



**Delta Electronics, Inc.**

**2013 Annual General Shareholders' Meeting  
Meeting Agenda  
(Translation)**

**Date of the Meeting: June 7, 2013 at 10:00 a.m.**  
**Place of the Meeting: Auditorium, 2F, No.18, Xinglong Rd.,  
Taoyuan City, Taoyuan County**

## Meeting Agenda for the 2013 Annual General Shareholders' Meeting of Delta Electronics, Inc.

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### Total Issued Shares of the Company

Note: The Company's 2012 Financial Statements, 2012 Consolidated Financial Statements and 2013 Annual General Shareholders' Meeting Agenda are available on the "Market Observation Post System" website; please visit <http://newmops.twse.com.tw/> for details.

## **Procedures of Delta Electronics, Inc. 2013 Annual General Shareholders' Meeting**

1. Call Meeting to order
2. Chairman takes podium
3. All stand
4. Singing of national anthem
5. Three respectful bows to the national flag and image of Dr. Sun Yat-Sen
6. Chairman's address
7. Report items
8. Acknowledgement and discussion items

Voting and Resolution for each of Acknowledgement and Discussion Proposals.

9. Extemporary motions
10. Meeting adjourned

## **I. REPORT ITEMS**

1. 2012 Operation Results  
See Attachment 1: Business Report (pages 36-43)
2. 2012 Financial Results
  - (1) PricewaterhouseCoopers CPA Audit Report  
See Attachment 2: PricewaterhouseCoopers CPA Audit Report (pages 44)
  - (2) Balance Sheet as of December 31, 2012  
See Attachment 2: Balance Sheet (page 45-46)
  - (3) Income Statement (January 1, 2012 ~ December 31, 2012)  
See Attachment 2: Income Statement (page 47)
  - (4) Statement of Changes in Shareholders' Equity (January 1, 2012 ~ December 31, 2012)  
See Attachment 2: Statement of Changes in Shareholders' Equity (page 48)
  - (5) Cash Flow Statement (January 1, 2012 ~ December 31, 2012)  
See Attachment 2: Cash Flow Statement (pages 49-50)
  - (6) PricewaterhouseCoopers CPA Audit Report (Consolidated Financial Statements)  
See Attachment 3: PricewaterhouseCoopers CPA Audit Report (pages 51)
  - (7) Consolidated Balance Sheet as of December 31, 2012  
See Attachment 3: Consolidated Balance Sheet (pages 52-53)
  - (8) Consolidated Income Statement (January 1, 2012 ~ December 31, 2012)  
See Attachment 3: Consolidated Income Statement (page 54)
  - (9) Consolidated Statement of Changes in Shareholders' Equity (January 1, 2012 ~ December 31, 2012)  
See Attachment 3: Consolidated Statement of Changes in Shareholders' Equity (pages 55-56)
  - (10) Consolidated Cash Flow Statement (January 1, 2012 ~ December 31, 2012)

See Attachment 3: Consolidated Cash Flow Statement (pages 57-58)

3. Audit Committee's Review Opinions on 2012 Financial Results

See Attachment 4: Audit Committee's Review Opinions on 2012 Financial Results (page 59)

4. The Adjustment to 2012 Distributable Earnings and the Amount of the Special Reserve Set aside by the Company

- (1) It is conducted in accordance with the letter issued on April 6, 2012 by the Financial Supervisory Commission (Ref. No.: Jin-Kuan-Tseng-Fa-1010012865).
- (2) The Company adopted the International Financial Reporting Standards (IFRS) starting from 2013 and due to such adoption, the Company's undistributed earnings as of January 1, 2013 increased NT\$1,530,365,538. In accordance with the law, the Company set aside NT\$527,556,458 as special reserve from unrealized revaluation increments which were reclassified from shareholders' equity to retained earnings. After setting aside the special reserve, earnings available for distribution as of January 1, 2013 increased NT\$1,002,809,080.

5. The Amendments to Rules and Procedures of the Meeting of Board of Directors

- (1) In order to conform to the Securities and Exchange Act and the Company Law and to meet the Company's business needs and accommodate the establishment of the Audit Committee, it is proposed to amend certain provisions of the Rules and Procedures of the Meeting of Board of Directors. Please see Attachment 5 for the amended Rules and Procedures of the Meeting of Board of Directors (pages 60-67).
- (2) The proposed amendments are submitted for review.

## **II. ACKNOWLEDGEMENT AND DISCUSSION ITEMS**

### **1. Acknowledge the 2012 Financial Results (Proposed by the Board of Directors)**

Explanation: (1) This Company's 2012 Financial Results including the Business Report, Financial Statements and Consolidated Financial Statements (please refer to pages 36-58) have been reviewed by the Company's Audit Committee. The Company's Audit Committee has found no discrepancies after a thorough review and has made a written review report for records.

(2) Please acknowledge.

## 2. Acknowledge the 2012 Earnings Distribution (Proposed by the Board of Directors)

- Explanation: (1) With regard to earnings in 2012, 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 11, 2013.
- (2) NT\$12,843,221,947 will be distributed as shareholders' cash dividends for 2012. 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 February 26, 2013 (i.e., 2,423,249,424 shares), each one thousand shares shall receive a cash dividend of NT\$5,300. 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. 2012 Earnings Distribution Table

Item	Explanation	Amount
Undistributed earnings of previous year		6,696,308,714
Add: Revert of fractional cash dividend of previous year		34,083
Earnings in 2012		
Pre-tax earnings in 2012		17,038,125,958
Income tax expense		928,584,109
After-tax earnings in 2012 [Note 1]		16,109,541,849
Subtract: setting aside 10% legal reserve		1,610,954,185
Subtract: setting aside special reserve		1,918,413,214
Earnings available for distribution by the end of 2012 [Note 2]		19,276,517,247



Distribution items:

Shareholders bonuses--cash [Note 3]	NT\$5.3 per share	12,843,221,947
Undistributed earnings by the end of 2012		6,433,295,300

Note 1: Allocated employee bonuses--cash: NT\$2,047,925,270.

Allocated directors' compensation: NT\$30,400,000.

Note 2: Principle of earnings distribution in the Company's 2012 Earnings Distribution Table:  
Distribution of 2012 distributable earnings first.

Note 3: On the basis of the number of outstanding common shares of the Company as of February 26, 2013 (i.e., 2,423,249,424 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.

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

Explanation:(1) The Company plans to amend certain provisions in the Articles of Incorporation to better meet the Company's business needs and to establish good corporate governance. 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><b>Article 2</b> The Company is engaged in the following businesses:</p> <ol style="list-style-type: none"> <li>1. A101020 Food Crops;</li> <li>2. A102080 Horticulture;</li> <li>3. A199990 Other Agriculture;</li> <li>4. C801010 Basic chemical industry business;</li> <li>5. C801990 Other chemical material manufacturing business;</li> <li>6. C802120 Industrial Catalyst Manufacturing;</li> <li>7. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified;</li> <li>8. CA04010 Metal Surface Treating;</li> <li>9. CB01010 Machinery equipment manufacturing business;</li> <li>10. CB01071 Frozen and Air-conditioning manufacturing</li> </ol>	<p><b>Article 2</b> The Company is engaged in the following businesses:</p> <ol style="list-style-type: none"> <li>1. A101020 Food Crops;</li> <li>2. A102080 Horticulture;</li> <li>3. A199990 Other Agriculture;</li> <li>4. C801010 Basic chemical industry business;</li> <li>5. C801990 Other chemical material manufacturing business;</li> <li>6. C802120 Industrial Catalyst Manufacturing;</li> <li>7. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified;</li> <li>8. CA04010 Metal Surface Treating;</li> <li>9. CB01010 Machinery equipment manufacturing business;</li> <li>10. CB01071 Frozen and Air-conditioning manufacturing</li> </ol>	<p>Amendments to the business items have been drafted to better meet the Company's business needs: add subparagraphs 21, 51, 56, and 95 and re-number the original subparagraph to conform to the Codes of Business Items promulgated by the MOEA.</p>

<p>business;</p> <p>11. CB01990 Other machinery manufacturing business;</p> <p>12. CC01010 Electronic power 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. <u>CC01120 Data Storage Media</u></p>	<p>business;</p> <p>11. CB01990 Other machinery manufacturing business;</p> <p>12. CC01010 Electronic power 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. <u>CC01990 Other electrical and</u></p>	
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<p><u>Manufacturing and Duplicating:</u></p> <p><u>22.</u> CC01990 Other electrical and electronic machinery and materials manufacturing business;</p> <p><u>23.</u> CD01010 Ship and parts manufacturing business;</p> <p><u>24.</u> CD01020 Tramway Cars manufacturing business;</p> <p><u>25.</u> CD01030 Automobiles and auto-parts manufacturing business;</p> <p><u>26.</u> CD01040 Motorcycles and motorcycle parts manufacturing business;</p> <p><u>27.</u> CD01050 Bicycles and bicycle parts manufacturing business;</p> <p><u>28.</u> CD01060 Aircraft and parts manufacturing business;</p> <p><u>29.</u> CD01990 Other transportation equipment and parts manufacturing business;</p> <p><u>30.</u> CE01010 General equipment and instruments manufacturing business;</p> <p><u>31.</u> CE01021 measuring instruments manufacturing business;</p> <p><u>32.</u> CE01030 Photographic and Optical Equipment Manufacturing business;</p> <p><u>33.</u> CE01040 Clocks and Watches manufacturing business;</p>	<p>electronic machinery and materials manufacturing business;</p> <p><u>22.</u> CD01010 Ship and parts manufacturing business;</p> <p><u>23.</u> CD01020 Tramway Cars manufacturing business;</p> <p><u>24.</u> CD01030 Automobiles and auto-parts manufacturing business;</p> <p><u>25.</u> CD01040 Motorcycles and motorcycle parts manufacturing business;</p> <p><u>26.</u> CD01050 Bicycles and bicycle parts manufacturing business;</p> <p><u>27.</u> CD01060 Aircraft and parts manufacturing business;</p> <p><u>28.</u> CD01990 Other transportation equipment and parts manufacturing business;</p> <p><u>29.</u> CE01010 General equipment and instruments manufacturing business;</p> <p><u>30.</u> CE01021 measuring instruments manufacturing business;</p> <p><u>31.</u> CE01030 Photographic and Optical Equipment Manufacturing business;</p> <p><u>32.</u> CE01040 Clocks and Watches manufacturing business;</p> <p><u>33.</u> CE01990 Other photographic and optical equipment manufacturing business;</p>	
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<p><u>34.</u> CE01990 Other photographic and optical equipment manufacturing business;</p> <p><u>35.</u> CF01011 Medical appliances and equipment business;</p> <p><u>36.</u> E599010 Pipe lines construction business;</p> <p><u>37.</u> E601010 Electric appliance installation business;</p> <p><u>38.</u> E601020 Electric appliance construction business;</p> <p><u>39.</u> E602011 Frozen and Air-conditioning Engineering;</p> <p><u>40.</u> E603040 Fire fighting equipments installation business;</p> <p><u>41.</u> E603050 Automation control equipment manufacturing business;</p> <p><u>42.</u> E603090 Illumination equipments installation business;</p> <p><u>43.</u> E604010 Machinery installation business;</p> <p><u>44.</u> E605010 Computer equipment installation business;</p> <p><u>45.</u> E7010030 Restricted telecommunication radio frequency equipment and materials installation business;</p> <p><u>46.</u> EZ05010 Apparatus installation and construction business;</p>	<p><u>34.</u> CF01011 Medical appliances and equipment business;</p> <p><u>35.</u> E599010 Pipe lines construction business;</p> <p><u>36.</u> E601010 Electric appliance installation business;</p> <p><u>37.</u> E601020 Electric appliance construction business;</p> <p><u>38.</u> E602011 Frozen and Air-conditioning Engineering;</p> <p><u>39.</u> E603040 Fire fighting equipments installation business;</p> <p><u>40.</u> E603050 Automation control equipment manufacturing business;</p> <p><u>41.</u> E603090 Illumination equipments installation business;</p> <p><u>42.</u> E604010 Machinery installation business;</p> <p><u>43.</u> E605010 Computer equipment installation business;</p> <p><u>44.</u> E7010030 Restricted telecommunication radio frequency equipment and materials installation business;</p> <p><u>45.</u> EZ05010 Apparatus installation and construction business;</p> <p><u>46.</u> EZ14010 Sports Ground Equipments Construction;</p> <p><u>47.</u> F101081 Wholesale of</p>	
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<p><u>47.</u> EZ14010 Sports Ground Equipments Construction;</p> <p><u>48.</u> F101081 Wholesale of Seedling;</p> <p><u>49.</u> F106040 Water containers wholesale business;</p> <p><u>50.</u> F108031 Drugs and medical goods wholesale business;</p> <p><u>51.</u> <u>F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;</u></p> <p><u>52.</u> F113010 Machinery wholesale business;</p> <p><u>53.</u> F113020 Electrical appliances wholesale business;</p> <p><u>54.</u> F113050 Computer and office appliances and equipment wholesale business;</p> <p><u>55.</u> F113070 Telecommunication equipment wholesale business;</p> <p><u>56.</u> <u>F113110 Wholesale of Batteries;</u></p> <p><u>57.</u> F118010 Computer software wholesale business;</p> <p><u>58.</u> F119010 Electronic components and materials wholesale business;</p> <p><u>59.</u> F199990 Other wholesale business;</p> <p><u>60.</u> F201010 Retail Sale of Agricultural Products;</p> <p><u>61.</u> F201990 Retail Sale of Other Agricultural, Husbandry and</p>	<p>Seedling;</p> <p><u>48.</u> F106040 Water containers wholesale business;</p> <p><u>49.</u> F108031 Drugs and medical goods wholesale business;</p> <p><u>50.</u> F113010 Machinery wholesale business;</p> <p><u>51.</u> F113020 Electrical appliances wholesale business;</p> <p><u>52.</u> F113050 Computer and office appliances and equipment wholesale business;</p> <p><u>53.</u> F113070 Telecommunication equipment wholesale business;</p> <p><u>54.</u> F118010 Computer software wholesale business;</p> <p><u>55.</u> F119010 Electronic components and materials wholesale business;</p> <p><u>56.</u> F199990 Other wholesale business;</p> <p><u>57.</u> F201010 Retail Sale of Agricultural Products;</p> <p><u>58.</u> F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products;</p> <p><u>59.</u> F208031 Medical equipment retail business;</p> <p><u>60.</u> F209060 Education, musical instruments and entertainment articles retail business;</p> <p><u>61.</u> F213010 Electrical appliances retail business;</p> <p><u>62.</u> F213030 Computer and office</p>	
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<p>Aquatic Products;  <u>62.</u> F208031 Medical equipment retail business;  <u>63.</u> F209060 Education, musical instruments and entertainment articles retail business;  <u>64.</u> F213010 Electrical appliances retail business;  <u>65.</u> F213030 Computer and office appliances and equipment retail business;  <u>66.</u> F213060 Telecommunication equipment retail business;  <u>67.</u> F218010 Computer software retail business;  <u>68.</u> F219010 Electronic components and materials retail business;  <u>69.</u> F399040 Non-store retail business;  <u>70.</u> F401010 International trade business;  <u>71.</u> F401021 Restricted telecommunication radio frequency equipment and materials import business;  <u>72.</u> F401181 Measuring instrument importing business;  <u>73.</u> F601010 Intellectual property business;  <u>74.</u> G801010 Warehousing and storage business;  <u>75.</u> I101070 Agriculture, Forestry, Fishing and Animal</p>	<p>appliances and equipment retail business;  <u>63.</u> F213060 Telecommunication equipment retail business;  <u>64.</u> F218010 Computer software retail business;  <u>65.</u> F219010 Electronic components and materials retail business;  <u>66.</u> F399040 Non-store retail business;  <u>67.</u> F401010 International trade business;  <u>68.</u> F401021 Restricted telecommunication radio frequency equipment and materials import business;  <u>69.</u> F401181 Measuring instrument importing business;  <u>70.</u> F601010 Intellectual property business;  <u>71.</u> G801010 Warehousing and storage business;  <u>72.</u> I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy;  <u>73.</u> I103060 Management consulting services business;  <u>74.</u> I301010 Software design and service business;  <u>75.</u> I301020 Data processing services business;  <u>76.</u> I301030 Digital information supply services business;</p>	
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<p>Husbandry Consultancy;  <u>76.</u> I103060 Management consulting services business;  <u>77.</u> I301010 Software design and service business;  <u>78.</u> I301020 Data processing services business;  <u>79.</u> I301030 Digital information supply services business;  <u>80.</u> I401010 General advertising service business;  <u>81.</u> I501010 Product external appearance designing business;  <u>82.</u> I599990 Other design business;  <u>83.</u> IG02010 Research development service business;  <u>84.</u> IG03010 Energy technical services business;  <u>85.</u> IZ03010 Newspaper clipping business;  <u>86.</u> IZ04010 Translation business;  <u>87.</u> IZ10010 Typesetting business;  <u>88.</u> IZ13010 Network authentication service business;  <u>89.</u> IZ99990 Other industry and commerce services not elsewhere classified;  <u>90.</u> J303010 Magazines (journals) publishing business;  <u>91.</u> J304010 Books publishing business;</p>	<p><u>77.</u> I401010 General advertising service business;  <u>78.</u> I501010 Product external appearance designing business;  <u>79.</u> I599990 Other design business;  <u>80.</u> IG02010 Research development service business;  <u>81.</u> IG03010 Energy technical services business;  <u>82.</u> IZ03010 Newspaper clipping business;  <u>83.</u> IZ04010 Translation business;  <u>84.</u> IZ10010 Typesetting business;  <u>85.</u> IZ13010 Network authentication service business;  <u>86.</u> IZ99990 Other industry and commerce services not elsewhere classified;  <u>87.</u> J303010 Magazines (journals) publishing business;  <u>88.</u> J304010 Books publishing business;  <u>89.</u> J305010 Audio publishing business;  <u>90.</u> J399010 Software publishing business;  <u>91.</u> J399990 Other publishing business;  <u>92.</u> JE01010 Rental and leasing business;  <u>93.</u> ZZ99999 All businesses that</p>	
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<p>92. J305010 Audio publishing business;</p> <p>93. J399010 Software publishing business;</p> <p>94. J399990 Other publishing business;</p> <p>95. J701070 <u>Computer Recreational Activities</u>;</p> <p>96. JE01010 Rental and leasing business;</p> <p>97. ZZ99999 All businesses that are not prohibited or restricted by laws and regulations other than those requiring special permits.</p>	<p>are not prohibited or restricted by laws and regulations other than those requiring special permits.</p>	
<p><b>Article 18</b> The Company shall have at least five but no more than thirteen directors to be elected at the shareholders' meeting by the shareholders from any person with legal capacity in accordance with the Company Law. The term of office for directors shall be three years. All of the directors are eligible for re-election.</p> <p>To conform to the Securities and Exchange Act, the Company shall have, among the aforementioned directors, at least <u>three</u> independent directors, and the number of independent directors shall be no less than one-fifth of the total number of the directors. The directors (including independent directors) shall be elected from among the nominees</p>	<p><b>Article 18</b> The Company shall have at least five but no more than thirteen directors to be elected at the shareholders' meeting by the shareholders from any person with legal capacity in accordance with the Company Law. The term of office for directors shall be three years. All of the directors are eligible for re-election.</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 (including independent directors) shall be elected from among the nominees listed in the</p>	<p>Amendment is made to conform to the Securities and Exchange Act.</p>

