

Delta Electronics, Inc. (“Company”)
Minutes of 2012 Annual General Shareholders' Meeting
(Translation)

Time: 10:00 AM, June 19, 2012

Place: Golden Dragon Hall, Taoyuan Chuto Plaza Hotel
No. 398 Taoying Rd., Taoyuan City

Quorum: 2,029,108,043 shares were represented by the shareholders and proxies present, which amounted to 84.30% of the Company’s 2,406,929,034 issued and outstanding shares.

Attendance: Ms. Audrey Tseng, and Ms. Vanessa Yeh, CPA, PricewaterhouseCoopers
Mr. James Chen, Attorneys-at-Law, Lee and Li

Chairman: Bruce CH Cheng, Chairman of the Board of Directors

Recorder: Ms. Jill Lee

Commencement: (The aggregate shareholding of the shareholders and proxies present constituted a quorum. The Chairman called the meeting to order.)

Salute according to the etiquette

Chairman’s speech: (omitted)

I. REPORT ITEMS

- (1) 2011 Operation Results (Please refer to the Attachment 1)
- (2) 2011 Financial Results (Please refer to the Attachment 2)
- (3) Supervisors' Review Opinions on 2011 Financial Results (Please refer to the Attachment 3)

II. ACKNOWLEDGEMENT AND DISCUSSION ITEMS

Item 1 Acknowledge the 2011 Financial Results (Proposed by the Board of Directors)

Explanation: (1) This Company's 2011 Financial Results including the Business Report, Financial Statements and Consolidated Financial Statements (Please refer to the Attachment) have been reviewed by the Company's Supervisors. The Company's Supervisors have found no discrepancies after a thorough review and have made a written review report for records.

(2) Please acknowledge.

Resolution: Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,029,108,043 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,734,996,014, or 85.50% of the total voting rights when votes were cast).

Item 2 Acknowledge the 2011 Earnings Distribution (Proposed by the Board of Directors)

- Explanation: (1) With regard to earnings in 2011, an earnings distribution table has been prepared and attached below in accordance with the Company Law and the Company's Articles of Incorporation. This earnings distribution table was approved by the meeting of the Board of Directors of the Company held on March 20, 2012.
- (2) NT\$8,417,359,402 will be distributed as shareholders' cash dividends for 2011. After approval by the annual general shareholders' meeting, the Board of Directors of the Company would be authorized to set a record date of dividends distribution to shareholders of record for shares held on the record date. Based on the number of the issued shares of the Company entitled to receiving distribution as of March 12, 2012 (i.e., 2,404,959,829 shares), each one thousand shares shall receive a cash dividend of NT\$3,500. If the number of outstanding shares of the Company changes due to exercise of employee stock options and consequently leads to a change in the dividend distribution ratio approved by the general meeting, the Board of Directors of the Company is authorized to adjust the ratio based on the number of outstanding shares.
- (3) Please acknowledge.

Delta Electronics, Inc.
2011 Earnings Distribution Table

Item	Explanation	(in NT\$) Amount
Undistributed earnings of previous year		2,054,238,580
Add: Revert of fractional cash dividend of previous year		31,288
Earnings in 2011		
Pre-tax earnings in 2011		11,575,953,430
Income tax expense		584,922,308
After-tax earnings in 2011 [Note 1]		10,991,031,122
Subtract: setting aside 10% legal reserve		1,099,103,112
Add: reversal of special reserve set aside in 2010		3,167,470,238
Earnings available for distribution by the end of 2011 [Note 2]		15,113,668,116

Distribution items:

Shareholders bonuses--cash [Note 3]	NT\$3.5 per share	8,417,359,402
Undistributed earnings by the end of 2011		6,696,308,714

Note 1: Allocated employee bonuses--cash: NT\$1,536,340,278.

Allocated directors' and supervisors' compensation--NT\$16,700,000.

Note 2: Principle of earnings distribution in the Company's 2011 Earnings Distribution Table: Distribution of 2011 distributable earnings first.

Note 3: On the basis of the number of outstanding common shares of the Company as of March 12, 2012 (i.e., 2,404,959,829 shares).

Note 4: Distribution of cash dividends will be calculated to New Taiwan Dollar. Fractional amount less than one dollar will be set aside as undistributed earnings.

Resolution: Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,029,108,043 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,734,996,014, or 85.50% of the total voting rights when votes were cast).

Item 3 Discussion of Amendments to Articles of Incorporation (Proposed by the Board of Directors)

Explanation:(1) In order to conform to the Company Law and relevant regulations and to meet the Company's business needs and accommodate the establishment of the Audit Committee, it is proposed to amend the Company's "Articles of Incorporation". The details please see the comparison table of the Company's Articles of Incorporation before and after revision.
 (2) The proposed amendments are submitted for discussion.

Comparison Table of Revised Articles of the Articles of Incorporation

Article after revision	Article before revision	Explanation
<p>Article 2</p> <p>The Company is engaged in the following businesses:</p> <ol style="list-style-type: none"> 1. <u>A101020 Food Crops;</u> 2. <u>A102080 Horticulture;</u> 3. <u>A199990 Other Agriculture;</u> 4. C801010 Basic chemical industry business; 5. C801990 Other chemical material manufacturing business; 6. C802120 Industrial Catalyst Manufacturing; 7. <u>CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified;</u> 8. <u>CA04010 Metal Surface Treating;</u> 9. CB01010 Machinery equipment manufacturing business; 10. CB01071 Frozen and Air-conditioning manufacturing business; 11. CB01990 Other machinery manufacturing business; 12. CC01010 Electronic power 	<p>Article 2</p> <p>The Company is engaged in the following businesses:</p> <ol style="list-style-type: none"> 1. C801010 Basic chemical industry business; 2. C801990 Other chemical material manufacturing business; 3. C802120 Industrial Catalyst Manufacturing; 4. CB01010 Machinery equipment manufacturing business; 5. CB01071 Frozen and Air-conditioning manufacturing business; 6. CB01990 Other machinery manufacturing business; 7. CC01010 Electronic power generating, Electric transmission and power distributing machinery manufacturing business; 8. CC01030 Electric appliance and audiovisual electric products manufacturing business; 9. CC01040 Lighting equipment 	<p>Amendments to the business items have been drafted to better meet the Company's business needs: add subparagraphs 1-3, 7, 8, 38, 46, 47, 57, 58, and 72 and re-number the original subparagraph to conform to the Codes of Business Items promulgated by the MOEA.</p>

<p>generating, Electric transmission and power distributing machinery manufacturing business;</p> <p>13. CC01030 Electric appliance and audiovisual electric products manufacturing business;</p> <p>14. CC01040 Lighting equipment manufacturing business;</p> <p>15. CC01060 Wire communication equipment and apparatus manufacturing business;</p> <p>16. CC01070 Wireless communication devices and equipment manufacturing business;</p> <p>17. CC01080 Electronic parts and components manufacturing business;</p> <p>18. CC01090 Batteries manufacturing business;</p> <p>19. CC01101 Restrained telecommunication radio frequency equipment and materials manufacturing;</p> <p>20. CC01110 Computers and its peripheral equipment manufacturing business;</p> <p>21. CC01990 Other electrical and electronic machinery and materials manufacturing business;</p> <p>22. CD01010 Ship and parts manufacturing business;</p> <p>23. CD01020 Tramway Cars manufacturing business;</p> <p>24. CD01030 Automobiles and auto-parts manufacturing</p>	<p>manufacturing business;</p> <p>10. CC01060 Wire communication equipment and apparatus manufacturing business;</p> <p>11. CC01070 Wireless communication devices and equipment manufacturing business;</p> <p>12. CC01080 Electronic parts and components manufacturing business;</p> <p>13. CC01090 Batteries manufacturing business;</p> <p>14. CC01101 Restrained telecommunication radio frequency equipment and materials manufacturing;</p> <p>15. CC01110 Computers and its peripheral equipment manufacturing business;</p> <p>16. CC01990 Other electrical and electronic machinery and materials manufacturing business;</p> <p>17. CD01010 Ship and parts manufacturing business;</p> <p>18. CD01020 Tramway Cars manufacturing business;</p> <p>19. CD01030 Automobiles and auto-parts manufacturing business;</p> <p>20. CD01040 Motorcycles and motorcycle parts manufacturing business;</p> <p>21. CD01050 Bicycles and bicycle parts manufacturing business;</p> <p>22. CD01060 Aircraft and parts manufacturing business;</p>	
---	--	--

<p>business;</p> <p>25. CD01040 Motorcycles and motorcycle parts manufacturing business;</p> <p>26. CD01050 Bicycles and bicycle parts manufacturing business;</p> <p>27. CD01060 Aircraft and parts manufacturing business;</p> <p>28. CD01990 Other transportation equipment and parts manufacturing business;</p> <p>29. CE01010 General equipment and instruments manufacturing business;</p> <p>30. CE01021 measuring instruments manufacturing business;</p> <p>31. CE01030 Photographic and Optical Equipment Manufacturing business;</p> <p>32. CE01040 Clocks and Watches manufacturing business;</p> <p>33. CE01990 Other photographic and optical equipment manufacturing business;</p> <p>34. CF01011 Medical appliances and equipment business;</p> <p>35. E599010 Pipe lines construction business;</p> <p>36. E601010 Electric appliance installation business;</p> <p>37. E601020 Electric appliance construction business;</p> <p>38. <u>E602011 Frozen and Air-conditioning Engineering;</u></p> <p>39. E603040 Fire fighting equipments installation business;</p> <p>40. E603050 Automation control</p>	<p>23. CD01990 Other transportation equipment and parts manufacturing business;</p> <p>24. CE01010 General equipment and instruments manufacturing business;</p> <p>25. CE01021 measuring instruments manufacturing business;</p> <p>26. CE01030 Photographic and Optical Equipment Manufacturing business;</p> <p>27. CE01040 Clocks and Watches manufacturing business;</p> <p>28. CE01990 Other photographic and optical equipment manufacturing business;</p> <p>29. CF01011 Medical appliances and equipment business;</p> <p>30. E599010 Pipe lines construction business;</p> <p>31. E601010 Electric appliance installation business;</p> <p>32. E601020 Electric appliance construction business;</p> <p>33. E603040 Fire fighting equipments installation business;</p> <p>34. E603050 Automation control equipment manufacturing business;</p> <p>35. E603090 Illumination equipments installation business;</p> <p>36. E604010 Machinery installation business;</p> <p>37. E605010 Computer equipment installation business;</p> <p>38. E7010030 Restricted</p>	
---	---	--

<p>equipment manufacturing business;</p> <p>41. E603090 Illumination equipments installation business;</p> <p>42. E604010 Machinery installation business;</p> <p>43. E605010 Computer equipment installation business;</p> <p>44. E7010030 Restricted telecommunication radio frequency equipment and materials installation business;</p> <p>45. EZ05010 Apparatus installation and construction business;</p> <p>46. <u>EZ14010 Sports Ground Equipments Construction;</u></p> <p>47. <u>F101081 Wholesale of Seedling;</u></p> <p>48. F106040 Water containers wholesale business;</p> <p>49. F108031 Drugs and medical goods wholesale business;</p> <p>50. F113010 Machinery wholesale business;</p> <p>51. F113020 Electrical appliances wholesale business;</p> <p>52. F113050 Computer and office appliances and equipment wholesale business;</p> <p>53. F113070 Telecommunication equipment wholesale business;</p> <p>54. F118010 Computer software wholesale business;</p> <p>55. F119010 Electronic components and materials</p>	<p>telecommunication radio frequency equipment and materials installation business;</p> <p>39. EZ05010 Apparatus installation and construction business;</p> <p>40. F106040 Water containers wholesale business;</p> <p>41. F108031 Drugs and medical goods wholesale business;</p> <p>42. F113010 Machinery wholesale business;</p> <p>43. F113020 Electrical appliances wholesale business;</p> <p>44. F113050 Computer and office appliances and equipment wholesale business;</p> <p>45. F113070 Telecommunication equipment wholesale business;</p> <p>46. F118010 Computer software wholesale business;</p> <p>47. F119010 Electronic components and materials wholesale business;</p> <p>48. F199990 Other wholesale business;</p> <p>49. F208031 Medical equipment retail business;</p> <p>50. F209060 Education, musical instruments and entertainment articles retail business;</p> <p>51. F213010 Electrical appliances retail business;</p> <p>52. F213030 Computer and office appliances and equipment retail business;</p> <p>53. F213060 Telecommunication equipment retail business;</p>	
--	--	--

<p>wholesale business; 56. F199990 Other wholesale business; 57. <u>F201010 Retail Sale of Agricultural Products</u>; 58. <u>F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products</u>; 59. F208031 Medical equipment retail business; 60. F209060 Education, musical instruments and entertainment articles retail business; 61. F213010 Electrical appliances retail business; 62. F213030 Computer and office appliances and equipment retail business; 63. F213060 Telecommunication equipment retail business; 64. F218010 Computer software retail business; 65. F219010 Electronic components and materials retail business; 66. F399040 Non-store retail business; 67. F401010 International trade business; 68. F401021 Restricted telecommunication radio frequency equipment and materials import business; 69. F401181 Measuring instrument importing business; 70. F601010 Intellectual property business; 71. G801010 Warehousing and storage business;</p>	<p>54. F218010 Computer software retail business; 55. F219010 Electronic components and materials retail business; 56. F399040 Non-store retail business; 57. F401010 International trade business; 58. F401021 Restricted telecommunication radio frequency equipment and materials import business; 59. F401181 Measuring instrument importing business; 60. F601010 Intellectual property business; 61. G801010 Warehousing and storage business; 62. I103060 Management consulting services business; 63. I301010 Software design and service business; 64. I301020 Data processing services business; 65. I301030 Digital information supply services business; 66. I401010 General advertising service business; 67. I501010 Product external appearance designing business; 68. I599990 Other design business; 69. IG02010 Research development service business; 70. IG03010 Energy technical services business; 71. IZ03010 Newspaper clipping</p>	
---	--	--

<p>72. <u>I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy;</u></p> <p>73. I103060 Management consulting services business;</p> <p>74. I301010 Software design and service business;</p> <p>75. I301020 Data processing services business;</p> <p>76. I301030 Digital information supply services business;</p> <p>77. I401010 General advertising service business;</p> <p>78. I501010 Product external appearance designing business;</p> <p>79. I599990 Other design business;</p> <p>80. IG02010 Research development service business;</p> <p>81. IG03010 Energy technical services business;</p> <p>82. IZ03010 Newspaper clipping business;</p> <p>83. IZ04010 Translation business;</p> <p>84. IZ10010 Typesetting business;</p> <p>85. IZ13010 Network authentication service business;</p> <p>86. IZ99990 Other industry and commerce services not elsewhere classified;</p> <p>87. J303010 Magazines (journals) publishing business;</p> <p>88. J304010 Books publishing business;</p> <p>89. J305010 Audio publishing business;</p> <p>90. J399010 Software publishing</p>	<p>business;</p> <p>72. IZ04010 Translation business;</p> <p>73. IZ10010 Typesetting business;</p> <p>74. IZ13010 Network authentication service business;</p> <p>75. IZ99990 Other industry and commerce services not elsewhere classified;</p> <p>76. J303010 Magazines (journals) publishing business;</p> <p>77. J304010 Books publishing business;</p> <p>78. J305010 Audio publishing business;</p> <p>79. J399010 Software publishing business;</p> <p>80. J399990 Other publishing business;</p> <p>81. JE01010 Rental and leasing business;</p> <p>82. ZZ99999 All businesses that are not prohibited or restricted by laws and regulations other than those requiring special permits.</p>	
---	--	--

