



**Delta Electronics, Inc.**

**2014 Annual General Shareholders' Meeting  
Meeting Agenda  
(Translation)**

**Date of the Meeting: June 10, 2014 at 10:00 a.m.**  
**Place of the Meeting: Auditorium, 2F, No.18, Xinglong Rd.,  
Taoyuan City, Taoyuan County**

# Meeting Agenda for the 2014 Annual General Shareholders' Meeting of Delta Electronics, Inc.

## Table of Contents

### I. Meeting Procedures

### II. Meeting Agenda

#### 1. Report items

- (1) 2013 Operation Results
- (2) 2013 Financial Results
- (3) Audit Committee's Review Opinions on 2013 Financial Results
- (4) The Company's Short-form Merger with Delta Robot Automatic Co. Ltd.

#### 2. Acknowledgement items

- (1) Acknowledgement of the 2013 Financial Results
- (2) Acknowledgement of the 2013 Earnings Distribution

#### 3. Discussion items

- (1) Discussion of Amendments to Articles of Incorporation
- (2) Discussion of Amendments to Operating Procedures of Acquisition or Disposal of Assets
- (3) Releasing the Directors from Non-competition Restrictions

### Voting and Resolution for each of Acknowledgement and Discussion Proposals

#### 4. Extemporaneous Motions

Meeting Adjourned

### III. Attachments

#### 1. Business Report

#### 2. 2013 Individual Financial Statements and CPA Audit Report

#### 3. 2013 Consolidated Financial Statements and CPA Audit Report

#### 4. 2013 Audit Committee's Review Report on 2013 Financial Results

#### 5. Articles of Incorporation

#### 6. Operating Procedures of Acquisition or Disposal of Assets

#### 7. Rules and Procedures of Shareholders' Meeting

#### 8. Employees' Bonuses and Directors' Compensation

#### 9. Effect of Stock Distribution to be Resolved at This Shareholders' Meeting on Operating Performance and Earnings Per Share

#### 10. Shareholdings of All Directors

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

Note: The Company's 2013 Individual Financial Statements, 2013 Consolidated Financial Statements and 2014 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. 2014 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 items
9. Discussion items

Voting and Resolution for each of Acknowledgement and Discussion Proposals.

10. Extemporaneous motions
11. Meeting adjourned

## **I. REPORT ITEMS**

1. 2013 Operation Results  
See Attachment 1: Business Report (pages 39-41)
2. 2013 Financial Results
  - (1) PricewaterhouseCoopers CPA Audit Report (Individual Financial Statements)  
See Attachment 2: PricewaterhouseCoopers CPA Audit Report (pages 42-43)
  - (2) Individual Balance Sheet as of December 31, 2013  
See Attachment 2: Individual Balance Sheet (page 44-45)
  - (3) Individual Comprehensive Income Statement (January 1, 2013 ~ December 31, 2013)  
See Attachment 2: Individual Comprehensive Income Statement (page 46)
  - (4) Individual Statement of Changes in Shareholders' Equity (January 1, 2013 ~ December 31, 2013)  
See Attachment 2: Individual Statement of Changes in Shareholders' Equity (page 47)
  - (5) Individual Cash Flow Statement (January 1, 2013 ~ December 31, 2013)  
See Attachment 2: Individual Cash Flow Statement (pages 48-49)
  - (6) PricewaterhouseCoopers CPA Audit Report (Consolidated Financial Statements)  
See Attachment 3: PricewaterhouseCoopers CPA Audit Report (pages 50-51)
  - (7) Consolidated Balance Sheet as of December 31, 2013  
See Attachment 3: Consolidated Balance Sheet (pages 52-53)
  - (8) Consolidated Comprehensive Income Statement (January 1, 2013 ~ December 31, 2013)  
See Attachment 3: Consolidated Statement of Comprehensive Income (pages 54-55)
  - (9) Consolidated Statement of Changes in Equity (January 1, 2013 ~ December 31, 2013)  
See Attachment 3: Consolidated Statement of Changes in Equity (page 56)
  - (10) Consolidated Cash Flow Statement (January 1, 2013 ~ December 31, 2013)  
See Attachment 3: Consolidated Cash Flow Statement (pages 57-58)

3. Audit Committee's Review Opinions on 2013 Financial Results  
See Attachment 4: Audit Committee's Review Opinions on 2013 Financial Results (page 59)
4. The Company's Short-form Merger with Delta Robot Automatic Co. Ltd.
  - (1) To effectively integrate resources, expand operations, and improve operational performances and competitiveness, boards of directors of the Company and its wholly-owned subsidiary, Delta Robot Automatic Co. Ltd., approved the merger between the Company and Delta Robot Automatic Co. Ltd. on March 11, 2014 (the "Merger"). The closing date of the Merger is April 1, 2014, following which the Company survives the Merger with Delta Robot Automatic Co. Ltd. ceasing to exist.
  - (2) This Merger has been submitted to the Department of Commerce, Ministry of Economic Affairs for amendment of registration.

## **II. ACKNOWLEDGEMENT ITEMS**

### **1. Acknowledge the 2013 Financial Results (Proposed by the Board of Directors)**

- Explanation: (1) This Company's 2013 Financial Results including the Business Report, Individual Financial Statements and Consolidated Financial Statements (please refer to pages 39-58) 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 2013 Earnings Distribution (Proposed by the Board of Directors)

- Explanation: (1) With regard to earnings in 2013, 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, 2014.
- (2) NT\$14,137,751,308 will be distributed as shareholders' cash dividends for 2013. 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 (i.e., 2,437,543,329 shares), each one thousand shares shall receive a cash dividend of NT\$5,800. If there is any change of laws and regulations, change of competent authority's approval or change of the number of common shares of the Company (such as transferring or cancelling the registration of the Company's shares bought back by the Company, increasing cash capital domestically, or exercising 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. 2013 Earnings Distribution Table

| Item   | Explanation | Amount         | (in NT\$) |
|--|-------------|----------------|-----------|
| Undistributed earnings of previous year  |             | 6,433,295,300  |           |
| Add: Net effects of adopting IFRSs, IASs and interpretations approved by the Financial Supervisory Commission on January 1, 2013 |             | 1,002,809,080  |           |
| Revert of fractional cash dividend of previous year  |             | 19,979         |           |
| Earnings in 2013   |             |                |           |
| Pre-tax earnings in 2013   |             | 19,036,348,556 |           |
| Income tax expense   |             | 1,260,144,750  |           |



|   |                   |                |
|---|-------------------|----------------|
| After-tax earnings in 2013 [Note 1]                             |                   | 17,776,203,806 |
| Subtract: setting aside 10% legal reserve                       |                   | 1,777,620,381  |
| Add: reversal of special reserve                                |                   | 3,546,948,748  |
| Earnings available for distribution by the end of 2013 [Note 2] |                   | 26,981,656,532 |
| Distribution items:   |                   |                |
| Shareholders bonuses--cash [Note 3]                             | NT\$5.8 per share | 14,137,751,308 |
| Undistributed earnings by the end of 2013                       |                   | 12,843,905,224 |

Note 1: Allocated employee bonuses--cash: NT\$2,492,438,453.

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

Note 2: Principle of earnings distribution in the Company's 2013 Earnings Distribution Table:  
Distribution of 2013 distributable earnings first.

Note 3: Distribution of cash dividends will be calculated to New Taiwan Dollar. Fractional amount less than one dollar will be set aside as undistributed earnings.

### III Discussion Items

#### 1. Discussion of the Amendments to Articles of Incorporation (Proposed by the Board of Directors)

Explanation:(1) In order to better meet the Company's business needs, it is proposed to amend certain provisions of the Articles of Incorporation . Please see the comparison table of the Company's Articles of Incorporation for the detailed revisions.

(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><br/>                     The Company is engaged in the following businesses:<br/>                     1. A101020 Food Crops;<br/>                     2. A102080 Horticulture;<br/>                     3. A199990 Other Agriculture;<br/>                     4. C801010 Basic chemical industry business;<br/>                     5. C801990 Other chemical material manufacturing business;<br/>                     6. C802120 Industrial Catalyst Manufacturing;<br/>                     7. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified;<br/>                     8. CA04010 Metal Surface Treating;<br/>                     9. CB01010 Machinery equipment manufacturing business;<br/>                     10. CB01071 Frozen and Air-</p> | <p><b>Article 2</b><br/>                     The Company is engaged in the following businesses:<br/>                     1. A101020 Food Crops;<br/>                     2. A102080 Horticulture;<br/>                     3. A199990 Other Agriculture;<br/>                     4. C801010 Basic chemical industry business;<br/>                     5. C801990 Other chemical material manufacturing business;<br/>                     6. C802120 Industrial Catalyst Manufacturing;<br/>                     7. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified;<br/>                     8. CA04010 Metal Surface Treating;<br/>                     9. CB01010 Machinery equipment manufacturing business;<br/>                     10. CB01071 Frozen and Air-</p> | <p>The business items are revised to better meet the Company's business needs: add subparagraphs 54 and 78 and re-number the original subparagraph to conform to the Codes of Business Items promulgated by the MOEA.</p> |