<p>listed in the roster of director candidates pursuant to the candidates nomination system in Article 192-1 of the Company Law. Compliance matters with respect to independent directors shall be subject to the regulations prescribed by the Company Law and the securities authority.</p> <p>Paragraphs 3 to 5 are not amended.</p>	<p>roster of director candidates pursuant to the candidates nomination system in Article 192-1 of the Company Law. Compliance matters with respect to independent directors shall be subject to the regulations prescribed by the Company Law and the securities authority.</p> <p>Paragraphs 3 to 5 are omitted.</p>	
<p><b><u>Article 18-1</u></b>  <u>The Company shall establish an Audit Committee according to Article 14-4 of the Securities and Exchange Act and the Audit Committee shall have such powers and duties of supervisors as provided in the Company Law, the Securities and Exchange Act, and other laws and regulations.</u></p>		<p>Addition is made to meet the Company's business needs and to establish good corporate governance.</p>
<p><b>Article 33</b>  These Articles of Incorporation were enacted on July 28, 1975. (the 1<sup>st</sup> through 45<sup>th</sup> revision dates have been omitted for simplicity) The 46<sup>th</sup> amendment is made on June 7, 2013.</p>	<p><b>Article 33</b>  These Articles of Incorporation were enacted on July 28, 1975. (the 1<sup>st</sup> through 44<sup>th</sup> revision dates have been omitted for simplicity) The 45<sup>th</sup> amendment is made on June 19, 2012.</p>	<p>Addition of the 46<sup>th</sup> revision date.</p>

**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 relevant laws and regulations and to enhance the operation of shareholders' meeting and protect shareholders' rights and interests, it is proposed to amend certain provisions of 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><b>Article 6</b>  <u>The Company shall, in the notification of the shareholders' meeting, specify attending shareholders' check-in time and place for such meeting and other important matters.</u></p> <p><u>The check-in time for attending shareholders shall commence from at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staffs in the check-in place.</u></p> <p><u>Attending shareholders or their appointed proxies (hereafter referred to as "shareholders") shall be admitted to the shareholders' meeting on the basis of attendance passes, attendance cards, or other attendance documents; those persons soliciting proxy forms shall be required to present identification documents for checking identities.</u></p>	<p><b>Article 6</b>            The Company shall provide a sign-in book allowing <u>attending shareholders or their appointed proxies (hereafter referred to as "shareholders")</u> 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 (including independent directors) 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</p>	<p>Paragraph 1 and paragraph 2 are added to conform to the Company Law and relevant regulations and to protect shareholders' rights and interests. The original paragraphs are re-numbered and certain languages are revised as appropriate.</p>

<p>The Company shall provide a sign-in book allowing attending shareholders to sign in or require attending shareholders to submit attendance cards in lieu of signing in.</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 (including independent directors) is to be held.</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>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><b>Article 7</b> If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding at the meeting. If the Chairman of the Board of Directors is on leave or cannot perform his duties for some reason, the Vice-Chairman shall preside at the meeting on the</p>	<p><b>Article 7</b> If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding at the meeting. If the Chairman of the Board of Directors is on leave or cannot perform his duties for some reason, the Vice-Chairman shall preside at the meeting on the</p>	<p>Paragraph 2 is added to enhance the operation of shareholders' meeting and to conform to relevant laws and regulations.</p>

<p>Chairman's behalf; if the Company does not have a vice-Chairman or the Vice-Chairman is on leave or cannot perform his duties for some reason, the Chairman of the Board of Directors shall appoint a managing director to serve on his behalf. If there are no managing directors, the Chairman shall appoint a director to serve on his behalf. If the Chairman has not appointed a representative, the managing directors or directors shall nominate among themselves to preside over the meeting.</p> <p><u>In the event that a managing director or a director presides at a shareholders' meeting on the Chairman's behalf pursuant to the above paragraph, such managing director or director shall have held office for at least six months and shall be familiar with the financial and business condition of the Company. The same requirements shall apply when a representative of a juristic-person director presides at a shareholders' meeting.</u></p> <p>The rest is not amended.</p>	<p>Chairman's behalf; if the Company does not have a vice-Chairman or the Vice-Chairman is on leave or cannot perform his duties for some reason, the Chairman of the Board of Directors shall appoint a managing director to serve on his behalf. If there are no managing directors, the Chairman shall appoint a director to serve on his behalf. If the Chairman has not appointed a representative, the managing directors or directors shall nominate among themselves to preside over the meeting.</p> <p>Paragraphs 2 to 4 are omitted.</p>	
<p><b>Article 8</b> <u>From the moment that the Company accepts check-in for the meeting, the attending shareholders' check-in process, the proceeding of the meeting, and the voting and counting</u></p>	<p><b>Article 8</b> The proceeding of the meeting shall be audio recorded or videotaped in its entirety <u>and these tapes shall be preserved for at least one year. However, the said tapes shall be preserved until</u></p>	<p>Paragraph 1 is added to preserve the proceeding of the meeting in its entirety and to conform to relevant laws and regulations. The</p>

<p><u>process shall be continuously audio recorded and videotaped in its entirety without any interruption.</u></p> <p><u>These audio and video files shall be preserved for at least one year. However, the said files shall be preserved until the conclusion of the lawsuit if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law.</u></p>	<p><u>the conclusion of the lawsuit if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law.</u></p>	<p>original languages regarding preservation period is moved to paragraph 2.</p>
<p><b>Article 13</b> Paragraphs 1 to 5 are not amended.</p> <p><u>The ballots for voting or election matters shall be publicly counted at the meeting venue and once the counting is done, the result of voting including the number of votes casted shall be announced at the meeting and placed on record.</u></p>	<p><b>Article 13</b> Paragraphs 1 to 5 are omitted.</p> <p><u>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.</u></p>	<p>Paragraph 6 is amended to enable the shareholders to promptly know the voting results and the number of votes casted and to conform to relevant laws and regulations.</p>
<p><b>Article 14</b> 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 <u>including the list of elected directors and the number of votes casted</u> must be announced at the meeting.</p> <p>The rest is not amended.</p>	<p><b>Article 14</b> 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>Omitted.</p>	<p>Paragraph 1 is amended to enable the shareholders to promptly know the voting results, the list of elected persons and the number of votes casted.</p>

**5. Discussion of the Amendments to Operating Procedures of Fund Lending (Proposed by the Board of Directors)**

- Explanation:(1) In order to conform to amendment to relevant laws and regulations and to meet the Company's business needs, 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><b>Article 3: Total Amount of Funds Lending and Limit for Each Recipient</b></p> <p>1. Not amended.</p> <p>2. Not amended.</p> <p>3. Deleted.</p> <p><u>"Related party", "subsidiary" and "parent company" referred to herein shall be determined according to the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p><u>"Net worth" referred to herein shall mean the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>	<p><b>Article 3: Total Amount of Funds Lending and Limit for Each Recipient</b></p> <p>1. Omitted.</p> <p>2. Omitted.</p> <p>3. The lending of funds between the Company and the foreign Subsidiaries whose equity shares with voting rights are 100% held (directly and indirectly) by the Company may be exempt from the restrictions prescribed in the preceding two paragraphs.</p>	<p>Amendment is made to conform to the Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies.</p>
<p><b>Article 9: Public Announcement and Reporting Procedures</b></p>	<p><b>Article 9: Public Announcement and Reporting Procedures</b></p>	<p>Amendment is made to conform to the</p>

<p>1. Not amended.</p> <p>2. In addition to the monthly public announcement and reporting of the Company's balance of lending of funds, in the event that the balance of funds lent by the Company and its Subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within two days <u>commencing from the date of occurrence of such event</u>:</p> <p>(1) The balance of lending of funds lent to others by the Company and its Subsidiaries reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(2) The balance of funds lent by the Company and its Subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(3) Amount of funds newly lent by the Company or its Subsidiaries exceeds NT\$10,000,000 and reaches</p>	<p>1. Omitted.</p> <p>2. In addition to the monthly public announcement and reporting of the Company's balance of lending of funds, in the event that the balance of funds lent by the Company and its Subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within two days of the occurrence of such event:</p> <p>(1) The balance of lending of funds lent to others by the Company and its Subsidiaries reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(2) The balance of funds lent by the Company and its Subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(3) Amount of funds newly lent by the Company or its Subsidiaries exceeds NT\$10,000,000 and reaches</p>	<p>Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies.</p>
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<p>2 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>3. If any of the matters to be publicly announced and reported as specified above is subject to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation.</p> <p><u>"Date of occurrence" referred to herein shall mean the date of contract signing, date of payment, date of resolution by board of directors, or other date that can determine the counterparty and transaction amount of the transaction, whichever date is earlier.</u></p>	<p>2 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>3. If any of the matters to be publicly announced and reported as specified above is subject to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation.</p>	
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**6. Discussion of the Amendments to Operating Procedures of Endorsement and Guarantee (Proposed by the Board of Directors)**

- Explanation:(1) In order to conform to amendment to relevant laws and regulations and to meet the Company's business needs, 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><b>III. Recipients of Endorsements and Guarantees</b></p> <p>The Company may make endorsements and/or guarantees for the following companies:</p> <ol style="list-style-type: none"> <li>1. Related parties with which the Company has business relations.</li> <li>2. A company in which the Company directly and indirectly owns more than 50 % of its voting shares.</li> <li>3. The company which directly and indirectly owns more than 50% of the Company's voting shares.</li> </ol> <p>A company in which the Company directly and indirectly owns 100% of its voting shares may make endorsements and/or guarantees to another company in which the Company directly and indirectly owns 100% of its voting shares.</p>	<p><b>III. Recipients of Endorsements and Guarantees</b></p> <p>The Company may make endorsements and/or guarantees for the following companies:</p> <ol style="list-style-type: none"> <li>1. Related parties with which the Company has business relations.</li> <li>2. A company in which the Company directly and indirectly owns more than 50 % of its voting shares.</li> <li>3. The company which directly and indirectly owns more than 50% of the Company's voting shares.</li> </ol> <p>A company in which the Company directly and indirectly owns 100% of its voting shares may make endorsements and/or guarantees to another company in which the Company directly and indirectly owns 100% of its voting shares.</p>	<p>Amendment is made to conform to the Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies.</p>

<p>The mutual guarantees made by and between the Company and other enterprises of the same trade for the need of contracting for construction work or between joint builders in compliance with the contracts or the endorsements/ guarantees made by the shareholders for joint investment in a company in proportion to their shareholdings shall be exempt from the restrictions prescribed in the preceding two paragraphs.</p> <p>The aforementioned investment refers to the investment directly made by the Company or indirectly made through a company whose voting shares are 100% owned by the Company.</p> <p>The terms "related party", "subsidiary" and "parent company" referred to herein shall be determined according to the provisions set forth in <u>the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>.</p>	<p>The mutual guarantees made by and between the Company and other enterprises of the same trade for the need of contracting for construction work or between joint builders in compliance with the contracts or the endorsements/ guarantees made by the shareholders for joint investment in a company in proportion to their shareholdings shall be exempt from the restrictions prescribed in the preceding two paragraphs.</p> <p>The aforementioned investment refers to the investment directly made by the Company or indirectly made through a company whose voting shares are 100% owned by the Company.</p> <p>The terms "related party", "subsidiary" and "parent company" referred to herein shall be determined according to the provisions set forth in <u>the Statement of Financial Accounting Standards No. 5, No. 6 and No. 7 published by the Accounting Research and Development Foundations of the Republic of China</u>.</p>	
<p><b>IV. Limits of Endorsements and Guarantees</b></p> <p>The total amount of the endorsements and guarantees made by the Company shall not</p>	<p><b>IV. Limits of Endorsements and Guarantees</b></p> <p>The total amount of the endorsements and guarantees made by the Company shall not</p>	<p>Amendment is made to conform to the Regulations Governing Loaning of Funds and Making of Endorsements and</p>

<p>exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements; and the total amount of endorsements and guarantees made to a single enterprise shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements. The total amount of the endorsements and guarantees made by the Company and its subsidiary as a whole shall not exceed 50 percent of the Company's net worth as stated in the Company's latest financial statements; and the total amount of endorsements and guarantees made to a single enterprise shall not exceed 30 percent of the Company's net worth as stated in the Company's latest financial statements.</p> <p><u>"Net worth" referred to herein shall mean the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>(Hereinafter not amended)</p>	<p>exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements; and the total amount of endorsements and guarantees made to a single enterprise shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements. The total amount of the endorsements and guarantees made by the Company and its subsidiary as a whole shall not exceed 50 percent of the Company's net worth as stated in the Company's latest financial statements; and the total amount of endorsements and guarantees made to a single enterprise shall not exceed 30 percent of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(Hereinafter omitted)</p>	<p>Guarantees by Public Companies.</p>
<p><b>V. Procedures for Making Endorsement and Guarantee</b></p> <p>1. Not amended.</p>	<p><b>V. Procedures for Making Endorsement and Guarantee</b></p> <p>1. Omitted.</p>	<p>Amendment is made to conform to the Regulations Governing Loaning of Funds and Making</p>

<p>2. Not amended.</p> <p>3. Not amended.</p> <p>4. The Finance Division of the Company shall prepare a table listing endorsements and guarantees made or revoked each month in order to facilitate the Company's internal control, tracking, and making public announcement and reporting. The Finance Division of the Company shall also evaluate and record the contingent loss for endorsements and guarantees made, and shall disclose information relating to endorsements and guarantees made by the Company in the Company's financial statements and shall provide relevant information to the Company's auditing CPA.</p> <p>5. Not amended.</p> <p>6. Not amended.</p>	<p>2. Omitted.</p> <p>3. Omitted.</p> <p>4. The Finance Division of the Company shall prepare a table listing endorsements and guarantees made or revoked each month in order to facilitate the Company's internal control, tracking, and making public announcement and reporting. The Finance Division of the Company shall also evaluate and record the contingent loss for endorsements and guarantees made <u>according to the Statement of Financial Accounting Standards No. 9</u>, and shall disclose information relating to endorsements and guarantees made by the Company in the Company's financial statements and shall provide relevant information to the Company's auditing CPA.</p> <p>5. Omitted.</p> <p>6. Omitted.</p>	<p>of Endorsements and Guarantees by Public Companies.</p>
<p><b>X. Public Announcement and Reporting Procedures</b></p> <p>1. Not amended.</p> <p>2. In addition to the monthly public announcement and reporting of the Company's</p>	<p><b>X. Public Announcement and Reporting Procedures</b></p> <p>1. Omitted.</p> <p>2. In addition to the monthly public announcement and reporting of the Company's</p>	<p>Amendment is made to conform to the Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies.</p>