<p>business; 91. J399990 Other publishing business; 92. JE01010 Rental and leasing business; 93. ZZ99999 All businesses that are not prohibited or restricted by laws and regulations other than those requiring special permits.</p>		
<p><u>Article 13-1</u> <u>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 exercise 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.</u></p>		<p>Addition is made to conform to the Company Law and to list writing and electronic transmission as the ways through which shareholders could exercise the voting right.</p>
<p>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</p>	<p>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</p>	<p>Amendment is made to conform to the Company Law and to meet the Company's business needs.</p>

<p>forms shall be kept in the Company. The distribution of meeting minutes may be effected by means of a public announcement.</p> <p>The preservation period for the minutes, sign-in book of attending shareholders, and proxy forms shall be subject to the Company Law.</p>	<p>forms shall be kept in the Company. <u>For each registered shareholder whose shareholding is less than one thousand shares,</u> the distribution of meeting minutes may be effected by means of a public announcement.</p> <p>The preservation period for the minutes, sign-in book of attending shareholders, and proxy forms shall be subject to the Company Law.</p>	
<p>Section IV – Directors</p>	<p>Section IV – Directors <u>and Supervisors</u></p>	<p>The Audit Committee is established to replace supervisors.</p>
<p>Article 18</p> <p>The Company shall have at least five but no more than <u>thirteen</u> 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.</p> <p>To conform to the Securities and Exchange Act, the Company shall have, among the aforementioned directors, at least two independent directors, and the number of independent directors shall be no less than one-fifth of the total number of the directors. The directors (<u>including independent directors</u>) 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.</p> <p>Compliance matters with respect</p>	<p>Article 18</p> <p>The Company shall have at least five but no more than <u>eleven</u> directors <u>and two or three supervisors</u> 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 <u>and supervisors</u> shall be three years.</p> <p>All of the directors and supervisors are eligible for re-election.</p> <p>To conform to the Securities and Exchange Act, the Company shall have, among the aforementioned directors, at least two independent directors, and the number of independent directors shall be no less than one-fifth of the total number of the directors. The <u>independent</u> directors shall be elected from among the nominees listed in the roster of <u>independent</u> director candidates pursuant to the candidates nomination system</p>	<p>Amendment is made to conform to the Company Law and to meet the Company's business needs and accommodate the establishment of the Audit Committee of the Company.</p>

<p>to independent directors shall be subject to the regulations prescribed by the Company Law and the securities authority.</p> <p>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.</p> <p>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.</p> <p>The Company may purchase liability insurance for its directors.</p>	<p>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.</p> <p>The aggregate number of the registered shares held by all directors <u>and supervisors</u> shall be subject to the regulations, if any stipulated by the competent securities authority.</p> <p>Remuneration for directors <u>(including independent directors) and supervisors</u> 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.</p> <p>The Company may purchase liability insurance for its directors <u>and supervisors</u>.</p>	
<p>Article 18-1 <u>Deleted.</u></p>	<p>Article 18-1 <u>The Company may establish an audit committee according to the Securities and Exchange Act. Upon the establishment of the audit committee, supervisors shall be discharged and relevant articles relating to supervisors hereof shall cease to be effective.</u></p>	<p>The Audit Committee is established to replace supervisors.</p>
<p>Article 20 <u>Deleted.</u></p>	<p>Article 20 <u>If the re-election of directors and supervisors is not held before the current term of office expires, the incumbent directors and</u></p>	<p>Amendment is made to conform to the Company Law and relevant regulations</p>

	<u>supervisors shall hold office until their successors have been elected and have assumed their office.</u>	
<p>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.</p> <p>The production and distribution of the meeting minutes may be made in the electronic form.</p>	<p>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 <u>and supervisor</u> 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.</p> <p>The production and distribution of the meeting minutes may be made in the electronic form.</p>	The Audit Committee is established to replace supervisors.
<p>Article 25 <u>Deleted.</u></p>	<p>Article 25 <u>The supervisors, in addition to independently exercising their supervising powers according to applicable laws, may attend meetings of the Board of Directors to voice their opinions (but shall not be entitled to participate in voting).</u></p>	The Audit Committee is established to replace supervisors.
<p>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</p>	<p>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</p>	The Audit Committee is established to replace supervisors.

<p>Directors, which deliver the same to the <u>Audit Committee</u> for audit thirty days before the convention of the general shareholders' meeting, and such documents, as well as the audit report made by the <u>Audit Committee</u>, shall be submitted to the general shareholders' meeting for acceptance:</p> <ol style="list-style-type: none"> 1. Business Report; 2. Financial Statements; and 3. Proposal concerning allocation of earnings or making up losses. 	<p>Directors, which deliver the same to the <u>supervisors</u> for audit thirty days before the convention of the general shareholders' meeting, and such documents, as well as the audit report made by the <u>supervisors</u>, shall be submitted to the general shareholders' meeting for acceptance:</p> <ol style="list-style-type: none"> 1. Business Report; 2. Financial Statements; and 3. Proposal concerning allocation of earnings or making up losses. 	
<p>Article 30 The Company shall allocate the earnings for each fiscal year in the following order:</p> <ol style="list-style-type: none"> 1. Paying tax; 2. Making up losses for preceding years; 3. Setting aside a legal reserve at 10% of the earnings <u>unless the accumulated amount of the legal reserve has reached the total authorized capital of the Company</u>; 4. <u>Setting aside or reversing a special reserve according to relevant regulations</u> when necessary; 5. The balance after the abovementioned payments are made, together with the undistributed earnings as of the beginning of that fiscal year, shall be allocated pursuant to resolution of the 	<p>Article 30 The Company shall allocate the earnings for each fiscal year in the following order:</p> <ol style="list-style-type: none"> 1. Paying tax; 2. Making up losses for preceding years; 3. Setting aside a legal reserve at 10% of the earnings; 4. Setting aside a special reserve when necessary; 5. The balance after the abovementioned payments are made, together with the undistributed earnings as of the beginning of that fiscal year, shall be allocated pursuant to resolution of the shareholders' meeting in the following order for that fiscal year: <ol style="list-style-type: none"> (1) no more than 1% as the remuneration for directors 	<p>Amendment is made to conform to relevant regulations and establishment of the Audit Committee.</p>

<p>shareholders' meeting in the following order for that fiscal year:</p> <p>(1) no more than 1% as the remuneration for directors;</p> <p>(2) at least 3% as the employee bonuses; when bonuses are distributed in the form of stock, persons eligible for such distribution shall include employees of the Company's subsidiaries who meet certain qualifications. The Board of Directors, or persons authorized by the Board of Directors, shall stipulate relevant regulations for distribution of employee bonuses; and</p> <p>(3) the shareholders' dividends: the balance after deducting the receding two items thereof shall then be allocated as dividends to the shareholders.</p>	<p><u>and supervisors;</u></p> <p>(2) at least 3% as the employee bonuses; when bonuses are distributed in the form of stock, persons eligible for such distribution shall include employees of the Company's subsidiaries who meet certain qualifications. The Board of Directors, or persons authorized by the Board of Directors, shall stipulate relevant regulations for distribution of employee bonuses; and</p> <p>(3) the shareholders' dividends: the balance after deducting the receding two items thereof shall then be allocated as dividends to the shareholders.</p>	
<p>Article 33 These Articles of Incorporation were enacted on July 28, 1975. (the 1st through <u>44th</u> revision dates have been omitted for simplicity) The <u>45th</u> amendment is made on June <u>19, 2012</u>.</p>	<p>Article 33 These Articles of Incorporation were enacted on July 28, 1975. (the 1st through <u>43rd</u> revision dates have been omitted for simplicity) The <u>44th</u> amendment is made on June <u>24, 2011</u>.</p>	<p>Addition of the 45th revision date.</p>

Resolution: Approved as proposed by the Board of Directors by voting (a total of 2,029,108,043 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,734,996,014, or 85.50% of the

total voting rights when votes were cast).

Item 4 Discussion of the Amendments to Rules and Procedures of Shareholders' Meeting (Proposed by the Board of Directors)

Explanation:(1) In order to conform to the Company Law and relevant regulations and to meet the Company's business needs and accommodate the establishment of the Audit Committee, it is proposed to amend the "Rules and Procedures of Shareholders' Meeting". The details please see the comparison table of the Rules and Procedures of Shareholders' Meeting before and after revision.

(2) The proposed amendments are submitted for discussion.

Comparison Table of Revised Articles of the Rules and Procedures of Shareholders' Meeting

Article after revision	Article before revision	Explanation
<p>Article 3 The Company's shareholders' meeting shall be convened by the Board of Directors unless applicable laws and regulations provide otherwise.</p> <p><u>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</u></p>	<p>Article 3 The Company's shareholders' meeting shall be convened by the Board of Directors unless applicable laws and regulations provide otherwise.</p> <p><u>All shareholders shall be notified of a general shareholders' meeting at least 30 days in advance. Those shareholders each holding less than 1,000 registered shares may be notified by means of an announcement on the Market Observation Post System Website 30 days in advance of the meeting.</u></p> <p><u>All shareholders shall be notified of a special shareholders' meeting at least 15 days in advance. Those shareholders each holding less than 1,000 registered shares may be notified by means of an announcement on the Market Observation Post System Website 15 days in advance of the meeting.</u></p>	<p>Amendment is made to conform to the Company Law and relevant regulations and accommodate the establishment of the Audit Committee.</p>

<p><u>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.</u></p> <p>Notification and announcements shall state the reasons for the meeting. <u>The notification may be given by means of electronic transmission after obtaining prior consent from the recipient(s) thereof.</u></p> <p>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.</p>	<p>Notification and announcements shall state the reasons for the meeting.</p> <p>The election or discharge of directors <u>and supervisors</u>, 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.</p>	
--	---	--

<p>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.</p> <p>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.</p> <p><u>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.</u></p>	<p>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.</p> <p>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.</p>	<p>Amendment is made to conform to the Company Law and relevant regulations.</p>
<p><u>Article 4-1</u> <u>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</u></p>		<p>Addition is made to conform to the Company Law and relevant regulations.</p>

<p><u>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 extemporary motions and amendments to the original proposals at the shareholders' meeting.</u></p>		
<p><u>Article 4-2</u> <u>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.</u></p> <p><u>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.</u></p>		<p>Addition is made to conform to the Company Law and relevant regulations.</p>

<p><u>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.</u></p>		
---	--	--

<p>Article 6</p> <p>The Company shall provide a sign-in book allowing attending shareholders or their appointed proxies (hereafter referred to as "shareholders") to sign in or require attending shareholders to submit attendance cards in lieu of signing in.</p> <p>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 (<u>including independent directors</u>) is to be held.</p> <p>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.</p> <p>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.</p>	<p>Article 6</p> <p>The Company shall provide a sign-in book allowing attending shareholders or their appointed proxies (hereafter referred to as "shareholders") to sign in or require attending shareholders to submit attendance cards in lieu of signing in.</p> <p>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 <u>and supervisors</u> is to be held.</p> <p>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.</p> <p>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.</p>	<p>The Audit Committee is established to replace supervisors.</p>
<p>Article 13</p> <p>Each shareholder is entitled to one vote for each share held. The above provision shall not apply to those persons whose voting rights</p>	<p>Article 13</p> <p>Each shareholder is entitled to one vote for each share held. The above provision shall not apply to those persons whose voting rights</p>	<p>Amendment is made to conform to the Company Law and relevant regulations.</p>

<p>are restricted or who have no voting right. <u>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.</u></p> <p>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.</p> <p>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.</p> <p>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</p>	<p>are restricted or who have no voting rights.</p> <p>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.</p> <p>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.</p> <p>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</p>	
--	--	--

<p>approved, the others shall be deemed vetoed and no further voting will be necessary.</p> <p>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.</p> <p>The ballots shall be publicly counted at the meeting venue and the result of voting shall be announced at the meeting and placed on record.</p>	<p>approved, the others shall be deemed vetoed and no further voting will be necessary.</p> <p>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.</p> <p>The ballots shall be publicly counted at the meeting venue and the result of voting shall be announced at the meeting and placed on record.</p>	
<p>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 must be announced at the meeting.</p> <p>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.</p>	<p>Article 14 If the election of directors <u>and supervisors</u> is conducted at a shareholders' meeting, such an election shall be performed in accordance with the Company's Director <u>and Supervisor</u> Election Regulations, and the results must be announced at the meeting.</p> <p>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.</p>	<p>The Audit Committee is established to replace supervisors.</p>
<p>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.</p> <p>With regard to the issue of</p>	<p>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.</p> <p>With regard to the issue of</p>	<p>Amendment is made to conform to the Company Law and relevant regulations.</p>

<p>minutes in the foregoing paragraph, the minutes may be distributed in the form of an announcement on the Market Observation Post System Website.</p> <p>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.</p> <p>"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.</p>	<p>minutes in the foregoing paragraph, the minutes may be distributed to <u>those shareholders who each hold less than 1,000 registered and outstanding shares</u> in the form of an announcement on the Market Observation Post System Website.</p> <p>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.</p> <p>"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.</p>	
--	---	--

Resolution: Approved as proposed by the Board of Directors by voting (a total of 2,029,108,043 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,734,816,014, or 85.49% of the total voting rights when votes were cast).

Item 5 Discussion of the Amendments to Director and Supervisor Election Regulations
(Proposed by the Board of Directors)

Explanation:(1) In order to conform to the Company Law and relevant regulations and accommodate the establishment of the Audit Committee, it is proposed to amend relevant provisions in the Regulations and change the name of the Regulations from "Director and Supervisor Election Regulations" to "Director Election Regulations". The details please see the comparison table of the Director Election Regulations before and after revision.

(2) The proposed amendments are submitted for discussion.

