholder fails to rescind the proxy prior to the aforesaid time limit, the voting right exercised by the authorized proxy at the meeting shall prevail.

Article 4-1

A shareholder could exercise his voting right in writing or by way of electronic

transmission at the shareholders' meeting convened by the Company. A shareholder who exercised his voting right in writing or by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person but shall be deemed to have waived his voting right in respect of any extemporaneous motions and amendments to the original proposals at the shareholders' meeting.

Article 4-2

If a shareholder exercises his voting right in writing or by way of electronic transmission, his declaration of intention shall be served to the Company 2 days in advance of the shareholders' meeting; if two or more declarations of the same intention are served to the Company, the declaration of such intention firstly received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

After a shareholder exercises his voting right in writing or by way of electronic transmission, in case the shareholder decides to attend the shareholders' meeting in person, such shareholder shall, 2 days in advance of the shareholders' meeting, revoke his declaration of intention by the same method which the shareholder had previously used to exercise his voting right. In the event the shareholder fails to revoke such declaration prior to the aforesaid time limit, the voting right exercised in writing or by way of electronic transmission shall prevail.

If a shareholder exercises his voting right in writing or by way of electronic transmission and appoint a proxy to attend a shareholders' meeting on his behalf by issuing a proxy form, the voting right exercised by the proxy shall prevail.

Article 5

Shareholders' meetings shall be held at the Company's premises or at another place that is convenient for shareholders to attend and suitable for such a meeting. The meeting shall not start earlier than 9:00 AM or later than 3:00 PM.

Article 6

The Company shall, in the notification of the shareholders' meeting, specify attending shareholders' check-in time and place for such meeting and other important matters.

The check-in time for attending shareholders shall commence from at least thirty minutes

before the meeting. There shall be clear signs and sufficient and adequate staffs in the check-in place.

Attending shareholders or their appointed proxies (hereafter referred to as "shareholders") shall be admitted to the shareholders' meeting on the basis of attendance passes, attendance cards, or other attendance documents; those persons soliciting proxy forms shall be required to present identification documents for checking identities.

The Company shall provide a sign-in book allowing attending shareholders to sign in or require attending shareholders to submit attendance cards in lieu of signing in.

The Company shall provide meeting agenda, annual reports, attendance passes, speech notes, ballots, and other meeting materials to shareholders attending the shareholders' meeting; ballots shall be given to attending shareholders when the election of directors (including independent directors) is to be held.

When the government or a legal entity is a shareholder, more than one representative may attend the shareholders' meeting. However, a legal entity serving as proxy to attend a shareholders' meeting may appoint only one representative to attend the meeting.

Article 7

If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding at the meeting. If the Chairman of the Board of Directors is on leave or cannot perform his duties for some reason, the Vice-Chairman shall preside at the meeting on the Chairman's behalf; if the Company does not have a vice-Chairman or the Vice-Chairman is on leave or cannot perform his duties for some reason, the Chairman of the Board of Directors shall appoint a managing director to serve on his behalf. If there are no managing directors, the Chairman shall appoint a director to serve on his behalf. If the Chairman has not appointed a representative, the managing directors or directors shall nominate among themselves to preside over the meeting.

In the event that a managing director or a director presides at a shareholders' meeting on the Chairman's behalf pursuant to the above paragraph, such managing director or director shall have held office for at least six months and shall be familiar with the financial and business condition of the Company. The same requirements shall apply

when a representative of a juristic-person director presides at a shareholders' meeting.

More than one-half of the directors should attend the shareholders' meeting if that meeting has been convened by the Board of Directors.

If the shareholders' meeting is convened by any person entitled to convene the meeting other than the Board of Directors, such person shall be the meeting's chairman. If there is more than one such person entitled to convene the meeting, those persons shall nominate amongst themselves to be the meeting's chairman.

This Company may appoint designated legal counsel, CPA, or relevant persons to attend the shareholders' meeting.

Article 8

From the moment that the Company accepts check-in for the meeting, the attending shareholders' check-in process, the proceeding of the meeting, and the voting and counting process shall be continuously audio recorded and videotaped in its entirety without any interruption.

These audio and video files shall be preserved for at least one year. However, the said files shall be preserved until the conclusion of the lawsuit if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law.

Article 9

Attendance at shareholders' meeting shall be determined based on the number of shares.

The number of attending shares shall be calculated based on the sign-in book or attendance cards submitted by shareholders.

The chairman shall call the meeting to order at the time scheduled for the meeting. If the number of shares represented by the attending shareholders has not yet constituted more than one-half of all issued and outstanding shares at the time scheduled for the meeting, the chairman may postpone the time for the meeting. The postponements shall be limited to two times at the most and the meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements the number of shares represented by the attending shareholders has not yet constituted more than one-third of all issued and

outstanding shares, the chairman shall announce the termination of the meeting.