<p>balance of endorsements and guarantees, when the amount of endorsements and guarantees made by the Company and its subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within two days <u>commencing from the date of</u> occurrence of such event:</p> <p>(1) The balance of endorsements and guarantees made by the Company and its Subsidiaries reaches 50 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(2) The balance of endorsements and guarantees made by the Company and its Subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(3) The balance of endorsements and guarantees made by the</p>	<p>balance of endorsements and guarantees, when the amount of endorsements and guarantees made by the Company and its subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within two days of the occurrence of such event:</p> <p>(1) The balance of endorsements and guarantees made by the Company and its Subsidiaries reaches 50 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(2) The balance of endorsements and guarantees made by the Company and its Subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(3) The balance of endorsements and guarantees made by the</p>	
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<p>Company and its Subsidiaries to a single enterprise reaches NT\$10 million or more and the aggregate amount of endorsements and guarantees for, <u>investment of a long-term nature</u> in, and balance of loans to such enterprise reaches 30 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(4) The amount of endorsements and guarantees newly made by the Company or its Subsidiaries exceeds NT\$30 million and reaches 5 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>3. If any of the matters to be public announced and reported as specified above is subject to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation.</p> <p><u>"Date of occurrence" referred to herein shall mean the date of contract signing, date of payment,</u></p>	<p>Company and its Subsidiaries to a single enterprise reaches NT\$10 million or more and the aggregate amount of endorsements and guarantees for, long-term investment in, and balance of loans to such enterprise reaches 30 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>(4) The amount of endorsements and guarantees newly made by the Company or its Subsidiaries exceeds NT\$30 million and reaches 5 percent or more of the Company's net worth as stated in the Company's latest financial statements.</p> <p>3. If any of the matters to be public announced and reported as specified above is subject to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation.</p>	
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<u>date of resolution by board of directors, or other date that can determine the counterparty and transaction amount of the transaction, whichever date is earlier.</u>		
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**7. 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 Company's directors concurrently perform work for other companies and thus are subject to Article 209 of the Company Law. Without prejudice to the interests of the Company, it is proposed to submit to the shareholders' meeting for resolution to remove the restrictions preventing the Company's directors from performing work for their newly appointed positions in other companies.
- (3) The proposal is submitted for discussion.

**Details of Positions Concurrently Held by Directors in Other Companies (Newly Added)**

Name of Director	Name of Company Where Director Holds Major Position	Position
Mark Ko	Delta Greentech (China) Co., Ltd.	Director
Simon Chang	Delta Robot Automatic Co., Ltd.	Chairman
Ping Chen	Delta Robot Automatic Co., Ltd.	Director
	Deltronics (Netherlands) B.V.	Director
	Delta Energy Technology (Wuhu) Co., Ltd	Chairman
	Delta Energy Technology (Chenzhou) Co., Ltd.	Chairman
	Delta Energy Technology (Dongguan) Co., Ltd. Delta Energy Technology (Wujiang) Co., Ltd.	Chairman Chairman
Steven Liu	Delta Electronics Int'l (Singapore) Pte Ltd	Director
Johnson Lee	Delta Electronics (Chenzhou) Co., Ltd.	Director
	Delta Technology (Chenzhou) Co., Ltd.	Director
	Delta Electronics (Wuhu) Co., Ltd.	Director
	Delta Technology (Wuhu) Co., Ltd.	Director
	Delta Electronics Components (Wujiang) Ltd.	Director
	Delta Electronics International Limited	Director
	Delta International Holding Limited	Director
	Delta Electronics (HK) Limited	Director
Delta Power Sharp Ltd.	Director	
Yung-Chin Chen	Lifestyle Global Enterprise Inc.	Independent Supervisor
Ming-Chung Chang	Neo Solar Power Corp.	Director (if elected in the

		annual general shareholders' meeting of Neo Solar Power Corp. to be held on May 31, 2013)
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Voting and Resolution for each of Acknowledgement and Discussion Proposals.

### **III. EXTEMPORARY MOTIONS**

Meeting adjourned.

## Letter to Our Shareholders

2012 global economy was marked by uncertainty and a continued lack of market confidence. Delta nevertheless delivered strong performance thanks to the efforts of our employees. In addition to revenues growth, Delta saw a sharp jump in profitability. Delta's consolidated revenues in 2012 amounted to 171.8 Billion NTD, 6% increase on the previous year. Operating profit was \$42.2 Billion NTD, up 22% from last year with a gross margin of 24.5%. Net operating profit was 17.4 Billion NTD, up 32% from last year and accounted for 10.1% of total revenues. Net profit after tax increased by 47% to 16.1 Billion NTD compared to last year and the net operating profit margin was 9.4%. Earning per share (EPS) in 2012 was 6.68 NTD.

"Care for the Environment, Energy-saving and Our Green Earth" has been the overriding business philosophy of Delta for decades and a core corporate element of our culture. Delta has not only cemented our leadership and developed new opportunities in the power supply and component ODM industry, but has also actively expanded into systems and solutions. By drawing on our thorough understanding of customer requirements, innovative technologies and products, and seamless integration of software and hardware, we create more environmentally friendly, comfortable and intelligent applications that enhance Delta's brand value. Important changes were made to Delta's corporate governance structure and management team last year to strengthen the company's foundations for future development. The following is a brief summary of key developments in our business and organization over the last year as well as our vision for the future.

In the power supply and components field, Delta has been the world leader by market share of power supplies and DC brushless fan motors for many years. We have also continued to introduce our core technologies and innovative R&D results into more applications, while improving their energy conversion efficiency and recycling. Delta has not only continued to maintain our leadership in the communications, industrial, automotive and consumer electronics industries, but has also made major gains in the emerging cloud application, medical and



electric vehicle markets last year. Delta successfully developed the world's first titanium-grade server power supply with 96% efficiency. Delta also earned orders from large data center customers such as Google, Facebook and Amazon, and Delta now owns more than 50% of the global server power supply market. Our entry into the medical imaging device market progressed smoothly as well. New products, such as power supplies for medical X-ray machines, are now shipping and creating higher added value. In 2011, Delta began working on onboard chargers for electric vehicles. Last year, Delta released a new product with a conversion efficiency of up to 95% that is also lighter, thinner, more compact and more powerful than competing products. We are now officially a tier-1 supplier to the top 3 car brands in the U.S., and we anticipate strong business growth in this area.

Delta's Fan & Thermal Management Business Group leads the industry in slim design and mass production technology. We are also actively leveraging low-power consumption and low-noise designs to extend our product lines into smart air ventilation fans, hot-air blowers and thermal exchangers. These products will allow the general public to enjoy the high quality of life provided by green technology while saving energy and reducing carbon emissions. Delta is currently the only company to have Taiwan's Energy Label certification for its complete range of smart air ventilation fans. Cyntec, a Delta wholly-owned subsidiary, specializes in the development of highly integrated miniaturized components and modules. The company has won customer recognition for its responsiveness, technology, and mass production capability. The popularity of handheld electronic devices, the rapid development of the cloud service industry, the general public's increasing demand for quality of life as well as healthcare services all indicate that Delta's power supply and components business should continue to perform well.

Delta is engaged in a variety of energy management fields, including products, systems and turnkey solutions for industrial automation, energy systems, electric vehicle control, power and charging systems, large wind turbine converters and photovoltaic inverters. All of these products delivered a remarkable performance last year. Delta Industrial Automation developed a



number of innovative products and turnkey solutions last year including robots and energy-efficient industrial automation solutions which integrate lighting, injection molding machines, elevators, air-conditioning, air compressors and factory power management systems. In addition, Delta also developed the first digital control system solution (DCS) for CNCs. The new in-house developed DCS is a complete, responsive and flexible solution that integrates control panel, servo drive, spindle motor and servo motor, supports multi-tasking and delivers speed, precision and stability. Delta also developed a new range of highly competitive medium-sized programmable controller products. All of these demonstrate innovative R&D by Delta Industrial Automation to provide customers with energy-saving, high-performance products and solutions that take industries into the new age of smart, green energy.

Delta's telecom power supplies have always been the industry leader with an energy conversion efficiency of up to 97%. Last year, we integrated our world-leading core technologies in energy management and thermal engineering with environmental management and rack design solutions to offer a total solution for next-generation data center infrastructure. The new integrated solution for data center infrastructure features UPS, power distribution, environmental monitoring and precision air-conditioning with the advantages of modularity, flexible integration, ease of management and high reliability. Enterprise customers can build their own "Green Data Center" for significant savings in energy and operating costs. Apart from large data centers, Delta is actively investing in the market for private enterprise clouds by developing racks that integrate power supply, cooling and UPS products. These products allow customers to combine Delta racks and servers to greatly speed up the rollout process and have won unanimous compliment from our customers.

Delta made breakthroughs in electric vehicle charging solutions last year. A grant was received from the U.S. Department of Energy to work with North American electricity companies and automotive manufacturers on joint development of home electric vehicle charging equipment under a smart grid architecture. The grant is intended to reduce the cost of communication between charging equipment and electrical grids. Delta also participates in Norway's



charging grid initiative by building a full-scale electric vehicle charging facilities along the 3,000 km long E6 highway between Norway and Sweden. Delta's R&D integration ability, product innovation and design abilities have repeatedly won international recognition. The team's efforts will undoubtedly become evident as the electric vehicle industry prospers in Taiwan and overseas.

In solar energy market, reductions in government subsidies and global oversupply had severe adverse impact on the industry. Nevertheless, the drop in market prices is positive for the industry as a whole over the long-term and will encourage the popularization of PV technology. Delta therefore made the decision to merge DelSolar, a Delta subsidiary, into Neo Solar Power, through share swap scheme. The new, larger company will be more competitive and will become the largest PV cell maker in Taiwan and the second largest in the world. Delta hopes that this will accelerate the replacement of dirty fossil fuels with clean and cost-effective renewable energy.

In smart green life, the most significant progress has been in the network communications and display solutions business. Delta's network communications subsidiary, Delta Networks, has grown steadily over the years by balancing the demands of high-end enterprise and SOHO markets. The rapid growth of cloud and smart applications brings with it increasing demand for network communications and makes Delta Networks one of Delta's key engines for growth. Delta's display solutions business has not only maintained its leadership in the high-end projection systems market, but has also integrated art and aesthetics into everyday life through integrated software technologies. In 2012, Delta set up 12 large cinema-grade projectors outside of the Red House in Taipei. The exterior of the unique octagonal building formed a large outdoor 3D projection stage, and audio control technology was used to combine the visual effects with the architecture. The audience was able to relive the medal-winning performances of Chinese Taipei Olympic athletes and enjoy the opening ceremony at the London Olympic Stadium. This authentic experience of the world's greatest athletics event provided an excellent demonstration of smart green life.



LED is the trend for future lighting and it is one of Delta's new business units. Delta spent six months last year on the Peng Bay Bridge scenic lighting project, installing 2,600 LED lights of various types. The lighting system was officially activated in October, 2012. The design of the lighting had to balance the needs of eco-conservation, lighting technology, tourism and recreation. The eco-friendly energy lighting and variable 7-colored LED lighting now transforms the Peng Bay Bridge into a glowing rainbow at night. The bridge is now a part of life for residents and tourists alike, emphasizing the endless possibilities of advanced technology in smart green living. While high costs continue to hamper LED adoption, Delta believes that LED, with its advantages in energy-saving, long life, mercury-free and a high color rendering property, will soon replace conventional lighting in the future and make a contribution to the environment.

A keen understanding of market trends and readiness to exploit new business opportunities have always been one of the keys to Delta's success. Delta has continued to actively adjust our overall strategy and take advantage of emerging opportunities in response to changes in the industrial structure and economic climate. The Delta's business model continues to evolve as well. From Delta Inside to Delta Outside, from IT to ET (Energy Technology), from ODM to brand-oriented integrated energy-saving services, these all trace how Delta has grown in response to changes in the external environment. While as Delta's business units concentrate their energies on developing innovative products and providing customers with even better value-added solutions, we are sparing no effort when it comes to integrating and applying products and technologies across different business units. Take the most advanced intelligent monitoring and management system iPEMS™ for example, it integrates our expertise in video conferencing, sensing, network communications and power management was combined together to support the concurrent monitoring of more than 10 million data points for real-time data collecting, smart data analysis and ultra high-definition data visualization. The iPEMS™ can be used in a variety of different industrial monitoring and management applications such as energy production and consumption, smart factories, large data centers, smart grids, traffic and communications. This advanced high-performance, high-reliability, flexible and eco-friendly energy-saving solution helps managers make right





decisions quickly. Green building is another example. We integrated renewable energy applications, energy management optimization, factory energy-saving automation and home energy-saving products into a solution, and optimized architectural design, choice of building materials, natural lighting and insulation, air-conditioning and hot water systems. The result not only greatly reduces the consumption of water and power, but also offers more comfortable indoor temperatures, humidity and air quality. These system solutions have translated into improved productivity and environmental quality. Delta has built a number of green factories, offices and laboratories over the years that have proven to be great successes. Building upon our solid foundations and exploiting the synergies from collaborative development to provide even more influential total integrated solutions is now Delta's main direction of development for the future.

The success of our integrated solutions business depends on in depth understanding of the customer's problems and the technology to solve them. Delta has made long-term investments in cultivating R&D expertise and innovation. We also approach the market carefully to understand customer requirements and establish our brand value. Having previously been named one of the first "Top 20 Innovation Enterprises in Taiwan" by the Industrial Development Bureau of the Ministry of Economic Affairs in 2011, Delta earned the Outstanding Innovative Enterprise Award again last year. The top award in the National Industrial Innovation Awards recognized Delta's embrace of energy-saving, sustainability and value creation as core values as well as our innovations in system integration, design, channel, brand and service. Last year, Delta was once again named as one of the top 20 international brands in Taiwan by Interbrand, making it the only large electronics company in Taiwan to receive this accolade with an industrial brand for two successive years. 2010 was Year One for the Delta brand. After an analysis of global trends and the Delta core values, "Smarter. Greener. Together." was defined as the Delta brand essence last year. *Smarter* represents our continued advancement in technology in response to customers' expectations of the Delta brand on a functional level. *Greener* embodies our commitment to the business philosophy of "Care for the Environment, Energy-saving and Our Green Earth ". *Together* describes the Delta management philosophy of working together with customers to establish a



long-term partnership and grow together. We hope these three English words will effectively communicate the Delta value, establish good will in business, and ultimately ensure our continued competitiveness and guide our sustainable development.

Delta received many accolades from customers such as ASUS, SONY, Dell and Lenovo in 2012. After receiving the "Best CEO in Technology/Hardware", "Best Investor Relations" and "Best IR Professional" awards from *Institutional Investor* magazine in 2011, Delta's management team was presented with the "Best investor relations officer" and "Best investor relations by a CEO or president" awards by *IR Magazine* in 2012. Delta's investor relations ranking in Greater China also jumped into 3rd place, showing that Delta's long-term efforts in corporate governance and investor relations is paying off. Delta's commitment to corporate social responsibility has been well recognized too: Delta won the *CommonWealth Magazine's* "Most Admired Company" award for the 11th consecutive year and the Corporate Citizenship Award for the 6th consecutive year, the *Global Views Magazine's* top prize in the education category for the "2012 Corporate Social Responsibility Awards", the Securities & Futures Institute's best possible A++ rating for disclosure and transparency by a publicly listed company, was included again in the "World Index" and "Asia-Pacific Index" of the Dow Jones Sustainability Indexes, and was named global "Industry leader" in the ITC Electronic Equipment sector. Delta also became the first Taiwanese-owned electronics company to receive the "Outstanding Enterprise Award" in China's Corporate Social Responsibility Ranking last year and has now been named one of the Top 50 private enterprises in China for three consecutive years. The awards provide ample proof of how highly regarded Delta is in the China market.

Delta constantly strives toward the best practices of corporate governance, although we might already be considered a role-model in Taiwan. The Delta Board of Directors was restructured last year, and the supervisors were replaced by an Audit Committee and Remuneration Committee made up of three independent directors. The move marked an important step towards best corporate governance. Changes were made to the Delta management team last



year as well. Mr. Bruce Cheng, our beloved founder, announced his retirement last year and resigned his chairmanship to become honorary chairman. The responsibility of managing the company is now shared by me as new Chairman, Vice Chairman Mark Ko, CEO Ping Cheng and COO Johnson Lee. We present Mr. Bruce Cheng with our highest regards for devoting more than forty years of his life to laying the foundations for Delta's success. We are also grateful to our colleagues for their long-term contributions to the company, and also to our customers, suppliers, shareholders and the general public for their support and belief in Delta. We will strive to continue to lead all Delta employees in the direction set for the company and implement the growth strategies we have developed. We will do our best to realize our goals, accomplishing our corporate mission, pass on the Delta value, and forge Delta into an internationally respected enterprise.