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| <p>conditioning manufacturing 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>conditioning manufacturing 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> |  |
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| <p>21. CC01120 Data Storage Media Manufacturing and Duplicating;</p> <p>22. CC01990 Other electrical and electronic machinery and materials manufacturing business;</p> <p>23. CD01010 Ship and parts manufacturing business;</p> <p>24. CD01020 Tramway Cars manufacturing business;</p> <p>25. CD01030 Automobiles and auto-parts manufacturing business;</p> <p>26. CD01040 Motorcycles and motorcycle parts manufacturing business;</p> <p>27. CD01050 Bicycles and bicycle parts manufacturing business;</p> <p>28. CD01060 Aircraft and parts manufacturing business;</p> <p>29. CD01990 Other transportation equipment and parts manufacturing business;</p> <p>30. CE01010 General equipment and instruments manufacturing business;</p> <p>31. CE01021 measuring instruments manufacturing business;</p> <p>32. CE01030 Photographic and Optical Equipment Manufacturing business;</p> <p>33. CE01040 Clocks and Watches</p> | <p>21. CC01120 Data Storage Media Manufacturing and Duplicating;</p> <p>22. CC01990 Other electrical and electronic machinery and materials manufacturing business;</p> <p>23. CD01010 Ship and parts manufacturing business;</p> <p>24. CD01020 Tramway Cars manufacturing business;</p> <p>25. CD01030 Automobiles and auto-parts manufacturing business;</p> <p>26. CD01040 Motorcycles and motorcycle parts manufacturing business;</p> <p>27. CD01050 Bicycles and bicycle parts manufacturing business;</p> <p>28. CD01060 Aircraft and parts manufacturing business;</p> <p>29. CD01990 Other transportation equipment and parts manufacturing business;</p> <p>30. CE01010 General equipment and instruments manufacturing business;</p> <p>31. CE01021 measuring instruments manufacturing business;</p> <p>32. CE01030 Photographic and Optical Equipment Manufacturing business;</p> <p>33. CE01040 Clocks and Watches</p> |  |
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| <p>manufacturing business;</p> <p>34. CE01990 Other photographic and optical equipment manufacturing business;</p> <p>35. CF01011 Medical appliances and equipment business;</p> <p>36. E599010 Pipe lines construction business;</p> <p>37. E601010 Electric appliance installation business;</p> <p>38. E601020 Electric appliance construction business;</p> <p>39. E602011 Frozen and Air-conditioning Engineering;</p> <p>40. E603040 Fire fighting equipments installation business;</p> <p>41. E603050 Automation control equipment manufacturing business;</p> <p>42. E603090 Illumination equipments installation business;</p> <p>43. E604010 Machinery installation business;</p> <p>44. E605010 Computer equipment installation business;</p> <p>45. E7010030 Restricted telecommunication radio frequency equipment and materials installation business;</p> <p>46. EZ05010 Apparatus installation and construction</p> | <p>manufacturing business;</p> <p>34. CE01990 Other photographic and optical equipment manufacturing business;</p> <p>35. CF01011 Medical appliances and equipment business;</p> <p>36. E599010 Pipe lines construction business;</p> <p>37. E601010 Electric appliance installation business;</p> <p>38. E601020 Electric appliance construction business;</p> <p>39. E602011 Frozen and Air-conditioning Engineering;</p> <p>40. E603040 Fire fighting equipments installation business;</p> <p>41. E603050 Automation control equipment manufacturing business;</p> <p>42. E603090 Illumination equipments installation business;</p> <p>43. E604010 Machinery installation business;</p> <p>44. E605010 Computer equipment installation business;</p> <p>45. E7010030 Restricted telecommunication radio frequency equipment and materials installation business;</p> <p>46. EZ05010 Apparatus installation and construction</p> |  |
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| <p>business;</p> <p>47. EZ14010 Sports Ground Equipments Construction;</p> <p>48. F101081 Wholesale of Seedling;</p> <p>49. F106040 Water containers wholesale business;</p> <p>50. F108031 Drugs and medical goods wholesale business;</p> <p>51. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;</p> <p>52. F113010 Machinery wholesale business;</p> <p>53. F113020 Electrical appliances wholesale business;</p> <p><u>54. F113030 Wholesale of Precision Instruments;</u></p> <p><u>55. F113050 Computer and office appliances and equipment wholesale business;</u></p> <p><u>56. F113070 Telecommunication equipment wholesale business;</u></p> <p><u>57. F113110 Wholesale of Batteries;</u></p> <p><u>58. F118010 Computer software wholesale business;</u></p> <p><u>59. F119010 Electronic components and materials wholesale business;</u></p> <p><u>60. F199990 Other wholesale business;</u></p> <p><u>61. F201010 Retail Sale of</u></p> | <p>business;</p> <p>47. EZ14010 Sports Ground Equipments Construction;</p> <p>48. F101081 Wholesale of Seedling;</p> <p>49. F106040 Water containers wholesale business;</p> <p>50. F108031 Drugs and medical goods wholesale business;</p> <p>51. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;</p> <p>52. F113010 Machinery wholesale business;</p> <p>53. F113020 Electrical appliances wholesale business;</p> <p><u>54. F113050 Computer and office appliances and equipment wholesale business;</u></p> <p><u>55. F113070 Telecommunication equipment wholesale business;</u></p> <p><u>56. F113110 Wholesale of Batteries;</u></p> <p><u>57. F118010 Computer software wholesale business;</u></p> <p><u>58. F119010 Electronic components and materials wholesale business;</u></p> <p><u>59. F199990 Other wholesale business;</u></p> <p><u>60. F201010 Retail Sale of</u></p> |  |
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| <p>Agricultural Products;<br/> <u>62.</u> F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products;<br/> <u>63.</u> F208031 Medical equipment retail business;<br/> <u>64.</u> F209060 Education, musical instruments and entertainment articles retail business;<br/> <u>65.</u> F213010 Electrical appliances retail business;<br/> <u>66.</u> F213030 Computer and office appliances and equipment retail business;<br/> <u>67.</u> F213060 Telecommunication equipment retail business;<br/> <u>68.</u> F218010 Computer software retail business;<br/> <u>69.</u> F219010 Electronic components and materials retail business;<br/> <u>70.</u> F399040 Non-store retail business;<br/> <u>71.</u> F401010 International trade business;<br/> <u>72.</u> F401021 Restricted telecommunication radio frequency equipment and materials import business;<br/> <u>73.</u> F401181 Measuring instrument importing business;<br/> <u>74.</u> F601010 Intellectual property business;<br/> <u>75.</u> G801010 Warehousing and</p> | <p>Agricultural Products;<br/> <u>61.</u> F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products;<br/> <u>62.</u> F208031 Medical equipment retail business;<br/> <u>63.</u> F209060 Education, musical instruments and entertainment articles retail business;<br/> <u>64.</u> F213010 Electrical appliances retail business;<br/> <u>65.</u> F213030 Computer and office appliances and equipment retail business;<br/> <u>66.</u> F213060 Telecommunication equipment retail business;<br/> <u>67.</u> F218010 Computer software retail business;<br/> <u>68.</u> F219010 Electronic components and materials retail business;<br/> <u>69.</u> F399040 Non-store retail business;<br/> <u>70.</u> F401010 International trade business;<br/> <u>71.</u> F401021 Restricted telecommunication radio frequency equipment and materials import business;<br/> <u>72.</u> F401181 Measuring instrument importing business;<br/> <u>73.</u> F601010 Intellectual property business;<br/> <u>74.</u> G801010 Warehousing and</p> |  |
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| <p>storage business;<br/> <u>76.</u> I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy;<br/> <u>77.</u> I103060 Management consulting services business;<br/> <u>78.</u> I199990 Other Consultancy<br/> <u>79.</u> I301010 Software design and service business;<br/> <u>80.</u> I301020 Data processing services business;<br/> <u>81.</u> I301030 Digital information supply services business;<br/> <u>82.</u> I401010 General advertising service business;<br/> <u>83.</u> I501010 Product external appearance designing business;<br/> <u>84.</u> I599990 Other design business;<br/> <u>85.</u> IG02010 Research development service business;<br/> <u>86.</u> IG03010 Energy technical services business;<br/> <u>87.</u> IZ03010 Newspaper clipping business;<br/> <u>88.</u> IZ04010 Translation business;<br/> <u>89.</u> IZ10010 Typesetting business;<br/> <u>90.</u> IZ13010 Network authentication service business;<br/> <u>91.</u> IZ99990 Other industry and commerce services not elsewhere classified;</p> | <p>storage business;<br/> <u>75.</u> I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy;<br/> <u>76.</u> I103060 Management consulting services business;<br/> <u>77.</u> I301010 Software design and service business;<br/> <u>78.</u> I301020 Data processing services business;<br/> <u>79.</u> I301030 Digital information supply services business;<br/> <u>80.</u> I401010 General advertising service business;<br/> <u>81.</u> I501010 Product external appearance designing business;<br/> <u>82.</u> I599990 Other design business;<br/> <u>83.</u> IG02010 Research development service business;<br/> <u>84.</u> IG03010 Energy technical services business;<br/> <u>85.</u> IZ03010 Newspaper clipping business;<br/> <u>86.</u> IZ04010 Translation business;<br/> <u>87.</u> IZ10010 Typesetting business;<br/> <u>88.</u> IZ13010 Network authentication service business;<br/> <u>89.</u> IZ99990 Other industry and commerce services not elsewhere classified;</p> |  |
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| <p><u>92.</u> J303010 Magazines (journals) publishing business;</p> <p><u>93.</u> J304010 Books publishing business;</p> <p><u>94.</u> J305010 Audio publishing business;</p> <p><u>95.</u> J399010 Software publishing business;</p> <p><u>96.</u> J399990 Other publishing business;</p> <p><u>97.</u> J701070 Computer Recreational Activities;</p> <p><u>98.</u> JE01010 Rental and leasing business;</p> <p><u>99.</u> ZZ99999 All businesses that are not prohibited or restricted by laws and regulations other than those requiring special permits.</p> | <p><u>90.</u> J303010 Magazines (journals) publishing business;</p> <p><u>91.</u> J304010 Books publishing business;</p> <p><u>92.</u> J305010 Audio publishing business;</p> <p><u>93.</u> J399010 Software publishing business;</p> <p><u>94.</u> J399990 Other publishing business;</p> <p><u>95.</u> J701070 Computer Recreational Activities;</p> <p><u>96.</u> JE01010 Rental and leasing business;</p> <p><u>97.</u> ZZ99999 All businesses that are not prohibited or restricted by laws and regulations other than those requiring special permits.</p> |   |
| <p><b>Article 33</b><br/> These Articles of Incorporation were enacted on July 28, 1975. (the 1<sup>st</sup> through <u>46<sup>th</sup></u> revision dates have been omitted for simplicity) The <u>47<sup>th</sup></u> amendment is made on June <u>10, 2014</u>.</p>   | <p><b>Article 33</b><br/> These Articles of Incorporation were enacted on July 28, 1975. (the 1<sup>st</sup> through <u>45<sup>th</sup></u> revision dates have been omitted for simplicity) The <u>46<sup>th</sup></u> amendment is made on June <u>7, 2013</u>.</p>  | <p>Addition of the 47<sup>th</sup> revision date.</p> |

**2. Discussion of the Amendments to Operating Procedures of Acquisition or Disposal of Assets (Proposed by the Board of Directors)**

- Explanation:(1) In order to conform to the amendments to laws and regulations and to better meet the Company's business needs, it is proposed to amend certain provisions of the Operating Procedures of Acquisition or Disposal of Assets. Please see the comparison table of revised articles of the Operating Procedures of Acquisition or Disposal of Assets for the detailed revisions.
- (2) The proposed amendments are submitted for discussion.

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

| Article after revision   | Article before revision   | Explanation   |
|--|---|---|
| <p><b>Article 3</b><br/>           Definition of Terms:<br/>           1. [Not revised]<br/>           2. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: refers to assets acquired or disposed through mergers, splits, or acquisitions conducted in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other applicable laws, or issuance of new shares and by use of the share equity so raised as the consideration payable for acquisition of another company's shares (the "assignment of shares") in accordance with Paragraph 8, Article 156 of the Company Law.<br/>           3. Related party and subsidiaries: as defined in the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>.<br/>           4. [Delete]<br/>           4. Professional appraiser: refers to a real estate appraiser or other person authorized by applicable laws to engage in the appraisal of real estate or <u>equipment</u>.</p> | <p><b>Article 3</b><br/>           Definition of Terms:<br/>           1. [Omitted]<br/>           2. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: refers to assets acquired or disposed through mergers, splits, or acquisitions conducted in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other applicable laws, or issuance of new shares and by use of the share equity so raised as the consideration payable for acquisition of another company's shares (the "assignment of shares") in accordance with Paragraph 6, Article 156 of the Company Law.<br/>           3. Related party: as defined in <u>Statement of Financial Accounting Standards No. 6 published by the Accounting Research and Development Foundation of the Republic of China (the "ARDF")</u>.<br/>           4. Subsidiary: as defined in Statement of Financial Accounting Standards No. 5 and No. 7 published by the ARDF.<br/>           5. Professional appraiser: refers to a real estate appraiser or other person authorized by applicable laws to engage in the appraisal of real estate or <u>other fixed assets</u>.</p> | <p>Revise to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p><u>5.</u> Date of occurrence: refers to the date of contract signing, date of payment, date of completion of trading, date of transfer registration, date of board of directors resolution, or other date confirming the counterpart and amount of the transaction, whichever date is earlier. However, in the case of investments for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p><u>6.</u> Mainland China area investment: refers to investments in Mainland China area approved by the Investment Commission of the Ministry of Economic Affairs or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China.</p> <p><u>7.</u> As used in the Operating Procedures, "within one year" refers to the year preceding the date of occurrence of the acquisition or disposal of assets; however, items duly announced in accordance with the Operating Procedures will be disregarded.</p> <p><u>8.</u> As used in the Operating Procedures, "latest financial statement" refers to the financial statement published and audited or reviewed by the Company's auditing CPA in accordance with applicable laws prior to the acquisition or disposal of</p> | <p><u>6.</u> Date of occurrence: refers to the date of contract signing, date of payment, date of completion of trading, date of transfer registration, date of board of directors resolution, or other date confirming the counterpart and amount of the transaction, whichever date is earlier. However, in the case of investments for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p><u>7.</u> Mainland China area investment: refers to investments in Mainland China area approved by the Investment Commission of the Ministry of Economic Affairs or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China.</p> <p><u>8.</u> As used in the Operating Procedures, "within one year" refers to the year preceding the date of occurrence of the acquisition or disposal of assets; however, items duly announced in accordance with the Operating Procedures will be disregarded.</p> <p><u>9.</u> As used in the Operating Procedures, "latest financial statement" refers to the financial statement published and audited or reviewed by the Company's auditing CPA in accordance with applicable laws prior to the acquisition or disposal of</p> |  |
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| <p>assets.</p> <p>9. <u>As used in the Operating Procedures, "10% of the Company's total assets" is calculated based on the total assets as stated in the most recent stand-alone or individual financial statement prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>  | <p>assets.</p>   |   |
| <p><b>Article 4</b><br/>Scope of assets applicable to the Operating Procedures</p> <ol style="list-style-type: none"> <li>1. Securities: including long- term and short-term investments such as stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, deposit receipts, call (put) warrants, beneficiary certificates and asset-backed securities.</li> <li>2. Real estate <u>(including land, buildings and construction, investment real estate and rights to use land) and equipment.</u></li> <li>3. Membership certificates.</li> <li>4. Intangible assets: including patents, copyrights, trademarks, and franchises, etc.</li> <li>5. Claims against financial institutions (including receivables, loans and bills purchase discounts, and overdue receivables).</li> <li>6. Derivatives.</li> <li>7. Assets acquired or disposed through mergers or consolidations, splits,</li> </ol> | <p><b>Article 4</b><br/>Scope of assets applicable to the Operating Procedures</p> <ol style="list-style-type: none"> <li>1. Securities: including long- term and short-term investments such as stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, deposit receipts, call (put) warrants, beneficiary certificates and asset-backed securities.</li> <li>2. Real estate <u>and other fixed assets.</u></li> <li>3. Membership certificates.</li> <li>4. Intangible assets: including patents, copyrights, trademarks, and franchises, etc.</li> <li>5. Claims against financial institutions (including receivables, loans and bills purchase discounts, and overdue receivables).</li> <li>6. Derivatives.</li> <li>7. Assets acquired or disposed through mergers or consolidations, splits,</li> </ol> | <p>Revise to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p>acquisitions, or assignment of shares in accordance with applicable laws.<br/>8. Other important assets.</p>   | <p>acquisitions, or assignment of shares in accordance with applicable laws.<br/>8. Other important assets.</p>   |  |
| <p><b>Article 6</b><br/>When assets are acquired or disposed in accordance with the Operating Procedures, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance and then submit it for approval by the authorized person according to the authorized limit table approved by the Board of Directors. If the amount of the assets to be acquired or disposed exceeds the amount as set forth in the authorized limit table, the transaction may be implemented only after approved by the Board of Directors.<br/>The execution departments referred to in the foregoing paragraph are as follows:<br/>1. [not revised]<br/>2. For real property and <u>equipment</u>: the Department which uses such assets and the Finance Department.<br/>3. [not revised]<br/>4. For intangible assets: each business unit, <u>Legal and Intellectual Property Department</u> or <u>other competent department concerned</u>.<br/>5. [not revised]<br/>6. [not revised]<br/>7. [not revised]</p> | <p><b>Article 6</b><br/>When assets are acquired or disposed in accordance with the Operating Procedures, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance and then submit it for approval by the authorized person according to the authorized limit table approved by the Board of Directors. If the amount of the assets to be acquired or disposed exceeds the amount as set forth in the authorized limit table, the transaction may be implemented only after approved by the Board of Directors.<br/>The execution departments referred to in the foregoing paragraph are as follows:<br/>1. [omitted]<br/>2. For real property and <u>other fixed assets</u>: the Department which uses such assets and the Finance Department.<br/>3. [omitted]<br/>4. For intangible assets: each business unit <u>and the Finance Department</u>.<br/>5. [omitted]<br/>6. [omitted]<br/>7. [omitted]<br/>8. [omitted]</p> | <p>Revise to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and actual conditions of operation.</p> |