Comparison Table of Revised Articles of Director Election Regulations

Article after revision	Article before revision	Explanation
<p>Article 1 These Regulations have been stipulated in accordance with the "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies" in achieving fair, neutral, and open election of directors.</p>	<p>Article 1 These Regulations have been stipulated in accordance with the "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies" in achieving fair, neutral, and open election of directors <u>and supervisors.</u></p>	<p>The Audit Committee is established to replace supervisors.</p>
<p>Article 2 Unless otherwise specified in applicable laws and regulations and the Company's Articles of Incorporation, the election of the Company's directors (<u>including independent directors</u>) shall be conducted in accordance with these Regulations.</p>	<p>Article 2 Unless otherwise specified in applicable laws and regulations and the Company's Articles of Incorporation, the election of the Company's directors <u>and supervisors</u> shall be conducted in accordance with these Regulations.</p> <p><u>The Company may elect independent directors according to the Securities and Exchange Act and establish an audit committee of which all independent directors shall be members. Supervisors will not be elected if the audit committee is established and comprised of all independent directors.</u></p>	<p>The Audit Committee is established to replace supervisors.</p>

<p>Article 3 When selecting the Company's directors, it should take into consideration the overall composition of the Board of Directors. The members of the Board of Directors must commonly possess the knowledge, skills, and qualities needed to perform their duties, including business judgment, accounting and financial analysis ability, administrative management ability, crisis management ability, industry knowledge, international market perspective, leadership ability, and decision-making ability.</p> <p>The number of directors having a spousal relationship or family relationship within the second degree of kinship with any other director shall be less than half of the total number of directors.</p>	<p>Article 3 When selecting the Company's directors, it should take into consideration the overall composition of the Board of Directors. The members of the Board of Directors must commonly possess the knowledge, skills, and qualities needed to perform their duties, including business judgment, accounting and financial analysis ability, administrative management ability, crisis management ability, industry knowledge, international market perspective, leadership ability, and decision-making ability.</p> <p>The number of directors having a spousal relationship or family relationship within the second degree of kinship with any other director shall be less than half of the total number of directors.</p> <p><u>When selecting supervisors of the Company, it should take into consideration whether the candidates possess trustworthiness, fair judgment, professional knowledge, plentiful experience, and the ability to read financial statements.</u></p> <p><u>Except for the above requirement, at least one of the supervisors of the Company shall have expertise about accounting or finance.</u></p> <p><u>There shall be at least one supervisor having no spousal relationship or family relationship within the second degree of kinship with any other supervisor or director.</u></p>	<p>The Audit Committee is established to replace supervisors.</p>
---	--	---

	<p><u>A supervisor shall not be concurrently a director, a manager or other employee of the Company, and better be domiciled in Taiwan to exercise its oversight function in a timely manner.</u></p>	
<p>Article 4 The qualifications of the Company's independent directors must comply with the competent authority's determination standards; the election of the independent directors shall be subject to the regulations prescribed by the competent authority.</p> <p>The directors (<u>including independent directors</u>) shall be elected pursuant to the candidates nomination system in Article 192-1 of the Company Law.</p>	<p>Article 4 The qualifications of the Company's independent directors must comply with the competent authority's determination standards; the election of the independent directors shall be subject to the regulations prescribed by the competent authority.</p> <p>The <u>independent</u> directors shall be elected pursuant to the candidates nomination system in Article 192-1 of the Company Law.</p>	<p>Amendment is made to conform to the Company Law and relevant regulations and to meet the Company's business needs.</p>
<p>Article 5 The Company's directors shall be elected by means of the single open cumulative ballot method. According to relevant laws, each share is entitled to votes equal to the number of directors to be elected, and the number of votes may be used together to elect one person or spread out over several persons. The Board of Directors shall prepare ballots equal to the number of directors to be elected. In addition to affixing the Company's seal on the ballots, each ballot shall bear an elector's attendance card number and number of votes for distribution to the attending shareholders.</p>	<p>Article 5 The Company's directors <u>and supervisors</u> shall be elected by means of the single open cumulative ballot method. According to relevant laws, each share is entitled to votes equal to the number of directors <u>and supervisors</u> to be elected, and the number of votes may be used together to elect one person or spread out over several persons. The Board of Directors shall prepare ballots equal to the number of directors <u>and supervisors</u> to be elected. In addition to affixing the Company's seal on the ballots, each ballot shall bear an elector's attendance card number and</p>	<p>The Audit Committee is established to replace supervisors.</p>

	<p>number of votes for distribution to the attending shareholders.</p>	
<p>Article 6 Candidates for election of the Company's directors shall be elected, with independent directors, non-independent directors elected at the same time but in separately calculated numbers, in sequence starting from those who have received the highest number of votes until the <u>required</u> number of persons specified in the Company's Articles of Incorporation <u>and proposed by the Board of Directors</u> are elected. If two or more persons receive the same number of votes, and resulting in the total number of persons to be elected exceeds the number specified in the Company's Articles of Incorporation, those persons who have received the same number of votes shall draw straws to decide who is elected. If any person who has received the same number of votes with others is not present at the meeting, the chairman shall draw a straw on that absent person's behalf.</p>	<p>Article 6 <u>The Company's Board of Directors or any shareholder may submit a list of candidates for the election of non-independent directors and supervisors. Such lists shall serve as references for the election of non-independent directors and supervisors.</u></p> <p><u>When the Board of Directors submits a list of candidates, it may also provide the candidates' academic background, career experiences, shareholdings, name of government or legal entity represented, and status of independence, etc. for the reference of shareholders.</u></p> <p>Candidates for election of the Company's directors <u>and supervisors</u> shall be elected, with independent directors, non-independent directors <u>and supervisors</u> elected at the same time but in separately calculated numbers, in sequence starting from those who have received the highest number of votes until the number of persons specified in the Company's Articles of Incorporation is elected. If two or more persons receive the same number of votes, and resulting in the total number of persons to be elected exceeds the number specified in the Company's Articles of Incorporation, those persons who have received the same number of votes shall draw straws to decide who is elected. If any person who has received the</p>	<p>Amendment is made to conform to the Company Law and relevant regulations.</p>

	same number of votes with others is not present at the meeting, the chairman shall draw a straw on that absent person's behalf.	
Article 11 The ballot box shall be opened in front of the meeting after the completion of voting. The chairman shall announce the names of the elected directors in front of the meeting, or the chairman may appoint a master of ceremonies to do so.	Article 11 The ballot box shall be opened in front of the meeting after the completion of voting. The chairman shall announce the names of the elected directors <u>and supervisors</u> in front of the meeting, or the chairman may appoint a master of ceremonies to do so.	The Audit Committee is established to replace supervisors.
Article 12 The Company's Board of Directors shall issue election notification to each elected director.	Article 12 The Company's Board of Directors shall issue election notification to each elected director <u>and supervisor</u> .	The Audit Committee is established to replace supervisors.

Resolution: Approved as proposed by the Board of Directors by voting (a total of 2,029,108,043 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,734,816,014, or 85.49% of the total voting rights when votes were cast).

Item 6 Discussion of the Amendments to Operating Procedures of Acquisition or Disposal of Assets (Proposed by the Board of Directors)

Explanation:(1) In order to conform to amendment to "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Financial Supervisory Commission of Executive Yuan and to meet the Company's business needs and accommodate the establishment of the Audit Committee, it is proposed to amend the "Operating Procedures of Acquisition or Disposal of Assets". The details please see the comparison table of the Operating Procedures of Acquisition or Disposal of Assets before and after revision.

(2) The proposed amendments are submitted for discussion.

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

Article after revision	Article before revision	Explanation
<p>Article 2 Promulgation and Amendment of the Operating Procedures The Operating Procedures of Acquisition or Disposal of Assets of the Company shall <u>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.</u> The same procedure shall apply to any amendment to the Operating Procedures.</p> <p><u>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.</u></p> <p><u>"All Audit Committee members" and "all directors" in the preceding paragraph referred to in</u></p>	<p>Article 2 Promulgation and Amendment of the Operating Procedures <u>After approval by the Board of Directors,</u> the Operating Procedures shall be submitted to <u>each Supervisor and for approval by the shareholders' meeting before implementation.</u> The same procedure shall apply to any amendment to the Operating Procedures. <u>If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to each Supervisor and for discussion by the shareholders' meeting.</u></p>	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>

<p><u>these Operating Procedures shall mean the actual number of persons currently holding those positions.</u></p> <p>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.</p>	<p>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.</p>	
<p>Article 9 If any acquisition or disposal of assets should be approved by <u>the Audit Committee</u>, 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 <u>approved by one-half or more of all Audit Committee members</u> and submit it for approval by the Board of Directors, or approval by the shareholders' meeting.</p>	<p>Article 9 If any acquisition or disposal of assets should be approved by the Board of Directors <u>or recognized by the Supervisor</u>, or approved by 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 submit it for approval by the Board of Directors, <u>recognition by the Supervisor</u>, or approval by the shareholders' meeting.</p>	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>

<p>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.</p>	<p><u>In terms of any acquisition or disposal of assets which should be approved by the Board of Directors, if any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to each Supervisor.</u></p> <p>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.</p>	
<p>Article 10 When acquiring or disposing of securities, the Company shall, <u>prior to the date of occurrence of the event</u>, 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. <u>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</u></p>	<p>Article 10 When acquiring or disposing of securities, the Company shall 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 appoint an accountant to render an opinion on the reasonableness of the transaction price. 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.</p>	<p>Amendment is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>

<p>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.</p>		
<p>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 other fixed assets, 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 machinery and equipment for operating use, the Company shall, <u>prior to the date of occurrence of the event</u>, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 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 	<p>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 other fixed assets, 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 machinery and equipment for operating use, the Company shall obtain an appraisal report <u>in advance</u> from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 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 	<p>Amendment is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>

<p>professional appraisers</p> <p>3. If the professional appraiser's appraisal results revealed any of the following circumstances, <u>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</u>, 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:</p> <p>(1) Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) Where the difference between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. The period from the date of the appraisal report <u>issued by a professional appraiser to the execution date of the relevant sale and purchase agreement</u> 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</p>	<p>professional appraisers</p> <p>3. If the professional appraiser's appraisal results revealed any of the following circumstances, 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:</p> <p>(1) Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) Where the difference between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. <u>Where an appraisal is conducted prior to the execution date of the relevant sale and purchase agreement</u>, the period from the date of the appraisal report 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</p>	
---	---	--

<p>still be issued by the same professional appraiser.</p> <p>5. Not Amended.</p>	<p>six months have elapsed from the original appraisal report, an opinion may still be issued by the same professional appraiser.</p> <p>5. Omitted.</p>	
<p>Article 12 Procedures governing <u>transactions</u> with a related party are as follows:</p> <p>1. When the Company <u>acquires or disposes of assets</u> from or to a related party, in addition to complying with the requirements set forth in <u>Article 10, Article 11 and Article 13 and following</u> required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions, <u>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.</u></p> <p><u>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 13-1 hereof.</u> 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:</p>	<p>Article 12 Procedures governing acquisition of real property <u>from a related party</u> are as follows:</p> <p>1. When the Company <u>acquires real property</u> from a related party <u>through purchase or swap</u>, in addition to compliance with the requirements set forth in Article 11, the Company shall follow required procedures and obtain required approvals, and assess the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions. 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</p>	<p>To accommodate the establishment of the Audit Committee and the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>

<p><u>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, the Company may proceed to enter into a transaction contract and make payments 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:</u></p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition <u>or disposal of assets.</u></p> <p>(2) The reason for choosing the related party as the transaction counterparty.</p> <p>(3) <u>With respect to the acquisition of real property from a related party,</u> 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.</p> <p>(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> <p>(5) Monthly cashflow forecasts</p>	<p>procedures:</p> <p>The Company may acquire real property from a related party only after submitting the following information to the Board of Directors for approval <u>and to the Supervisors for recognition:</u></p> <p>(1) The purpose, necessity and estimated benefits of the acquisition of <u>the real property.</u></p> <p>(2) The reason for choosing the related party as the transaction counterparty.</p> <p>(3) Information regarding appraisal of the reasonableness of the proposed transaction terms in accordance with the provisions of items (1) and (4), subparagraph 3 of this Article 12.</p> <p>(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>	
---	---	--

<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><u>(6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.</u></p> <p><u>(7) Restrictive covenants and other important terms in connection with the transaction.</u></p> <p><u>The calculation of the transaction amount referred to in the preceding paragraph 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.</u></p> <p><u>With respect to the acquisition or disposal of machinery and equipment for business use between the Company and its parent company or subsidiaries, the Board of Directors may authorize the Chairman to decide such matters when the transaction is within a certain amount and subsequently submit the aforesaid decision to the next meeting of the Board of Directors for ratification.</u></p> <p>When the items listed in subparagraph 2 of this Article 12</p>	<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><u>(6) Restrictive covenants and other important terms in connection with the transaction.</u></p> <p>When the items listed in subparagraph 2 of this Article 12 are submitted for discussion in</p>	
---	---	--

<p>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. Assessment of reasonableness of transaction cost: (1) through (4): Not Amended.</p> <p>(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.</p> <p>a. Not Amended.</p>	<p>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. Assessment of reasonableness of transaction cost: (1) through (4): omitted.</p> <p>(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.</p> <p>a. Omitted. b. <u>Supervisors of the Company</u></p>	
--	---	--

<p>b. <u>The Audit Committee</u> of the Company shall comply with Article 218 of the Company Law. c. Not Amended. (6) and (7): Not Amended.</p>	<p>shall comply with Article 218 of the Company Law. c. Omitted. (6) and (7): Omitted.</p>	
<p>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, the Company shall, <u>prior to the date of occurrence of the event</u>, 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>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, the Company shall 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>Amendment is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>
<p><u>Article 13-1</u> <u>The calculation of the transaction amount referred to in Articles 10, 11 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.</u></p>		<p>Addition is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>

<p>Article 15 Procedures governing derivatives trading activities are as follows:</p> <ol style="list-style-type: none"> 1. Not Amended. 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 <u>handled in accordance with these Operating Procedures.</u> (Below Not Amended) 3. Not Amended. 4. Internal control system: (1), (2) and (3): Not Amended. <p>(4) Oversight principles for derivative trading by the Board of Directors:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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 	<p>Article 15 Procedures governing derivatives trading activities are as follows:</p> <ol style="list-style-type: none"> 1. Omitted. 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 <u>shall be approved by the Board of Directors before implementation.</u> (Omitted Below) 3. Omitted. 4. Internal control system: (1), (2) and (3): Omitted. <p>(4) Oversight principles for derivative trading by the Board of Directors:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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 	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>
--	---	--

<p>management officers shall take appropriate counter measures and shall immediately report to the Board of Directors.</p> <p>b., c. and d.: Not Amended.</p> <p>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 <u>the Audit Committee of the Company</u> 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.</p>	<p>management officers shall take appropriate counter measures and shall immediately report to the Board of Directors. <u>If the Company has independent directors, at least one independent director should be present at the meeting and express his opinion.</u></p> <p>b., c. and d.: Omitted.</p> <p>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 <u>the Supervisors of Company</u> 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.</p>	
<p>Article 16 Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows: 1. Not Amended.</p> <p>2. Other matters to be noted:</p>	<p>Article 16 Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows: 1. Omitted.</p> <p>2. Other matters to be noted:</p>	<p>Amendment is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>

<p>(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:</p> <p>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.</p> <p>b. Dates of material events: including those for signing of any</p>	<p>(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:</p> <p>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.</p> <p>b. Dates of material events: including those for signing of any</p>	
--	--	--

<p>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.</p> <p>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.</p> <p>When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall, within two days <u>commencing from the date of</u> 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.</p> <p>(2) through (6): Not Amended.</p>	<p>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.</p> <p>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.</p> <p>When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall, within two days 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.</p> <p>(2) through (6): Omitted.</p>	
<p>Article 17</p> <p>Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:</p> <p>1. Acquisition <u>or disposal</u> of real property from or to a related party, <u>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;</u> <u>provided, however, that this paragraph shall not apply to</u></p>	<p>Article 17</p> <p>Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:</p> <p>1. Acquisition of real property from a related party.</p>	<p>Amendment is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>

<p><u>trading of government bonds or bonds under repurchase and resale agreements.</u></p> <p><u>2.</u> Merger or consolidation, split, acquisition, or assignment of shares.</p> <p><u>3.</u> 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><u>4.</u> Other asset transactions other than those referred to in the preceding <u>three</u> subparagraphs, disposal of receivables by a financial institution, <u>or investment in the Mainland China area</u>, and the transaction amount of which reaches 20% of the <u>Company's</u> 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.</p> <p>(3) Trading of bonds under repurchase/resale agreements.</p> <p>(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</p>	<p><u>2. Investment in the Mainland China area.</u></p> <p>3. Merger or consolidation, split, acquisition, or assignment of shares.</p> <p>4. 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>5. Other asset transactions other than those referred to in the preceding <u>four</u> subparagraphs, <u>or</u> disposal of receivables by a financial institution, 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.</p> <p>(3) Trading of bonds under repurchase/resale agreements.</p> <p>(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</p>	
--	---	--

<p>million.</p> <p>(5) Acquisition or disposal of real property under arrangement of commissioned construction on self-owned <u>or leased</u> 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.</p> <p><u>5.</u> 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 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</p>	<p>million.</p> <p>(5) Acquisition or disposal of real property under arrangement of commissioned construction on self-owned 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.</p> <p><u>6.</u> The transaction amount referred to in the foregoing <u>five</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 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</p>	
---	--	--

<p>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>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>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 <u>commencing from</u> the date of occurrence of the event.</p>	<p>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 of the date of occurrence.</p>	<p>Amendment is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>
<p>Article 19 Procedures governing public announcement and reporting are as follows: 1. through 4: Not Amended. 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 <u>commencing from</u> the date of occurrence of the event:</p>	<p>Article 19 Procedures governing public announcement and reporting are as follows: 1. through 4.: Not Amended. 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 of the date of occurrence:</p>	<p>Amendment is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>

<p>(1) Any amendment, termination or discharge of the contracts originally executed in the 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><u>(3) Change in publicly announced and reported information.</u></p>	<p>(1) Any amendment, termination or discharge of the contracts originally executed in the 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>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. <u>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.</u></p> <p>2. and 3.: Not Amended.</p>	<p>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.</p> <p>2. and 3.: omitted.</p> <p>4. With regard to requirement of public announcement and reporting for subsidiaries, the provisions regarding "exceeding 20% of the company's paid-in capital" shall refer to the parent company's paid-in capital.</p>	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>

4. With regard to requirement of public announcement and reporting for subsidiaries, the provisions regarding "exceeding 20% of the <u>Company's paid-in capital</u> " <u>or 10% of the total assets</u> shall refer to the parent company's paid-in capital <u>or total assets</u> .		
---	--	--

Resolution: Approved as proposed by the Board of Directors by voting (a total of 2,029,108,043 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,734,996,014, or 85.50% of the total voting rights when votes were cast).