If after two postponements the number of attending shares represented by the attending shareholders has not yet constituted more than one-half of all issued and outstanding shares but the attending shareholders at the meeting represent more than one-third of all issued and outstanding shares, provisional resolutions may be made in accordance with Article 175, Paragraph 1 of the Company Law, and shareholders shall be notified to attend another shareholders' meeting to approve the said provisional resolutions within one month.

If the attending shareholders have constituted more than one-half of all issued and outstanding shares by the end of the meeting, the chairman may submit the foregoing provisional resolutions to the meeting for approval in accordance with Article 174 of the Company Law.

Article 10

The agenda of the meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda.

The above provision applies *mutatis mutandis* to cases where the meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting.

Unless otherwise resolved at the meeting, the chairman cannot announce adjournment of the meeting before all the items (including provisional motions) listed in the agenda are completed. If the chairman announces the adjournment of the meeting in violation of these Rules and Procedures, other members of the Board of Directors shall promptly assist the attending shareholders to elect, by a majority of votes represented by attending shareholders in the meeting, another person to serve as chairman and continue the meeting in accordance with due procedures.

The chairman must provide sufficient time for the explanation and discussion of all items on the agenda and amendments and provisional motions submitted by shareholders; the chairman may announce an end of discussion and submit an item for a vote if the chairman deems that the agenda item is ready for voting.

Article 11

When a shareholder attending the meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's account number (or the number of attendance card) and the account name of the shareholder. The chairman shall determine the sequence of shareholders' speeches.

If any attending shareholder at the meeting submits a speech note but does not speak, no speech should be deemed to have been made by the shareholder.

In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail.

The same shareholder may not speak more than twice concerning the same item without the chairman's consent, and each speech time may not exceed five minutes. The chairman may stop the speech of any shareholder who violates the above provision or exceeds the scope of the agenda item.

Unless otherwise permitted by the chairman and the speaking shareholder, no shareholder shall interrupt the speech of the speaking shareholder, otherwise the chairman shall stop such interruption.

When a legal-entity shareholder has appointed two or more representatives to attend the meeting, only one representative can speak for each agenda item.

The chairman may respond himself/herself or designate another person to respond after the speech of attending shareholder.

Article 12

Voting at a shareholders' meeting shall be based on number of shares. The shares of shareholders with no voting rights shall not be included in the total number of issued and outstanding shares when voting on resolutions.

If there is concern that a shareholder's interest may conflict with and adversely affect the Company's interests with regard to any matters discussed at the meeting, that shareholder may not participate in voting, and may not represent another shareholder to exercise his or her voting rights.

The number of shares of those persons not permitted to exercise their voting rights in the foregoing paragraph shall not be included in counting the total number of voting shares for attending shareholders.

Except in the case of a trust enterprise or securities proxy organization approved by the securities competent authority, the proxy voting rights of a person serving as a proxy for two or more shareholders may not exceed 3% of total issued and outstanding shares voting rights; if it does exceed 3%, the excess portion shall not be counted.

Article 13

Each shareholder is entitled to one vote for each share held. The above provision shall not apply to those persons whose voting rights are restricted or who have no voting right. According to Article 197-1 of the Company Law, if the number of shares pledged by a director at any time exceeds half of the total shares held by such director at the time of his appointment, such pledged shares exceeding half of the total shares held by such director at the time of his appointment, up to half of the total number of shares held by the director at the time of his appointment, shall not carry any voting right and such above threshold shares shall not be counted in determining the number of votes of the shareholders present at a general meeting.

Except otherwise specified in the Company Law or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the attending shareholders.

An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by all attending shareholders after solicitation by the chairman. If there is any objection, the agenda item shall be put to a vote by casting ballots in accordance with the foregoing paragraph.

If there is amendment to or substitute for an agenda item, the chairman shall decide the sequence of voting for such original agenda item, the amendment, and the substitute. If any one of them has been approved, the others shall be deemed vetoed and no further voting will be necessary.

The chairman shall appoint persons responsible for checking and counting ballots during

votes on agenda items. However, the persons responsible for checking ballots must be shareholders.

The ballots for voting or election matters shall be publicly counted at the meeting venue and once the counting is done, the result of voting including the number of votes casted shall be announced at the meeting and placed on record.

Article 14

If the election of directors is conducted at a shareholders' meeting, such an election shall be performed in accordance with the Company's Director Election Regulations, and the results including the list of elected directors and the number of votes casted must be announced at the meeting.