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| 8. [not revised]  |   |   |
| <p><b>Article 10</b><br/>When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, first obtain the latest audited or reviewed financial statement of the issue company for reference in appraising the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. If the accountant needs to use an expert's report, the accountant shall do so in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the <u>Accounting Research and Development Foundation (the "ARDF")</u>. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Competent Authority.</p> | <p><b>Article 10</b> When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, first obtain the latest audited or reviewed financial statement of the issue company for reference in appraising the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. If the accountant needs to use an expert's report, the accountant shall do so in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Competent Authority.</p> | <p>Revise to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |
| <p><b>Article 11</b><br/>The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property and other fixed assets:<br/>When acquiring or disposing real property or <u>equipment</u>, if the transaction amount</p>  | <p><b>Article 11</b><br/>The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property and other fixed assets:<br/>When acquiring or disposing real property or <u>other fixed assets</u>, if the transaction</p>  | <p>Revise to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p>reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a governmental agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring <u>equipment</u> for operating use, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> <li>1. [not revised]</li> <li>2. [not revised]</li> <li>3. [not revised]</li> <li>4. [not revised]</li> <li>5. [not revised]</li> </ol> | <p>amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a governmental agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring <u>machinery and equipment</u> for operating use, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> <li>1. [omitted]</li> <li>2. [omitted]</li> <li>3. [omitted]</li> <li>4. [omitted]</li> <li>5. [omitted]</li> </ol> |   |
| <p><b>Article 12</b><br/>Procedures governing transactions with a related party are as follows:</p> <ol style="list-style-type: none"> <li>1. When the Company acquires or disposes of assets from or to a related party, in addition to complying with the requirements set forth in Article 10, Article 11 and Article 13 and following required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain</li> </ol>            | <p><b>Article 12</b><br/>Procedures governing transactions with a related party are as follows:</p> <ol style="list-style-type: none"> <li>1. When the Company acquires or disposes of assets from or to a related party, in addition to complying with the requirements set forth in Article 10, Article 11 and Article 13 and following required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain</li> </ol>             | <p>Revise to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |



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| <p>an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 10, Article 11 and Article 13.</p> <p>The <u>aforementioned</u> calculation of the transaction amount shall be made in accordance with Article 13-1 hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties.</p> <p>2. Appraisal and operating procedures:<br/>Where the Company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, <u>except for trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds</u>, the Company may proceed to enter into a transaction contract and make only after submitting the following information to the Audit Committee and obtaining approval by one-half or more of all Audit Committee members and, after submitting the same to the Board of Directors,</p> | <p>an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 10, Article 11 and Article 13.</p> <p>The calculation of the transaction amount <u>referred to in the preceding paragraph</u> shall be made in accordance with <u>Article 13-1</u> hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties.</p> <p>2. Appraisal and operating procedures:<br/>Where the Company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, the Company may proceed to enter into a transaction contract and make only after submitting the following information to the Audit Committee and obtaining approval by one-half or more of all Audit Committee members and, after submitting the same to the Board of Directors, obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis:</p> |  |
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| <p>obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis:</p> <ol style="list-style-type: none"> <li>(1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets.</li> <li>(2) The reason for choosing the related party as the transaction counterparty.</li> <li>(3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of items (1) and (4), subparagraph 3 of this Article 12.</li> <li>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</li> <li>(5) Monthly cashflow forecasts for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.</li> <li>(6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.</li> <li>(7) Restrictive covenants and other important terms in connection with the</li> </ol> | <ol style="list-style-type: none"> <li>(1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets.</li> <li>(2) The reason for choosing the related party as the transaction counterparty.</li> <li>(3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of items (1) and (4), subparagraph 3 of this Article 12.</li> <li>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</li> <li>(5) Monthly cashflow forecasts for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.</li> <li>(6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.</li> <li>(7) Restrictive covenants and other important terms in connection with the</li> </ol> |  |
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| <p>transaction.</p> <p>The <u>aforementioned</u> calculation of the transaction amount shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Board of Directors in accordance with these Operating Procedures need not be counted toward the said transaction amount.</p> <p>With respect to the acquisition or disposal of machinery and equipment for business use between the Company and its subsidiaries, the Board of Directors <u>hereby authorizes</u> the Chairman to decide such matters when the transaction is within <u>NT\$300 million</u> and subsequently submit the aforesaid decision to the next meeting of the Board of Directors for ratification.</p> <p>When the items listed in subparagraph 2 of this Article 12 are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.</p> | <p>transaction.</p> <p>The calculation of the transaction amount <u>referred to in the preceding paragraph</u> shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Board of Directors in accordance with these Operating Procedures need not be counted toward the said transaction amount.</p> <p>With respect to the acquisition or disposal of machinery and equipment for business use between the Company and its <u>parent company</u> or subsidiaries, the Board of Directors <u>may</u> authorize the Chairman to decide such matters when the transaction is within <u>a certain amount</u> and subsequently submit the aforesaid decision to the next meeting of the Board of Directors for ratification.</p> <p>When the items listed in subparagraph 2 of this Article 12 are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.</p> |  |
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| <p>3. Assessment of reasonableness of transaction cost:</p> <p>(1) [not revised]</p> <p>(2) [not revised]</p> <p>(3) [not revised]</p> <p>(4) [not revised]</p> <p>(5) [not revised]</p> <p>(6) When the Company acquires real property from a related party and any of the following circumstances occur, it shall implement the transaction in accordance with the appraisal and operating procedures in subparagraphs 1 and 2 of this Article 12, and items (1), (2), and (3), subparagraph 3 of this Article 12 regarding the assessment of the reasonableness of transaction cost are not applicable:</p> <p>a. The related party acquired the real property through inheritance or as a gift.</p> <p>b. More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the execution date of the proposed transaction.</p> <p>c. The real property is to be acquired through signing of a joint development contract with the related party <u>or through engaging the related party to build real property, either on the Company's own land or on a leased land.</u></p> | <p>3. Assessment of reasonableness of transaction cost:</p> <p>(1) [omitted]</p> <p>(2) [omitted]</p> <p>(3) [omitted]</p> <p>(4) [omitted]</p> <p>(5) [omitted]</p> <p>(6) When the Company acquires real property from a related party and any of the following circumstances occur, it shall implement the transaction in accordance with the appraisal and operating procedures in subparagraphs 1 and 2 of this Article 12, and items (1), (2), and (3), subparagraph 3 of this Article 12 regarding the assessment of the reasonableness of transaction cost are not applicable:</p> <p>a. The related party acquired the real property through inheritance or as a gift.</p> <p>b. More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the execution date of the proposed transaction.</p> <p>c. The real property is to be acquired through signing of a joint development contract with the related party.</p> |  |
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| (7) [not revised]   | (7) [omitted]   |   |
| <p><b>Article 13</b><br/>The Company shall comply with the following guidelines with regard to the acquisition or disposal of membership certificates or intangible assets:<br/>When the Company acquires or disposes of membership certificates or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, <u>except for transacting with a government agency</u>, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.</p> | <p><b>Article 13</b><br/>The Company shall comply with the following guidelines with regard to the acquisition or disposal of membership certificates or intangible assets:<br/>When the Company acquires or disposes of membership certificates or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.</p> | <p>Revise to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |
| <p><b>Article 15</b><br/>Procedures governing derivatives trading activities are as follows:<br/>1. [not revised]<br/>2. [not revised]<br/>3. Accounting treatment:<br/>Accounting treatment shall be handled in accordance with the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>.<br/>4. Internal control system:<br/>(1) [not revised]<br/>(2) [not revised]<br/>(3) [not revised]</p>   | <p><b>Article 15</b><br/>Procedures governing derivatives trading activities are as follows:<br/>1. [omitted]<br/>2. [omitted]<br/>3. Accounting treatment:<br/>Accounting treatment shall be handled in accordance with the <u>ROC Financial and Accounting Standards and other regulations</u>.<br/>4. Internal control system:<br/>(1) [omitted]<br/>(2) [omitted]<br/>(3) [omitted]</p>   | <p>Revise to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p>(4) Oversight principles for derivative trading by the Board of Directors:</p> <ul style="list-style-type: none"> <li>a. The Board of Directors shall appoint senior management officers to regularly monitor and control the derivatives trading risk. The guidelines for monitoring and control are as follows: <ul style="list-style-type: none"> <li>i. Periodically evaluate whether the risk management measures currently adopted are appropriate and are conducted in accordance with these Operating Procedures and derivative trading operating guidelines promulgated by the Company.</li> <li>ii. Monitoring trading activities and profit/loss status, whenever irregularities are found, the senior management officers shall take appropriate counter measures and shall immediately report to the Board of Directors.</li> </ul> </li> <li>b. Periodically evaluate whether derivatives trading performance is consistent with the Company's established operational strategy and whether the risk exposure is acceptable to the Company.</li> <li>c. When engaging in derivatives trading, the Company shall report to the <u>next</u> Board of Directors <u>meeting</u> after it authorizes relevant</li> </ul> | <p>(4) Oversight principles for derivative trading by the Board of Directors:</p> <ul style="list-style-type: none"> <li>a. The Board of Directors shall appoint senior management officers to regularly monitor and control the derivatives trading risk. The guidelines for monitoring and control are as follows: <ul style="list-style-type: none"> <li>i. Periodically evaluate whether the risk management measures currently adopted are appropriate and are conducted in accordance with these Operating Procedures and derivative trading operating guidelines promulgated by the Company.</li> <li>ii. Monitoring trading activities and profit/loss status, whenever irregularities are found, the senior management officers shall take appropriate counter measures and shall immediately report to the Board of Directors.</li> </ul> </li> <li>b. Periodically evaluate whether derivatives trading performance is consistent with the Company's established operational strategy and whether the risk exposure is acceptable to the Company.</li> <li>c. When engaging in derivatives trading, the Company shall report to the Board of Directors after it authorizes relevant personnel to</li> </ul> |  |
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| <p>personnel to conduct derivatives trading in accordance with the derivative trading operating guidelines promulgated by the Company.</p> <p>d. The Company shall establish a memorandum book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under items 3-2, 4-1 and 4-2, subparagraph 4 of this Article 15, shall be recorded in detail in the memorandum book for inspection.</p> <p>5. [not revised]</p>   | <p>conduct derivatives trading in accordance with the derivative trading operating guidelines promulgated by the Company.</p> <p>d. The Company shall establish a memorandum book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under items 3-2, 4-1 and 4-2, subparagraph 4 of this Article 15, shall be recorded in detail in the memorandum book for inspection.</p> <p>5. [omitted]</p>   |   |
| <p><b>Article 17</b><br/>Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:</p> <p>1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million; provided, however, that this paragraph shall not apply to trading of government bonds or bonds under repurchase and resale agreements, <u>or subscription or redemption of domestic money market funds.</u></p> | <p><b>Article 17</b><br/>Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:</p> <p>1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million; provided, however, that this paragraph shall not apply to trading of government bonds or bonds under repurchase and resale agreements.</p> | <p>Revise to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p>2. Merger or consolidation, split, acquisition, or assignment of shares.</p> <p>3. Any losses from derivatives trading which reaches the limits on aggregate losses or losses for individual contracts as set out in the operating procedures promulgated by the Company.</p> <p>4. Other asset transactions other than those referred to in the preceding three subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Where the company is an investment company, the securities trading in foreign securities exchanges or over-the-counter markets.</p> <p>(3) Trading of bonds under repurchase/resale agreements, <u>or subscription or redemption of domestic money market funds.</u></p> <p>(4) Where the type of asset acquired or disposed of is equipment and machinery for operational use, and the transaction counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(5) Acquisition or disposal of real</p> | <p>2. Merger or consolidation, split, acquisition, or assignment of shares.</p> <p>3. Any losses from derivatives trading which reaches the limits on aggregate losses or losses for individual contracts as set out in the operating procedures promulgated by the Company.</p> <p>4. Other asset transactions other than those referred to in the preceding three subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Where the company is an investment company, the securities trading in foreign securities exchanges or over-the-counter markets.</p> <p>(3) Trading of bonds under repurchase/resale agreements.</p> <p>(4) Where the type of asset acquired or disposed of is equipment and machinery for operational use, and the transaction counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(5) Acquisition or disposal of real</p> |  |
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| <p>property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the transaction amount to be invested by the Company is less than NT\$500 million.</p> <p>5. The transaction amount referred to in the foregoing four subparagraphs shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has been duly announced in accordance with applicable regulations may be disregarded for the calculation:</p> <ol style="list-style-type: none"> <li>(1) The amount of each transaction.</li> <li>(2) The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.</li> <li>(3) The cumulative transaction amount of acquisitions and disposals of real property in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</li> <li>(4) The cumulative transaction amount of</li> </ol> | <p>property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the transaction amount to be invested by the Company is less than NT\$500 million.</p> <p>5. The transaction amount referred to in the foregoing four subparagraphs shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has been duly announced in accordance with applicable regulations may be disregarded for the calculation:</p> <ol style="list-style-type: none"> <li>(1) The amount of each transaction.</li> <li>(2) The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.</li> <li>(3) The cumulative transaction amount of acquisitions and disposals of real property in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</li> <li>(4) The cumulative transaction amount of</li> </ol> |  |
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| <p>acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p> | <p>acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p>   |   |
| <p><b>[Deleted in its entirety]</b></p>   | <p><b>Table of Authorized Limits for the Acquisition or Disposal of Assets</b></p> <p>1. Authorized limits for single securities acquisition or disposal transaction are as follows:</p> <p>Chairman of the Board of Directors<br/>NT\$300 million or less</p> <p>CEO<br/>NT\$100 million or less</p> <p>General manager<br/>NT\$30 million or less</p> <p>Chief Officer of the Investment Department<br/>NT\$15 million or less</p> <p>2. Authorized limits for cumulative daily securities acquisition or disposal transaction are as follows:</p> <p>Chairman of the Board of Directors<br/>NT\$1.5 billion or less</p> <p>CEO<br/>NT\$1 billion or less</p> <p>Chief Officer of the Finance Department<br/>NT\$500 million or less</p> <p>3. Authorized limits for single real property or other fixed assets acquisition or disposal</p> | <p>Delete in accordance with the Company's operational needs. Table of Authorization Limits will be enacted separately.</p> |