Item 7 Discussion of the Amendments to Operating Procedures of Fund Lending
(Proposed by the Board of Directors)

Explanation:(1) In order to meet the Company's business needs and accommodate the establishment of the Audit Committee, it is proposed to amend the "Operating Procedures of Fund Lending". The details please see the comparison table of the Operating Procedures of Fund Lending before and after revision.

(2) The proposed amendments are submitted for discussion.

Comparison Table of Revised Articles of the Operating Procedures of Fund Lending

Article after revision	Article before revision	Explanation
<p>Article 3 Total Amount of Funds Lending and Limit for Each Recipient</p> <p>1. Not Amended.</p> <p>2. When a subsidiary of the Company ("Subsidiary") lends funds to other companies or enterprises with which the Subsidiary has business relations, the amount lent to recipients shall not exceed the total transaction amount between the recipient and the Subsidiary in the most recent year and the total amount lent shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements; when providing short-term financing to other companies or enterprises, the total short-term financing amount shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements. The aggregate amount of total funds lent to other companies or enterprises with which the Subsidiary has business relations and total short-term financing provided to other companies or</p>	<p>Article 3 Total Amount of Funds Lending and Limit for Each Recipient</p> <p>1. Omitted.</p> <p>2. When a subsidiary of the Company ("Subsidiary") lends funds to other companies or enterprises with which the Subsidiary has business relations, the amount lent to a <u>single</u> recipient shall not exceed the total transaction amount between the recipient and the Subsidiary in the most recent year <u>and shall not exceed 10 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements</u>, and the total amount lent shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements; when providing short-term financing to other companies or enterprises, the short-term financing amount <u>to a single recipient shall not exceed 10 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements</u>, and the total short-</p>	<p>Amendment is made to conform to "Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies."</p>

<p>enterprises shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements.</p>	<p>term financing amount shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements. The aggregate amount of total funds lent to other companies or enterprises with which the Subsidiary has business relations and total short-term financing provided to other companies or enterprises shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements.</p>	
<p>Article 5 Procedures for Fund Lending</p> <p>1. Handling Procedures</p> <p>(1) When lending funds or providing short-term financing to others, the Company's division in charge shall review and submit the proposal for the Chairman of the Board's approval, and shall <u>be approved by one-half or more of all Audit Committee members</u> and then for discussion and consent by the Board of Directors. <u>If the proposal has not been approved by one-half or more of all Audit Committee members, it 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.</u> The Board of Directors may authorize the Chairman to lend in installments or to revolve the credit facility when lending funds to the same party, within a certain amount resolved by the Board of Directors and within one year.</p>	<p>Article 5 Procedures for Fund Lending</p> <p>1. Handling Procedures</p> <p>(1) When lending funds or providing short-term financing to others, the Company's division in charge shall review and submit the proposal for the Chairman of the Board's approval and then for discussion and consent by the Board of Directors. The Board of Directors may authorize the Chairman to lend in installments or to revolve the credit facility when lending funds to the same party, within a certain amount resolved by the Board of Directors and within one year. The Company shall take into full consideration of each independent director's opinion in the discussion by the Board of Directors, and shall record each independent director's explicit opinion for assent or dissent and reason for dissent in the meeting minutes of the Board of Directors.</p>	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>

<p>The Company shall take into full consideration of each independent director's opinion in the discussion by the Board of Directors, and shall record each independent director's explicit opinion for assent or dissent and reason for dissent in the meeting minutes of the Board of Directors.</p> <p>(2) Not Amended.</p> <p>(3) The Company's internal auditors shall audit the procedures of lending of funds to others and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall promptly notify <u>the Audit Committee</u> of the Company in writing.</p> <p>(4) Not Amended.</p> <p>(5) Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limits set forth in the Operating Procedures as a result of change of conditions, the Finance Division of the Company shall prepare corrective plans and submit such corrective plans to <u>the Audit Committee</u> of the Company and rectify as scheduled under the corrective plans.</p> <p>2. Not Amended.</p>	<p>(2) Omitted.</p> <p>(3) The Company's internal auditors shall audit the procedures of lending of funds to others and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall promptly notify <u>the Supervisors</u> of the Company in writing.</p> <p>(4) Omitted.</p> <p>(5) Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limits set forth in the Operating Procedures as a result of change of conditions, the Finance Division of the Company shall prepare corrective plans and submit such corrective plans to <u>the Supervisors</u> of the Company and rectify as scheduled under the corrective plans.</p> <p>2. Omitted.</p>	
<p>Article 7 Additional Guidelines of Lending Funds to Others</p>	<p>Article 7 Additional Guidelines of Lending Funds to Others</p>	<p>To accommodate the establishment of the Audit Committee, it</p>

<p>1. Not Amended.</p> <p>2. The Company's internal auditors shall audit the procedures for lending of funds to others and the implementation thereof no less frequently than each quarter and prepare written audit report accordingly. If there is any material violation of the operating procedures, the auditors shall promptly notify <u>the Audit Committee</u> of the Company in writing.</p> <p>3. Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limit as set forth in the Operating Procedures as a result of changes of condition, the auditors shall urge the Finance Division to withdraw the excess amount within a specified period and submit a corrective plan to <u>the Audit Committee</u> of the Company and rectify as scheduled under the corrective plans.</p>	<p>1. Omitted.</p> <p>2. The Company's internal auditors shall audit the procedures for lending of funds to others and the implementation thereof no less frequently than each quarter and prepare written audit report accordingly. If there is any material violation of the operating procedures, the auditors shall promptly notify <u>the Supervisors</u> of the Company in writing.</p> <p>3. Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limit as set forth in the Operating Procedures as a result of changes of condition, the auditors shall urge the Finance Division to withdraw the excess amount within a specified period and submit a corrective plan to <u>the Supervisors</u> of the Company and rectify as scheduled under the corrective plans.</p>	<p>is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>
<p>Article 8 Procedures for Controlling Fund Lending Made by Subsidiaries</p> <p>1. Not Amended.</p> <p>2. When a Subsidiary lends funds to others, the Subsidiary shall act in accordance with its own "Internal Control Rules" and "Operating Procedures of Fund Lending". The Subsidiary shall also submit to the Company a</p>	<p>Article 8 Procedures for Controlling Fund Lending Made by Subsidiaries</p> <p>1. Omitted.</p> <p>2. When a Subsidiary lends funds to others, the Subsidiary shall act in accordance with its own "Internal Control Rules" and "Operating Procedures of Fund Lending". The Subsidiary shall also submit to the Company a</p>	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>

<p>written report every month summarizing the balance of funds lent, recipients of funds lent, and the term of funds lent in the preceding month by the fifth day of the current month. The internal auditors of the Company shall include the operating specifics of the lending of funds by the Subsidiaries as one of the items to be audited quarterly. If there is any material violation of the Internal Control Rules and/or the Operating Procedures of Fund Lending, the internal auditors of the Company shall promptly notify the Board of Directors and the Audit Committee.</p> <p>3. Not Amended.</p>	<p>written report every month summarizing the balance of funds lent, recipients of funds lent, and the term of funds lent in the preceding month by the fifth day of the current month. The internal auditors of the Company shall include the operating specifics of the lending of funds by the Subsidiaries as one of the items to be audited quarterly. If there is any material violation of the Internal Control Rules and/or the Operating Procedures of Fund Lending, the internal auditors of the Company shall promptly notify the Board of Directors and Supervisors.</p> <p>3. Omitted.</p>	
<p>Article 11 Other Matters</p> <p><u>After approval by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors, these Operating Procedures shall be submitted to the shareholders' meeting for approval before implementation. If the proposal has not been approved by one-half or more of all Audit Committee members, it 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, and then submitted for approval by the shareholders' meeting before implementation.</u> If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such</p>	<p>Article 11 Other Matters</p> <p><u>After approval by the Board of Directors, the Operating Procedures shall be submitted to each Supervisor and for approval by the shareholders' meeting before implementation. If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to each Supervisor and for discussion by the shareholders' meeting. The same procedure shall apply to any amendments to the Operating Procedures.</u></p>	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>

<p>objection, the Company shall submit the objection to each Supervisor and for discussion by the shareholders' meeting. The same procedure shall apply to any amendments to the Operating Procedures.</p> <p>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 and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</p>	<p>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 and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</p>	
---	--	--

Resolution: Approved as proposed by the Board of Directors by voting (a total of 2,029,108,043 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,734,096,014, or 85.46% of the total voting rights when votes were cast).

Item 8 Discussion of the Amendments to Operating Procedures of Endorsement and Guarantee (Proposed by the Board of Directors)

Explanation:(1) In order to meet the Company's business needs and accommodate the establishment of the Audit Committee, it is proposed to amend the "Operating Procedures of Endorsement and Guarantee". The details please see the comparison table of the Operating Procedures of Endorsement and Guarantee before and after revision.
 (2) The proposed amendments are submitted for discussion.

Comparison Table of Revised Articles of the Operating Procedures of Endorsement and Guarantee

Article after revision	Article before revision	Explanation
<p>V. Procedures for Making Endorsement and Guarantee</p> <p>1. The Finance Division of the Company shall review the qualification and limits of endorsement and guarantee based on the application by the entity for which the endorsement and guarantee is to be made item by item, and determine whether the amount of the endorsement and guarantee to be made is in compliance with the requirements of the Operating Procedures, and check whether the amount of the endorsement and guarantee to be made is subject to the public announcement and reporting regulation. The Finance Division shall submit the review and assessment report prepared in accordance with Article VI of the Operating Procures for the Chairman of the Board's approval <u>and for approval by one-half or more of all Audit Committee members</u> and then for discussion and consent by the Board of Directors. <u>If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or</u></p>	<p>V. Procedures for Making Endorsement and Guarantee</p> <p>1. The Finance Division of the Company shall review the qualification and limits of endorsement and guarantee based on the application by the entity for which the endorsement and guarantee is to be made item by item, and determine whether the amount of the endorsement and guarantee to be made is in compliance with the requirements of the Operating Procedures, and check whether the amount of the endorsement and guarantee to be made is subject to the public announcement and reporting regulation. The Finance Division shall submit the review and assessment report prepared in accordance with Article VI of the Operating Procures for the Chairman of the Board's approval and then for discussion and consent by the Board of Directors. If the amount to be made is within the authorized amount, the Chairman of the Board may approve the endorsement and guarantee based on the recipient's credit worthiness and financial</p>	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>

<p><u>more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.</u></p> <p>If the amount to be made is within the authorized amount, the Chairman of the Board may approve the endorsement and guarantee based on the recipient's credit worthiness and financial condition at his discretion and then report to the next meeting of the Board of Directors for recognition.</p> <p>The Company shall take into full consideration of each independent director's opinion when making endorsements and guarantees to others and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</p> <p>2. The Finance Division of the Company shall set up a record book for recording matters relating to making endorsements and guarantees by the Company. The Finance Division shall apply for stamping by the Company seal in accordance with applicable internal rules of the Company, and shall also record the entity for which the endorsement or guarantee is made, amount, <u>date of approval by the Audit Committee</u>, date of approval by the Board of Directors, endorsement or guarantee date, and matters to be carefully evaluated in accordance with Article VI of the Operating Procedures.</p>	<p>condition at his discretion and then report to the next meeting of the Board of Directors for recognition.</p> <p>The Company shall take into full consideration of each independent director's opinion when making endorsements and guarantees to others and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</p> <p>2. The Finance Division of the Company shall set up a record book for recording matters relating to making endorsements and guarantees by the Company. <u>After an endorsement or guarantee has been approved by the Board of Directors or the Chairman of the Board</u>, the Finance Division shall apply for stamping by the Company seal in accordance with applicable internal rules of the Company, and shall also record the entity for which the endorsement or guarantee is made, amount, date of approval by the Board of Directors <u>or the Chairman</u>, endorsement or guarantee date, and matters to be carefully evaluated in accordance with</p>	
--	--	--

<p>3. The Company's internal auditors shall audit the procedures of making endorsements and guarantees and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall notify <u>the Audit Committee</u> in writing.</p> <p>4. Not Amended.</p> <p>5. If the qualification of the entity for which an endorsement or guarantee is made no longer meets the requirements set forth in the Operating Procedures, or the amount of endorsements and guarantees made exceeds the limits set forth in the Operating Procedures as a result of changes of the basis of calculating the limits, the Finance Division of the Company shall prepare corrective plans for the endorsement and guarantee made to the entity which is no longer qualified or the amount in excess of the limits for the Chairman's approval and to correct all such issues within a specified period. The Finance Division of the Company shall also submit such corrective plans to <u>the Audit Committee</u> and rectify as scheduled under the corrective plans.</p> <p>6. Not Amended.</p>	<p>Article VI of the Operating Procedures.</p> <p>3. The Company's internal auditors shall audit the procedures of making endorsements and guarantees and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall notify <u>the Supervisors</u> of the Company in writing.</p> <p>4. Omitted.</p> <p>5. If the qualification of the entity for which an endorsement or guarantee is made no longer meets the requirements set forth in the Operating Procedures, or the amount of endorsements and guarantees made exceeds the limits set forth in the Operating Procedures as a result of changes of the basis of calculating the limits, the Finance Division of the Company shall prepare corrective plans for the endorsement and guarantee made to the entity which is no longer qualified or the amount in excess of the limits for the Chairman's approval and to correct all such issues within a specified period. The Finance Division of the Company shall also submit such corrective plans to <u>the Supervisors</u> of the Company and rectify as scheduled under the corrective plans.</p> <p>6. Omitted.</p>	
--	---	--

<p>VII. Procedures for Controlling Endorsements and Guarantees Made by Subsidiaries</p> <p>1. When a subsidiary of the Company wishes to provide endorsements and guarantees to other entity, the subsidiary shall act in accordance with its own "Internal Control Rules" and "Operating Procedures of Endorsement and Guarantee". The subsidiary shall also submit to the Company a written report summarizing the balance of endorsements and guarantees made, entities for which the endorsements and guarantees are made, and the term of the endorsements and guarantees made in the preceding month by the fifth day of the following month. The Audit Division of the Company shall include the operating specifics of the endorsements and guarantees made by the subsidiaries as one of the items to be audited quarterly. If there is any material violation of the Internal Control Rules and/or the Operating Procedures of Fund Lending, the internal auditors of the Company shall promptly notify the Board of Directors and <u>the Audit Committee</u>.</p> <p>2. Not Amended.</p>	<p>VII. Procedures for Controlling Endorsements and Guarantees Made by Subsidiaries</p> <p>1. When a subsidiary of the Company wishes to provide endorsements and guarantees to other entity, the subsidiary shall act in accordance with its own "Internal Control Rules" and "Operating Procedures of Endorsement and Guarantee". The subsidiary shall also submit to the Company a written report summarizing the balance of endorsements and guarantees made, entities for which the endorsements and guarantees are made, and the term of the endorsements and guarantees made in the preceding month by the fifth day of the following month. The Audit Division of the Company shall include the operating specifics of the endorsements and guarantees made by the subsidiaries as one of the items to be audited quarterly. If there is any material violation of the Internal Control Rules and/or the Operating Procedures of Fund Lending, the internal auditors of the Company shall promptly notify the Board of Directors and <u>Supervisors</u>.</p> <p>2.Omitted.</p>	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>
<p>VIII. Decision-making and Authorization</p> <p>Where an amount of endorsement and guarantee to be made is approved by the Company, each time when executing the endorsement and guarantee</p>	<p>VIII. Decision-making and Authorization</p> <p>Where an amount of endorsement and guarantee to be made is approved by the Company, each time when executing the endorsement and guarantee</p>	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and</p>