Yancey Hai, Chairman

A handwritten signature in black ink that reads "Yancey Hai". The signature is written in a cursive, flowing style.

Attachment 2

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, 2012 and 2011, 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 11, 2013, 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 independent accountants, we expressed a modified unqualified opinion on those non-consolidated financial statements.

In our opinion, 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 11, 2013

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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.**  
**NON-CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	2012	2011
<b>Current Assets</b>			
Cash and cash equivalents	4(1)	\$ 5,045,761	\$ 8,437,582
Financial assets measured at fair value through profit or loss - current	4(2)	720,000	-
Available-for-sale financial assets - current	4(5)	555,522	524,013
Financial assets carried at cost - current	4(6)	-	37,092
Notes receivable, net		88,759	121,034
Accounts receivable, net	4(3)	4,747,381	3,989,817
Accounts receivable, net - related parties	5	1,828,201	1,197,372
Other receivables		104,604	103,629
Other receivables - related parties	5	533,146	471,882
Other financial assets - current	6	39,849	44,163
Inventories	4(4)	756,526	937,228
Long-term equity investments held for disposal	4(7)	2,378,066	-
Deferred income tax assets - current	4(19)	38,144	56,655
Other current assets		265,834	662,155
<b>Total current assets</b>		<u>17,101,793</u>	<u>16,582,622</u>
<b>Funds and Investments</b>			
Financial assets at fair value through profit or loss - non-current	4(2)	-	1,580,000
Available-for-sale financial assets - non-current	4(5)	2,143,517	22,198
Financial assets carried at cost - non-current	4(6)	575,292	3,299,410
Long-term equity investments accounted for under the equity method	4(7)	89,188,433	90,836,694
Cash surrender value of life insurance		115,434	112,700
<b>Total funds and investments</b>		<u>92,022,676</u>	<u>95,851,002</u>
<b>Property, Plant and Equipment, Net</b>			
<b>Cost</b>	4(8)		
Land		2,179,538	1,100,055
Buildings		3,990,972	2,331,617
Machinery and equipment		1,053,694	999,542
Molding equipment		359,520	347,102
Computer and communication equipment		317,491	296,979
Testing equipment		1,732,249	1,685,548
Transportation equipment		27,640	26,924
Office equipment		198,604	186,078
Leasehold improvements		73,069	53,638
Revaluation increments		620,497	620,497
<b>Cost and revaluation increments</b>		<u>10,553,274</u>	<u>7,647,980</u>
Less: Accumulated depreciation		( 3,770,512 )	( 3,438,351 )
Construction in progress and prepayments for equipment		632,803	2,123,454
<b>Total property, plant and equipment, net</b>		<u>7,415,565</u>	<u>6,333,083</u>
<b>Intangible Assets</b>			
Trademarks	4(9)	412,890	-
Patents		20,061	23,170
Deferred pension costs		4,116	8,232
<b>Total intangible assets</b>		<u>437,067</u>	<u>31,402</u>
<b>Other Assets</b>			
Assets leased to others	4(10)	1,795,589	765,157
Idle assets	4(11)	-	-
Refundable deposits		2,927	6,663
Deferred expenses		311,303	185,055
Other assets - other		15,547	33,583
<b>Total other assets</b>		<u>2,125,366</u>	<u>990,458</u>
<b>TOTAL ASSETS</b>		<u>\$ 119,102,467</u>	<u>\$ 119,788,567</u>

(Continued)

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

LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	2012	2011
<b>Current Liabilities</b>			
Derivative financial liabilities for hedging - current	10(9)	\$ 1,485	\$ -
Accounts payable		451,013	650,072
Accounts payable - related parties	5	6,649,501	6,157,405
Income tax payable	4(19)	952,207	892,266
Accrued expenses		4,720,398	4,430,746
Other payables - related parties	5	47,768	233,988
Other payables		185,092	198,586
Receipts in advance		228,558	219,388
Other current liabilities		621,629	1,177,032
<b>Total current liabilities</b>		<u>13,857,651</u>	<u>13,959,483</u>
<b>Long-term Liability</b>			
Long-term loans	4(12)	<u>16,315,000</u>	<u>22,272,000</u>
<b>Reserve</b>			
Land value incremental reserve	4(8)	<u>119,864</u>	<u>119,864</u>
<b>Other Liabilities</b>			
Accrued pension liabilities	4(13)	1,522,532	1,370,529
Guarantee deposits received	5	5,410	4,740
Deferred income tax liabilities - non-current	4(19)	3,615,969	4,240,595
Other liabilities - other		-	578
<b>Total other liabilities</b>		<u>5,143,911</u>	<u>5,616,442</u>
<b>Total liabilities</b>		<u>35,436,426</u>	<u>41,967,789</u>
<b>Stockholders' Equity</b>			
<b>Capital</b>			
Common stock	4(14)	24,211,780	24,033,974
<b>Capital Reserves</b>			
Paid-in capital in excess of par value of common stock	4(15)	14,384,691	13,242,489
Capital reserve from conversion of convertible bonds		10,253,416	10,253,416
Capital reserve - other		1,765,000	3,013,550
<b>Retained Earnings</b>			
Legal reserve	4(16)	12,163,682	11,064,579
Special Reserve		1,628,536	4,796,006
Undistributed earnings	4(17)	22,805,885	13,045,300
<b>Other Adjustments to Stockholders' Equity</b>			
Cumulative translation adjustments		( 4,287,240 )	( 1,716,140 )
Unrecognized pension cost		( 284,342 )	( 263,401 )
Unrealized gain or loss on financial instruments		( 281,431 )	( 176,551 )
Asset revaluations	4(8)	527,556	527,556
Amounts recognised directly in equity relating to non-current assets held for sale	4(7)	778,508	-
<b>Total stockholders' equity</b>		<u>83,666,041</u>	<u>77,820,778</u>
<b>Commitments and Contingent Liabilities</b>	7		
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<u>\$ 119,102,467</u>	<u>\$ 119,788,567</u>

The accompanying notes are an integral part of these non-consolidated financial statements.  
See report of independent accountants dated March 11, 2013.

**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)

Items	Notes	2012		2011	
<b>Operating Revenues</b>	5				
Sales		\$ 28,206,472		\$ 25,800,466	
Sales returns		( 8,069 )		( 13,467 )	
Sales discounts		( 5,490 )		( 3,282 )	
<b>Net Sales</b>		<u>28,192,913</u>		<u>25,783,717</u>	
Service income	5	8,094,643		6,917,765	
<b>Net Operating Revenues</b>		<u>36,287,556</u>		<u>32,701,482</u>	
<b>Operating Costs</b>	4(21) and 5				
Cost of goods sold	4(4)	( 25,379,810 )		( 23,266,764 )	
Service costs		( 7,015,935 )		( 5,740,112 )	
<b>Net Operating Costs</b>		<u>( 32,395,745 )</u>		<u>( 29,006,876 )</u>	
<b>Gross profit</b>		3,891,811		3,694,606	
Unrealized gain from intercompany transactions		-		( 578 )	
Realized gain on inter-affiliate accounts		578		82	
<b>Net Gross profit</b>		<u>3,892,389</u>		<u>3,694,110</u>	
<b>Operating Expenses</b>	4(21)				
Sales and marketing expenses		( 327,779 )		( 333,807 )	
General and administrative expenses		( 1,580,020 )		( 1,493,559 )	
Research and development expenses		( 154,360 )		( 129,192 )	
<b>Total Operating Expenses</b>		<u>( 2,062,159 )</u>		<u>( 1,956,558 )</u>	
<b>Operating income</b>		<u>1,830,230</u>		<u>1,737,552</u>	
<b>Non-operating Income and Gains</b>					
Interest income		14,600		19,103	
Investment income accounted for under the equity method	4(7)	14,468,324		10,714,871	
Dividend income		40,789		69,535	
Gain on disposal of property, plant and equipment		7,547		4,923	
Gain on disposal of investments	4(2)	1,380,059		180,517	
Foreign exchange gain, net		66,550		23,933	
Rental income	5	52,638		44,557	
Other non-operating income		401,582		369,125	
<b>Total Non-operating Income and Gains</b>		<u>16,432,089</u>		<u>11,426,564</u>	
<b>Non-operating Expenses and Losses</b>					
Interest expense		( 134,901 )		( 71,922 )	
Other non-operating losses		( 32,086 )		( 16,021 )	
<b>Total Non-operating Expenses and Losses</b>		<u>( 166,987 )</u>		<u>( 87,943 )</u>	
<b>Income from continuing operations before income tax</b>		18,095,332		13,076,173	
Income tax expense	4(19)	( 928,584 )		( 584,922 )	
<b>Income from continuing operations</b>		17,166,748		12,491,251	
Loss from discontinued operations (Net of income tax expense of \$0 and \$0, respectively)	4(7)	( 1,057,206 )		( 1,500,220 )	
<b>Net income</b>		<u>\$ 16,109,542</u>		<u>\$ 10,991,031</u>	
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
<b>Earnings per share (In Dollars)</b>	4(20)				
<b>Basic earnings per share</b>					
Net income from continuing operations		\$ 7.51	\$ 7.12	\$ 5.44	\$ 5.20
Net loss from discontinued operations		( 0.44 )	( 0.44 )	( 0.62 )	( 0.62 )
<b>Net income</b>		<u>\$ 7.07</u>	<u>\$ 6.68</u>	<u>\$ 4.82</u>	<u>\$ 4.58</u>
<b>Diluted earnings per share</b>					
Net income from continuing operations		\$ 7.39	\$ 7.01	\$ 5.34	\$ 5.10
Net loss from discontinued operations		( 0.43 )	( 0.43 )	( 0.61 )	( 0.61 )
<b>Net income</b>		<u>\$ 6.96</u>	<u>\$ 6.58</u>	<u>\$ 4.73</u>	<u>\$ 4.49</u>

The accompanying notes are an integral part of these non-consolidated financial statements.  
See report of independent accountants dated March 11, 2013.

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

	Retained Earnings								Amounts recognised directly in equity relating to non-current assets held for sale	Total	
	Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Cumulative translation adjustments	Unrecognized pension cost	Unrealized gains or losses on financial instruments			Asset revaluations
<b>2011</b>											
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 option assumed from subsidiary due to merger	-	30,154	-	-	-	-	-	-	-	-	30,154
Employees' stock options	85,990	511,042	-	-	-	-	-	-	-	-	597,032
Distribution of 2010 earnings (Note a)											
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 )
Change in cumulative translation adjustment	-	-	-	-	-	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
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>\$ -</u>	<u>\$ 77,820,778</u>
<b>2012</b>											
Balance at January 1, 2012	\$ 24,033,974	\$ 26,509,455	\$ 11,064,579	\$ 4,796,006	\$ 13,045,300	(\$ 1,716,140 )	(\$ 263,401 )	(\$ 176,551 )	\$ 527,556	\$ -	\$ 77,820,778
Employees' stock options	177,806	1,009,205	-	-	-	-	-	-	-	-	1,187,011
Distribution of 2011 earnings (Note b)											
Legal reserve	-	-	1,099,103	-	( 1,099,103 )	-	-	-	-	-	-
Reversal of special reserve	-	-	-	( 3,167,470 )	3,167,470	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 8,417,324 )	-	-	-	-	-	( 8,417,324 )
Change in ownership percentage of long-term equity investments accounted for under equity method	-	( 49,516 )	-	-	-	-	-	-	-	-	( 49,516 )
Disposal of long-term equity investments	-	( 239,936 )	-	-	-	10,537	-	-	-	-	( 229,399 )
Unrecognized pension cost	-	-	-	-	-	-	( 20,941 )	-	-	-	( 20,941 )
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	31,866	-	-	31,866
Change in cumulative translation adjustment	-	-	-	-	-	( 2,179,519 )	-	-	-	-	( 2,179,519 )
Change in stockholders' equity of investee companies accounted for under the equity method	-	-	-	-	-	( 449,711 )	-	( 136,746 )	-	-	( 586,457 )
Change in amounts recognised directly in equity relating to non-current assets held for sale	-	( 826,101 )	-	-	-	47,593	-	-	-	778,508	-
Net income for the year	-	-	-	-	16,109,542	-	-	-	-	-	16,109,542
Balance at December 31, 2012	<u>\$ 24,211,780</u>	<u>\$ 26,403,107</u>	<u>\$ 12,163,682</u>	<u>\$ 1,628,536</u>	<u>\$ 22,805,885</u>	<u>(\$ 4,287,240 )</u>	<u>(\$ 284,342 )</u>	<u>(\$ 281,431 )</u>	<u>\$ 527,556</u>	<u>\$ 778,508</u>	<u>\$ 83,666,041</u>

Note a: 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.

Note b: Directors' and supervisors' remuneration amounting to \$16,700 and employees' bonus amounting to \$1,536,340 had been deducted from the Non-Consolidated Statement of Income in 2011.

The accompanying notes are an integral part of these non-consolidated financial statements.  
See report of independent accountants dated March 11, 2013.



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

	2012	2011
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 16,109,542	\$ 10,991,031
Adjustments to reconcile net income to net cash provided by operating activities		
Provision (reversal of allowance) for doubtful accounts	46,023	( 3,530 )
Provision for inventory obsolescence and market price decline	75,720	33,145
Gain on disposal of investments	( 1,380,059 )	( 180,517 )
Investment income recognized under equity method	( 13,411,118 )	( 9,214,651 )
Cash dividends received from investee companies accounted for under the equity method	12,093,418	8,322,573
Unrealized gain from intercompany transactions	-	578
Realized gain from intercompany transactions	( 578 )	( 82 )
Depreciation (including assets leased to others)	457,678	406,242
Amortization	308,674	255,975
Gain on disposal of property, plant and equipment, net	( 7,547 )	( 4,923 )
Changes in assets and liabilities		
Notes receivable	32,275	( 40,536 )
Accounts receivable	( 803,587 )	932,789
Accounts receivable - related parties	( 630,829 )	( 263,694 )
Other receivables	( 24,271 )	( 17,029 )
Other receivables - related parties	( 61,264 )	179,669
Inventories	104,982	( 306,026 )
Deferred tax assets	71,363	8,864
Other current assets	396,321	( 187,376 )
Other assets - other	18,036	( 12,038 )
Accounts payable	( 199,059 )	( 233,345 )
Accounts payable - related parties	492,096	467,621
Income tax payable	59,941	( 125,500 )
Accrued expenses	289,652	( 339,455 )
Other payables - related parties	( 186,220 )	33,029
Other payables	( 13,494 )	( 132,662 )
Receipts in advance	9,170	( 75,515 )
Other current liabilities	( 555,403 )	561,262
Accrued pension liability	116,766	123,537
Deferred tax liabilities	( 298,396 )	( 461,068 )
Net cash provided by operating activities	13,109,832	10,718,368

(Continued)

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

	2012	2011
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Decrease (increase) in other financial assets - current	\$ 4,314	(\$ 220 )
Proceeds from disposal of available-for-sale financial assets	536,761	290,437
Cash dividends received from available-for-sale financial assets during the year of conversion	117,872	-
Increase in financial assets carried at cost	-	( 2,710,152 )
Proceeds from disposal of financial assets carried at cost	-	105,886
Proceeds from capital reduction of financial assets carried at cost	6,059	750
Increase in long-term equity investments accounted for under the equity method	( 790,402 )	( 808,315 )
Proceeds from disposal of long-term equity investments accounted for under the equity method	27,132	176
Proceeds from capital reduction of long-term equity investments accounted for under the equity method	190,000	-
Increase in cash surrender value of life insurance	( 2,734 )	( 9,009 )
Acquisition of property, plant and equipment	( 2,592,916 )	( 2,112,169 )
Proceeds from disposal of property, plant and equipment	29,870	23,140
Decrease (increase) in refundable deposits	3,736	( 1,647 )
Increase in deferred expenses	( 431,538 )	( 298,536 )
Acquisition of intangible assets	( 413,164 )	-
Cash inflows from simple merger	-	67,433
Net cash used in investing activities	( 3,315,010 )	( 5,452,226 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Decrease in short-term loans	-	( 115,000 )
(Decrease) increase in long-term loans	( 5,957,000 )	14,053,000
Increase in guarantee deposits received	670	-
Payment of cash dividends and employees' cash bonus	( 8,417,324 )	( 12,480,034 )
Employees' stock option	1,187,011	597,032
Net cash (used in) provided by financing activities	( 13,186,643 )	2,054,998
(Decrease) increase in cash and cash equivalents	( 3,391,821 )	7,321,140
Cash and cash equivalents at beginning of year	8,437,582	1,116,442
Cash and cash equivalents at end of year	\$ 5,045,761	\$ 8,437,582
<b><u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u></b>		
Cash paid during the year for interest	\$ 135,371	\$ 55,087
Cash paid during the year for income tax	\$ 1,139,669	\$ 1,162,627
<b><u>FAIR VALUE OF ASSETS AND LIABILITIES OF THE ACQUIRED SUBSIDIARY WERE AS FOLLOWS</u></b>		
Cash and cash equivalents	\$ 101,788	\$ 67,433
Other current assets	2,918	113,731
Funds and investments	-	170,782
Property, plant, and equipment	1,324,614	850
Goodwill	13,793	-
Other assets	1,275,575	350
Other current liabilities	( 2,916 )	( 114,624 )
Other liabilities	( 4,800 )	-
Minority interest	( 820 )	-
Subtotal	2,710,152	238,522
Investment cost before merger	( 2,710,152 )	( 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 11, 2013.