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|  | <p>transaction are as follows:</p> <p>Chairman of the Board of Directors<br/>NT\$100 million or less</p> <p>CEO<br/>NT\$50 million or less</p> <p>General Manager<br/>NT\$30 million or less</p> <p>Head of each Business Unit<br/>NT\$5 million or less</p> <p>4. Authorized limits for single membership certificate acquisition or disposal transaction are as follows:</p> <p>Chairman of the Board of Directors<br/>NT\$5 million or less</p> <p>CEO<br/>NT\$4 million or less</p> <p>General Manager<br/>NT\$3 million or less</p> <p>5. Authorized limits for single intangible assets acquisition or disposal transaction are as follows:</p> <p>Chairman of the Board of Directors<br/>NT\$100 million or less</p> <p>CEO<br/>NT\$50 million or less</p> <p>General Manager<br/>NT\$30 million or less</p> <p>Head of each Business Unit</p> |  |
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|  | <p style="text-align: right;">NT\$5 million or less</p> <p>6. Authorized limits for derivatives trading are as follows:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Upper limit on single trades</u></th> <th style="text-align: center;"><u>Total daily limit</u></th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td style="text-align: center;">US\$40 million</td> <td style="text-align: center;">US\$100 million</td> </tr> <tr> <td>Chief Officer of Finance Department</td> <td style="text-align: center;">US\$20 million</td> <td style="text-align: center;">US\$50 million</td> </tr> <tr> <td>Officer of Funds Management Department</td> <td style="text-align: center;">US\$5 million</td> <td style="text-align: center;">US\$15 million</td> </tr> </tbody> </table> <p>Note: When any execution department acquires or disposes of assets, it shall simultaneously notify the department responsible for public announcement and reporting so as to facilitate relevant public announcement and reporting which should be made accordingly.</p> |                          | <u>Upper limit on single trades</u> | <u>Total daily limit</u> | CEO | US\$40 million | US\$100 million | Chief Officer of Finance Department | US\$20 million | US\$50 million | Officer of Funds Management Department | US\$5 million | US\$15 million |  |
|--|---|--------------------------|-------------------------------------|--------------------------|-----|----------------|-----------------|-------------------------------------|----------------|----------------|--|---------------|----------------|--|
|  | <u>Upper limit on single trades</u>   | <u>Total daily limit</u> |                                     |                          |     |                |                 |                                     |                |                |  |               |                |  |
| CEO                                    | US\$40 million  | US\$100 million          |                                     |                          |     |                |                 |                                     |                |                |  |               |                |  |
| Chief Officer of Finance Department    | US\$20 million  | US\$50 million           |                                     |                          |     |                |                 |                                     |                |                |  |               |                |  |
| Officer of Funds Management Department | US\$5 million   | US\$15 million           |                                     |                          |     |                |                 |                                     |                |                |  |               |                |  |

**3. 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 added 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<br>Where Director Holds Major Position | Position   |
|------------------|--|--|
| Yancey Hai       | USI Corporation (the "USI")                            | Independent Director (in case of being elected as Independent Director in USI's Annual General Shareholders' Meeting held on June 6, 2014) |

Voting and Resolution for each of Acknowledgement and Discussion Proposals.

#### **IV. EXTEMPORARY MOTIONS**

Meeting adjourned.

## Business Report

“To provide innovative, clean and energy-efficient solutions for a better tomorrow” has been the mission of Delta since its inception. Through solid R&D capabilities and continuous innovation, we aim to provide energy-efficient products and solutions to meet market demand and contribute to the society while consistently enhancing our operational excellence and profitability to earn public recognition and reward our shareholders for their support to Delta. Last year, Delta demonstrated outstanding performance with continued growth in revenues and profits. Delta reported 2013 consolidated revenues of NT\$177.1 billion, a 3% growth from the year before. The gross profits were NT\$45 billion with 25.4% gross margin, an increase of 7% over the previous year. The net operating profits were NT\$19.5 billion, 13% increase compared to 2012 and 11% of total revenues. The net income after tax was NT\$17.8 billion with a net profit margin of 10%, 20% growth from previous year. In 2013, Delta achieved record high EPS (earnings per share) of NT\$7.32 and 20.2% ROE (return on equity). The annual return to shareholders and P/E ratio exceeded 60% and 20 times respectively. Delta’s market capitalization reached above NT\$400 billion with 76% shareholding by foreign institutional investors at year end, indicating that Delta’s management philosophy and operational performance were highly regarded by the market. Below outlines the business results and future prospects of Delta’s three major business categories in brief.

**Power Electronics**: Power Electronics is the foundation of Delta and has been the major contributor to revenues and profits. Delta has been number one in global power supply and brushless DC fan markets, and we constantly apply our core technologies and R&D results from IT, communications, industrial, automotive and consumer electronics industries to new fields such as cloud computing, medical equipments, electric vehicles, smart homes, and handheld as well as wearable devices applications. Our relentless efforts to create value through increasing energy conversion efficiency and energy recycling, developing ultra slim fan featuring low energy consumption and pioneering miniaturized integrated hot pressed chokes to meet customer demands for cloud-based services enable Delta not only to earn customer confidence but also to secure growth momentum for the future.

**Energy Management**: Delta’s fast-growing Energy Management business covers a broad spectrum of products, systems and solutions with primary focus on industrial automation, power systems and power quality management, and constitutes the core of Delta’s presence in branded business to deliver our brand promise of “Smarter. Greener. Together.” Our industrial automation business has been growing rapidly, thanks to our innovative products and total solutions such as robots, CNC solutions and industrial energy-efficient automation systems as well as the expedited development of sales channels in key markets, industry expert teams and key account service teams. We believe the ever-increasing demand for factory automation and smart, efficient energy in the global manufacturing industry will continue to provide abundant business opportunities to Delta.

Delta’s telecom power conversion efficiency has been the best in class, and the business continues to grow with increase in global telecom infrastructure investments. Delta’s Data Center Infrastructure Solutions not

only offer tailor-made systems for large datacenters to reduce considerable energy consumption and operations costs, but also provide modularized systems that enable enterprise customers to easily put cabinets and servers together and commence private cloud buildup in a short time. Energy management is the area Delta will continue to pursue aggressively. Besides continued investment in in-house R&D and business development, M&A is also an option for Delta to accelerate growth and become a world-class player with strong industrial brand recognition.

**Smart Green Life:** Networking and display solutions are Delta's major businesses in Smart Green Life category. Our networking business has demonstrated steady growth over past years and has been servicing both external business customers as well as providing networking expertise to internal business teams for data collection and transmission capabilities required in solution business development. As cloud and smart applications develop rapidly, the need for network communications also increases and networking business naturally becomes one of the forces driving Delta's growth. Delta's display solutions business not only maintains its dominant position in high-end projection market but also successfully launches the integrated monitoring and management solutions through advanced systems software and technology integration of Delta's expertise in sensing/detection, network communications and power management fields. Our integrated monitoring and management solutions enable quick and accurate decision-making and have been applied to smart building, power grid, transportation network, communications industry as well as social security applications. We are confident about the future prospects of our Smart Green Life businesses.

Delta's technological competency and market sensitivity has enabled us to constantly transform and adapt to changes in industry structure and economic environment. By launching new products ahead of competition to seize business opportunities, Delta has accumulated leading-edge technologies across wide variety of disciplines to achieve steady growth and develop different business models over time. Delta has crossed over from ODM to integrated systems and solutions-oriented branded business, which illustrates our path of growth based upon our corporate mission and adaptivity to the changing environment. We believe the success of new businesses depends on four major capabilities, namely the abilities to gauge market trend, identify customer needs, provide practical solutions to solve customers' problems, as well as the ability to earn customer recognition. Consequently, dedicated efforts to develop innovative and high added-value products and solutions will be as important as cross functional collaboration and integration for best synergy. This is the direction for Delta to go and we are fully committed to it.



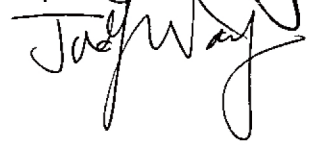
In 2013, Delta was listed on the top 20 international brands in Taiwan for the third time, making us the only industrial brand in domestic electronics industry to be accredited with such honor for three consecutive years. Delta also received various customer awards from our long-term partners such as Dell, Cisco, Sharp, Asus and Rockwell Automation. In addition to customer recognitions, the general public also praised Delta for our commitment in corporate social responsibilities, corporate governance and professional services to investors. Last year, Delta was ranked in the first place by CommonWealth magazine's Most Admired Company in Taiwan in electronics industry sector for twelve consecutive years, and we received the top award honor of "Excellence in Corporate Social Responsibility" in large corporation category. Delta was also selected by Dow Jones Sustainability Indices (DJSI) World Index for three years in a row and last year's newly published DJSI-Emerging



Markets Index. Furthermore, Delta was the only Taiwanese high-tech company to receive the “Outstanding Enterprise Award” from CSN, the Corporate Social Responsibility Ranking in China for two straight years. In terms of corporate governance, Delta received a grade above ranking from Securities & Futures Institute’s TWSE/GTSM listed companies information transparency and disclosure ranking for eight years since 2006, and we received the highest ranking of A++ during 2012 and 2013. Moreover, after receiving the “Best Investor Relations Practices Award” and “Taiwan’s Best CEO Award” from IR Magazine in 2012, Delta also won two major awards including “Best Sustainability Practice “ and “Best Investor Relations by CEO” last year, demonstrating the full support to Delta from general public both in Taiwan and overseas.

With our sincere gratitude to colleagues for their contributions over the years, to our customers, suppliers, shareholders and the society for their continued support and recognition, we will strive towards our strategic goals with full dedication and commitment. Given the rapid transformation in technological development and market trends, we will execute our strategies with discipline to achieve our goals and put our corporate mission in daily practice to take Delta to the next level of success, making Delta a respectable world-class company in the future.

Sincerely yours,

Chairman   
CEO   
CFO 

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR13002302

To Delta Electronics, Inc.

We have audited the accompanying parent company only balance sheets of Delta Electronics, Inc. as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related parent company only statements of comprehensive income, of changes in stockholders' equity and of cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. As explained in Note 6(8), we did not audit the financial statements of certain investments accounted for under the equity method. The investments accounted for under the equity method amounted to \$5,342,282 thousand, \$4,516,997 thousand and \$4,237,948 thousand, constituting 3.90%, 3.78% and 3.47% of the total assets as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, and total comprehensive income (including share of profit (loss) of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method) amounted to \$993,227 thousand and \$782,953 thousand, constituting 4.32% and 6.58% of the total comprehensive income for the years ended December 31, 2013 and 2012, respectively. Those statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts and the information disclosed in Note 13, is based solely on the reports of the other independent accountants.

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

In our opinion, based on our audits and the reports of other independent accountants, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics, Inc. as of December 31, 2013, December 31, 2012 and January 1, 2012, and the results of its operations and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”.

PricewaterhouseCoopers, Taiwan

March 11, 2014

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

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

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012  
(Expressed in thousands of New Taiwan dollars)

|                           | Assets  | Notes | December 31, 2013     | December 31, 2012     | January 1, 2012       |
|---------------------------|---|-------|-----------------------|-----------------------|-----------------------|
| <b>Current assets</b>     |   |       |                       |                       |                       |
| 1100                      | Cash  | 6(1)  | \$ 5,889,486          | \$ 5,045,761          | \$ 8,437,582          |
| 1110                      | Financial assets at fair value through profit or loss - current     | 6(2)  | -                     | 714,730               | -                     |
| 1125                      | Available-for-sale financial assets - current                       | 6(3)  | 586,773               | 555,522               | 578,857               |
| 1150                      | Notes receivable, net   |       | 54,675                | 88,759                | 121,034               |
| 1170                      | Accounts receivable, net  | 6(6)  | 8,021,708             | 4,747,381             | 3,989,817             |
| 1180                      | Accounts receivable - related parties                               | 7     | 1,109,261             | 1,828,201             | 1,197,372             |
| 1200                      | Other receivables   |       | 43,479                | 104,604               | 103,629               |
| 1210                      | Other receivables - related parties                                 | 7     | 378,913               | 533,146               | 471,882               |
| 1220                      | Current income tax assets   | 6(25) | 5,957                 | -                     | -                     |
| 130X                      | Inventory   | 6(7)  | 691,306               | 756,526               | 937,228               |
| 1410                      | Prepayments   |       | 30,940                | 57,400                | 60,915                |
| 1460                      | Non-current assets held for sale - net                              | 6(8)  | -                     | 1,561,357             | -                     |
| 1470                      | Other current assets  |       | 367,425               | 248,283               | 645,403               |
| 11XX                      | <b>Total current assets</b>   |       | <u>17,179,923</u>     | <u>16,241,670</u>     | <u>16,543,719</u>     |
| <b>Non-current assets</b> |   |       |                       |                       |                       |
| 1510                      | Financial assets at fair value through profit or loss - non-current | 6(2)  | -                     | -                     | 2,563,142             |
| 1523                      | Available-for-sale financial assets - non-current                   | 6(3)  | 6,117,918             | 2,434,458             | 3,063,142             |
| 1543                      | Financial assets carried at cost - non-current                      | 6(4)  | 210,985               | 210,985               | 211,859               |
| 1550                      | Investments accounted for under the equity method                   | 6(8)  | 102,730,961           | 89,951,647            | 91,434,509            |
| 1600                      | Property, plant and equipment                                       | 6(9)  | 9,568,372             | 9,253,275             | 6,893,463             |
| 1780                      | Intangible assets   | 6(10) | 634,017               | 604,806               | 127,119               |
| 1840                      | Deferred income tax assets  | 6(25) | 506,415               | 571,052               | 698,350               |
| 1900                      | Other non-current assets  | 6(11) | 198,871               | 231,235               | 438,829               |
| 15XX                      | <b>Total non-current assets</b>                                     |       | <u>119,967,539</u>    | <u>103,257,458</u>    | <u>105,430,413</u>    |
| 1XXX                      | <b>Total assets</b>   |       | <u>\$ 137,147,462</u> | <u>\$ 119,499,128</u> | <u>\$ 121,974,132</u> |