<p>within such amount, the application letter by the entity for which the guarantee is to be made shall be reviewed in accordance with Article V of the Operating Procedures.</p> <p>The Company shall take into full consideration of each independent director's opinion when providing endorsements and guarantees to others and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</p>	<p>within such amount, the application letter by the entity for which the guarantee is to be made shall be reviewed in accordance with Article V of the Operating Procedures <u>and approved by the Board of Directors. The same approval procedure shall apply if there is any change to the application amount.</u></p> <p>The Company shall take into full consideration of each independent director's opinion when providing endorsements and guarantees to others and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</p>	<p>Exchange Act.</p>
<p><u>XIII. Other Matters</u> After approval by <u>one-half or more of all Audit Committee members, and then for discussion and consent by the Board of Directors</u>, these Operating Procedures shall be submitted to the shareholders' meeting for approval before implementation. <u>If the proposal has not been approved by one-half or more of all Audit Committee members, it 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, and then submitted for approval by the shareholders' meeting before implementation.</u> If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall</p>	<p><u>XIII. Other Matters</u> After approval by <u>the Board of Directors</u>, the Operating Procedures shall be submitted to <u>each Supervisor</u> and for approval by the shareholders' meeting before implementation. If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to <u>each Supervisor</u> and for discussion by the shareholders' meeting. The same procedure shall apply to any amendment to the Operating Procedures.</p>	<p>To accommodate the establishment of the Audit Committee, it is proposed to revise relevant provisions in accordance with Article 14-5 of the Securities and Exchange Act.</p>

<p>submit the objection to the shareholders' meeting for discussion. The same procedure shall apply to any amendment to the Operating Procedures.</p> <p>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 and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</p>	<p>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 and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</p>	
--	--	--

Resolution: Approved as proposed by the Board of Directors by voting (a total of 2,029,108,043 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,734,996,014, or 85.50% of the total voting rights when votes were cast).

Item 9 Re-election of Directors (Proposed by the Board of Directors)

- Explanation:(1) The fifteenth term of the office of the directors and supervisors will expire on June 9, 2012. According to Article 195 and Article 217 of the Company Law, if the re-election of directors and supervisors is not held before the expiration of the term of office of current directors and supervisors, the incumbent directors and supervisors shall hold office until the time new directors and supervisors have been elected and assumed their office.
- (2) The Company has established the Audit Committee in accordance with the Securities and Exchange Act and no longer has supervisors. The Audit Committee is composed of all independent directors. According to Article 18 of the Articles of Incorporation (as amended), the directors (including independent directors) of the sixteenth term will be elected in this annual general shareholders' meeting. Thirteen directors (including three independent directors) will be elected at this shareholders' meeting. The term of the new directors will start from June 19, 2012 and will expire on June 18, 2015. The directors will assume office immediately after the shareholders meeting.
- (3) The Company adopted the candidates nomination system for electing the independent directors. The list of candidates has been approved by the Board of Directors of the Company on April 30, 2012. The relevant information is as follows:

Candidates for Independent Directors	Educational Background	Experience	Number of Shares Held
Yung-Chin Chen	Department of Accounting of Soochow University, M.A.	CPA, PricewaterhouseCoopers	0
Tsong-Ping Perng	Department of Materials Science and Engineering of University of Illinois at Urbana-Champaign, Ph.D.	<ul style="list-style-type: none"> ● Chairman of Department of Materials Science and Engineering of National Tsing Hua University ● Dean of Office of Academic Affairs of National Tsing Hua University ● Chairman of Materials Research Society Taiwan ● Principal of Yuan Ze 	0

		University	
George Chao	Department of Banking and Insurance, Tamkang University, B.A.	Chairman of 3M Taiwan Limited	0

(4) Please vote.

Election Result: 13 Directors (including 3 Independent Directors), the election result as below:

Title	Name	Current shareholdings on Election
		Shares
Director	Bruce CH Cheng	2,142,546,875
Director	Yancey Hai	1,696,870,596
Director	Mark Ko	1,673,901,997
Director	Ping Chen	1,673,901,972
Director	Johnson Lee	1,673,901,972
Director	Fred Chai Yan Lee	1,672,567,933
Director	Simon Chang	1,661,279,310
Director	Steven Liu	1,659,348,693
Director	Albert Chang	1,645,049,382
Director	Chung-Hsing Huang	1,632,944,194
Independent director	George Chao	1,632,942,971
Independent director	Yung-Chin Chen	1,613,961,276
Independent director	Tsong-Ping Perng	1,613,961,451

The term of the new directors will start from June 19, 2012 and will expire on June 18, 2015.

Item 10 Discussion of Releasing the Directors from Non-Competition Restrictions
(Proposed by the Board of Directors)

Explanation: (1) According to Article 209 of the Company Law, a director who conducts business within the business scope of the Company for himself or others shall explain in the shareholders' meeting the essential contents of such conduct and obtain the shareholders' approval.

(2) The directors elected at this shareholders meeting may concurrently perform work for other companies and thus be subject to Article 209 of the Company Law. To meet the actual needs of the Company, without prejudice to the interests of the Company, the additional positions those directors serve and the work they perform for competitors will be explained and submitted to the shareholders' meeting for resolution to remove the non-competition restrictions from the date that directors assume the office. For details please refer to the table to be placed at the venue of the shareholders' meeting after the re-election of Directors.

Resolution: Approved as proposed by the Board of Directors by voting (a total of 2,029,108,043 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,353,089,108, or 66.68% of the total voting rights when votes were cast).

III. EXTEMPORARY MOTIONS: None

There is no extemporary motion after consultation with all present shareholders. The Chairman declares that the meeting is adjourned.

Meeting Adjourned

Chairman: Bruce CH Cheng

Recorder: Ms. Jill Lee

Details of Directors' Important Positions in Other Companies

Name of Directors	Directors' important positions in other companies	
Bruce CH Cheng	DAC Holding (Cayman) Ltd.	Director
	Cyntec Co., Ltd	Director
	Delta Electronics (Japan), Inc.	Director
	Delta Electronics (H.K.) Limited	Director
	Delta International Holding Ltd.	Director
	De Huo Venture Investment Co., Ltd	Director
	Delta Electronics (Jiangsu) Ltd.	Chairman
	Fairview Assets Ltd.	Director
	Delta Electronics Components (Wujiang) Ltd.	Chairman
	Delta Electro-Optics (Wujiang) Ltd.	Chairman
	Delta Video Display System (Wujiang) Ltd.	Chairman
	Finestar International Limited	Director
	Hua Zhi Investment Co., Ltd.	Chairman
	Delta Networks Holding Limited	Director
	Delta Network, Inc.	Director
	Delta Electronics (Shanghai) Co., Ltd.	Chairman
	DelSolar Co., Ltd.	Director
	DelSolar Holding (Cayman) Ltd.	Director
	DelSolar (HK) Ltd.	Director
	Delta Electronics Capital Co.	Director
Delta Electronics (Wujiang) Trading Co., Ltd.	Chairman	
Delta Green Life Co., Ltd.	Chairman	
Yancey Hai	Delta Electronics Power (Dongguan) Co., Ltd.	Director
	Delta International Holding Ltd.	Director
	Delta Electronics (Shanghai) Co., Ltd.	Director
	CTCI Corporation	Director
	Delta Electronics International Ltd.	Director
	DAC Holding (Cayman) Ltd.	Director
	DelSolar Co., Ltd.	Director
	Delta Networks, Inc.	Director
	Delta Electronics (H.K.) Limited	Director
	DelSolar Holding (Cayman) Ltd.	Director
	DelSolar (HK) Ltd.	Director
	Delta Electronics Capital Co.	Director
Delta Green Life Co., Ltd.	Director	
Mark Ko	Delta Electronics (Japan), Inc.	Director
	Delta Electronics (Dongguan) Co., Ltd.	Chairman
	Delta Electronics (H.K.) Limited	Director
	Delta Electronics Power (Dongguan) Co., Ltd.	Chairman
	Delta International Holding Ltd.	Director
	Delta Electronics (Jiangsu) Ltd.	Director
	Delta Electro-Optics (Wujiang) Ltd.	Director
	Delta Electronics International Ltd.	Director

	Delta Electronics (Wuhu) Ltd.	Chairman
	Delta Electronics (Chenzhou) Co., Ltd.	Chairman
	Delta Technology (Wuhu) Co., Ltd.	Chairman
	Delta Technology (Chenzhou) Co., Ltd.	Chairman
	Delta Electronics Capital Co.	Director
	Delta Electronics Int'l (Singapore) Pte Ltd	Director
	Delta Electronics (Wujiang) Trading Co., Ltd.	Director
	Delta Green Life Co., Ltd.	Director
	Delta Green Tianjin Industries Co., Ltd.	Chairman
Fred Chai Yan Lee	University Distinguished Professor, Va. Tech. and Director of the Center for Power Electronics Systems.	
	Delta Electronics Management (Shanghai) Co., Ltd.	Director/General Manager
	NeoEnergy Microelectronics, Inc.	Director
Ping Chen	Delta Greentech (China) Co., Ltd.	Director
	Delta Electronics (Dongguan) Co., Ltd.	Director/General Manager
	Delta Electronics (H.K.) Limited	Director
	Delta Electronics Power (Dongguan) Co., Ltd.	Director/General Manager
	Delta International Holding Ltd.	Director
	Delta Power Sharp Limited	Director
	Delta Electronics International Ltd.	Director
	Delta Electronics (Thailand) Public Co., Ltd.	Counsel
	Delta Electronics (Jiangsu) Ltd.	General Manager
	Delta Electronics Components (Wujiang) Ltd.	General Manager
	Delta Electro-Optics (Wujiang) Ltd.	General Manager
	Delta Video Display System (Wujiang) Ltd.	General Manager
	Delta Electronics (Wuhu) Ltd.	Director/General Manager
	Delta Electronics (Chenzhou) Co., Ltd.	Director/General Manager
	Delta Technology (Wuhu) Co., Ltd.	Director/General Manager
	Delta Technology (Chenzhou) Co., Ltd.	Director/General Manager
	Delta Electronics Int'l (Singapore) Pte Ltd	Director
	Delta Electronics (Wujiang) Trading Ltd.	Director/General Manager
	Delta Green Life Co., Ltd.	Director/General Manager

	Delta Green Tianjin Industries Co., Ltd.	Director/General Manager
	Delta Electronics (Shanghai) Co., Ltd.	Director
Simon Chang	Betacera Inc.	Director
	Delta Electro-Optics (Wujiang) Ltd.	Director
	Deltronics (Netherlands) B.V.	Director
	Amita Technologies Inc.	Director
	Delta Greentech (China) Co., Ltd.	Director
	Delta Green Life Co., Ltd.	Director
	Delta Green Tianjin Industries Co., Ltd.	Director
Albert Chang	None	
Chung-Hsing Huang	College of Management National Taiwan University	Associate professor /Associate Dean/Executive Director of EMBA
	Test Rite International Company Ltd.	Director
	Sharehope Medicine Co., Ltd.	Independent Director
	Trendforce Corp.	Director
Steven Liu	Cyntec Co., Ltd.	Chairman/CEO
	Fairview Assets Limited	Director
	Grandview Holding Limited	Director
	Cyntec Holding (HK) Limited	Director
	Susumu Industries Co., Ltd.	Director
	NeoEnergy Microelectronics, Inc	Director
Johnson Lee	None	

Details of Independent Directors' Important Positions in Other Companies

Name of Independent Directors	Independent Directors' important positions in other companies	
Yung-Chin Chen	PricewaterhouseCoopers	CPA
	Regulatory Committee and Ethics Committee of Taiwan CPA Association	Minister
	United Way of Taiwan	Managing Supervisor
	Management Committee of Taiwan Real Estate Agents Transaction Guaranty Foundation	Managing Supervisor
	Prime Oil Chemical Service Corporation	Director
	China Television Company	Independent Directors
Tsong-Ping Perng	Yuan Ze University	Principal
	Delsolar Co., Ltd.	Independent

		Directors
	Far Eastern Polychem Industries Limited	Independent Directors
	Wu Ta-You Foundation	CEO
George Chao	None	

**Dear Shareholders:**

Delta Electronics continues to maintain a steady course as we pursue our long held corporate mission “To provide innovative, clean and energy-efficient solutions for a better tomorrow”. In 2011, Delta’s growth targets for revenues and profits were affected by the spreading European debt crisis and resulting drop in global market demand, as well as by the slower than expected development of the solar energy industry. Delta Electronics’ consolidated sales revenues in 2011 were NT\$172.1 billion, which was relatively flat compared to the previous year; gross profit was NT\$32.8 billion, or 19.1% of revenues, a decrease of 10% from the previous year; net operating profit was NT\$10.3 billion, or 6% of revenues, a decrease of 40% from the previous year. Net income after tax was NT\$11 billion, or 6.4% of revenues, a decrease of 30% from the previous year. In 2011 earnings per share (EPS) was NT\$4.58.

Although we did not reach our financial goals last year, the good news is that through the efforts of all our employees, Delta consolidated our global leadership in power supplies, components, power management, displays, and more. Our many years of planning and effort are beginning to achieve outstanding results that will provide an important foundation for our long-term development. Delta not only continues to be a leading Original Design and Manufacturing (ODM) enterprise, we are also working hard to become a total solutions provider, integrating all of Delta’s related technologies and products, and matching software with hardware to create energy-saving and convenient “smart green life” applications. We are also beginning to take the next step, which is to increase Delta’s brand value. An overview of our major businesses and developments follows.

Delta maintains its position as the world’s number one provider of switching power supplies, which we have held since 2002. We continue our long term development and accumulation of innovative power electronics’ technology and applying it to new fields to create even greater added value. Delta has been the world’s number one supplier of brushless DC fans for many years, which find broad application in fields such as information technology, industry, automotive, and consumer electronics. Our thermal technologies provide customers with system-level heat dissipation solutions, improving energy efficiency and energy recycling. Over the past few years Delta has expanded into products such as smart ventilating fans, air-to-air heat exchangers, and small wind turbines that use green technology to save energy and reduce carbon emissions as well as improve our daily lives. Cynotec, a Delta subsidiary, is focused on developing integrated miniaturized components and modules and has become a leader in speed and technology, earning customer trust. With the growth of trends such as handheld devices and cloud computing, Delta’s server power supplies and miniaturized components will do particularly well over the next several years.



In Energy Management, Delta's broad range of products and services include industrial automation, telecommunication power supplies and uninterrupted power supplies, electric vehicle power trains and charging systems, and renewable energy products such as large-scale wind power inverters, solar inverters, and solar cells and modules. In industrial automation, Delta offers a complete line of advanced products in the areas of drive, motion, and control. Over the years Delta has penetrated China's industrial automation market by establishing channels and branding products. Delta's dealers provide high quality customized products and services, helping customers improve equipment capabilities and quality, while reducing energy consumption and dependence on labor. In the China market Delta has become a leading brand, on par with the world's best known names. Last year, Delta was honored as the "Most Influential Company in the China Industrial Automation Industry over the Past 15 Years". With China's labor shortages, rising labor costs, and strategy to save energy and reduce carbon emissions, it is plain to see the great potential Delta has for growth in this market.