The ballots cast in the election in the foregoing paragraph must be given proper safekeeping and kept for at least one year. If a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law, ballots shall be kept until the end of the lawsuit.

Article 15

Resolutions made at a shareholders' meeting shall be compiled in the form of minutes. The chairman shall affix his signature or seal to the minutes, which shall be issued to shareholders within 20 days after the end of the meeting. With regard to the issue of minutes in the foregoing paragraph, the minutes may be distributed in the form of an announcement on the Market Observation Post System Website.

The minutes must faithfully record the meeting's date (year, month, day), place, chairman's name, resolution method, summary of proceedings, and results of resolutions. The minutes of shareholders' meeting shall be preserved for as long as the Company exists.

"There is no objection from any shareholders after solicitation by the chairman and the resolution is passed" shall be recorded in the minutes if no objection is voiced after solicitation by the chairman before an agenda item is put to a vote. If there are any objections, however, and the agenda item is put to a vote, the number of approval votes cast and the percentage of the approval votes as to total votes shall be recorded in the minutes.

Article 16

The Company shall, on the day of the meeting, compile the number of shares obtained by solicitors and the number of shares represented by proxies in statistical tables in the specified format, and shall post such tables in prominent locations within the meeting place.

If any resolutions made by a shareholders' meeting are material information pursuant to applicable laws and regulations or the Taiwan Stock Exchange Corporation's regulations, the Company shall transmit the content of such resolutions to the Market Observation Post System Website within the specified period of time.

Article 17

Persons handling affairs of the meeting shall wear identification cards or arm badges. The chairman may order disciplinary officers or security guards to assist in keeping order in the meeting place. Such disciplinary officers or security guards shall wear arm badges or identification cards marked "Disciplinary Personnel" when assisting in maintaining order in the meeting place.

If the meeting place is equipped with loudspeaker equipment, the chairman shall stop any shareholders using equipment not installed by the Company from speaking.

The chairman shall order disciplinary officers or security guard to escort any shareholders who violate these Rules and Procedures and fail to heed the chairman's correction, or disrupt the proceeding of the meeting and fail to desist, to leave the meeting place.

Article 18

During the meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the meeting and announce, depending on the situation, when the meeting will resume.

Before the agenda set for the shareholders' meeting are completed, if the meeting place cannot continue to be used for the meeting, then, by resolution of the shareholders, another place may be sought to resume the meeting.

The shareholders may resolve to postpone or resume the meeting within five days in

accordance with Article 182 of the Company Law.

Article 19

These Rules and Procedure shall be effective from the date they are approved by the shareholders' meeting. The same applies in the case of amendments.

Appendix 8

Effect of Stock Distribution to be Resolved at This Shareholders' Meeting on Operating Performance and Earnings per Share

No Stock distribution is proposed at this shareholders' meeting, and the Company is not required to disclose 2017 financial forecasts according to relevant laws and regulations. Hence, the Company is not required to disclose yearly forecast information.

Appendix 9

Shareholding of All Directors of the Company

1. In accordance with Article 26 of Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum number of shares held by all directors other than independent directors of the Company shall be 62,341,039.
2. As of the book closure date, the shareholding of directors recorded in the shareholder register is as follows:

Title	Name	Current shareholdings	
		Shares	Percentage
Chairman	Yancey Hai	984,067	0.04%
Vice Chairman	Mark Ko	855,630	0.03%
Director	Bruce CH Cheng	147,878,039	5.69%
Director	Ping Cheng	10,090,093	0.39%
Director	Simon Chang	903,811	0.04%
Director	Fred Chai-Yan Lee	0	0.00%
Director	Albert Chang	1,104,917	0.04%
Director	Chung-Hsing Huang	0	0.00%
Director	Johnson Lee	71,000	0.00%
Independent director	Tsong-Pyng Perng	0	0.00%
Independent director	Yung-Chin Chen	0	0.00%
Independent director	George Chao	0	0.00%
Independent director	Ji-Ren Lee	0	0.00%
Shareholdings of all directors		161,887,557	6.23%

Note 1: As of the book closure date, the number of issued shares of the Company is 2,597,543,329.

Note 2: The Company has established an Audit Committee, so the provisions on the minimum percentage requirements for the shareholding of supervisors shall not apply.

Appendix 10

Relevant Information on Proposals Made by Shareholders Who Hold 1% or More of the Total Issued Shares of the Company

1. In accordance with Articles 172-1 of the Company Act, the proposal accepting period of 2017 Annual General Shareholders' Meeting is from April 7, 2017 to April 17, 2017
2. In the abovementioned period, no proposal from shareholders holding 1% or more of the total number of outstanding shares of the Company is proposed.