(Continued)

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY BALANCE SHEETS (CONTINUED)  
DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012  
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity  | Notes                                | December 31, 2013     | December 31, 2012     | January 1, 2012       |
|---|--------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Current liabilities</b>  |                                      |                       |                       |                       |
| 2125  | Derivative financial liabilities     | 6(5)                  |                       |                       |
|   | for hedging - current                | \$ -                  | \$ 1,485              | \$ -                  |
| 2170  | Accounts payable                     | 754,656               | 451,013               | 650,072               |
| 2180  | Accounts payable - related parties   | 7                     | 8,671,249             | 6,649,501             |
|   |                                      |                       |                       | 6,157,405             |
| 2200  | Other payables                       | 6,450,408             | 5,217,612             | 4,888,024             |
| 2220  | Other payables - related parties     | 7                     | 166,770               | 47,768                |
|   |                                      |                       |                       | 233,988               |
| 2230  | Current income tax liabilities       | 6(25)                 | -                     | 952,207               |
|   |                                      |                       |                       | 892,266               |
| 2300  | Other current liabilities            | 1,098,555             | 850,187               | 1,396,420             |
| 21XX  | <b>Total current liabilities</b>     | <u>17,141,638</u>     | <u>14,169,773</u>     | <u>14,218,175</u>     |
| <b>Non-current liabilities</b>  |                                      |                       |                       |                       |
| 2540  | Long-term borrowings                 | 6(12)                 | 18,716,500            | 16,315,000            |
|   |                                      |                       |                       | 22,272,000            |
| 2570  | Deferred income tax liabilities      | 6(25)                 | 5,018,981             | 4,135,332             |
|   |                                      |                       |                       | 4,838,874             |
| 2600  | Other non-current liabilities        | 6(13)                 | 2,622,751             | 2,517,401             |
|   |                                      |                       |                       | 2,461,531             |
| 25XX  | <b>Total non-current liabilities</b> | <u>26,358,232</u>     | <u>22,967,733</u>     | <u>29,572,405</u>     |
| 2XXX  | <b>Total Liabilities</b>             | <u>43,499,870</u>     | <u>37,137,506</u>     | <u>43,790,580</u>     |
| <b>Equity</b>   |                                      |                       |                       |                       |
| <b>Share capital</b>  |                                      |                       |                       |                       |
| 3110  | Share capital - common stock         | 6(15)                 | 24,375,433            | 24,211,780            |
|   |                                      |                       |                       | 24,033,974            |
| <b>Capital surplus</b>  |                                      |                       |                       |                       |
| 3200  | Capital surplus                      | 6(16)                 | 25,790,922            | 24,774,551            |
|   |                                      |                       |                       | 23,824,784            |
| <b>Retained earnings</b>  |                                      |                       |                       |                       |
|   |                                      | 6(17)                 |                       |                       |
| 3310  | Legal reserve                        | 13,774,636            | 12,163,682            | 11,064,579            |
| 3320  | Special reserve                      | 4,074,505             | 2,156,092             | 5,323,562             |
| 3350  | Unappropriated retained earnings     | 25,212,328            | 23,808,695            | 15,827,730            |
| <b>Other equity interest</b>  |                                      |                       |                       |                       |
|   |                                      | 6(8)                  |                       |                       |
| 3400  | Other equity interest                | 419,768               | (4,753,178)           | (1,891,077)           |
| 3XXX  | <b>Total equity</b>                  | <u>93,647,592</u>     | <u>82,361,622</u>     | <u>78,183,552</u>     |
| <b>Significant contingent liabilities and unrecorded contract commitments</b> |                                      |                       |                       |                       |
| <b>Significant events after the balance sheet date</b>                        |                                      |                       |                       |                       |
|   |                                      | 11                    |                       |                       |
|   | <b>Total liabilities and equity</b>  | <u>\$ 137,147,462</u> | <u>\$ 119,499,128</u> | <u>\$ 121,974,132</u> |

The accompanying notes are an integral part of these financial statements.  
See report of independent accountants dated March 11, 2014.

**DELTA ELECTRONICS, INC.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

| Items   | Notes       | 2013                 | 2012                  |
|---|-------------|----------------------|-----------------------|
| 4000 <b>Sales revenue</b>   | 7           | \$ 37,206,319        | \$ 36,287,556         |
| 5000 <b>Operating costs</b>   | 6(19) and 7 | ( 33,051,609)        | ( 32,394,635)         |
| 5900 <b>Net operating margin</b>  |             | 4,154,710            | 3,892,921             |
| 5920 Realized profit from sales   |             | -                    | 578                   |
| 5950 <b>Net operating margin</b>  |             | <u>4,154,710</u>     | <u>3,893,499</u>      |
| <b>Operating expenses</b>   | 6(23)(24)   |                      |                       |
| 6100 Selling expenses   |             | ( 545,477)           | ( 328,677)            |
| 6200 General and administrative expenses  |             | ( 1,519,051)         | ( 1,571,562)          |
| 6300 Research and development expenses  |             | ( 214,623)           | ( 155,471)            |
| 6000 <b>Total operating expenses</b>  |             | ( 2,279,151)         | ( 2,055,710)          |
| 6900 <b>Operating profit</b>  |             | <u>1,875,559</u>     | <u>1,837,789</u>      |
| <b>Non-operating income and expenses</b>  |             |                      |                       |
| 7010 Other income   | 6(20)       | 596,910              | 627,481               |
| 7020 Other gains and losses   | 6(2)(21)    | ( 495,076)           | ( 519,367)            |
| 7050 Finance costs  | 6(22)       | ( 108,523)           | ( 134,901)            |
| 7070 Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method, net                | 6(8)        | 16,635,706           | 14,742,524            |
| 7000 <b>Total non-operating income and expenses</b>   |             | <u>16,629,017</u>    | <u>15,754,471</u>     |
| 7900 <b>Profit before income tax</b>  |             | 18,504,576           | 17,592,260            |
| 7950 Income tax expense   | 6(25)       | ( 1,260,145)         | ( 943,359)            |
| 8000 <b>Profit for the year from continuing operations</b>  |             | 17,244,431           | 16,648,901            |
| 8100 Profit (loss) for the year from discontinued operations  | 6(8)        | 531,771              | ( 1,865,517)          |
| 8200 <b>Profit for the year</b>   |             | <u>\$ 17,776,202</u> | <u>\$ 14,783,384</u>  |
| <b>Other comprehensive income (loss)</b>  |             |                      |                       |
| 8310 Financial statements translation differences of foreign operations   |             | \$ 1,980,117         | (\$ 2,936,787)        |
| 8325 Unrealized gain (loss) on valuation of available-for-sale financial assets   |             | 2,421,856            | ( 124,715)            |
| 8330 Cash flow hedges   |             | 1,485                | ( 1,485)              |
| 8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method |             | 1,082,753            | ( 196,383)            |
| 8399 Income tax relating to the components of other comprehensive income  | 6(25)       | ( 258,127)           | 376,651               |
| 8300 <b>Other comprehensive income (loss) for the year</b>  |             | <u>\$ 5,228,084</u>  | <u>(\$ 2,882,719)</u> |
| 8500 <b>Total comprehensive income for the year</b>   |             | <u>\$ 23,004,286</u> | <u>\$ 11,900,665</u>  |
| <b>Basic earnings per share</b>   | 6(26)       |                      |                       |
| 9710 Basic earnings per share from continuing operations  |             | \$ 7.10              | \$ 6.90               |
| 9720 Basic earnings per share from discontinued operations  |             | 0.22                 | ( 0.77)               |
| 9750 <b>Total basic earnings per share</b>  |             | <u>\$ 7.32</u>       | <u>\$ 6.13</u>        |
| <b>Diluted earnings per share</b>   |             |                      |                       |
| 9810 Diluted earnings per share from continuing operations  |             | \$ 7.02              | \$ 6.80               |
| 9820 Diluted earnings per share from discontinued operations  |             | 0.22                 | ( 0.76)               |
| 9850 <b>Total diluted earnings per share</b>  |             | <u>\$ 7.24</u>       | <u>\$ 6.04</u>        |

The accompanying notes are an integral part of these financial statements.  
See report of independent accountants dated March 11, 2014.

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Expressed in thousands of New Taiwan dollars)

|   | Retained Earnings               |                          |                      |                     |  | Other equity interest   |   |  |   | Total equity         |
|---|---------------------------------|--------------------------|----------------------|---------------------|--|---|---|--|---|----------------------|
|   | Share capital -<br>common stock | Total capital<br>surplus | Legal reserve        | Special reserve     | Unappropriated<br>retained<br>earnings | Financial<br>statements<br>translation<br>differences of<br>foreign<br>operations | Unrealized gain<br>or loss on<br>available-for-<br>sale financial<br>assets | Hedging<br>instrument gain<br>(loss) on<br>effective hedge<br>of cash flow<br>hedges | Equity directly<br>related to<br>non-current<br>assets held for<br>sale |                      |
| <u>2012</u>   |                                 |                          |                      |                     |  |   |   |  |   |                      |
| Balance at January 1, 2012  | \$ 24,033,974                   | \$ 23,824,784            | \$ 11,064,579        | \$ 5,323,562        | \$ 15,827,730                          | (\$ 1,687,326 )   | (\$ 268,272 )   | \$ 64,521  | \$ -  | \$ 78,183,552        |
| Share-based payments  | 177,806                         | 1,009,205                | -                    | -                   | -                                      | -   | -   | -  | -   | 1,187,011            |
| Distribution of 2011 earnings   |                                 |                          |                      |                     |  |   |   |  |   |                      |
| 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 )        |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | -                               | ( 21,467 )               | -                    | -                   | ( 453,462 )                            | -   | -   | -  | -   | ( 474,929 )          |
| Change in equity of associates and joint ventures accounted for under the equity method   | -                               | ( 17,353 )               | -                    | -                   | -                                      | -   | -   | -  | -   | ( 17,353 )           |
| Equity directly associated with non-current assets classified as held for sale            | -                               | ( 20,618 )               | -                    | -                   | -                                      | 47,593  | -   | -  | ( 26,975 )  | -                    |
| Other comprehensive loss for the year   | -                               | -                        | -                    | -                   | -                                      | ( 2,619,784 )   | ( 224,643 )   | ( 38,292 )   | -   | ( 2,882,719 )        |
| Profit for the year   | -                               | -                        | -                    | -                   | 14,783,384                             | -   | -   | -  | -   | 14,783,384           |
| Balance at December 31, 2012  | <u>\$ 24,211,780</u>            | <u>\$ 24,774,551</u>     | <u>\$ 12,163,682</u> | <u>\$ 2,156,092</u> | <u>\$ 23,808,695</u>                   | <u>(\$ 4,259,517 )</u>  | <u>(\$ 492,915 )</u>  | <u>\$ 26,229</u>   | <u>(\$ 26,975 )</u>   | <u>\$ 82,361,622</u> |
| <u>2013</u>   |                                 |                          |                      |                     |  |   |   |  |   |                      |
| Balance at January 1, 2013  | \$ 24,211,780                   | \$ 24,774,551            | \$ 12,163,682        | \$ 2,156,092        | \$ 23,808,695                          | (\$ 4,259,517 )   | (\$ 492,915 )   | \$ 26,229  | (\$ 26,975 )  | \$ 82,361,622        |
| Share-based payments  | 163,653                         | 934,077                  | -                    | -                   | -                                      | -   | -   | -  | -   | 1,097,730            |
| Distribution of 2012 earnings   |                                 |                          |                      |                     |  |   |   |  |   |                      |
| Legal reserve   | -                               | -                        | 1,610,954            | -                   | ( 1,610,954 )                          | -   | -   | -  | -   | -                    |
| Special reserve   | -                               | -                        | -                    | 1,918,413           | ( 1,918,413 )                          | -   | -   | -  | -   | -                    |
| Cash dividends  | -                               | -                        | -                    | -                   | ( 12,843,202 )                         | -   | -   | -  | -   | ( 12,843,202 )       |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | -                               | 34,344                   | -                    | -                   | -                                      | -   | -   | -  | ( 55,138 )  | ( 20,794 )           |
| Change in equity of associates and joint ventures accounted for under equity method       | -                               | 47,950                   | -                    | -                   | -                                      | -   | -   | -  | -   | 47,950               |
| Other comprehensive income for the year   | -                               | -                        | -                    | -                   | -                                      | 2,556,027   | 2,597,295   | ( 7,351 )  | 82,113  | 5,228,084            |
| Profit for the year   | -                               | -                        | -                    | -                   | 17,776,202                             | -   | -   | -  | -   | 17,776,202           |
| Balance at December 31, 2013  | <u>\$ 24,375,433</u>            | <u>\$ 25,790,922</u>     | <u>\$ 13,774,636</u> | <u>\$ 4,074,505</u> | <u>\$ 25,212,328</u>                   | <u>(\$ 1,703,490 )</u>  | <u>\$ 2,104,380</u>   | <u>\$ 18,878</u>   | <u>\$ -</u>   | <u>\$ 93,647,592</u> |

Note 1: Directors' and supervisors' remuneration amounting to \$16,700 and employees' bonus amounting to \$1,536,340 had been deducted from the Statement of Comprehensive Income in 2012.