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, 2012 and 2011, 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 the Taiwan Stock Exchange Corporation. In our report dated March 11, 2013, in which we indicated that (a) the financial statements and the related information of certain subsidiaries and investees accounted for under the equity method were audited by other independent accountants, and (b) pursuant to the regulations of the Former Financial Supervisory Commission, Executive Yuan, R.O.C. (FSC) effective January 1, 2013, Delta Electronics, Inc. should prepare consolidated financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins (IFRSs) that are ratified by FSC and the “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be applied in 2013 and discloses in advance certain information relating to the adoption of IFRSs under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of FSC, dated February 2, 2010, 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 11, 2013

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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	2012	2011
<b>Current Assets</b>			
Cash and cash equivalents	4(1)	\$ 51,096,128	\$ 67,695,906
Financial assets at fair value through profit or loss - current	4(2)	733,285	2,342
Available-for-sale financial assets - current	4(5)	600,373	524,013
Derivative financial assets for hedging - current	10(9)	39,901	115,111
Financial assets carried at cost - current	4(6)	-	86,180
Notes receivable, net		1,319,593	1,330,220
Accounts receivable, net	4(3)	34,978,476	34,708,687
Accounts receivable, net - related parties	5	1,231,877	816,456
Other receivables, net		662,035	2,082,657
Other financial assets - current	6	42,384	143,061
Inventories, net	4(4)	15,461,032	19,126,113
Prepayments		2,782,463	2,384,204
Non-current assets classified as held for sale	4(13)	12,075,952	-
Deferred income tax assets - current	4(23)	589,592	597,914
Other current assets		276,657	394,718
<b>Total current assets</b>		<u>121,889,748</u>	<u>130,007,582</u>
<b>Funds and Investments</b>			
Financial assets at fair value through profit or loss - non-current	4(2)	247,513	1,820,525
Available-for-sale financial assets - non-current	4(5)	2,352,916	125,859
Financial assets carried at cost - non-current	4(6)	1,665,433	4,157,228
Long-term equity investments accounted for under the equity method	4(7)	6,352,742	5,911,784
Cash surrender value of life insurance		115,434	112,700
Prepaid long-term investments	4(6)	30,000	-
Other financial assets - non-current	6	1,552	1,548
<b>Total funds and investments</b>		<u>10,765,590</u>	<u>12,129,644</u>
<b>Property, Plant and Equipment, Net</b>	4(8) and 6		
<b>Cost</b>			
Land		3,959,555	1,779,860
Buildings		23,783,220	20,101,112
Machinery and equipment		20,633,371	23,195,634
Molding equipment		2,407,932	2,168,664
Computer and communication equipment		1,512,840	1,577,409
Testing equipment		9,129,829	8,903,472
Transportation equipment		226,107	237,344
Office equipment		2,094,147	1,851,522
Leasehold improvements		190,349	190,800
Other equipment		90,146	34,516
Revaluation increments		620,497	620,497
<b>Cost and revaluation increments</b>		<u>64,647,993</u>	<u>60,660,830</u>
Less: Accumulated depreciation		( 32,457,450 )	( 30,318,850 )
Accumulated impairment loss		( 611,693 )	( 23,486 )
Construction in progress and prepayments for equipment		3,329,580	6,599,291
<b>Total property, plant and equipment, net</b>		<u>34,908,430</u>	<u>36,917,785</u>
<b>Intangible assets</b>			
Trademarks	4(9)	412,890	-
Patents		344,861	628,035
Goodwill	10(10)	6,856,128	6,898,970
Deferred pension costs		5,094	9,299
Other intangible assets	4(10)	4,114,239	4,560,628
<b>Total intangible assets</b>		<u>11,733,212</u>	<u>12,096,932</u>
<b>Other Assets</b>			
Assets leased to others	4(11)	1,278,851	205,337
Idle assets	4(12)	-	-
Refundable deposits		152,684	103,306
Deferred expenses	6	1,100,676	845,367
Other assets - other		59,406	888,026
<b>Total other assets</b>		<u>2,591,617</u>	<u>2,042,036</u>
<b>TOTAL ASSETS</b>		<u>\$ 181,888,597</u>	<u>\$ 193,193,979</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	2012	2011
<b>Current Liabilities</b>			
Short-term loans	4(14)	\$ 5,037,267	\$ 17,599,492
Financial liabilities at fair value through profit or loss - current	4(15)	26,286	4,257
Derivative financial liabilities for hedging - current	10(9)	14,750	46,873
Accounts payable		26,864,029	30,271,738
Accounts payable - related parties	5	182,467	118,374
Income tax payable	4(23)	2,296,864	2,092,919
Accrued expenses		11,389,826	11,268,694
Other payables		2,807,771	2,983,192
Receipts in advance		1,454,815	1,051,540
Long-term liabilities - current portion	4(16)	72,933	857,832
Liabilities directly associated with non-current assets classified as held for sale	4(13)	6,837,219	-
Other current liabilities		1,710,975	2,457,898
<b>Total current liabilities</b>		<u>58,695,202</u>	<u>68,752,809</u>
<b>Long-term Liability</b>			
Long-term loans	4(16)	16,491,517	24,862,247
<b>Reserve</b>			
Land value incremental reserve	4(8)	119,864	119,864
<b>Other Liabilities</b>			
Accrued pension liabilities	4(17)	2,746,430	2,617,949
Guarantee deposits received		86,753	77,332
Deferred income tax liabilities - non-current	4(23)	4,148,016	3,867,305
Other liabilities - other		196,989	410,804
<b>Total other liabilities</b>		<u>7,178,188</u>	<u>6,973,390</u>
<b>Total liabilities</b>		<u>82,484,771</u>	<u>100,708,310</u>
<b>Stockholders' Equity</b>			
<b>Capital</b>			
Common stock	4(18)	24,211,780	24,033,974
<b>Capital Reserves</b>			
Paid-in capital in excess of par value of common stock	4(19)	14,384,691	13,242,489
Capital reserve from conversion of convertible bonds		10,253,416	10,253,416
Capital reserve - other		1,765,000	3,013,550
<b>Retained Earnings</b>			
Legal reserve	4(20)	12,163,682	11,064,579
Special reserve		1,628,536	4,796,006
Undistributed earnings	4(21)	22,805,885	13,045,300
<b>Other Adjustments to Stockholders' Equity</b>			
Cumulative translation adjustments		( 4,287,240 )	( 1,716,140 )
Unrecognized pension cost		( 284,342 )	( 263,401 )
Unrealized gain or loss on financial instruments		( 281,431 )	( 176,551 )
Asset revaluations	4(8)	527,556	527,556
Amounts recognised directly in equity relating to non-current assets held for sale	4(13)	778,508	-
<b>Total Parent Company Stockholders' Equity</b>		<u>83,666,041</u>	<u>77,820,778</u>
Minority interest		15,737,785	14,664,891
<b>Total stockholders' equity</b>		<u>99,403,826</u>	<u>92,485,669</u>
<b>Commitments and Contingent Liabilities</b>	7		
<b>Subsequent Events</b>	9		
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<u>\$ 181,888,597</u>	<u>\$ 193,193,979</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 11, 2013.

**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)

Items	Notes	2012		2011	
<b>Operating Revenues</b>	5				
Sales		\$ 169,639,243		\$ 161,982,404	
Sales returns		( 794,497 )		( 758,733 )	
Sales discounts		( 295,097 )		( 319,139 )	
<b>Net Sales</b>		<u>168,549,649</u>		<u>160,904,532</u>	
Service income		<u>3,210,275</u>		<u>1,569,807</u>	
<b>Net Operating Revenues</b>		<u>171,759,924</u>		<u>162,474,339</u>	
<b>Operating Costs</b>	4(25) and 5				
Cost of goods sold	4(4)	( 127,704,709 )		( 127,106,412 )	
Service costs		( 1,895,062 )		( 751,451 )	
<b>Net Operating Costs</b>		<u>( 129,599,771 )</u>		<u>( 127,857,863 )</u>	
<b>Gross profit</b>		<u>42,160,153</u>		<u>34,616,476</u>	
<b>Operating Expenses</b>	4(25)				
Sales and marketing expenses		( 8,284,073 )		( 7,235,206 )	
General and administrative expenses		( 5,540,757 )		( 4,746,613 )	
Research and development expenses		( 10,983,334 )		( 9,472,996 )	
<b>Total Operating Expenses</b>		<u>( 24,808,164 )</u>		<u>( 21,454,815 )</u>	
<b>Operating income</b>		<u>17,351,989</u>		<u>13,161,661</u>	
<b>Non-operating Income and Gains</b>					
Interest income		930,370		881,441	
Investment income accounted for under the equity method	4(7)	724,814		507,550	
Dividend income		48,228		75,672	
Gain on disposal of property, plant and equipment		5,132		-	
Gain on disposal of investments	4(2)	1,564,707		270,860	
Foreign exchange gain, net		215,800		1,378,264	
Rental income		55,814		30,892	
Gain on valuation of financial assets	4(2)	12,883		-	
Other non-operating income		<u>2,500,172</u>		<u>1,787,658</u>	
<b>Total Non-operating Income and Gains</b>		<u>6,057,920</u>		<u>4,932,337</u>	
<b>Non-operating Expenses and Losses</b>					
Interest expense		( 392,100 )		( 356,773 )	
Loss on disposal of property, plant and equipment		-		( 8,248 )	
Loss on valuation of financial assets		-		( 9,273 )	
Loss on valuation of financial liabilities	4(15)	( 26,286 )		( 8,344 )	
Other non-operating losses		( 485,186 )		( 290,028 )	
<b>Total Non-operating Expenses and Losses</b>		<u>( 903,572 )</u>		<u>( 672,666 )</u>	
<b>Income from continuing operations before income tax</b>		<u>22,506,337</u>		<u>17,421,332</u>	
Income tax expense	4(23)	( 3,349,038 )		( 3,121,356 )	
<b>Income from continuing operations</b>		<u>19,157,299</u>		<u>14,299,976</u>	
Loss from discontinued operations ( Net of income tax expense of \$20,515 and \$295,394, respectively)	4(13)	( 1,939,811 )		( 2,540,948 )	
Extraordinary gain (Net of income tax expense of \$0)	10(11)	-		205,629	
<b>Consolidated net income</b>		<u>\$ 17,217,488</u>		<u>\$ 11,964,657</u>	
<b>Attributable to:</b>					
Equity holders of the Company		\$ 16,109,542		\$ 10,991,031	
Minority interest		<u>1,107,946</u>		<u>973,626</u>	
		<u>\$ 17,217,488</u>		<u>\$ 11,964,657</u>	
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
<b>Earnings Per Share (in Dollars)</b>	4(24)				
<b>Basic Earnings Per Share</b>					
Net income from continuing operations		\$ 9.34	\$ 7.95	\$ 7.26	\$ 5.96
Loss from discontinued operations		( 0.82 )	( 0.81 )	( 1.19 )	( 1.06 )
Extraordinary gain		-	-	0.09	0.09
Minority interest income		( 0.46 )	( 0.46 )	( 0.41 )	( 0.41 )
<b>Net income</b>		<u>\$ 8.06</u>	<u>\$ 6.68</u>	<u>\$ 5.75</u>	<u>\$ 4.58</u>
<b>Diluted Earnings Per Share</b>					
Net income from continuing operations		\$ 9.19	\$ 7.82	\$ 7.12	\$ 5.84
Loss from discontinued operations		( 0.80 )	( 0.79 )	( 1.16 )	( 1.03 )
Extraordinary gain		-	-	0.08	0.08
Minority interest income		( 0.45 )	( 0.45 )	( 0.40 )	( 0.40 )
<b>Net income</b>		<u>\$ 7.94</u>	<u>\$ 6.58</u>	<u>\$ 5.64</u>	<u>\$ 4.49</u>

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

See report of independent accountants dated March 11, 2013.

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>										Amounts recognised directly in equity relating to non-current assets held for sale	Minority interest	Total
	Common stock	Paid-in capital in excess of par value of common stock	Legal reserve	Special reserve	Undistributed earnings	Cumulative translation adjustments	Unrecognized pension cost	Unrealized gain or loss on financial instruments	Asset revaluations	-			
<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	\$ -	\$ 11,560,531	\$ 87,391,993	
Compensation cost amortization of employees' stock option assumed from subsidiary due to merger	-	30,154	-	-	-	-	-	-	-	-	-	30,154	
Employees' stock options	85,990	511,042	-	-	-	-	-	-	-	-	-	597,032	
Distribution of 2010 earnings (Note a)													
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 increment	-	-	-	-	-	-	-	95,369	-	-	-	95,369	
Unrecognized pension cost	-	-	-	-	-	( 150,774 )	-	-	-	-	-	( 150,774 )	
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	( 716,811 )	-	-	-	-	( 716,811 )	
Change in cumulative translation adjustment	-	-	-	-	-	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	
Change 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, )</u>	<u>(\$ 176,551)</u>	<u>\$ 527,556</u>	<u>\$ -</u>	<u>\$ 14,664,891</u>	<u>\$ 92,485,669</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										Minority interest	Total
	Common stock	Paid-in capital in excess of par value of common stock	Legal reserve	Special reserve	Undistributed earnings	Cumulative translation adjustments	Unrecognized pension cost	Unrealized gain or loss on financial instruments	Asset revaluations	Amounts recognised directly in equity relating to non-current assets held for sale		
<b>2012</b>												
Balance at January 1, 2012	\$ 24,033,974	\$ 26,509,455	\$ 11,064,579	\$ 4,796,006	\$ 13,045,300	(\$ 1,716,140)	(\$ 263,401)	(\$ 176,551)	\$ 527,556	\$ -	\$ 14,664,891	\$ 92,485,669
Employees' stock options	177,806	1,009,205	-	-	-	-	-	-	-	-	-	1,187,011
Distribution of 2011 earnings (Note b)												
Legal reserve	-	-	1,099,103	-	( 1,099,103 )	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	( 3,167,470 )	3,167,470	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 8,417,324 )	-	-	-	-	-	-	( 8,417,324 )
Change in ownership percentage of long-term equity investments accounted for under equity method	-	( 49,516 )	-	-	-	-	-	-	-	-	-	( 49,516 )
Disposal of long-term equity investments	-	( 239,936 )	-	-	-	10,537	-	-	-	-	-	( 229,399 )
Unrecognized pension cost	-	-	-	-	-	( 20,941 )	-	-	-	-	-	( 20,941 )
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	31,866	-	-	-	31,866
Change in cumulative translation adjustment	-	-	-	-	-	( 2,179,519 )	-	-	-	-	-	( 2,179,519 )
Change in stockholders' equity of investee companies accounted for under the equity method	-	-	-	-	-	( 449,711 )	-	( 136,746 )	-	-	-	( 586,457 )
Change in amounts recognised directly in equity relating to non-current assets held for sale	-	( 826,101 )	-	-	-	47,593	-	-	-	778,508	-	-
Change in minority interest	-	-	-	-	-	-	-	-	-	-	( 35,052 )	( 35,052 )
Consolidated net income for the year	-	-	-	-	16,109,542	-	-	-	-	-	1,107,946	17,217,488
Balance at December 31, 2012	<u>\$ 24,211,780</u>	<u>\$ 26,403,107</u>	<u>\$ 12,163,682</u>	<u>\$ 1,628,536</u>	<u>\$ 22,805,885</u>	<u>(\$ 4,287,240)</u>	<u>(\$ 284,342)</u>	<u>(\$ 281,431)</u>	<u>\$ 527,556</u>	<u>\$ 778,508</u>	<u>\$ 15,737,785</u>	<u>\$ 99,403,826</u>

Note a: 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.

Note b: Directors' and supervisors' remuneration amounting to \$16,700 and employees' bonus amounting to \$1,536,340 had been deducted from the Consolidated Statement of Income in 2011.

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 11, 2013.