Delta's telecom power supplies offer the highest efficiency in the industry, and integrated with a renewable energy source provide a green telecom power supply. Going a step further last year, Delta promoted a simple low cost design for improved competitiveness in the emerging markets. Combining an uninterruptible power system with Delta's outstanding hardware and software system capabilities, real-time monitoring, and power management guarantees that critical infrastructure and equipment remains operational and is not affected by the quality of utility power, which is crucial for both developed countries and emerging markets. Last year Delta's achievements in the development of electric vehicles (EV) included the delivery of around 200 EV power trains to two car factories. At a seminar on electric vehicles in Beijing, Delta's solutions were generally acknowledged as the best. At the end of last year, Delta and the government-sponsored Automotive Research & Testing Center (ARTC) cooperated in developing EV charging hardware and software infrastructure such as DC charging equipment, charging station monitors, and charging network management. Delta's cooperation with ARTC succeeded in establishing the first EV charging station in Taiwan to meet the testing specifications for EV certification of several countries, as well as featuring a conversion efficiency of close to 95%. At the beginning of 2012, Delta received research project funding from the U.S. Department of Energy (DOE) to develop smart-grid enabled residential EV chargers. Delta has R&D and integration capabilities which not only are recognized both domestically and internationally but also deliver industry leading solutions.

In 2011 demand in the solar energy market fell due to a decrease in government subsidies caused by the economic downturn. The result was oversupply and a large drop in prices with most of the industry suffering losses. Delta's solar energy related businesses were no exception and our profits were negatively affected. Despite this, the fall in market prices bodes well for the industry in the long run, and will help to bring about the wider adoption of solar energy. We believe that solar energy will continue to advance in the future, but due to short term market fluctuations we actively seek to reduce our costs. In addition to using more cost



competitive materials, we will carefully evaluate future development trends for solar energy technology. We expect renewable energy, with its accelerating improvement in conversion efficiencies while becoming cheaper and cleaner, to eventually replace highly polluting fossil fuels.

For our “smart green life” business, Delta is currently focusing on network communications and displays, though for the future we expect LED lighting and cloud computing to gradually make a larger contribution. Our subsidiary Delta Networks has maintained steady growth for many years serving both the high-end enterprise equipment market and the SOHO market. In light of the diversity and breadth of cloud applications and ever increasing telecom market demand, Delta Networks is set to become an important engine for Delta’s future growth. Delta displays not only continue to lead in high-end visual systems for theatres, large meeting rooms, and large outdoor LED screens, but are also reaching the public as art installations integrated into systems using software technology. Last year Taiwan’s National Palace Museum used over 50 of Delta’s high-end projectors to present the “Dwelling in the Fuchun Mountains” Chinese classic art exhibition in high definition to wide acclaim. Delta’s high definition projectors illuminated a literary master’s epic “The Peony Pavilion (Youth Edition)” with 30,000 lumens at Beijing’s National Grand Theatre, winning enthusiastic applause at every performance. On the observation deck of the world’s tallest green building, Taipei 101, Delta installed the industry’s first interactive guide system to use two 46-inch touch panels. The system provides sightseers with information that describes the 360-degree view from the building. Delta is using leading technology to bring new life to the arts and humanities, and expressing the essence of a “smart green life”.

The LED lighting business is a major focus of Delta. At the end of 2011, we won the project to replace traditional streetlights with LED street lighting for the Penghu Island pilot case for establishing the first and role-model low-carbon society in Taiwan. We completed the project in February 2012. The LED streetlights will not only decrease energy usage by 50%, but will also shine for an estimated 50,000 hours while reducing maintenance and management costs. Although the LED market is just in its initial stages, we believe LED lighting with its special features such as energy-saving, long product life, lack of mercury, and high color rendering will quickly replace traditional lighting in the future, providing a great benefit to the environment. The rise of cloud computing is another substantial business opportunity. It directly benefits Delta products such as server power supplies, thermal cooling systems, and networking devices. Delta has established a special business unit to integrate data center equipment and capabilities, and has also invested in developing cloud application software and services. Our aim is to speed the arrival of the future “smart green life”.

Saving energy and reducing carbon emissions is essential for mankind’s sustainable development; it is also Delta’s promise. Delta’s long held business principles are to invest in R&D, develop talent, advance our innovation capabilities, and penetrate markets to gain a thorough understanding of our customers as we build brand value. Last year Delta was named as one of the Top 20 Taiwanese Innovative Companies of 2011 by

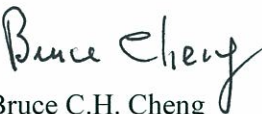


Taiwan's Industrial Development Bureau, Ministry of Economic Affairs (MOEA). Delta was also listed for the first time as one of Taiwan's top 20 brands for the 2011 Taiwan Global Brand Value Survey. Delta opened its new Shanghai Operations Center and R&D Building last year to strengthen and integrate R&D and marketing capabilities, to enhance sensitivity and response to the China market, and to directly support brand building. At the same time, Delta also opened its new Taoyuan Plant 3 and R&D Center in Taiwan, to become a base for industrial automation and electric vehicle systems research and development. The construction of Taoyuan Plant 3 integrated Delta's solar power systems, LEDs, water resource management, building automation, and other technologies. In one year we estimate the building will realize 30%~50% in energy savings, 75% in water savings, and reduce more than 1,000 tonnes of CO₂; the building is also a live demonstration of Delta's integrated solution capabilities.

Delta is making great efforts on behalf of customers and the community. In 2011 we received many business awards from customers such as ASUS, Pegatron, Sony, and Netgear. In 2010 Delta's management team was honored with the Ernst & Young "Entrepreneur of the Year Award". Last year Institutional Investor magazine presented Delta with three major awards: Best CEO, Best Investor Relations, and Best IR Professionals in the Technology/Hardware sector. Delta continues to win acclaim for our corporate social responsibility efforts. Last year we received Commonwealth Magazine's award for "Most Admired Company" in the electronics industry for the 10th year in a row, as well as the magazine's "Corporate Citizenship Award" for the 5th year in a row. Delta also won Global Views Magazine's "2011 CSR Champion Award". Delta was rated A+ for the 4th time by the Securities and Futures Institute's Information Transparency and Disclosure Ranking. We were also listed for the first time in the "World index" and "Asian index" of the Dow Jones Sustainability Index in 2011/2012. While Delta has become a shining example for corporate governance in Taiwan, we continue striving to make Delta Electronics a highly regarded enterprise internationally.

Once again, I thank all of my Delta colleagues for your dedication and contributions. I also wish to express my gratitude to our customers, suppliers, shareholders and the community for the support you have given Delta. Last year we did not achieve ideal results, but we will conduct a thorough assessment, and prepare and strictly implement our future growth strategy. We will establish a firm foundation for Delta's continued growth and strive to fulfill the expectations of society and all of our stakeholders.

Sincerely,


Bruce C.H. Cheng
Founder and Chairman


Yancey Hai
Vice Chairman and CEO


Roger Chu
CFO

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To Delta Electronics, Inc.

We have audited, in accordance with the “Rules Governing the Examination of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China, the non-consolidated balance sheets of Delta Electronics, Inc. as of December 31, 2011 and 2010, and the related non-consolidated statements of income, of changes in stockholders' equity, and of cash flows for the years then ended appearing on the Market Observation Post System as provided by Taiwan Stock Exchange Corporation. In our report dated March 20, 2012, in which we indicated that the financial statements and the related information of certain investees accounted for under the equity method were audited by other auditors, we expressed a modified unqualified opinion on those non-consolidated financial statements.

The condensed non-consolidated financial statements presented in the Market Observation Post System of the Taiwan Stock Exchange Corporation are fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

PricewaterhouseCoopers, Taiwan
March 20, 2012

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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

DELTA ELECTRONICS, INC.
NON-CONSOLIDATED BALANCE SHEETS
DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	2011	2010
Current Assets			
Cash and cash equivalents	4(1)	\$ 8,437,582	\$ 1,116,442
Available-for-sale financial assets - current	4(5)	524,013	524,669
Financial assets carried at cost - current	4(6)	37,092	31,248
Notes receivable, net		121,034	80,498
Accounts receivable, net	4(3)	3,989,817	4,866,919
Accounts receivable, - related parties	5	1,197,372	890,784
Other receivables		103,629	86,592
Other receivables - related parties	5	471,882	633,044
Other financial assets - current	6	44,163	43,943
Inventories	4(4)	937,228	664,347
Deferred income tax assets - current	4(19)	56,655	65,519
Other current assets		662,155	474,614
Total current assets		<u>16,582,622</u>	<u>9,478,619</u>
Funds and Investments			
Financial assets at fair value through profit or loss - non-current	4(2)	1,580,000	1,580,000
Available-for-sale financial assets - non-current	4(5)	22,198	921,072
Financial assets carried at cost - non-current	4(6)	3,299,410	628,987
Long-term equity investments accounted for under the equity method	4(7)	90,836,694	85,539,282
Cash surrender value of life insurance		112,700	103,691
Total funds and investments		<u>95,851,002</u>	<u>88,773,032</u>
Property, Plant and Equipment, Net			
Cost			
Land		1,100,055	1,132,728
Buildings		2,331,617	2,378,437
Machinery and equipment		999,542	901,829
Molding equipment		347,102	300,309
Computer and communication equipment		296,979	235,253
Testing equipment		1,685,548	1,592,035
Transportation equipment		26,924	19,944
Office equipment		186,078	175,407
Leasehold improvements		53,638	23,151
Revaluation increments		620,497	500,545
Cost and revaluation increments		<u>7,647,980</u>	<u>7,259,638</u>
Less: Accumulated depreciation		(3,438,351)	(3,164,515)
Construction in progress and prepayments for equipment		2,123,454	517,830
Total property, plant and equipment, net	4(8)	<u>6,333,083</u>	<u>4,612,953</u>
Intangible Assets			
Patents		23,170	30,446
Deferred pension costs		8,232	12,347
Total intangible assets		<u>31,402</u>	<u>42,793</u>
Other Assets			
Assets leased to others	4(9)	765,157	676,772
Idle assets	4(10)	-	-
Refundable deposits		6,663	4,816
Deferred expenses		185,055	135,069
Other assets - other		33,583	21,545
Total other assets		<u>990,458</u>	<u>838,202</u>
TOTAL ASSETS		<u>\$ 119,788,567</u>	<u>\$ 103,745,599</u>

(Continued)

DELTA ELECTRONICS, INC.
NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	2011	2010
Current Liabilities			
Short-term loans	4(11)	\$ -	\$ 115,000
Accounts payable		650,072	880,890
Accounts payable - related parties	5	6,157,405	5,597,759
Income tax payable	4(19)	892,266	1,017,766
Accrued expenses		4,430,746	4,764,443
Other payables - related parties	5	233,988	200,959
Other payables		198,586	317,119
Receipts in advance		219,388	294,903
Other current liabilities		<u>1,177,032</u>	<u>615,585</u>
Total current liabilities		<u>13,959,483</u>	<u>13,804,424</u>
Long-term Liability			
Long-term loans	4(12)	<u>22,272,000</u>	<u>8,219,000</u>
Reserve			
Land value incremental reserve	4(9)	<u>119,864</u>	<u>95,279</u>
Other Liabilities			
Accrued pension liabilities	4(13)	1,370,529	1,046,384
Guarantee deposits received	5	4,740	4,740
Deferred income tax liabilities - non-current	4(19)	4,240,595	4,744,228
Other liabilities - other		<u>578</u>	<u>82</u>
Total other liabilities		<u>5,616,442</u>	<u>5,795,434</u>
Total liabilities		<u>41,967,789</u>	<u>27,914,137</u>
Stockholders' Equity			
Capital			
Common stock	4(14)	24,033,974	23,947,984
Capital Reserves			
	4(15)		
Paid-in capital in excess of par value of common stock		13,242,489	12,634,267
Capital reserve from conversion of convertible bonds		10,253,416	10,253,416
Capital reserve - other		3,013,550	3,396,912
Retained Earnings			
Legal reserve	4(16)	11,064,579	9,489,158
Special reserve		4,796,006	-
Undistributed earnings	4(17)	13,045,300	20,905,730
Other Adjustments to Stockholders' Equity			
Cumulative translation adjustments		(1,716,140)	(5,862,383)
Unrecognized pension cost		(263,401)	(112,627)
Unrealized gain or loss on financial instruments		(176,551)	746,818
Asset revaluations	4(8)	<u>527,556</u>	<u>432,187</u>
Total stockholders' equity		<u>77,820,778</u>	<u>75,831,462</u>
Commitments and Contingent Liabilities			
	7		
Subsequent Events			
	9		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$ 119,788,567</u>	<u>\$ 103,745,599</u>

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 20, 2012.

DELTA ELECTRONICS, INC.
NON-CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	Notes	2011		2010	
Operating Revenues	5				
Sales		\$ 25,800,466		\$ 27,878,638	
Sales returns		(13,467)		(2,827)	
Sales discounts		(3,282)		(30,450)	
Net Sales		<u>25,783,717</u>		<u>27,845,361</u>	
Service income	5	<u>6,917,765</u>		<u>6,206,285</u>	
Net Operating Revenues		<u>32,701,482</u>		<u>34,051,646</u>	
Operating Costs	4(21) and 5				
Cost of goods sold	4(4)	(23,266,764)		(24,947,778)	
Service costs		(5,740,112)		(5,241,862)	
Net Operating Costs		<u>(29,006,876)</u>		<u>(30,189,640)</u>	
Gross profit		<u>3,694,606</u>		<u>3,862,006</u>	
Unrealized gain from intercompany transactions		(578)		(82)	
Realized gain on inter-affiliate accounts		82		-	
Gross profit, net		<u>3,694,110</u>		<u>3,861,924</u>	
Operating Expenses	4(21)				
Sales and marketing expenses		(333,807)		(412,877)	
General and administrative expenses		(1,493,559)		(1,447,537)	
Research and development expenses		(129,192)		(273,643)	
Total Operating Expenses		<u>(1,956,558)</u>		<u>(2,134,057)</u>	
Operating income		<u>1,737,552</u>		<u>1,727,867</u>	
Non-operating Income and Gains					
Interest income		19,103		16,865	
Investment income accounted for under the equity method	4(7)	9,214,651		13,823,467	
Dividend income		69,535		54,284	
Gain on disposal of property, plant and equipment		4,923		7,416	
Gain on disposal of investments		180,517		306,839	
Foreign exchange gain, net		23,933		-	
Rental income	5	44,557		41,782	
Other non-operating income		369,125		471,944	
Total Non-operating Income and Gains		<u>9,926,344</u>		<u>14,722,597</u>	
Non-operating Expenses and Losses					
Interest expense		(71,922)		(50,452)	
Foreign exchange loss, net		-		(17,046)	
Other non-operating losses		(16,021)		(20,614)	
Total Non-operating Expenses and Losses		<u>(87,943)</u>		<u>(88,112)</u>	
Income from continuing operations before income tax		<u>11,575,953</u>		<u>16,362,352</u>	
Income tax expense	4(19)	(584,922)		(589,315)	
Income from continuing operations		<u>10,991,031</u>		<u>15,773,037</u>	
Loss from discontinued operations (Net of income tax expense of \$39,435)		-		(18,830)	
Net income		<u>\$ 10,991,031</u>		<u>\$ 15,754,207</u>	
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
Earnings per share (In Dollars)	4(20)				
Basic earnings per share					
Net income from continuing operations		\$ 4.82	\$ 4.58	\$ 6.94	\$ 6.70
Net gain (loss) from discontinued operations		-	-	0.01	(0.01)
Net income		<u>\$ 4.82</u>	<u>\$ 4.58</u>	<u>\$ 6.95</u>	<u>\$ 6.69</u>
Diluted earnings per share					
Net income from continuing operations		\$ 4.73	\$ 4.49	\$ 6.84	\$ 6.59
Net gain (loss) from discontinued operations		-	-	0.01	(0.01)
Net income		<u>\$ 4.73</u>	<u>\$ 4.49</u>	<u>\$ 6.85</u>	<u>\$ 6.58</u>

The accompanying notes are an integral part of these non-consolidated financial statements.