Note 2: Directors' and supervisors' remuneration amounting to \$30,400 and employees' bonus amounting to \$2,047,925 had been deducted from the Statement of Comprehensive Income in 2013.

The accompanying notes are an integral part of these financial statements.  
See report of independent accountants dated March 11, 2014.

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in thousands of New Taiwan dollars)

|  | 2013           | 2012           |
|--|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                |                |
| Profit before tax for the year from continuing operations  | \$ 18,504,576  | \$ 17,592,260  |
| Profit (loss) before tax for the year from discontinued operations   | 531,771        | ( 1,865,517 )  |
| Profit before tax for the year   | 19,036,347     | 15,726,743     |
| Adjustments to reconcile net income to net cash provided by operating activities   |                |                |
| Income and expenses having no effect on cash flows   |                |                |
| Depreciation   | 550,471        | 480,325        |
| Amortization   | 311,204        | 26,759         |
| Provision (reversal of provision) for bad debts  | ( 11,142 )     | 46,023         |
| Interest expense   | 108,523        | 134,901        |
| Interest income  | ( 8,725 )      | ( 14,600 )     |
| Dividend income  | ( 119,400 )    | ( 158,661 )    |
| Gain from financial assets at fair value through profit or loss  | ( 5,270 )      | ( 338 )        |
| Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method (including loss from discontinued operations) | ( 16,332,293 ) | ( 13,686,201 ) |
| Gain on disposal of property, plant and equipment  | ( 24,594 )     | ( 7,547 )      |
| Gain on disposal of non-current assets classified as held for sale (shown as profit (loss) from discontinued operations)                           | ( 25,989 )     | -              |
| Loss (gain) on disposal of investments   | 433,670        | ( 477,018 )    |
| Impairment loss on financial assets  | 33,880         | -              |
| (Reversal of) impairment loss on non-financial assets (shown as loss from discontinued operations)   | ( 809,194 )    | 809,194        |
| Impairment loss on non-financial assets  | 32,141         | -              |
| Unrealized gain from intercompany transactions   | -              | ( 578 )        |
| Changes in assets/liabilities relating to operating activities   |                |                |
| Net changes in assets relating to operating activities   |                |                |
| Notes receivable   | 34,084         | 32,275         |
| Accounts receivable  | ( 3,263,185 )  | ( 803,587 )    |
| Accounts receivable - related parties  | 718,940        | ( 630,829 )    |
| Other receivables  | 61,162         | ( 22,703 )     |
| Other receivables - related parties  | 154,233        | ( 61,264 )     |
| Inventory  | 65,220         | 180,702        |
| Prepayments  | 26,460         | 3,515          |
| Other current assets   | ( 119,142 )    | 397,120        |
| Other non-current assets   | 3,246          | 18,036         |
| Net changes in liabilities relating to operating activities  |                |                |
| Accounts payable   | 303,643        | ( 199,059 )    |
| Accounts payable - related parties   | 2,021,748      | 492,096        |
| Other payables   | 1,240,534      | 330,058        |
| Other payables - related parties   | 119,002        | ( 186,220 )    |
| Other current liabilities  | 248,368        | ( 546,233 )    |
| Other non-current liabilities  | 104,510        | 55,778         |
| Cash generated from operations   | 4,888,452      | 1,938,687      |
| Interest received  | 8,688          | 13,033         |
| Dividends received   | 8,522,831      | 12,252,079     |
| Interest paid  | ( 116,261 )    | ( 135,371 )    |
| Income tax paid  | ( 1,536,544 )  | ( 1,095,678 )  |
| Net cash provided by operating activities  | 11,767,166     | 12,972,750     |

(Continued)



DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Expressed in thousands of New Taiwan dollars)

|   | 2013           | 2012           |
|---|----------------|----------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>   |                |                |
| Proceeds from disposal of financial assets at fair value through profit or loss, designated as upon initial recognition | \$ 720,000     | \$ -           |
| Acquisition of available-for-sale financial assets  | ( 349,023 )    | -              |
| Proceeds from disposal of available-for-sale financial assets   | 742,441        | 536,761        |
| Proceeds from capital reduction of available-for-sale financial assets  | -              | 5,184          |
| Proceeds from capital reduction of financial assets at cost   | -              | 875            |
| Acquisition of investments accounted for under the equity method  | ( 1,510,254 )  | ( 790,402 )    |
| Proceeds from disposal of investments accounted for under the equity method   | 939            | 27,132         |
| Proceeds from capital reduction of investments accounted for under the equity method                                    | -              | 190,000        |
| Decrease (increase) in cash surrender value of life insurance   | 2,602          | ( 2,734 )      |
| Acquisition of property, plant and equipment  | ( 1,114,501 )  | ( 2,862,460 )  |
| Proceeds from disposal of property, plant and equipment   | 241,386        | 29,870         |
| Acquisition of intangible assets  | ( 340,415 )    | ( 504,446 )    |
| (Increase) decrease in refundable deposits  | ( 998 )        | 3,736          |
| Decrease in prepayments for business facilities   | 27,514         | 188,556        |
| Net cash used in investing activities   | ( 1,580,309 )  | ( 3,177,928 )  |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>   |                |                |
| Proceeds from long-term debt  | 3,289,500      | -              |
| Repayment of long-term debt   | ( 888,000 )    | ( 5,957,000 )  |
| Increase in guarantee deposits received   | 840            | 670            |
| Exercise of employee share options  | 1,097,730      | 1,187,011      |
| Cash dividends paid   | ( 12,843,202 ) | ( 8,417,324 )  |
| Net cash used in financing activities   | ( 9,343,132 )  | ( 13,186,643 ) |
| Increase (decrease) in cash   | 843,725        | ( 3,391,821 )  |
| Cash at beginning of year   | 5,045,761      | 8,437,582      |
| Cash at end of year   | \$ 5,889,486   | \$ 5,045,761   |

The accompanying notes are an integral part of these financial statements.  
See report of independent accountants dated March 11, 2014.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR13002529

To Delta Electronics, Inc.

We have audited the accompanying consolidated balance sheets of Delta Electronics, Inc. and subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method, which statements reflect total assets (including investments accounted for under the equity method) of \$6,051,355 thousand, \$5,662,006 thousand and \$6,579,004 thousand, constituting 3.07%, 3.10% and 3.36% of the consolidated total assets as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, and total comprehensive income (including share of profit (loss) of associates and joint ventures accounted for under the equity method and share of other comprehensive income of associates and joint ventures accounted for under the equity method) of \$993,227 thousand and \$782,953 thousand, constituting 3.99% and 6.11% of the consolidated total comprehensive income for the years ended December 31, 2013 and 2012, respectively. Those statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts and the information disclosed in Note 13, is based solely on the reports of the other independent accountants.

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

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics, Inc. and subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their financial performance and cash flows for the years ended December 31, 2013 and 2012, in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission (FSC).

We have also audited the parent company only financial statements of Delta Electronics, Inc. as of and for the years ended December 31, 2013 and 2012, on which we have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 11, 2014

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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, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012**  
(Expressed in thousands of New Taiwan dollars)

|                           | Assets  | Notes | December 31, 2013     | December 31, 2012     | January 1, 2012       |
|---------------------------|---|-------|-----------------------|-----------------------|-----------------------|
| <b>Current assets</b>     |   |       |                       |                       |                       |
| 1100                      | Cash and cash equivalents   | 6(1)  | \$ 59,023,870         | \$ 51,096,128         | \$ 67,695,906         |
| 1110                      | Financial assets at fair value through profit or loss - current     | 6(2)  | 82,749                | 728,015               | 2,342                 |
| 1125                      | Available-for-sale financial assets - current                       | 6(3)  | 686,511               | 600,373               | 627,944               |
| 1135                      | Derivative financial assets for hedging - current                   | 6(5)  | 13,340                | 39,901                | 115,111               |
| 1150                      | Notes receivable, net   |       | 1,535,567             | 1,319,593             | 1,330,220             |
| 1170                      | Accounts receivable, net  | 6(6)  | 41,121,837            | 34,978,476            | 34,708,687            |
| 1180                      | Accounts receivable - related parties                               | 7     | 1,083,328             | 1,231,877             | 816,456               |
| 1200                      | Other receivables   |       | 407,045               | 431,096               | 1,934,087             |
| 1210                      | Other receivables - related parties                                 | 7     | 157,570               | 230,939               | 148,570               |
| 1220                      | Current income tax assets   | 6(29) | 5,957                 | -                     | -                     |
| 130X                      | Inventory   | 6(7)  | 18,041,829            | 15,461,032            | 19,126,113            |
| 1410                      | Prepayments   |       | 3,993,820             | 2,782,463             | 2,384,204             |
| 1460                      | Non-current assets held for sale - net                              | 6(12) | -                     | 11,265,968            | -                     |
| 1470                      | Other current assets  |       | 349,678               | 319,041               | 537,779               |
| 11XX                      | <b>Total current assets</b>   |       | <u>126,503,101</u>    | <u>120,484,902</u>    | <u>129,427,419</u>    |
| <b>Non-current assets</b> |   |       |                       |                       |                       |
| 1510                      | Financial assets at fair value through profit or loss - non-current | 6(2)  | 109,810               | 247,513               | 2,803,667             |
| 1523                      | Available-for-sale financial assets - non-current                   | 6(3)  | 7,677,790             | 3,546,918             | 3,835,595             |
| 1543                      | Financial assets carried at cost - non-current                      | 6(4)  | 400,605               | 398,289               | 402,903               |
| 1550                      | Investments accounted for under the equity method                   | 6(8)  | 6,696,275             | 6,352,742             | 5,911,784             |
| 1600                      | Property, plant and equipment                                       | 6(9)  | 37,194,762            | 35,278,446            | 34,628,392            |
| 1760                      | Investment property - net   | 6(10) | 1,960,453             | 1,232,135             | -                     |
| 1780                      | Intangible assets   | 6(11) | 10,857,876            | 10,937,813            | 11,064,855            |
| 1840                      | Deferred income tax assets  | 6(29) | 3,288,189             | 2,436,921             | 2,507,096             |
| 1900                      | Other non-current assets  | 6(13) | 2,639,953             | 1,926,757             | 5,466,313             |
| 15XX                      | <b>Total non-current assets</b>                                     |       | <u>70,825,713</u>     | <u>62,357,534</u>     | <u>66,620,605</u>     |
| 1XXX                      | <b>Total assets</b>   |       | <u>\$ 197,328,814</u> | <u>\$ 182,842,436</u> | <u>\$ 196,048,024</u> |

(Continued)

**DELTA ELECTRONICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012**  
(Expressed in thousands of New Taiwan dollars)

|   | Liabilities and Equity   | Notes | December 31, 2013     | December 31, 2012     | January 1, 2012       |
|---|--|-------|-----------------------|-----------------------|-----------------------|
| <b>Current liabilities</b>  |  |       |                       |                       |                       |
| 2100  | Short-term borrowings  | 6(14) | \$ 4,561,722          | \$ 5,037,267          | \$ 17,599,492         |
| 2120  | Financial liabilities at fair value through profit or loss - current | 6(15) | 16,883                | 26,286                | 4,257                 |
| 2125  | Derivative financial liabilities for hedging - current               | 6(5)  | 2,644                 | 14,750                | 46,873                |
| 2150  | Notes payable  |       | 808                   | -                     | -                     |
| 2170  | Accounts payable   |       | 32,628,527            | 26,864,029            | 30,271,738            |
| 2180  | Accounts payable - related parties                                   | 7     | 187,088               | 182,467               | 118,374               |
| 2200  | Other payables   |       | 17,533,426            | 14,587,340            | 14,590,427            |
| 2230  | Current income tax liabilities                                       | 6(29) | 1,390,013             | 2,156,441             | 2,010,601             |
| 2260  | Liabilities directly related to non-current assets held for sale     | 6(12) | -                     | 6,849,496             | -                     |
| 2300  | Other current liabilities  | 6(16) | 3,046,701             | 3,238,723             | 4,367,943             |
| 21XX  | <b>Total current liabilities</b>                                     |       | <u>59,367,812</u>     | <u>58,956,799</u>     | <u>69,009,705</u>     |
| <b>Non-current liabilities</b>  |  |       |                       |                       |                       |
| 2540  | Long-term borrowings   | 6(16) | 18,827,664            | 16,491,517            | 24,862,247            |
| 2570  | Deferred income tax liabilities                                      | 6(29) | 7,431,813             | 5,391,475             | 5,280,177             |
| 2600  | Other non-current liabilities  | 6(17) | 3,815,895             | 3,674,667             | 3,798,067             |
| 25XX  | <b>Total non-current liabilities</b>                                 |       | <u>30,075,372</u>     | <u>25,557,659</u>     | <u>33,940,491</u>     |
| 2XXX  | <b>Total Liabilities</b>   |       | <u>89,443,184</u>     | <u>84,514,458</u>     | <u>102,950,196</u>    |
| <b>Equity</b>   |  |       |                       |                       |                       |
| <b>Share capital</b>  |  |       |                       |                       |                       |
| 3110  | Share capital - common stock   | 6(19) | 24,375,433            | 24,211,780            | 24,033,974            |
| <b>Capital surplus</b>  |  |       |                       |                       |                       |
| 3200  | Capital surplus  | 6(20) | 25,790,922            | 24,774,551            | 23,824,784            |
| <b>Retained earnings</b>  |  |       |                       |                       |                       |
| 3310  | Legal reserve  | 6(21) | 13,774,636            | 12,163,682            | 11,064,579            |
| 3320  | Special reserve  |       | 4,074,505             | 2,156,092             | 5,323,562             |
| 3350  | Unappropriated retained earnings                                     |       | 25,212,328            | 23,808,695            | 15,827,730            |
| <b>Other equity interest</b>  |  |       |                       |                       |                       |
| 3400  | Other equity interest  |       | 419,768               | (4,753,178)           | (1,891,077)           |
| 31XX  | <b>Equity attributable to owners of the parent</b>                   |       | <u>93,647,592</u>     | <u>82,361,622</u>     | <u>78,183,552</u>     |
| 36XX  | <b>Non-controlling interest</b>                                      |       | <u>14,238,038</u>     | <u>15,966,356</u>     | <u>14,914,276</u>     |
| 3XXX  | <b>Total equity</b>  |       | <u>107,885,630</u>    | <u>98,327,978</u>     | <u>93,097,828</u>     |
| <b>Significant contingent liabilities and unrecorded contract commitments</b> |  |       |                       |                       |                       |
| <b>Significant events after the balance sheet date</b>                        |  |       |                       |                       |                       |
|   | <b>Total liabilities and equity</b>                                  |       | <u>\$ 197,328,814</u> | <u>\$ 182,842,436</u> | <u>\$ 196,048,024</u> |