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

	2012		2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Consolidated net income	\$ 17,217,488	\$	11,964,657
Adjustments to reconcile net income to net cash provided by operating activities			
Extraordinary gain	-		205,629
Changes in unrealized valuation of financial assets	( 19,868 )		65,170
Changes in unrealized valuation of financial liabilities	20,236		7,538
Provision for doubtful accounts	111,172		97,466
Provision for inventory obsolescence and market price decline	7,371		678,673
(Reversal of) loss on purchase commitment	( 146,653 )		202,043
Gain on disposal of investments	( 1,564,707 )	(	270,860 )
Investment income recognized under equity method	( 724,814 )	(	507,550 )
Cash dividends received from investee companies accounted for under the equity method	300,395		598,969
Depreciation (including assets leased to others)	6,546,504		5,450,880
Amortization	1,482,457		1,060,370
Loss on disposal of property, plant and equipment, net	1,306		11,094
Changes in assets and liabilities			
Notes receivable	9,472		331,663
Accounts receivable	( 498,856 )	(	640,091 )
Accounts receivable - related parties	( 529,088 )	(	3,229,681 )
Other receivables	1,343,320	(	811,394 )
Inventories	3,336,742	(	2,660,567 )
Prepayments	( 2,001,826 )	(	778,021 )
Deferred tax assets	( 208,660 )	(	250,567 )
Other current assets	118,043		49,265
Other assets - other	297,434		517,581
Accounts payable	( 2,854,448 )	(	974,733 )
Accounts payable - related parties	64,093	(	2,265,514 )
Income tax payable	203,945		261,026
Accrued expenses	345,677		351,585
Other payables	246,481		601,531
Receipts in advance	421,438		314,451
Other current liabilities	( 352,916 )	(	787,122 )
Accrued pension liabilities	128,481		487,867
Deferred tax liabilities	366,870	(	228,661 )
Other liabilities	( 35,538 )	(	186,312 )
Net cash provided by operating activities	<u>23,631,551</u>		<u>18,072,615</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease in financial assets held for trading	4,557		-
Decrease in other financial assets	100,869		1,302,640
Increase in available-for-sale financial assets	( 60,765 )	(	147,000 )
Proceeds from disposal of available-for-sale financial assets	549,031		290,437
Cash dividends received from available-for-sale financial assets during the year of conversion	117,872		-
Increase in financial assets carried at cost	( 401,559 )	(	3,030,367 )
Proceeds from disposal of financial assets carried at cost	149,550		168,854
Proceeds from capital reduction of financial assets carried at cost	6,059		750
Increase in long-term equity investments accounted for under the equity method	-	(	90,825 )
Proceeds from disposal of long-term equity investment accounted for under the equity method	859		403,785
Acquisition price of subsidiary	-	(	6,098,012 )
Increase in cash surrender value of life insurance	( 2,734 )	(	9,009 )
Increase in prepaid long-term investment	( 30,000 )		-
Acquisition of property, plant and equipment	( 10,996,419 )	(	14,130,018 )
Proceeds from disposal of property, plant and equipment	291,453		839,954
Increase in other intangible assets	( 435,430 )		-
Increase in refundable deposits	( 59,781 )		43,452
Increase in deferred expenses	( 1,136,623 )	(	949,273 )
Increase in other assets - other	1,715		116
Purchase of minority interest	-	(	485,678 )
Proceeds from disposal of equity in subsidiaries to minority shareholders	26,273		-
Net cash used in investing activities	<u>( 11,875,073 )</u>	(	<u>21,890,194</u> )

(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)**

	2012	2011
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
(Decrease) increase in short-term loans	( \$ 10,708,580 )	\$ 5,179,329
(Decrease) increase in long-term loans	( 5,821,699 )	16,069,239
Increase in quarantine deposits received	5,637	18,802
Payment of cash dividends	( 8,417,324 )	( 12,480,034 )
Employees' stock options	1,187,011	597,032
Cash dividends declared to minority interests	( 413,486 )	( 2,308,729 )
Increase in subsidiaries' capital from minority shareholders	257,101	1,121
Net cash (used in) provided by financing activities	( 23,911,340 )	7,076,760
Effect due to changes in exchange rates	( 2,600,151 )	2,446,694
Effect due to changes in consolidated subsidiaries	101,788	1,530,035
Cash of subsidiary classified as held for sale at end of year	( 1,946,553 )	-
(Decrease) increase in cash and cash equivalents	( 16,599,778 )	7,235,910
Cash and cash equivalents at beginning of year	67,695,906	60,459,996
Cash and cash equivalents at end of year	<u>\$ 51,096,128</u>	<u>\$ 67,695,906</u>
<b><u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u></b>		
Cash paid during the year for interest	<u>\$ 467,291</u>	<u>\$ 372,113</u>
Cash paid during the year for income tax	<u>\$ 3,013,309</u>	<u>\$ 2,892,648</u>
<b><u>NON-CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Cash dividends declared but not yet paid to minority interest	<u>\$ -</u>	<u>\$ 58,401</u>
<b><u>FAIR VALUE OF ASSETS AND LIABILITIES OF THE ACQUIRED SUBSIDIARY WERE AS</u></b>		
<b><u>FOLLOWS:</u></b>		
Cash and cash equivalents	\$ 101,788	\$ 1,530,035
Other current assets	2,918	10,301,783
Funds and investments	-	324,950
Property, plant and equipment	1,324,614	781,091
Goodwill	13,793	1,740,298
Other intangible assets	-	1,777,023
Other assets	1,275,575	75,489
Other current liabilities	( 2,916 )	( 7,843,879 )
Other liabilities	( 4,800 )	( 62,623 )
Minority interest	( 820 )	( 2,157,429 )
Subtotal	2,710,152	6,466,738
Investments before merger (shown as financial asset carried at cost - non-current)	( 2,710,152 )	( 368,726 )
Cash paid to acquire subsidiary	<u>\$ -</u>	<u>\$ 6,098,012</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 11, 2013.

## **Audit Committee's Review Report**

To: The 2013 Annual General Shareholders' Meeting of Delta Electronics, Inc.

We, the Audit Committee of the Company have reviewed the business report, financial statements, consolidated financial statements and proposal for earnings distribution of the Company for the year 2012 in accordance with applicable laws and regulations and found the same have been complied with. We hereby report to the shareholders as described above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The Audit Committee of Delta Electronics, Inc.

Independent Director: Yung-Chin Chen



Independent Director: Tsong-Pyng Perng



Independent Director: George Chao



Date: March 11, 2013

Delta Electronics, Inc. (the "Company")  
Rules and Procedures of the Meeting of Board of Directors  
(Translation)

Passed by the Board of Directors on February 27, 2004

Amended and passed by the Board of Directors on October 26, 2006

Amended and passed by the Board of Directors on March 19, 2007

Amended and passed by the Board of Directors on March 10, 2008

Amended and passed by the Board of Directors on June 28, 2012

Amended and passed by the Board of Directors on October 29, 2012

**Article 1**

The Rules and Procedures of Meeting of Board of Directors have been stipulated in order to establish an effective governance system, enhance supervising capability, and strengthen management functions for the Board of Directors pursuant to the "Regulations Governing Procedures for Board of Directors Meetings of Public Companies."

**Article 2**

The main agenda items, operational procedures, required content of the Meeting (as defined below) minutes, public announcements and other compliance requirements in the Company's rules and procedures of meeting of Board of Directors shall comply with the rules and procedures set forth below.

**Article 3**

The Board of Directors shall meet at least quarterly. The reasons for calling a Board of Directors meeting (the "Meeting") shall be notified to each director at least seven (7) days in advance. In emergency circumstances, however, the Meeting may be called on shorter notice.

The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.

All matters set out in paragraph 1 of Article 12 shall be specified in the notice of

the reasons for calling the Meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason.

#### **Article 4**

The Corporate Communications Department of the Company shall be the unit in charge of handling all matters related to the proceedings of the Meeting and shall be responsible for coordinating Meeting matters, preparing agenda items for the Meetings, and shall provide sufficient pre-Meeting materials, to be sent together with the notice of the Meetings.

A director of the opinion that the pre-Meeting materials provided is insufficient in content may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the Board of Directors.

#### **Article 5**

When the Meeting is held, an attendance book shall be made ready for signature by directors attending the Meeting and thereafter made available for future reference. Attendance via video-conference is deemed as attendance in person.

If a director is unable to attend the Meeting, he/she may appoint one of the other directors to attend the meeting on his/her behalf by executing a power of attorney specifying the power authorized in relation to the proposals to be discussed at the Meeting. However, each attending director may only act for one of the other directors.

#### **Article 6**

The Meetings shall be held at the location and during the business hours of the Company, or at a place and time convenient to all directors and suitable for holding such the Meeting.

#### **Article 7**

Meetings shall be called and chaired by the chairperson of the board. However, the first Meeting of each newly elected Board of Directors shall be called and chaired by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected; if

there are two or more directors so entitled to call the Meeting, they shall choose one person by and from among themselves to do so.

When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson; or the vice chairperson also is on leave or for any reason is unable to act, by a director designated thereby, or, if the chairperson does not make such a designation, by a director elected by and from among themselves.

### **Article 8**

The Corporate Communications Department shall prepare relevant materials for the directors' reference at any time during the course of the Meeting.

When holding a Meeting, the Company may, as necessary for the agenda items of the Meeting, notify personnel of relevant departments or subsidiaries to attend the Meeting as nonvoting participants. When necessary, the Company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

The chairperson of the Meeting shall call the Meeting to order at the scheduled time of the Meeting if a majority of the directors are present. When the time of a Meeting has arrived and one-half of all the board directors are not present, the Meeting chairperson may announce postponement of the Meeting time, provided that only two postponements, in combined total of not more than one hour, may be made. If the quorum is still not met after two such delays, the chairperson may re-call the Meeting in accordance with the procedures provided for in Article 3 hereof.

The term "all the board directors" as referred to in the preceding paragraph shall include only the directors in active duty as such.

### **Article 9**

The Company shall record on audio or video tape the entire proceedings of a Meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph

a lawsuit arises with respect to a resolution of a Meeting, the relevant evidentiary audio or video data and information recorded in the Meetings shall be continuously retained until the conclusion of the proceedings of such lawsuit.

Where a Meeting is held via video-conference, the data contained in the audio or video recordings of that Meeting shall constitute a part of the Meeting minutes and shall be securely retained throughout the duration of the Company.

## **Article 10**

Agenda items for regular Meetings shall include at least the following:

1. Reports:

- (1) Minutes of the last Meeting and actions arising.
- (2) Reporting business conditions.
- (3) Reporting financial conditions.
- (4) Reporting internal audit activities.
- (5) Other important matters to be reported.

2. Discussions:

- (1) Items discussed and continued from the last meeting.
- (2) Scheduled items for discussion at this meeting.

3. Extraordinary motions.

## **Article 11**

The proceedings of a Meeting shall be conducted in a predetermined order of agenda items as stated in the Meeting notice. However, the order may be changed with the approval of a majority of directors present at the Meeting.

The Meeting chairperson may not declare the Meeting closed unless with the approval of a majority of directors present at the Meeting.

If at any time during the proceeding of a Meeting, the directors sitting at the Meeting are not more than half of the directors present at the Meeting, then upon motion by the directors sitting at the Meeting, the chairperson shall declare a suspension of Meeting, in which case Article 8 shall apply mutatis mutandis.

## Article 12

A company shall submit the following items for discussion by the Board of Directors:

1. The Company's corporate business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (the "SEA").
4. Adoption or amendment, pursuant to Article 36-1 of the SEA, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board of Directors meeting for retroactive recognition.
8. Any matter required by Article 14-3 of the SEA or any other law, regulation, or bylaw to be adopted by a resolution at a shareholders' meeting or at a Meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current Board of Directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

Other than the paragraph 1 items submitted for consideration by the Board of Directors under the preceding paragraph, any delegation in accordance with laws and regulations or the Company's articles of incorporation by the Board of Directors of powers of the board shall be specific in terms of the levels, contents



and matters so delegated.

With respect to a matter required by Article 14-3 of the SEA to be submitted to a Meeting, each independent director shall attend the Meeting in person or appoint one of the other independent directors to attend the meeting on his/her behalf. If an independent director objects to or expresses reservations about the matter, it shall be recorded in the Meeting minutes; an independent director intending to express objection or reservations but unable to attend the Meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the Meeting minutes.

### **Article 13**

When the chairperson at a Meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chairperson may announce the discussion closed and bring the matter to vote.

When a matter comes to a vote at a Meeting, if upon inquiry by the chairperson none of the entire directors present at the Meeting voices an objection, the matter is deemed approved, as if it has been approved by vote. A proposal shall be put to a vote if there is any objection after solicitation by the chairperson, and voting shall be conducted by a show of raising hands.

The term "the entire directors present at the Meeting" referred to in the preceding paragraph does not include the director who is not entitled to exercise the voting power at the Meeting pursuant to paragraph 1 of Article 15 hereof.

### **Article 14**

Except as otherwise stated in the SEA or in the Company Act, a resolution on a matter at a Meeting requires the approval of a majority of the directors present at the Meeting that shall be attended by a majority of all directors.

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

The result of voting shall be announced at the Meeting and placed on record.

Directors who object to the results of voting may make a written statement, and

such written statement shall be recorded in the minutes of the Meeting.

### **Article 15**

If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

With respect to a resolution at a Meeting, the provisions of Article 180, paragraph 2, of the Company Act, as applied mutatis mutandis under Article 206, paragraph 3, of that Act, shall apply in cases where a board director is prohibited by the preceding paragraph from exercising voting rights.

### **Article 16**

This Company's Board of Directors may establish various types of functional committees. If the Company's Board of Directors has established functional committees, the functional committees shall be responsible to the Board of Directors and submit their proposals to the Board of Directors for approval.

### **Article 17**

Minutes shall be prepared of the discussions at Meetings; the Meeting minutes shall record the following:

1. Session (or year), time, and place of Meeting.
2. Name of the Meeting chairperson.
3. Attendance of directors at the Meeting, specifying the names and number of members present, excused, and absent.
4. Names and titles of those attending the Meeting as nonvoting participants.
5. Name of minutes taker.
6. Matters reported on.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to paragraph 1 of Article 15, an explanation of the important

aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, paragraph 5.

8. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to paragraph 1 of Article 15, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
9. Other matters required to be recorded.

Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing; or any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee, in relation to a resolution passed at a Meeting shall be stated in the Meeting minutes and within two days of the Meeting be published on an information reporting website designated by the competent authority:

The attendance book forms a part of the minutes for each Meeting and shall be securely retained throughout the duration of the Company.

The minutes of a Meeting shall bear the signature or seal of both the Meeting chairperson and the minutes taker; a copy of the minutes shall be distributed to each director within twenty (20) days after the Meeting and well preserved as important company records during the existence of the Company.

The production and distribution of the Meeting minutes referred to in paragraph 1 may be done in electronic form.

## **Article 18**

The promulgation and amendment of the Rules and Procedures of Meeting of Board of Directors shall be approved by the Board of Directors.