See report of independent accountants dated March 20, 2012.

DELTA ELECTRONICS, INC.
NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Retained Earnings</u>				Undistributed earnings	Cumulative translation adjustments	Unrecognized pension cost	Unrealized gains or losses on financial instruments	Asset revaluations	Total
	Common stock	Capital reserves	Legal reserve	Special reserve						
<u>2010</u>										
Balance at January 1, 2010	\$ 22,573,091	\$ 15,072,365	\$ 8,323,411	\$ -	\$ 16,330,025	\$ 108,570	(\$ 139,691)	\$ 626,148	\$ 407,170	\$ 63,301,089
Issuance of new stocks for the merger	1,231,927	9,978,608	-	-	-	-	-	-	-	11,210,535
Employees' stock options assumed from subsidiary due to the merger and subsequent compensation cost amortization	-	293,414	-	-	-	-	-	-	-	293,414
Employees' stock options	142,966	932,800	-	-	-	-	-	-	-	1,075,766
Distribution of 2009 earnings (Note a):										
Legal reserve	-	-	1,165,747	-	(1,165,747)	-	-	-	-	-
Cash dividends	-	-	-	-	(10,012,755)	-	-	-	-	(10,012,755)
Change in ownership percentage of long-term equity investments accounted for under equity method	-	7,408	-	-	-	-	-	-	-	7,408
Adjustment for land value appraisal increments	-	-	-	-	-	-	-	-	25,017	25,017
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	(44,509)	-	(44,509)
Unrealized gain on cash flow hedge	-	-	-	-	-	-	-	6,980	-	6,980
Unrecognized pension cost	-	-	-	-	-	-	27,064	-	-	27,064
Changes in cumulative translation adjustments	-	-	-	-	-	(5,876,333)	-	-	-	(5,876,333)
Change in stockholders' equity of investee companies accounted for under the equity method	-	-	-	-	-	(94,620)	-	158,199	-	63,579
Net income for the year	-	-	-	-	15,754,207	-	-	-	-	15,754,207
Balance at December 31, 2010	<u>\$ 23,947,984</u>	<u>\$ 26,284,595</u>	<u>\$ 9,489,158</u>	<u>\$ -</u>	<u>\$ 20,905,730</u>	<u>(\$ 5,862,383)</u>	<u>(\$ 112,627)</u>	<u>\$ 746,818</u>	<u>\$ 432,187</u>	<u>\$ 75,831,462</u>
<u>2011</u>										
Balance at January 1, 2011	\$ 23,947,984	\$ 26,284,595	\$ 9,489,158	\$ -	\$ 20,905,730	(\$ 5,862,383)	(\$ 112,627)	\$ 746,818	\$ 432,187	\$ 75,831,462
Compensation cost amortization of employees' stock options assumed from subsidiary due to the merger	-	30,154	-	-	-	-	-	-	-	30,154
Employees' stock options	85,990	511,042	-	-	-	-	-	-	-	597,032
Distribution of 2010 earnings (Note b):										
Legal reserve	-	-	1,575,421	-	(1,575,421)	-	-	-	-	-
Special reserve	-	-	-	4,796,006	(4,796,006)	-	-	-	-	-
Cash dividends	-	-	-	-	(12,480,034)	-	-	-	-	(12,480,034)
Change in ownership percentage of long-term equity investments accounted for under equity method	-	(316,336)	-	-	-	-	-	-	-	(316,336)
Adjustment for land value appraisal increments	-	-	-	-	-	-	-	-	95,369	95,369
Unrecognized pension cost	-	-	-	-	-	-	(150,774)	-	-	(150,774)
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	(716,811)	-	(716,811)
Changes in cumulative translation adjustments	-	-	-	-	-	2,541,927	-	-	-	2,541,927
Change in stockholders' equity of investee companies accounted for under the equity method	-	-	-	-	-	1,604,316	-	(206,558)	-	1,397,758
Net income for the year	-	-	-	-	10,991,031	-	-	-	-	10,991,031
Balance at December 31, 2011	<u>\$ 24,033,974</u>	<u>\$ 26,509,455</u>	<u>\$ 11,064,579</u>	<u>\$ 4,796,006</u>	<u>\$ 13,045,300</u>	<u>(\$ 1,716,140)</u>	<u>(\$ 263,401)</u>	<u>(\$ 176,551)</u>	<u>\$ 527,556</u>	<u>\$ 77,820,778</u>

Note a: Directors' and supervisors' remuneration amounting to \$16,700 and employees' bonus amounting to \$2,156,670 had been deducted from the Non-Consolidated Statement of Income in 2009.

Note b: Directors' and supervisors' remuneration amounting to \$16,700 and employees' bonus amounting to \$2,914,390 had been deducted from the Non-Consolidated Statement of Income in 2010.

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 20, 2012.

DELTA ELECTRONICS, INC.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2011	2010
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 10,991,031	\$ 15,754,207
Adjustments to reconcile net income to net cash provided by operating activities		
Reversal of allowance for doubtful accounts	(3,530)	(11,429)
Provision for inventory obsolescence and market price decline	33,145	30,177
Gain on disposal of investments	(180,517)	(306,839)
Change in foreign exchange of investments in bonds without active markets	-	38,745
Investment income recognized under equity method	(9,214,651)	(13,823,467)
Cash dividends received from investee companies accounted for under the equity method	8,322,573	7,948,489
Unrealized gain from intercompany transactions	578	82
Realized gain from intercompany transactions	(82)	-
Depreciation (including assets leased to others)	406,242	294,125
Amortization	255,975	175,372
(Gain) loss on disposal of property, plant and equipment, net	(4,923)	11,566
Reversal of impairment loss on non-financial assets	-	(37,339)
Amortization of long-term deferred income	-	(58,165)
Changes in assets and liabilities		
Notes receivable	(40,536)	(7,387)
Accounts receivable	932,789	(20,373)
Accounts receivable - related parties	(263,694)	(84,314)
Other receivables	(17,029)	111,315
Other receivables - related parties	179,669	333,916
Inventories	(306,026)	(225,381)
Deferred tax assets	8,864	(34,244)
Other current assets	(187,376)	(190,461)
Other assets - other	(12,038)	(6,805)
Accounts payable	(233,345)	322,011
Accounts payable - related parties	467,621	(1,231,847)
Income tax payable	(125,500)	798,825
Accrued expenses	(339,455)	864,911
Other payables - related parties	33,029	(1,023,647)
Other payables	(132,662)	90,436
Receipts in advance	(75,515)	15,709
Other current liabilities	561,262	245,445
Accrued pension liabilities	123,537	91,757
Deferred tax liabilities	(461,068)	(356,051)
Net cash provided by operating activities	10,718,368	9,709,339

(Continued)

DELTA ELECTRONICS, INC.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2011	2010
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of financial assets at fair value through profit or loss	\$ -	(\$ 720,000)
Increase in other financial assets - current	(220)	(13,707)
Proceeds from disposal of available-for-sale financial assets	290,437	320,054
Increase in available-for-sale financial assets	-	(155,300)
Increase in financial assets carried at cost	(2,710,152)	(50,979)
Proceeds from disposal of financial assets carried at cost	105,886	40,806
Proceeds from capital reduction of financial assets carried at cost	750	2,975
Proceeds from disposal of investments in bonds without active markets	-	1,080,730
Proceed from disposal of investments accounted for under the equity method	176	-
Increase in long-term equity investments accounted for under the equity method	(808,315)	(768,866)
Increase in cash surrender value of life insurance	(9,009)	(11,839)
Acquisition of property, plant and equipment	(2,112,169)	(1,097,785)
Proceeds from disposal of property, plant and equipment	23,140	32,818
(Increase) decrease in refundable deposits	(1,647)	1,775
Increase in deferred expenses	(298,536)	(189,634)
Cash inflows from simple merger	67,433	-
Net cash used in investing activities	(5,452,226)	(1,528,952)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in short-term loans	(115,000)	(5,364,920)
Increase in long-term loans	14,053,000	5,809,000
Decrease in guarantee deposits received	-	(1,172)
Payment of cash dividends and employees' cash bonus	(12,480,034)	(10,012,755)
Employees' stock option	597,032	1,075,766
Net cash provided by (used in) financing activities	2,054,998	(8,494,081)
Increase (decrease) in cash and cash equivalents	7,321,140	(313,694)
Cash and cash equivalents at beginning of year	1,116,442	1,430,136
Cash and cash equivalents at end of year	\$ 8,437,582	\$ 1,116,442
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	\$ 55,087	\$ 50,037
Cash paid during the year for income tax	\$ 1,162,627	\$ 220,219
<u>NON-CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES</u>		
Issuance of new stocks for the merger	\$ -	\$ 11,448,584
<u>FAIR VALUE OF ASSETS AND LIABILITIES OF THE SUBSIDIARY FROM SIMPLE MERGER WERE AS FOLLOWS:</u>		
Cash and cash equivalents	\$ 67,433	\$ -
Other current assets	113,731	-
Funds and investments	170,782	-
Property, plant, and equipment	850	-
Other assets	350	-
Other current liabilities	(114,624)	-
	238,522	-
Investment cost before merger	(220,647)	-
Cash paid in total	\$ 17,875	\$ -

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 20, 2012.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To Delta Electronics, Inc.

We have audited, in accordance with the “Rules Governing the Examination of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China, the consolidated balance sheets of Delta Electronics, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, of changes in stockholders' equity, and of cash flows for the years then ended appearing on the Market Observation Post System as provided by Taiwan Stock Exchange Corporation. In our report dated March 20, 2012, in which we indicated that the financial statements and the related information of certain subsidiaries and investees accounted for under the equity method were audited by other independent accountants, we expressed a modified unqualified opinion on those consolidated financial statements.

In our opinion, the condensed consolidated financial statements presented in the Market Observation Post System of the Taiwan Stock Exchange Corporation are fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

PricewaterhouseCoopers, Taiwan
March 20, 2012

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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

ASSETS	Notes	2011	2010
Current Assets			
Cash and cash equivalents	4(1)	\$ 67,695,906	\$ 60,459,996
Financial assets at fair value through profit or loss - current	4(2)	2,342	10,550
Available-for-sale financial assets - current	4(5)	524,013	524,669
Derivative financial assets for hedging - current	10(9)	115,111	381,799
Financial assets carried at cost - current	4(6)	86,180	31,248
Notes receivable, net		1,330,220	328,038
Accounts receivable, net	4(3)	34,708,687	29,560,272
Accounts receivable - related parties	5	816,456	3,815,671
Other receivables		2,082,657	1,265,926
Other financial assets - current	6	143,061	50,902
Inventories	4(4)	19,126,113	14,788,981
Prepayments		2,384,204	1,499,852
Deferred income tax assets - current	4(22)	597,914	89,028
Other current assets		394,718	435,834
Total current assets		<u>130,007,582</u>	<u>113,242,766</u>
Funds and Investments			
Financial assets at fair value through profit or loss - non-current	4(2)	1,820,525	1,830,000
Available-for-sale financial assets - non-current	4(5)	125,859	925,606
Financial assets carried at cost - non-current	4(6)	4,157,228	1,457,614
Long-term equity investments accounted for under the equity method	4(7)	5,911,784	6,327,356
Cash surrender value of life insurance		112,700	103,691
Other financial assets - non-current	6	1,548	1,544
Total funds and investments		<u>12,129,644</u>	<u>10,645,811</u>
Property, Plant and Equipment, Net			
Cost	4(8) and 6		
Land		1,779,860	1,693,056
Buildings		20,101,112	15,361,626
Machinery and equipment		23,195,634	17,294,829
Molding equipment		2,168,664	1,902,689
Computer and communication equipment		1,577,409	1,162,192
Testing equipment		8,903,472	7,193,773
Transportation equipment		237,344	167,061
Office equipment		1,851,522	1,642,202
Leasehold improvements		190,800	49,118
Other equipment		34,516	21
Revaluation increments		620,497	500,545
Cost and revaluation increments		<u>60,660,830</u>	<u>46,967,112</u>
Less: Accumulated depreciation		(30,318,850)	(23,360,580)
Accumulated impairment loss		(23,486)	(21,664)
Construction in progress and prepayments for equipment		6,599,291	3,315,949
Total property, plant and equipment, net		<u>36,917,785</u>	<u>26,900,817</u>
Intangible assets			
Patents		628,035	833,134
Goodwill	10(10)	6,898,970	5,158,672
Deferred pension costs		9,299	12,347
Other intangible assets	4(9)	4,560,628	3,025,410
Total intangible assets		<u>12,096,932</u>	<u>9,029,563</u>
Other Assets			
Assets leased to others	4(10)	205,337	14,283
Idle assets	4(11)	-	-
Refundable deposits		103,306	101,901
Deferred expenses	6	845,367	426,132
Other assets - other		888,026	1,377,201
Total other assets		<u>2,042,036</u>	<u>1,919,517</u>
TOTAL ASSETS		<u>\$ 193,193,979</u>	<u>\$ 161,738,474</u>

(Continued)

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

LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	2011	2010
Current Liabilities			
Short-term loans	4(13)	\$ 17,599,492	\$ 9,877,658
Financial liabilities at fair value through profit or loss - current	4(14)	4,257	806
Derivative financial liabilities for hedging - current	10(9)	46,873	137,154
Accounts payable		30,271,738	29,266,371
Accounts payable - related parties	5	118,374	318,192
Income tax payable	4(22)	2,092,919	1,805,572
Accrued expenses		10,890,581	9,769,943
Other payables		3,361,305	4,746,229
Receipts in advance		1,051,540	735,163
Long-term liabilities - current portion	4(15)	857,832	110,656
Other current liabilities		2,457,898	1,467,204
Total current liabilities		<u>68,752,809</u>	<u>58,234,948</u>
Long-term Liability			
Long-term loans	4(15)	<u>24,862,247</u>	<u>9,540,184</u>
Reserve			
Land value incremental reserve	4(8)	<u>119,864</u>	<u>95,279</u>
Other Liabilities			
Accrued pension liabilities	4(16)	2,617,949	2,130,082
Guarantee deposits received		77,332	52,920
Deferred income tax liabilities - non-current	4(22)	3,867,305	4,069,491
Other liabilities - other		410,804	223,577
Total other liabilities		<u>6,973,390</u>	<u>6,476,070</u>
Total liabilities		<u>100,708,310</u>	<u>74,346,481</u>
Stockholders' Equity			
Capital			
Common stock	4(17)	24,033,974	23,947,984
Capital Reserves			
Paid-in capital in excess of par value of common stock	4(18)	13,242,489	12,634,267
Capital reserve from conversion of convertible bonds		10,253,416	10,253,416
Capital reserve - other		3,013,550	3,396,912
Retained Earnings			
Legal reserve	4(19)	11,064,579	9,489,158
Special reserve		4,796,006	-
Undistributed earnings	4(20)	13,045,300	20,905,730
Other Adjustments to Stockholders' Equity			
Cumulative translation adjustments		(1,716,140)	(5,862,383)
Unrecognized pension cost		(263,401)	(112,627)
Unrealized gain or loss on financial instruments		(176,551)	746,818
Asset revaluations	4(8)	527,556	432,187
Stockholders' Equity		<u>77,820,778</u>	<u>75,831,462</u>
Minority interest		14,664,891	11,560,531
Total stockholders' equity		<u>92,485,669</u>	<u>87,391,993</u>
Commitments and Contingent Liabilities	7		
Subsequent Events	9		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$ 193,193,979</u>	<u>\$ 161,738,474</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 20, 2012.