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

**Section I - General Provisions**

**Article 1**

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

**Article 2**

The Company is engaged in the following businesses:

1. A101020 Food Crops;
2. A102080 Horticulture;
3. A199990 Other Agriculture;
4. C801010 Basic chemical industry business;
5. C801990 Other chemical material manufacturing business;
6. C802120 Industrial Catalyst Manufacturing;
7. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified;
8. CA04010 Metal Surface Treating;
9. CB01010 Machinery equipment manufacturing business;
10. CB01071 Frozen and Air-conditioning manufacturing business;
11. CB01990 Other machinery manufacturing business;
12. CC01010 Electronic power generating, Electric transmission and power distributing machinery manufacturing business;
13. CC01030 Electric appliance and audiovisual electric products manufacturing business;
14. CC01040 Lighting equipment manufacturing business;
15. CC01060 Wire communication equipment and apparatus manufacturing business;
16. CC01070 Wireless communication devices and equipment manufacturing;
17. CC01080 Electronic parts and components manufacturing business
18. CC01990 Other electrical and electronic machinery and materials manufacturing business;
19. CC01101 Restrained telecommunication radio frequency equipment and materials manufacturing;
20. CC01110 Computers and its peripheral equipment;
21. CC01990 Other electrical and electronic machinery and materials manufacturing business;
22. CD01010 Ship and parts manufacturing business;
23. CD01020 Tramway Cars manufacturing business;
24. CD01030 Automobiles and auto-parts manufacturing business;
25. CD01040 Motorcycles and motorcycle parts manufacturing business;

26. CD01050 Bicycles and bicycle parts manufacturing business;
27. CD01060 Aircraft and parts manufacturing business;
28. CD01990 Other transportation equipment and parts manufacturing business;
29. CE01010 General equipment and instruments manufacturing business;
30. CE01021 Measuring instruments manufacturing business;
31. CE01030 Photographic and Optical Equipment Manufacturing business;
32. CE01040 Clocks and Watches manufacturing business;
33. CE01990 Other photographic and optical equipment manufacturing business;
34. CF01011 Medical appliances and equipment business;
35. E599010 Pipe lines construction business;
36. E601010 Electric appliance installation business;
37. E601020 Electric appliance construction business;
38. E602011 Frozen and Airconditioning Engineering;
39. E603040 Fire fighting equipments installation business;
40. E603050 Automation control equipment manufacturing business;
41. E603090 Illumination equipments installation business;
42. E604010 Machinery installation business;
43. E605010 Computer equipment installation business;
44. E701030 Restricted telecommunication radio frequency equipment and materials installation business;
45. EZ05010 Apparatus installation and construction business;
46. EZ14010 Sports Ground Equipments Construction;
47. F101081 Wholesale of Seedling;
48. F106040 Water containers wholesale business;
49. F108031 Drugs and medical goods wholesale business;
50. F113010 Machinery wholesale business
51. F113020 Electrical appliances wholesale business;
52. F113050 Computer and office appliances and equipment wholesale business;
53. F113070 Telecommunication equipment wholesale business;
54. F108031 Computer software wholesale business;
55. F119010 Electronic components and materials wholesale business;
56. F199990 Other wholesale business;
57. F201010 Retail Sale of Agricultural Products;
58. F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products;
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;
56. 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;
72. I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy;
73. I103060 Management consulting services business;

74. I301010 Software design and service business;
75. I301020 Digital information supply services business;
76. I301030 Digital information services business;
77. I401010 General advertising service business;
78. I501010 Product external appearance designing business;
79. I599990 Other design business;
80. IG02010 Research development service business;
81. IG03010 Energy technical services business;
82. IZ03010 Newspaper clipping business;
83. IZ04010 Translation business;
84. IZ10010 Typesetting business;
85. IZ13010 Network authentication service business;
86. IZ99990 Other industry and commerce services not elsewhere classified;
87. J303010 Magazines (journals) publishing business;
88. J304010 Books publishing business;
89. J305010 Audio publishing business;
90. J399010 Software publishing 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.

### **Article 3**

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

### **Article 4**

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

### **Article 4-1**

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

## **Section II - Capital Stock**

## **Article 5**

The total capital stock of the Company shall be in the amount of NT\$29,000,000,000, divided into 2,900,000,000 shares, at a par value of Ten New Taiwan Dollars (NT\$10) each, and may be issued in installments subject to the resolution of the Board of Directors.

Within the aforementioned capital, NT\$1,000,000,000 divided into 100,000,000 shares shall be reserved for issuing warrants, preferred shares with warrants or corporate bonds with warrants.

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

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

### **Article 5-1**

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

### **Article 5-2**

Deleted

## **Article 6**

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

### **Article 6-1**

Deleted

## **Article 7**

Unless otherwise provided for in applicable laws, regulations and rulings stipulated by the

competent securities authority, the Company shall handle its stock affairs for shareholders in accordance with the Company Law and the Regulations Governing Handling of Stock Affairs by Public Companies.

#### **Article 8**

Deleted

#### **Article 9**

Deleted

#### **Article 10**

Deleted

#### **Article 11**

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

### **Section III - Stockholders' Meeting**

#### **Article 12**

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

#### **Article 13**



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

#### **Article 13-1**

Where the Company convenes the shareholders' meeting, the shareholders could exercise their voting right in writing or by way of electronic transmission. A shareholder who 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.

#### **Article 14**

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

#### **Article 15**

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

#### **Article 16**

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

#### **Article 17**

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes and signed or sealed by the chairman of the meeting, which shall be distributed to each shareholder

within twenty (20) days after the meeting. The minutes shall record the key contents and the results of the meeting. The minutes, the sign-in book of attending shareholders and proxy forms shall be kept in the Company. The distribution of meeting minutes may be effected by means of a public announcement.

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

## **Section IV - Directors**

### **Article 18**

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

To conform to the Securities and Exchange Act, the Company shall have, among the aforementioned directors, at least 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 (including independent directors) shall be elected from among the nominees listed in the roster of director candidates pursuant to the candidates nomination system in Article 192-1 of the Company Law. Compliance matters with respect to independent directors shall be subject to the regulations prescribed by the Company Law and the securities authority.

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

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

The Company may purchase liability insurance for its directors .

### **Article 18-1**

Deleted.

### **Article 19**

When one-third of the directors have vacated their offices, a shareholders' meeting shall be

convened by the Board of Directors within sixty days to elect new directors to fill the vacancies. The term of office of the newly elected director shall be the same as the remaining term of the predecessor.

## **Article 20**

Deleted.

## **Article 21**

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

### **Article 21-1**

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

## **Article 22**

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

### **Article 22-1**

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

## **Article 23**

Unless otherwise provided in the Company Law, a meeting of the Board of Directors at which a resolution is adopted shall be attended by a majority of the directors and a majority of those present shall vote in favor of such a resolution. If a director cannot attend a meeting of Board of Directors, he shall appoint another director as proxy to attend the meeting and shall execute a power of attorney for the proxy. The power of attorney shall

specify the scope and limitation of authority or powers in respect to the business to be transacted at the meeting. The proxy may accept the appointment of one director only. If a meeting of the Board of Directors is held by way of a videoconference, the director who attends the meeting in such manner shall be deemed as present in person.

#### **Article 24**

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

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

#### **Article 25**

Deleted.

### **Section V - Officers and Staffers**

#### **Article 26**

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

#### **Article 27**

Deleted

#### **Article 28**

Deleted

### **Section VI - Finalization of Accounts**

#### **Article 29**

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

acceptance:

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

### **Article 30**

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

1. Paying tax;
2. Making up losses for preceding years;
3. Setting aside a legal reserve at 10% of the earnings unless the accumulated amount of the legal reserve has reached the total authorized capital of the Company;
4. Setting aside or reversing a special reserve according to relevant regulations when necessary;
5. The balance 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:

- (1) no more than 1% as the remuneration for directors ;
- (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
- (3) the shareholders' dividends: the balance after deducting the preceding two items thereof shall then be allocated as dividends to the shareholders.

### **Article 30-1**

The Company is situated in a volatile environment and is at the stable growth phase of the enterprise life cycle. Furthermore, taking into account the Company's financial structure, ability to generate operating profits, and the need to expand the operating scale, the Company decides to adopt a residual dividend policy.

The proposal concerning the allocation of earnings raised by the Board of Directors shall be made where at least 50% of the distributable earnings as of that year should be allocated as the shareholders' dividends, and no less than 5% of the distributed dividends shall be in the form of cash.

## **Section VII - Supplementary Provisions**

### **Article 31**

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

### **Article 32**

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

### **Article 33**

These Articles of Incorporation were enacted on July 28, 1975.

The first amendment was made on September 25, 1976;

The second amendment was made on January 10, 1977;

The third amendment was made on May 31, 1977;

The fourth amendment was made on May 29, 1978;

The fifth amendment was made on March 31, 1979;

The sixth amendment was made on May 28, 1979;

The seventh amendment was made on September 20, 1980;

The eighth amendment was made on September 9, 1982;

The ninth amendment was made on April 20, 1983;

The tenth amendment was made on June 25, 1984;

The eleventh amendment was made on June 10, 1985;

The twelfth amendment was made on June 20, 1985;

The thirteenth amendment was made on July 12, 1985;

The fourteenth amendment was made on April 18, 1987;

The fifteenth amendment was made on May 12, 1987;

The sixteenth amendment was made on November 17, 1987;

The seventeenth amendment was made on December 11, 1987;

The eighteenth amendment was made on March 19, 1988;

The nineteenth amendment was made on May 12, 1988;

The twentieth amendment was made on July 24, 1988;

The twenty-first amendment was made on November 25, 1988;

The twenty-second amendment was made on May 22, 1989;

The twenty-third amendment was made on May 9, 1990;

The twenty-fourth amendment was made on May 8, 1991;

The twenty-fifth amendment was made on May 8, 1992;

The twenty-sixth amendment was made on May 8, 1993;

The twenty-seventh amendment was made on May 9, 1994;

The twenty-eighth amendment was made on May 10, 1995;

The twenty-ninth amendment was made on June 6, 1996;

The thirtieth amendment was made on June 3, 1997;

The thirty-first amendment was made on May 15, 1998;

The thirty-second amendment was made on May 12, 1999;

The thirty-third amendment was made on May 18, 2000;

The thirty-fourth amendment was made on May 16, 2001;

The thirty-fifth amendment was made on May 16 2002;

The thirty-sixth amendment was made on May 6, 2003;

The thirty-seventh amendment was made on May 18, 2004;

The thirty-eighth amendment was made on May 19, 2005;

The thirty-ninth amendment was made on May 18, 2006;

The fortieth amendment was made on June 8, 2007;

The forty-first amendment was made on June 13, 2008;

The forty-second amendment was made on June 10, 2009; and

The forty-third amendment was made on June 15, 2010.

The forty-fourth amendment was made on June 24, 2011.

The forty-five amendment was made on June 19, 2012.



## **Delta Electronics, Inc. Shareholders' Meeting Rules and Procedures**

Passed by general shareholders' meeting on March 19, 1988

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

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

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

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

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

### **Article 1**

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

### **Article 2**

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

### **Article 3**

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

The Company shall prepare the electronic files of the notification of the shareholders' meeting, the proxy instrument, agenda and materials relating to proposals for acknowledgment and discussion and election or discharge of directors, and upload the same to the Market Observation Post System Website 30 days in advance of an annual general shareholders' meeting or 15 days in advance of an extraordinary shareholders' meeting. The Company shall also prepare the electronic files of the shareholders' meeting agenda and supplemental materials and upload the same to the Market Observation Post System Website 21 days in advance of an annual general shareholders' meeting or 15 days in advance of an extraordinary shareholders' meeting. The Company shall make the shareholders' meeting agenda and supplemental materials available for shareholders to review at any time 15 days in advance of the shareholders' meeting and these documents shall be displayed at the Company and its stock affairs agency and shall be distributed at

the shareholders' meeting.

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

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

#### **Article 4**

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

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

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

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

#### **Article 4-1**

A shareholder could exercise his voting right in writing or by way of electronic transmission at the shareholders' meeting convened by the Company. A shareholder who exercised his voting right in writing or by way of electronic transmission shall be

deemed to have attended the shareholders' meeting in person but shall be deemed to have waived his voting right in respect of any extemporary motions and amendments to the original proposals at the shareholders' meeting.

#### **Article 4-2**

If a shareholder exercises his voting right in writing or by way of electronic transmission, his declaration of intention shall be served to the Company 2 days in advance of the shareholders' meeting; if two or more declarations of the same intention are served to the Company, the declaration of such intention firstly received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later. After a shareholder exercises his voting right in writing or by way of electronic transmission, in case the shareholder decides to attend the shareholders' meeting in person, such shareholder shall, 2 days in advance of the shareholders' meeting, revoke his declaration of intention by the same method which the shareholder had previously used to exercise his voting right. In the event the shareholder fails to revoke such declaration prior to the aforesaid time limit, the voting right exercised in writing or by way of electronic transmission shall prevail.

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

#### **Article 5**

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

#### **Article 6**

The Company shall 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.

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

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.

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

#### **Article 7**

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

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

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

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

#### **Article 8**

The proceeding of the meeting shall be audio recorded or videotaped in its entirety and these tapes shall be preserved for at least one year. However, the said tapes shall be preserved until the conclusion of the lawsuit if a shareholder initiates a lawsuit in

accordance with Article 189 of the Company Law.

### **Article 9**

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

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

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

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

### **Article 10**

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

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

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

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

#### **Article 11**

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

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

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

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

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

When a legal-entity shareholder has appointed two or more representatives to attend the

meeting, only one representative can speak for each agenda item.

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

## **Article 12**

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

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

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

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

## **Article 13**

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

Except otherwise specified in the Company Law or the Company's Articles of

Incorporation, a resolution shall be adopted by a majority of the votes represented by the attending shareholders.

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

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

The chairman shall appoint persons responsible for checking and counting ballots during votes on agenda items. However, the persons responsible for checking ballots must be shareholders.

The ballots shall be publicly counted at the meeting venue and the result of voting shall be announced at the meeting and placed on record.

#### **Article 14**

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

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

#### **Article 15**

Resolutions made at a shareholders' meeting shall be compiled in the form of minutes. The chairman shall affix his signature or seal to the minutes, which shall be issued to shareholders within 20 days after the end of the meeting.

With regard to the issue of minutes in the foregoing paragraph, the minutes may be



distributed in the form of an announcement on the Market Observation Post System Website.

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

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

#### **Article 16**

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

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

#### **Article 17**

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

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

The chairman shall order disciplinary officers or security guard to escort any shareholders

who violate these Rules and Procedures and fail to heed the chairman's correction, or disrupt the proceeding of the meeting and fail to desist, to leave the meeting place.

**Article 18**

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

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

The shareholders may resolve to postpone or resume the meeting within five days in accordance with Article 182 of the Company Law.

**Article 19**

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

Delta Electronics, Inc. (the "Company")  
Operating Procedures of Fund Lending  
(Translation)

November 6, 1995--passed by the Board of Directors  
December 5, 1995--amendment passed by the Board of Directors  
April 16, 1996--amendment passed by the Board of Directors  
February 23, 2002--amendment passed by the Board of Directors  
March 22, 2002--amendment passed by the Board of Directors  
February 13, 2003--amendment passed by the Board of Directors  
May 6, 2003--passed by the general shareholders' meeting  
May 18, 2006-- passed by the general shareholders' meeting  
June 10, 2009-- passed by the general shareholders' meeting  
June 15, 2010-- passed by the general shareholders' meeting  
June 19, 2012-- passed by the general shareholders' meeting

**Article 1:**

The Company shall comply with these operating procedures ("Operating Procedures") when lending funds to others. Any matters which are not provided herein shall be governed by applicable laws and regulations.

**Article 2: Receipts, Reasons and Necessity of Fund Lending**

1. The lending of funds made to other companies or enterprises with which the Company has business relations shall be confined to the operating needs of a related party.
2. The Company shall not provide short-term financings to other companies or enterprises except under the following circumstances:
  - (1) Where more than 50% of the equity shares with voting rights of the funding recipient is held directly and indirectly by the Company, and the recipient is in need of short-term financing in connection with its financial and operational demands.
  - (2) Where more than 50% of the Company's equity shares with voting rights are directly and indirectly owned by another company, and such company is in need of short-term financing in connection with its financial and operational demands.
  - (3) Where a related party is in need of short-term financing in connection with its material-purchasing or operational needs.
  - (4) Other circumstances where the funding recipient is in need of short-term financing, and the funding is approved by the Board of Directors of the Company.

**Article 3: Total Amount of Funds Lending and Limit for Each Recipient**

1. When lending funds to other companies or enterprises with which the Company has business relations, the amount lent to a single recipient shall not exceed the total transaction amount between the recipient and the Company in the most recent year and shall not exceed 10 percent of the Company's net worth as stated in the Company's latest financial statements, and the total amount lent shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements; when providing short-term financing to other companies or enterprises, the short-term financing

amount to a single recipient shall not exceed 10 percent of the Company's net worth as stated in the Company's latest financial statements, and the total short-term financing amount shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements. The aggregate amount of total funds lent to other companies or enterprises with which the Company has business relations and total short-term financing provided to other companies or enterprises shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements.

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 enterprises shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements.

3. The lending of funds between the Company and the foreign Subsidiaries whose equity shares with voting rights are 100% held (directly and indirectly) by the Company may be exempt from the restrictions prescribed in the preceding two paragraphs.

#### **Article 4: Term of Fund Lending and Calculation of Interest**

The term of each individual loan or funding offered by the Company shall not exceed one year, and the interest rate for each loan or funding shall be adjusted variably according to the funding cost of the Company.

#### **Article 5: Procedures for Fund Lending**

##### **1. Handling Procedures**

(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 be approved by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors. 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. 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.

(2) The Finance Division of the Company shall set up a record book for recording matters relating to fund lending by the Company. After a lending of funds has been approved by the Board of Directors, the Finance Division shall record the details of the entity to which the lending of funds is made, amount, date of approval by the Board of Directors, drawdown date, and matters to be carefully evaluated in accordance with the Operating Procedures in the record book for further inspection.

(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 the Audit Committee of the Company in writing.

(4) The Finance Division of the Company shall prepare a table listing the lending of funds made or revoked each month in order to facilitate the Company's internal control, tracking, and the making of public announcement and reporting. The Finance Division of the Company shall also evaluate and reserve sufficient allowance for bad debts each quarter, and shall disclose information relating to the lending of funds made by the Company in the Company's financial statements and shall provide relevant information to the Company's external auditing CPA.

(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 the Audit Committee of the Company and rectify as scheduled under the corrective plans.

## 2. Review Procedures

(1) The company or enterprise which applies for funds shall provide its relevant financial information and specify its intended usages of funds in writing for the Company's review.

(2) After receiving the application for lending of funds, the Company's division in charge shall investigate and evaluate the necessity and reasonableness of the funding, whether there are direct or indirect business relations between the funding recipient and the Company, the recipient's financial and operational condition, the recipient's ability for repayment of indebtedness and its credit worthiness, profitability, and intended usages of funds. The extents of impact of the Company's aggregate amount of funds lent on the Company's operations, financial conditions and shareholders' equity shall also be taken into consideration, and the division in charge shall then prepare a written report based on its evaluation and submit the report to the Board of Directors for review.

(3) When lending funds or providing short-term financing to others, the Company shall require the borrower to provide guarantee notes in the same amount of funds lent and if necessary, shall require the borrower to provide personal property or real property as collaterals and to perfect the liens on the collaterals, and the Company shall evaluate quarterly whether the value of the collateral provided is comparable to the balance of the amount of funds lent and shall demand additional collaterals if necessary. With regards to the aforementioned collateral, if the borrower provides guarantee from individual or corporation with considerable financial capability and credit worthiness as a substitute for the collaterals, the Board of Directors may, referring to the assessment report of the division in charge, consider such guarantee and make a decision ; in the case of corporate guarantee, it is required to review if the guarantor's articles of incorporation provide that the provision of corporate guarantee is allowed.

(4) Fire insurance shall be procured for each collateral except for land and securities; the insurance limits shall be in principle no less than the replacement cost of the collateral; each insurance policy shall designate the Company as the beneficiary and the title, quantity, location and insurance terms of the insured subject on the insurance policy shall be consistent with the original terms and conditions of the lending of funds made by the Company.

## **Article 6: The Follow-Up Control Measures of Funds Lent**

After each lending has been made, the Finance Division of the Company shall frequently monitor any changes in the borrowers' and guarantors' financial, business and related credit conditions, and any changes in the value of collaterals, and prepare written records of the monitoring results. If there is any significant change, the Finance Division of the Company shall promptly report to the President and related divisions in charge for their timely actions. When the borrower repays its borrowed amount on or before the due date, the relevant guarantee notes shall not be released or relevant liens shall not be cancelled until the borrower has repaid the full amount of principal together with interests accrued. If repayment cannot be made on the due date, the borrower shall apply for a deferred repayment in advance and such defer request shall be submitted to the Board of Directors for approval; otherwise the Company may take enforcement actions against the collaterals or guarantors in accordance of applicable laws for recovery.

## **Article 7: Additional Guidelines of Lending Funds to Others**

1. Before lending funds, the Company shall carefully evaluate whether such lending is in compliance with the Operating Procedures and submit the evaluation results to the Board of Directors for resolution, and shall not authorize any other person to make the decision of lending of funds.
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 the Audit Committee of the Company in writing.
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 the Audit Committee of the Company and rectify as scheduled under the corrective plans.

## **Article 8: Procedures for Controlling Fund Lending Made by Subsidiaries**

1. For a Subsidiary that wishes to lend funds to others, the Subsidiary shall stipulate its operating procedures in accordance with the Operating Procedures and act accordingly.
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 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.
3. If the Subsidiary is not a public company but in the event its amount of funds lent reaches any of the thresholds of public announcement and reporting as set forth in the second paragraph of Article 9, it shall notify the Company on the date of occurrence of the event. The Company shall make the public announcement and reporting accordingly in the designated website in accordance with applicable regulations after being notified of such event.

## **Article 9: Public Announcement and Reporting Procedures**

1. The Finance Division shall report every month the balance of lending of funds made by the Company and its Subsidiaries in the preceding month by the fifth day of the current month to the Stock Affairs Division of the Company together with the amount of sales revenue for monthly public announcement and reporting within the required time period according to applicable regulations.

2. In addition to the monthly public announcement and reporting of the Company's balance of lending of funds, in the event that the balance of funds lent by the Company and its Subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within two days of the occurrence of such event:

(1) The balance of lending of funds lent to others by the Company and its Subsidiaries reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements.

(2) The balance of funds lent by the Company and its Subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in the Company's latest financial statements.

(3) Amount of funds newly lent by the Company or its Subsidiaries exceeds NT\$10,000,000 and reaches 2 percent or more of the Company's net worth as stated in the Company's latest financial statements.

(4) After the public announcement and reporting has been made pursuant to any of the preceding items (1)-(3), the balance of funds lent increases by more than 2 percent of the Company's net worth as stated in the Company's latest financial statements.

3. If any of the matters to be publicly announced and reported as specified above is subject to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material

Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation.

## **Article 10: Penalty Provisions**

If any of the Company's managers or personnel in charge violates the Operating Procedures, the person who violates the Operating Procedures will receive penalties commensurate with the severity of such violation according to the Company's working rules.

## **Article 11: Other Matters**

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. 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.

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.



## Attachment 9

### Delta Electronics, Inc. (the "Company") Operating Procedures of Endorsement and Guarantee (Translation)

February 8, 1988--passed by the Board of Directors  
March 19, 1988--passed by the general shareholders' meeting  
March 8, 1994--amendment passed by the Board of Directors  
April 21, 1994--amendment passed by the Board of Directors  
May 9, 1994-- passed by the general shareholders' meeting  
November 6, 1995—amendment passed by the Board of Directors  
December 5, 1995--amendment passed by the Board of Directors  
April 16, 1996--amendment passed by the Board of Directors  
June 6, 1996--passed by the general shareholders' meeting  
April 2, 1997--amendment passed by the Board of Directors  
June 3, 1997--passed by the general shareholders' meeting  
February 13, 2003--amendment passed by the Board of Directors  
May 6, 2003--passed by the general shareholders' meeting  
May 18, 2006-- passed by the general shareholders' meeting  
June 10, 2009-- passed by the general shareholders' meeting  
June 15, 2010-- passed by the general shareholders' meeting  
June 19, 2012-- passed by the general shareholders' meeting

#### **I. Purpose**

These operating procedures ("Operating Procedures") have been promulgated in order to specify the procedures for making endorsements and guarantees by the Company and to strengthen the internal control of the Company. Any matters which are not provided herein shall be governed by applicable laws and regulations.

#### **II. Scope**

The term "endorsements and guarantees" referred to herein includes:

1. Endorsements and guarantees in connection with financing:

- (1) Made for financing in connection with discounts on customer's check.
- (2) Endorsements or guarantees made for the financing needs of another company.
- (3) Negotiable instruments issued in favor of a non-financial institution as collaterals for the Company's financing purpose.

2. Customs duty endorsements and guarantees:

Endorsements or guarantees made for the Company itself or other companies relating to the customs duties payable by the Company or other companies.

3. Other endorsements and guarantees: Any endorsements or guarantees provided for the purposes outside the scope as mentioned in the preceding two items.

The creation of a pledge or a mortgage over the Company's personal or real property as collateral for the loans borrowed by other companies shall also be governed by the Operating Procedures.

#### **III. Recipients of Endorsements and Guarantees**

The Company may make endorsements and/or guarantees for the following companies:

1. Related parties with which the Company has business relations.
2. A company in which the Company directly and indirectly owns more than 50 % of its voting shares.
3. The company which directly and indirectly owns more than 50% of the Company's voting shares.

A company in which the Company directly and indirectly owns 100% of its voting shares may make endorsements and/or guarantees to another company in which the Company directly and indirectly owns 100% of its voting shares.

The mutual guarantees made by and between the Company and other enterprises of the same trade for the need of contracting for construction work or between joint builders in compliance with the contracts or the endorsements/ guarantees made by the shareholders for joint investment in a company in proportion to their shareholdings shall be exempt from the restrictions prescribed in the preceding two paragraphs.

The aforementioned investment refers to the investment directly made by the Company or indirectly made through a company whose voting shares are 100% owned by the Company.

The terms "related party", "subsidiary" and "parent company" referred to herein shall be determined according to the provisions set forth in the Statement of Financial Accounting Standards No. 5, No. 6 and No. 7 published by the Accounting Research and Development Foundations of the Republic of China.

#### **IV. Limits of Endorsements and Guarantees**

The total amount of the endorsements and guarantees made by the Company shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements; and the total amount of endorsements and guarantees made to a single enterprise shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements. The total amount of the endorsements and guarantees made by the Company and its subsidiary as a whole shall not exceed 50 percent of the Company's net worth as stated in the Company's latest financial statements; and the total amount of endorsements and guarantees made to a single enterprise shall not exceed 30 percent of the Company's net worth as stated in the Company's latest financial statements.

In addition to the limits set forth in the preceding paragraph, the total amount of endorsements and guarantees made by the Company for a single enterprise with which the company has business relations shall be comparable to the purchase amount or sales revenue with that enterprise in the previous year or current year as of the time the endorsements and guarantees are made, whichever amount is higher.

#### **V. Procedures for Making Endorsement and Guarantee**

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 for approval by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors. 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. 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.

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.

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, date of approval by the Audit Committee, 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.

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 the Audit Committee of the Company in writing.

4. The Finance Division of the Company shall prepare a table listing endorsements and guarantees made or revoked each month in order to facilitate the Company's internal control, tracking, and making public announcement and reporting. The Finance Division of the Company shall also evaluate and record the contingent loss for endorsements and guarantees made according to the Statement of Financial Accounting Standards No. 9, and shall disclose information relating to endorsements and guarantees made by the Company in the Company's financial statements and shall provide relevant information to the Company's auditing CPA.

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 the Audit Committee of the Company and rectify as scheduled under the corrective plans.

6. If there are necessary business needs for the Company to exceed the limits of endorsements and guarantees set forth in the Operating Procedures and if the requirements set forth in the Operating Procedures are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss of the Company that might incur due to the

excess amount of endorsements and guarantees. The Operating Procedures shall also be amended accordingly and submitted to the shareholders' meeting for approval. If the shareholders' meeting does not consent to such amendment, the Company shall prepare a corrective plan to revoke the excess amount within a specific period.

The Company shall take into full consideration of each independent director's opinion when discussing the amendment in the meeting of Board of Directors 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.

## **VI. Detailed Review Procedures**

When making endorsements and guarantees, the Finance Division of the Company shall review and assess the following matters and prepare an assessment report accordingly:

1. To evaluate the necessity and reasonableness based on the understanding of the relations between the entity for which the endorsement or guarantee is to be made and the Company, the purposes and usages of the money borrowed by such entity, the connection of such entity with the Company's business or the importance of such entity's operations to the Company, together with Company's limits of endorsements and guarantees and current balance of the limits.
2. To assess potential risks that might occur by obtaining the annual report, financial statements, and other relevant information of the entity for which the endorsement or guarantee is to be made, and analyzing the operations, financial condition, and credit worthiness of such entity and the source of repayment of its debts.
3. To evaluate the risk on operations, and impact on the financial condition and shareholders' equity of the Company by analyzing the ratio of current balance of endorsements and guarantees to the net worth of the Company, the liquidity and cashflow of the Company, together with the review results under the preceding two paragraphs.
4. To determine whether it is necessary for the entity for which the endorsement or guarantee is to be made to provide collateral based on the assessment results under the preceding three paragraphs, and to evaluate each quarter whether the value of the collateral provided is comparable to the balance of the amount of endorsements and guarantees made and to demand additional collaterals if necessary.

## **VII. Procedures for Controlling Endorsements and Guarantees Made by Subsidiaries**

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 the Audit Committee.

2. If a subsidiary of the Company is not a public company but its amount of endorsements and guarantees made meets the requirement of public announcement and reporting as set forth in Article X, paragraph 2 of the Operating Procedures, it shall notify the Company on the date of occurrence of the event. The Company shall make the public announcement and reporting accordingly in the designated website in accordance with applicable regulations after being notified of such event.

### **VIII. Decision-making and Authorization**

Where an amount of endorsement and guarantee to be made is approved by the Company, each time when executing the endorsement and guarantee 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.

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.

### **IX. Procedures for Use and Custody of Corporate Seal**

1. According to applicable regulations promulgated by the competent authority in charge of securities matters, the Company shall use the corporate seal registered with the Ministry of Economics Affairs as the dedicated stamp for endorsements and guarantees. The dedicated stamp for endorsements and guarantees shall be kept under the custody of a designated custodian approved by the Board of Directors. If there is any change of the custodian, the Board of Directors shall approve such change, and the dedicated stamp shall be transferred to the custody of the successor custodian.

2. When the Company makes a guarantee for a foreign company, the Company shall have the guarantee letter signed by a person authorized by the Board of Directors.

### **X. Public Announcement and Reporting Procedures**

1. The Finance Division shall report the balance of endorsements and guarantees made by the Company and its subsidiaries in the previous month by the fifth day of the following month to the Stock Affairs Division of the Company together with the amount of sales revenue for monthly public announcement and reporting within the required time period according to applicable regulations.

2. In addition to the monthly public announcement and reporting of the Company's balance of endorsements and guarantees, when the amount of endorsements and guarantees made by the Company and its subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within two days of the occurrence of such event:

(1) The balance of endorsements and guarantees made by the Company and its Subsidiaries reaches 50 percent or more of the Company's net worth as stated in the Company's latest financial statements.

(2) The balance of endorsements and guarantees made by the Company and its Subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements.

(3) The balance of endorsements and guarantees made by the Company and its Subsidiaries to a single enterprise reaches NT\$10 million or more and the aggregate amount of endorsements and guarantees for, long-term investment in, and balance of loans to such enterprise reaches 30 percent or more of the Company's net worth as stated in the Company's latest financial statements.

(4) The amount of endorsements and guarantees newly made by the Company or its Subsidiaries exceeds NT\$30 million and reaches 5 percent or more of the Company's net worth as stated in the Company's latest financial statements.

3. If any of the matters to be public announced and reported as specified above is subject to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation.

## **XI. Penalty Provisions**

If any of the Company's managers or personnel in charge violates the Operating Procedures, the person who violates the Operating Procedures will be submitted for review according to the Company's working rules and will receive penalties commensurate with the severity of such violation.

## **XII.**

In case of endorsement or guarantee provided for a subsidiary whose net worth is lower than one half of the paid-in capital, the financial unit of the Company shall, on a monthly basis, assess the financial structure of such subsidiary, and upon any major changes, shall immediately notify the Chairman and request the relevant divisions in charge to handle the matters as soon as possible.

## **XIII Other Matters**

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. 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 the shareholders' meeting for discussion. The same procedure shall apply to any amendment to the Operating Procedures.

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.

Attachment 10

**Employees' Bonuses and Directors' Compensation**

This Company's proposed distribution of earnings for 2012 in the form of employees' bonuses and directors' compensation as approved by the Board of Directors is set forth as follows:

- Proposed employee cash bonuses and directors' compensation:
  - (1) Employee cash bonuses: NT\$2,047,925,270.
  - (2) Directors' compensation: NT\$30,400,000.
  
- There is no difference between the estimated amount of the expense for the recognition year and the amount of the employee cash bonuses and directors' compensation proposed by the Board of Directors.

Attachment 11

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

No Stock distribution is proposed at this shareholders' meeting, and the Company is not required to disclose 2013 financial forecasts according to relevant laws and regulations. Hence, the Company is not required to disclose yearly forecast information.



### Shareholdings of All Directors

1. In accordance with Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Share Ownership Ratios of Directors at Public Companies, the total shareholdings of all directors at the Company may not be less than 58,224,390 shares.
2. As of the book closing date of this annual general shareholders' meeting, the Company's directors had the following shareholdings as recorded in the shareholders register:

Title	Name	Current shareholdings	
		Shares	Percentage
Chairman	Yancey Hai	502,302	0.02%
Vice Chairman	Mark Ko	1,392,358	0.06%
Director	Bruce CH Cheng	139,642,593	5.76%
Director	Ping Chen	8,584,645	0.35%
Director	Simon Chang	497,881	0.02%
Director	Fred Chai Yan Lee	0	0.00%
Director	Ming-Chung Chang	983,791	0.04%
Director	Chung-Hsing Huang	0	0.00%
Director	Steven Liu	518,568	0.02%
Director	Johnson Lee	45,000	0.00%
Independent director	Tsong-Pyng Perng	0	0.00%
Independent director	Yung-Chin Chen	0	0.00%
Independent director	George Chao	0	0.00%
Shareholdings of all directors		152,167,138	6.27%

Note 1: This Company had a total of 2,426,016,226 issued shares as of the annual general shareholders' meeting's book closing date.

Note 2: The Company has established an Audit Committee. Therefore, supervisors' shareholding requirements are not applicable.

Attachment 13

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

1. In accordance with Article 172-1 of the Company Law, the proposal accepting period of 2013 annual general shareholders' meeting is from March 29, 2013 to April 9, 2013.
2. No proposals are raised by shareholders holding 1% or more of the total number of issued shares of the Company during the above period.