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

	Notes	2011		2010	
Operating Revenues	5				
Sales		\$ 171,909,198		\$ 171,795,811	
Sales returns		(1,051,542)		(810,183)	
Sales discounts		(371,153)		(455,332)	
Net Sales		<u>170,486,503</u>		<u>170,530,296</u>	
Service income		1,569,808		772,157	
Net Operating Revenues		<u>172,056,311</u>		<u>171,302,453</u>	
Operating Costs	4(24) and 5				
Cost of goods sold	4(4)	(138,299,882)		(134,381,239)	
Service costs		(974,085)		(317,658)	
Net Operating Costs		<u>(139,273,967)</u>		<u>(134,698,897)</u>	
Gross profit	4(24)	<u>32,782,344</u>		<u>36,603,556</u>	
Operating Expenses	4(24)				
Sales and marketing expenses		(7,495,913)		(5,932,940)	
General and administrative expenses		(4,982,148)		(4,500,868)	
Research and development expenses		(9,986,037)		(8,900,631)	
Total Operating Expenses		<u>(22,464,098)</u>		<u>(19,334,439)</u>	
Operating income		<u>10,318,246</u>		<u>17,269,117</u>	
Non-operating Income and Gains					
Interest income		906,067		567,651	
Investment income accounted for under the equity method	4(7)	507,550		871,212	
Dividend income		75,673		110,893	
Gain on disposal of property, plant and equipment		-		18,982	
Gain on disposal of investments		270,860		101,476	
Foreign exchange gain, net		1,397,819		684,806	
Rental income		30,892		31,634	
Gain on valuation of financial assets	4(2)	-		48,636	
Other non-operating income		1,794,318		1,544,468	
Total Non-operating Income and Gains		<u>4,983,179</u>		<u>3,979,758</u>	
Non-operating Expenses and Losses					
Interest expense		(397,696)		(218,777)	
Loss on disposal of property, plant and equipment		(11,094)		-	
Impairment loss	4(12)	-		(294,729)	
Loss on valuation of financial assets		(9,273)		-	
Loss on valuation of financial liabilities	4(14)	(8,344)		(806)	
Other non-operating losses		(290,028)		(588,573)	
Total Non-operating Expenses and Losses		<u>(716,435)</u>		<u>(1,102,885)</u>	
Income from continuing operations before income tax		<u>14,584,990</u>		<u>20,145,990</u>	
Income tax expense	4(22)	(2,825,962)		(2,271,228)	
Income from continuing operations		<u>11,759,028</u>		<u>17,874,762</u>	
Gain from discontinued operations (Net of income tax expense of \$48,299)	10(11)	-		7,763	
Extraordinary gain (Net of income tax expense of \$0)	10(12)	<u>205,629</u>		<u>-</u>	
Consolidated net income		<u>\$ 11,964,657</u>		<u>\$ 17,882,525</u>	
Attributable to:					
Equity holders of the Company		\$ 10,991,031		\$ 15,754,207	
Minority interest		973,626		2,128,318	
		<u>\$ 11,964,657</u>		<u>\$ 17,882,525</u>	
Earnings Per Share (in Dollars)	4(23)	Before Tax	After Tax	Before Tax	After Tax
Basic Earnings Per Share					
Net income from continuing operations		\$ 6.07	\$ 4.90	\$ 8.55	\$ 7.59
Gain from discontinued operations		-	-	0.02	-
Extraordinary gain		0.09	0.09	-	-
Minority interest income		(0.41)	(0.41)	(0.90)	(0.90)
Net income		<u>\$ 5.75</u>	<u>\$ 4.58</u>	<u>\$ 7.67</u>	<u>\$ 6.69</u>
Diluted Earnings Per Share					
Net income from continuing operations		\$ 5.96	\$ 4.81	\$ 8.42	\$ 7.47
Gain from discontinued operations		-	-	0.02	-
Extraordinary gain		0.08	0.08	-	-
Minority interest income		(0.40)	(0.40)	(0.89)	(0.89)
Net income		<u>\$ 5.64</u>	<u>\$ 4.49</u>	<u>\$ 7.55</u>	<u>\$ 6.58</u>

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

See report of independent accountants dated March 20, 2012.

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

	<u>Retained Earnings</u>					Cumulative translation adjustments	Unrecognized pension cost	Unrealized gain or loss on financial instruments	Asset revaluations	Minority interest	Total
	Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings						
<u>2010</u>											
Balance at January 1, 2010	\$ 22,573,091	\$ 15,072,365	\$ 8,323,411	\$ -	\$ 16,330,025	\$ 108,570	(\$ 139,691)	\$ 626,148	\$ 407,170	\$ 12,543,863	\$ 75,844,952
Issuance of new stocks for the merger	1,231,927	9,978,608	-	-	-	-	-	-	-	-	11,210,535
Employees' stock options assumed from subsidiary due to the merger and subsequent compensation cost amortization	-	293,414	-	-	-	-	-	-	-	-	293,414
Employees' stock options	142,966	932,800	-	-	-	-	-	-	-	-	1,075,766
Distribution of 2009 earnings (Note a):											
Legal reserve	-	-	1,165,747	-	(1,165,747)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(10,012,755)	-	-	-	-	-	(10,012,755)
Change in ownership percentage of long-term equity investments accounted for under equity method	-	7,408	-	-	-	-	-	-	-	-	7,408
Adjustment for land value appraisal increments	-	-	-	-	-	-	-	-	25,017	-	25,017
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	(44,509)	-	-	(44,509)
Unrealized gain on cash flow hedge	-	-	-	-	-	-	-	6,980	-	-	6,980
Unrecognized pension cost	-	-	-	-	-	-	27,064	-	-	-	27,064
Changes in cumulative translation adjustments	-	-	-	-	-	(5,876,333)	-	-	-	-	(5,876,333)
Change in stockholders' equity for investee companies accounted for under the equity method	-	-	-	-	-	(94,620)	-	158,199	-	-	63,579
Changes in minority interest	-	-	-	-	-	-	-	-	-	(3,111,650)	(3,111,650)
Consolidated net income for the year	-	-	-	-	15,754,207	-	-	-	-	2,128,318	17,882,525
Balance at December 31, 2010	<u>\$ 23,947,984</u>	<u>\$ 26,284,595</u>	<u>\$ 9,489,158</u>	<u>\$ -</u>	<u>\$ 20,905,730</u>	<u>(\$ 5,862,383)</u>	<u>(\$ 112,627)</u>	<u>\$ 746,818</u>	<u>\$ 432,187</u>	<u>\$ 11,560,531</u>	<u>\$ 87,391,993</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Retained Earnings						Unrecognized pension cost	Unrealized gain or loss on financial instruments	Asset revaluations	Minority interest	Total
	Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Cumulative translation adjustments					
2011											
Balance at January 1, 2011	\$ 23,947,984	\$ 26,284,595	\$ 9,489,158	\$ -	\$ 20,905,730	(\$ 5,862,383)	(\$ 112,627)	\$ 746,818	\$ 432,187	\$ 11,560,531	\$ 87,391,993
Compensation cost amortization of employees' stock options assumed from subsidiary due to the merger	-	30,154	-	-	-	-	-	-	-	-	30,154
Employees' stock options	85,990	511,042	-	-	-	-	-	-	-	-	597,032
Distribution of 2010 earnings (Note b):											
Legal reserve	-	-	1,575,421	-	(1,575,421)	-	-	-	-	-	-
Special reserve	-	-	-	4,796,006	(4,796,006)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(12,480,034)	-	-	-	-	-	(12,480,034)
Change in ownership percentage of long-term equity investments accounted for under equity method	-	(316,336)	-	-	-	-	-	-	-	-	(316,336)
Adjustment for land value appraisal increments	-	-	-	-	-	-	-	-	95,369	-	95,369
Unrecognized pension cost	-	-	-	-	-	-	(150,774)	-	-	-	(150,774)
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	(716,811)	-	-	(716,811)
Changes in cumulative translation adjustments	-	-	-	-	-	2,541,927	-	-	-	-	2,541,927
Change in stockholders' equity for investee companies accounted for under the equity method	-	-	-	-	-	1,604,316	-	(206,558)	-	-	1,397,758
Changes in minority interest	-	-	-	-	-	-	-	-	-	2,130,734	2,130,734
Consolidated net income for the year	-	-	-	-	10,991,031	-	-	-	-	973,626	11,964,657
Balance at December 31, 2011	<u>\$ 24,033,974</u>	<u>\$ 26,509,455</u>	<u>\$ 11,064,579</u>	<u>\$ 4,796,006</u>	<u>\$ 13,045,300</u>	<u>(\$ 1,716,140)</u>	<u>(\$ 263,401)</u>	<u>(\$ 176,551)</u>	<u>\$ 527,556</u>	<u>\$ 14,664,891</u>	<u>\$ 92,485,669</u>

Note a: Directors' and supervisors' remuneration amounting to \$16,700 and employees' bonus amounting to \$2,156,670 had been deducted from the Consolidated Statement of Income in 2009.
Note b: Directors' and supervisors' remuneration amounting to \$16,700 and employees' bonus amounting to \$2,914,390 had been deducted from the Consolidated Statement of Income in 2010.

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 20, 2012.

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

	2011	2010
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Consolidated net income	\$ 11,964,657	\$ 17,882,525
Adjustments to reconcile net income to net cash provided by operating activities		
Extraordinary gain	205,629	-
Changes in unrealized valuation of financial assets	65,170	39,318
Changes in unrealized valuation of financial liabilities	7,538	(3,118)
Provision for (reversal of allowance for) doubtful accounts	97,466	(2,443)
Provision for inventory obsolescence and market price decline	678,673	362,483
Loss on purchase commitment	202,043	678,166
Gain on disposal of investments	(270,860)	(101,476)
Impairment loss on financial assets	-	319,330
Change in foreign exchange of investments in bonds without active markets	-	38,745
Investment income recognized under equity method	(507,550)	(871,212)
Cash dividends received from investee companies accounted for under the equity method	598,969	386,110
Depreciation (including assets leased to others)	5,450,880	4,675,012
Amortization	1,060,370	715,880
Loss on disposal of property, plant and equipment, net	11,094	9,218
Reversal of impairment loss on non-financial assets	-	(81,666)
Amortization of long-term deferred income	-	(58,165)
Changes in assets and liabilities		
Notes receivable	331,663	(222,700)
Accounts receivable	(640,091)	(1,885,470)
Accounts receivable - related parties	3,229,681	(1,304,260)
Other receivables	(811,394)	51,509
Inventories	(2,660,567)	(4,747,677)
Prepayments	(778,021)	(219,922)
Deferred tax assets	(250,567)	(89,028)
Other current assets	49,265	(212,915)
Other assets - other	517,581	(83,307)
Accounts payable	(974,733)	3,227,847
Accounts payable - related parties	(2,265,514)	41,370
Income tax payable	261,026	1,103,150
Accrued expenses	(26,528)	2,106,504
Other payables	979,644	287,113
Receipts in advance	314,451	(62,272)
Other current liabilities	787,122	215,466
Accrued pension liabilities	487,867	136,176
Deferred tax liabilities	(228,661)	(331,188)
Other liabilities - other	186,312	7,491
Net cash provided by operating activities	18,072,615	22,006,594

(Continued)

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

	2011	2010
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	\$ -	(\$ 970,000)
Decrease (increase) in other financial assets - current	1,302,640	(2,881)
Increase in available-for-sale financial assets	(147,000)	(152,340)
Proceeds from disposal of available-for-sale financial assets	290,437	400,945
Increase in financial assets carried at cost	(3,030,367)	(328,300)
Proceeds from disposal of financial assets carried at cost	168,854	40,804
Proceeds from capital reduction of financial assets carried at cost	750	2,975
Proceeds from disposal of investments in bonds without active markets	-	1,080,730
Increase in long-term equity investments accounted for under the equity method	(90,825)	-
Proceeds from disposal of investments in long-term equity investment accounted for under the equity method	403,785	-
Acquisition price of subsidiary	(6,098,012)	(55,000)
Increase in cash surrender value of life insurance	(9,009)	(11,839)
Acquisition of property, plant and equipment	(14,130,018)	(8,859,751)
Proceeds from disposal of property, plant and equipment	839,954	417,334
Increase in other intangible assets	-	(32,564)
Decrease (increase) in refundable deposits	43,452	(35,059)
Increase in deferred expenses	(949,273)	(482,869)
Increase in other assets - other	116	(4,249)
Purchase of minority interest	(485,678)	(10,464)
Net cash used in investing activities	(21,890,194)	(9,002,528)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	5,179,329	(2,307,415)
Increase in long-term loans	16,069,239	6,676,869
Increase (decrease) in guarantee deposits received	18,802	(1,501)
Employees' stock options	597,032	1,075,766
Payment of cash dividends	(12,480,034)	(10,012,755)
Cash dividends declared to minority interests	(2,308,729)	-
Increase in subsidiaries' capital from minority shareholders	1,121	-
Net cash provided by (used in) financing activities	7,076,760	(4,569,036)
Effect due to change in exchange rates	2,446,694	(5,312,004)
Effect due to change in consolidated subsidiaries	1,530,035	(162,380)
Increase in cash and cash equivalents	7,235,910	2,960,646
Cash and cash equivalents at beginning of year	60,459,996	57,499,350
Cash and cash equivalents at end of year	\$ 67,695,906	\$ 60,459,996
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 372,113	\$ 205,301
Cash paid during the year for income tax	\$ 2,892,648	\$ 1,324,945
NON-CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends declared but not yet paid to minority interest	\$ 58,401	\$ 1,885,159
FAIR VALUE OF ASSETS AND LIABILITIES OF THE ACQUIRED SUBSIDIARY WERE AS FOLLOWS:		
Cash and cash equivalents	\$ 1,530,035	\$ 436,045
Other current assets	10,301,783	2,988,575
Funds and investments	324,950	100,935
Property, plant and equipment	781,091	3,448,393
Goodwill	1,740,298	5,151,385
Other intangible assets	1,777,023	3,254,760
Other assets	75,489	66,841
Other current liabilities	(7,843,879)	(2,085,393)
Other liabilities	(62,623)	(53,865)
Investment cost before merger	(368,726)	(1,804,092)
Minority interest	(2,157,429)	-
	\$ 6,098,012	\$ 11,503,584
Cost of issuing new common stock to acquired subsidiary	\$ -	\$ 11,448,584
Acquisition price of subsidiary	6,098,012	55,000
	\$ 6,098,012	\$ 11,503,584

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 20, 2012.

2011 Supervisors' Report

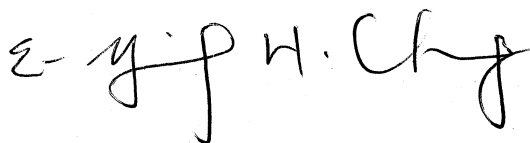
The Board of Directors has prepared and submitted to the undersigned, the supervisors of Delta Electronics, Inc. (the "Company"), the 2011 Business Report, financial statements, consolidated financial statements and proposal for distribution of earnings of the Company. The above Business Report, financial statements, consolidated financial statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the undersigned. In accordance with Article 219 of the Company Law, we hereby submit this report.

To the 2012 General Shareholders' Meeting of Delta Electronics, Inc.

Supervisor Chung-Hsing Huang



Supervisor E-Ying Hsieh



Mar 20, 2012