**DELTA ELECTRONICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(Expressed in thousands of New Taiwan dollars, except earnings per share data )

| Items | Notes   | 2013                 | 2012                 |
|-------|---|----------------------|----------------------|
| 4000  | <b>Sales revenue</b>  | \$ 177,053,122       | \$ 171,759,924       |
| 5000  | <b>Operating costs</b>  | ( 132,033,192)       | ( 129,661,688)       |
| 5950  | <b>Net operating margin</b>   | <u>45,019,930</u>    | <u>42,098,236</u>    |
|       | <b>Operating expenses</b>   |                      |                      |
| 6100  | Selling expenses  | ( 8,412,757)         | ( 8,283,739)         |
| 6200  | General and administrative expenses   | ( 5,824,674)         | ( 5,529,085)         |
| 6300  | Research and development expenses   | ( 11,274,117)        | ( 10,981,460)        |
| 6000  | <b>Total operating expenses</b>   | ( 25,511,548)        | ( 24,794,284)        |
| 6900  | <b>Operating profit</b>   | <u>19,508,382</u>    | <u>17,303,952</u>    |
|       | <b>Non-operating income and expenses</b>  |                      |                      |
| 7010  | Other income  | 3,036,141            | 3,652,456            |
| 7020  | Other gains and losses  | ( 752,798)           | 356,580              |
| 7050  | Finance costs   | ( 175,959)           | ( 250,184)           |
| 7060  | Share of profit/(loss) of associates and joint ventures accounted for under the equity method | <u>880,788</u>       | <u>724,814</u>       |
| 7000  | <b>Total non-operating income and expenses</b>  | <u>2,988,172</u>     | <u>4,483,666</u>     |
| 7900  | <b>Profit before income tax</b>   | 22,496,554           | 21,787,618           |
| 7950  | Income tax expense  | ( 3,581,786)         | ( 3,158,399)         |
| 8000  | <b>Profit for the year from continuing operations</b>   | 18,914,768           | 18,629,219           |
| 8100  | Profit (loss) for the year from discontinued operations                                       | <u>119,628</u>       | <u>( 2,744,333)</u>  |
| 8200  | <b>Profit for the year</b>  | <u>\$ 19,034,396</u> | <u>\$ 15,884,886</u> |

(Continued)

**DELTA ELECTRONICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

(Expressed in thousands of New Taiwan dollars, except earnings per share data )

| Items  | Notes  | 2013                 | 2012                 |
|--|--|----------------------|----------------------|
| <b>Other comprehensive income</b>            |  |                      |                      |
| 8310   | Financial statements translation differences of foreign operations   | \$ 3,524,544         | (\$ 3,111,743)       |
| 8325   | Unrealized gain (loss) on valuation of available-for-sale financial assets                                 | 2,594,163            | ( 258,708)           |
| 8330   | Cash flow hedges   | ( 15,109)            | ( 41,712)            |
| 8370   | Share of other comprehensive income of associates and joint ventures accounted for under the equity method | 3,453                | ( 36,200)            |
| 8399   | Income tax relating to the components of other comprehensive income  | ( 258,127)           | 376,651              |
| 8500   | <b>Total comprehensive income for the year</b>   | <u>\$ 24,883,320</u> | <u>\$ 12,813,174</u> |
| <b>Profit (loss), attributable to:</b>       |  |                      |                      |
| 8610   | Owners of the parent   | <u>\$ 17,776,202</u> | <u>\$ 14,783,384</u> |
| 8620   | Non-controlling interest   | <u>\$ 1,258,194</u>  | <u>\$ 1,101,502</u>  |
| <b>Comprehensive income attributable to:</b> |  |                      |                      |
| 8710   | Owners of the parent   | <u>\$ 23,004,286</u> | <u>\$ 11,900,665</u> |
| 8720   | Non-controlling interest   | <u>\$ 1,879,034</u>  | <u>\$ 912,509</u>    |
| <b>Basic earnings per share</b> 6(30)        |  |                      |                      |
| 9710   | Basic earnings per share from continuing operations  | \$ 7.10              | \$ 6.90              |
| 9720   | Basic earnings (loss) per share from discontinued operations   | 0.22                 | ( 0.77)              |
| 9750   | <b>Total basic earnings per share</b>  | <u>\$ 7.32</u>       | <u>\$ 6.13</u>       |
| <b>Diluted earnings per share</b>            |  |                      |                      |
| 9810   | Diluted earnings per share from continuing operations  | \$ 7.02              | \$ 6.80              |
| 9820   | Diluted earnings (loss) per share from discontinued operations   | 0.22                 | ( 0.76)              |
| 9850   | <b>Total diluted earnings per share</b>  | <u>\$ 7.24</u>       | <u>\$ 6.04</u>       |

**DELTA ELECTRONICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(Expressed in thousands of dollars)

|   | Equity attributable to owners of the parent |                          |                     |                     |  |   |  |  |  |                     |                     |                             |              |
|---|---|--------------------------|---------------------|---------------------|--|---|--|--|--|---------------------|---------------------|-----------------------------|--------------|
|   | Share capital -<br>common<br>stock          | Total capital<br>surplus | Retained Earnings   |                     |  | Other equity interest   |  |  |  |                     | Total               | Non-controlling<br>interest | Total equity |
|   |   |                          | Legal reserve       | Special<br>reserve  | Unappropriated<br>retained<br>earnings | Financial<br>statements<br>translation<br>differences of<br>foreign<br>operations | Unrealized<br>gain or loss<br>on<br>available-for-<br>sale financial<br>assets | Hedging<br>instrument<br>gain (loss) on<br>effective<br>hedge of cash<br>flow hedges | Equity<br>directly<br>related to<br>non-current<br>assets held for<br>sale |                     |                     |                             |              |
| <b>2012</b>   |   |                          |                     |                     |  |   |  |  |  |                     |                     |                             |              |
| Balance at January 1, 2012  | \$24,033,974                                | \$23,824,784             | \$11,064,579        | \$ 5,323,562        | \$15,827,730                           | (\$ 1,687,326 )   | (\$ 268,272 )  | \$ 64,521  | \$ -   | \$78,183,552        | \$14,914,276        | \$93,097,828                |              |
| Share-based payments  | 177,806                                     | 1,009,205                | -                   | -                   | -                                      | -   | -  | -  | -  | 1,187,011           | -                   | 1,187,011                   |              |
| Distribution of 2011 earnings   |   |                          |                     |                     |  |   |  |  |  |                     |                     |                             |              |
| 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 )       | -                   | ( 8,417,324 )               |              |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | -   | ( 21,467 )               | -                   | -                   | ( 453,462 )                            | -   | -  | -  | -  | ( 474,929 )         | -                   | ( 474,929 )                 |              |
| Change in equity of associates and joint ventures accounted for under equity method       | -   | ( 17,353 )               | -                   | -                   | -                                      | -   | -  | -  | -  | ( 17,353 )          | -                   | ( 17,353 )                  |              |
| Equity directly associated with non-current assets classified as held for sale            | -   | ( 20,618 )               | -                   | -                   | -                                      | 47,593  | -  | -  | ( 26,975 )   | -                   | -                   | -                           |              |
| Changes in non-controlling interests  | -   | -                        | -                   | -                   | -                                      | -   | -  | -  | -  | -                   | 139,572             | 139,572                     |              |
| Other comprehensive loss for the year   | -   | -                        | -                   | -                   | -                                      | ( 2,619,784 )   | ( 224,643 )  | ( 38,292 )   | -  | ( 2,882,719 )       | ( 188,994 )         | ( 3,071,713 )               |              |
| Profit for the year   | -   | -                        | -                   | -                   | 14,783,384                             | -   | -  | -  | -  | 14,783,384          | 1,101,502           | 15,884,886                  |              |
| Balance at December 31, 2012  | <u>\$24,211,780</u>                         | <u>\$24,774,551</u>      | <u>\$12,163,682</u> | <u>\$ 2,156,092</u> | <u>\$23,808,695</u>                    | <u>(\$ 4,259,517 )</u>  | <u>(\$ 492,915 )</u>   | <u>\$ 26,229</u>   | <u>(\$ 26,975 )</u>  | <u>\$82,361,622</u> | <u>\$15,966,356</u> | <u>\$98,327,978</u>         |              |
| <b>2013</b>   |   |                          |                     |                     |  |   |  |  |  |                     |                     |                             |              |
| Balance at January 1, 2013  | \$24,211,780                                | \$24,774,551             | \$12,163,682        | \$ 2,156,092        | \$23,808,695                           | (\$ 4,259,517 )   | (\$ 492,915 )  | \$ 26,229  | (\$ 26,975 )   | \$82,361,622        | \$15,966,356        | \$98,327,978                |              |
| Share-based payments  | 163,653                                     | 934,077                  | -                   | -                   | -                                      | -   | -  | -  | -  | 1,097,730           | -                   | 1,097,730                   |              |
| Distribution of 2012 earnings   |   |                          |                     |                     |  |   |  |  |  |                     |                     |                             |              |
| Legal reserve   | -   | -                        | 1,610,954           | -                   | ( 1,610,954 )                          | -   | -  | -  | -  | -                   | -                   | -                           |              |
| Special reserve   | -   | -                        | -                   | 1,918,413           | ( 1,918,413 )                          | -   | -  | -  | -  | -                   | -                   | -                           |              |
| Cash dividends  | -   | -                        | -                   | -                   | ( 12,843,202 )                         | -   | -  | -  | -  | ( 12,843,202 )      | -                   | ( 12,843,202 )              |              |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | -   | 34,344                   | -                   | -                   | -                                      | -   | -  | -  | ( 55,138 )   | ( 20,794 )          | -                   | ( 20,794 )                  |              |
| Change in equity of associates and joint ventures accounted for under equity method       | -   | 47,950                   | -                   | -                   | -                                      | -   | -  | -  | -  | 47,950              | -                   | 47,950                      |              |
| Changes in non-controlling interests  | -   | -                        | -                   | -                   | -                                      | -   | -  | -  | -  | -                   | ( 3,607,352 )       | ( 3,607,352 )               |              |
| Other comprehensive income for the year   | -   | -                        | -                   | -                   | -                                      | 2,556,027   | 2,597,295  | ( 7,351 )  | 82,113   | 5,228,084           | 620,840             | 5,848,924                   |              |
| Profit for the year   | -   | -                        | -                   | -                   | 17,776,202                             | -   | -  | -  | -  | 17,776,202          | 1,258,194           | 19,034,396                  |              |
| Balance at December 31, 2013  | <u>\$24,375,433</u>                         | <u>\$25,790,922</u>      | <u>\$13,774,636</u> | <u>\$ 4,074,505</u> | <u>\$25,212,328</u>                    | <u>(\$ 1,703,490 )</u>  | <u>\$ 2,104,380</u>  | <u>\$ 18,878</u>   | <u>\$ -</u>  | <u>\$93,647,592</u> | <u>\$14,238,038</u> | <u>\$107,885,630</u>        |              |

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 11, 2014.



DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Expressed in thousands of New Taiwan dollars)

|  | 2013          | 2012          |
|--|---------------|---------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>   |               |               |
| Profit before tax from continuing operations   | \$ 22,496,554 | \$ 21,787,618 |
| Profit (loss) before tax from discontinued operations  | 132,798       | ( 2,758,813 ) |
| Profit before tax  | 22,629,352    | 19,028,805    |
| Adjustments to reconcile net income to net cash provided by operating activities   |               |               |
| Income and expenses having no effect on cash flows   |               |               |
| Depreciation   | 7,227,049     | 6,545,246     |
| Amortization   | 1,114,557     | 829,506       |
| Provision for bad debts  | 177,496       | 111,172       |
| Interest expense   | 242,701       | 470,905       |
| Interest income  | ( 724,410 )   | ( 946,306 )   |
| Dividend income  | ( 140,180 )   | ( 55,814 )    |
| Net (gain) loss on financial assets or liabilities at fair value through profit or loss                                  | ( 56,480 )    | 13,065        |
| Share of profit of associates accounted for under the equity method  | ( 880,788 )   | ( 724,814 )   |
| Loss on disposal of property, plant and equipment  | 9,303         | 1,306         |
| Gain on disposal of non-current assets classified as held for sale (shown as profit (loss) from discontinued operations) | ( 25,989 )    | -             |
| Loss (gain) on disposal of investments   | 400,298       | ( 775,815 )   |
| Impairment loss on non-financial assets  | 32,141        | -             |
| (Reversal of ) impairment loss on non-financial assets (shown as profit (loss) from discontinued operations)             | ( 809,194 )   | 809,194       |
| Impairment loss on financial assets  | 42,012        | -             |
| Changes in assets/liabilities relating to operating activities   |               |               |
| Net changes in assets relating to operating activities   |               |               |
| Financial assets held for trading  | ( 15,515 )    | 4,557         |
| Notes receivable   | ( 214,819 )   | 9,472         |
| Accounts receivable  | ( 6,554,316 ) | ( 498,856 )   |
| Accounts receivable - related parties  | 450,800       | ( 529,088 )   |
| Other receivables  | 43,592        | 1,425,689     |
| Other receivables - related parties  | 75,440        | ( 82,369 )    |
| Inventories  | ( 2,753,789 ) | 3,344,114     |
| Prepayments  | ( 1,483,288 ) | ( 2,001,826 ) |
| Other current assets   | ( 17,785 )    | 118,318       |
| Other non-current assets   | ( 79,596 )    | 356,120       |
| Net changes in liabilities relating to operating activities  |               |               |
| Notes payable  | 808           | -             |
| Accounts payable   | 6,293,187     | ( 2,854,448 ) |
| Accounts payable - related parties   | ( 49,045 )    | 64,093        |
| Other payables   | 3,062,366     | 426,967       |
| Other current liabilities  | ( 184,513 )   | 5,957         |
| Other non-current liabilities  | 24,936        | 51,093        |
| Cash generated from operations   | 27,836,331    | 25,146,243    |
| Interest received  | 724,410       | 930,370       |
| Dividend received  | 308,122       | 356,179       |
| Interest paid  | ( 226,124 )   | ( 467,291 )   |
| Income tax paid  | ( 3,220,469 ) | ( 2,969,318 ) |
| Net cash provided by operating activities  | 25,422,270    | 22,996,183    |

(Continued)

**DELTA ELECTRONICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(Expressed in thousands of New Taiwan dollars)

|  | 2013           | 2012           |
|--|----------------|----------------|
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>   |                |                |
| Acquisition of financial assets at fair value through profit or loss, designated upon initial recognition            | ( \$ 114,700 ) | \$ -           |
| Proceeds from disposal of financial assets at fair value through profit or loss, designated upon initial recognition | 970,000        | -              |
| Acquisition of available-for-sale financial assets   | ( 362,670 )    | ( 462,324 )    |
| Proceeds from disposal of available-for-sale financial assets  | 801,448        | 698,581        |
| Proceeds from capital reduction of available-for-sale financial assets   | -              | 5,184          |
| Proceeds from capital reduction of financial assets carried at cost  | -              | 875            |
| Proceeds from investments accounted for under the equity method  | 939            | 859            |
| (Increase) decrease in other financial assets  | ( 12,841 )     | 100,869        |
| Acquisition of property, plant and equipment (including investment property)   | ( 8,831,515 )  | ( 14,040,329 ) |
| Proceeds from disposal of property, plant and equipment (including investment property)                              | 443,944        | 522,982        |
| Acquisition of intangible assets   | ( 398,634 )    | ( 817,891 )    |
| (Increase) decrease in other non-current assets  | ( 320,291 )    | 2,404,866      |
| Net cash flow from acquisition of subsidiaries and acquisition of assets of other companies                          | ( 605,843 )    | 101,788        |
| Disposal of subsidiaries   | ( 644,799 )    | ( 1,946,553 )  |
| Net cash used in investing activities  | ( 9,074,962 )  | ( 13,431,093 ) |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>   |                |                |
| Decrease in short-term borrowings  | ( 576,247 )    | ( 10,708,580 ) |
| Proceeds from long-term debt   | 3,350,440      | -              |
| Repayment of long-term debt  | ( 1,422,128 )  | ( 5,821,699 )  |
| Exercise of employee share options   | 1,097,730      | 1,187,011      |
| Change in non-controlling interests  | ( 803,844 )    | ( 156,385 )    |
| Cash dividends paid  | ( 12,843,202 ) | ( 8,417,324 )  |
| Net cash used in financing activities  | ( 11,197,251 ) | ( 23,916,977 ) |
| Effects due to changes in exchange rate  | 2,777,955      | ( 2,247,891 )  |
| Increase (decrease) in cash and cash equivalents   | 7,927,742      | ( 16,599,778 ) |
| Cash and cash equivalents at beginning of year   | 51,096,128     | 67,695,906     |
| Cash and cash equivalents at end of year   | \$ 59,023,870  | \$ 51,096,128  |

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 11, 2014.

Attachment 4

**Audit Committee's Review Report**

To: The 2014 Annual General Shareholders' Meeting of Delta Electronics, Inc.

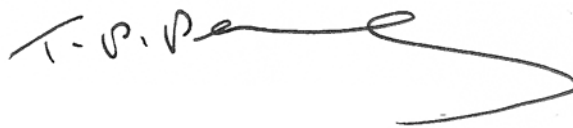
We, the Audit Committee of the Company have reviewed the business report, financial statements, consolidated financial statements and proposal for earnings distribution of the Company for the year 2013 in accordance with applicable laws and regulations and found the same have been complied with. We hereby 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.

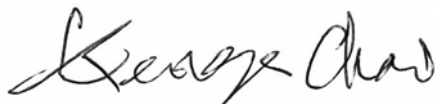
Independent Director: Yung-Chin Chen



Independent Director: Tsong-Pyng Perng



Independent Director: George Chao



Date: March 11, 2014

**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. CC01120 Data Storage Media Manufacturing and Duplicating;
22. CC01990 Other electrical and electronic machinery and materials manufacturing business;
23. CD01010 Ship and parts manufacturing business;
24. CD01020 Tramway Cars manufacturing business;
25. CD01030 Automobiles and auto-parts manufacturing business;

26. CD01040 Motorcycles and motorcycle parts manufacturing business;
27. CD01050 Bicycles and bicycle parts manufacturing business;
28. CD01060 Aircraft and parts manufacturing business;
29. CD01990 Other transportation equipment and parts manufacturing business;
30. CE01010 General equipment and instruments manufacturing business;
31. CE01021 Measuring instruments manufacturing business;
32. CE01030 Photographic and Optical Equipment Manufacturing business;
33. CE01040 Clocks and Watches manufacturing business;
34. CE01990 Other photographic and optical equipment manufacturing business;
35. CF01011 Medical appliances and equipment business;
36. E599010 Pipe lines construction business;
37. E601010 Electric appliance installation business;
38. E601020 Electric appliance construction business;
39. E602011 Frozen and Airconditioning Engineering;
40. E603040 Fire fighting equipments installation business;
41. E603050 Automation control equipment manufacturing business;
42. E603090 Illumination equipments installation business;
43. E604010 Machinery installation business;
44. E605010 Computer equipment installation business;
45. E701030 Restricted telecommunication radio frequency equipment and materials installation business;
46. EZ05010 Apparatus installation and construction business;
47. EZ14010 Sports Ground Equipments Construction;
48. F101081 Wholesale of Seedling;
49. F106040 Water containers wholesale business;
50. F108031 Drugs and medical goods wholesale business;
51. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;
52. F113010 Machinery wholesale business
53. F113020 Electrical appliances wholesale business;
54. F113050 Computer and office appliances and equipment wholesale business;
55. F113070 Telecommunication equipment wholesale business;
56. F113110 Wholesale of Batteries;
57. F118010 Computer software wholesale business;
58. F119010 Electronic components and materials wholesale business;
59. F199990 Other wholesale business;
60. F201010 Retail Sale of Agricultural Products;
61. F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products;
62. F208031 Medical equipment retail business;
63. F209060 Education, musical instruments and entertainment articles retail business;
64. F213010 Electrical appliances retail business;
65. F213030 Computer and Office appliances and equipment retail business;
66. F213060 Telecommunication equipment retail business;
67. F218010 Computer software retail business;
68. F219010 Electronic components and materials retail business;
69. F399040 Non-store retail business;
70. F401010 International trade business;
71. F401021 Restricted telecommunication radio frequency equipment and materials import business;
72. F401181 Measuring instrument importing business;

73. F601010 Intellectual property business;
74. G801010 Warehousing and storage business;
75. I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy;
76. I103060 Management consulting services business;
77. I301010 Software design and service business;
78. I301020 Digital information supply services business;
79. I301030 Digital information services business;
80. I401010 General advertising service business;
81. I501010 Product external appearance designing business;
82. I599990 Other design business;
83. IG02010 Research development service business;
84. IG03010 Energy technical services business;
85. IZ03010 Newspaper clipping business;
86. IZ04010 Translation business;
87. IZ10010 Typesetting business;
88. IZ13010 Network authentication service business;
89. IZ99990 Other industry and commerce services not elsewhere classified;
90. J303010 Magazines (journals) publishing business;
91. J304010 Books publishing business;
92. J305010 Audio publishing business;
93. J399010 Software publishing business;
94. J399990 Other publishing business;
95. J701070 Computer Recreational Activities;
96. JE01010 Rental and leasing business;
97. 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 three independent directors, and the number of independent directors shall be no less than one-fifth of the total number of the directors. The directors (including independent directors) shall be elected from among the nominees listed in the roster of director candidates pursuant to the candidates nomination system in Article 192-1 of the Company Law. Compliance matters with respect to independent directors shall be subject to the regulations prescribed by the Company Law and the securities authority.

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

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

The Company may purchase liability insurance for its directors .

### **Article 18-1**

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

## **Article 19**

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

## **Article 20**

Deleted.

## **Article 21**

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

### **Article 21-1**

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

## **Article 22**

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

### **Article 22-1**

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

## **Article 23**

Unless otherwise provided in the Company Law, a meeting of the Board of Directors at

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

#### **Article 24**

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

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

#### **Article 25**

Deleted.

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

#### **Article 26**

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

#### **Article 27**

Deleted

#### **Article 28**

Deleted

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

#### **Article 29**

The fiscal year of the Company shall be from January 1 to December 31 of each year. After

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

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

### **Article 30**

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.

The forty-Six amendment was made on June 7, 2013.



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

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

**Chapter 1    General Principles**

**Article 1: Legal Basis**

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

**Article 2: Promulgation and Amendment of the Operating Procedures**

The Operating Procedures of Acquisition or Disposal of Assets of the Company shall be approved by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors and be further submitted to the shareholders' meeting for approval. The same procedure shall apply to any amendment to the Operating Procedures. If the Operating Procedures have not been approved by one-half or more of all Audit Committee members, the Operating Procedures may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors.

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

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

### **Article 3: Definition of Terms**

1. Derivatives: refers to forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, and compound contracts comprising combinations of the foregoing products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: refers to assets acquired or disposed through mergers, splits, or acquisitions conducted in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other applicable laws, or issuance of new shares and by use of the share equity so raised as the consideration payable for acquisition of another company's shares (the "assignment of shares") in accordance with Paragraph 6, Article 156 of the Company Law.
3. Related party: as defined in Statement of Financial Accounting Standards No. 6 published by the Accounting Research and Development Foundation of the Republic of China (the "ARDF").
4. Subsidiary: as defined in Statement of Financial Accounting Standards No. 5 and No. 7 published by the ARDF.
5. Professional appraiser: refers to a real estate appraiser or other person authorized by applicable laws to engage in the appraisal of real estate or other fixed assets.
6. Date of occurrence: refers to the date of contract signing, date of payment, date of completion of trading, date of transfer registration, date of board of directors resolution, or other date confirming the counterpart and amount of the transaction, whichever date is earlier. However, in the case of investments for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
7. Mainland China area investment: refers to investments in Mainland China area approved by the Investment Commission of the Ministry of Economic Affairs or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China.
8. As used in the Operating Procedures, "within one year" refers to the year preceding the date of occurrence of the acquisition or disposal of assets; however, items duly announced in accordance with the Operating Procedures will be disregarded.
9. As used in the Operating Procedures, "latest financial statement" refers to

the financial statement published and audited or reviewed by the Company's auditing CPA in accordance with applicable laws prior to the acquisition or disposal of assets.

## **Chapter 2     Scope of Assets and Investment Limits**

### **Article 4: Scope of assets applicable to the Operating Porcedures**

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

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

1. The total value of real property purchased by the Company for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement.  
The total value of real property purchased by a Subsidiary for non-operating use may not exceed 20% of the Subsidiary's net worth as stated in its latest financial statement; if the Subsidiary is a holding company, the total value of real property purchased by the Subsidiary for non-operating use may not exceed 20% of the Subsidiary's net worth as stated in its latest financial statement, either.
2. The total value of securities invested by the Company may not exceed 100% of the Company's net worth as stated in its latest financial statement. The total value of securities invested by a Subsidiary may not exceed 150% of the Subsidiary's net worth as stated in its latest financial statement; however, if the Subsidiary is a holding company, the total value of securities invested by the Subsidiary may not exceed 200% of the

Subsidiary's net worth as stated in its financial statement.

3. The investment in a specific security by the Company may not exceed 50% of the Company's net worth as stated in its latest financial statement. The investment in a specific security by a Subsidiary may not exceed 100% of the Subsidiary's net worth as stated in its financial statement; however, if the Subsidiary is a holding company, its investment in a specific security may not exceed 150% of the Subsidiary's net worth as stated in its financial statement.

### **Chapter 3 Evaluation and Operating Process**

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

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

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

**Article 7:** When the Company should appoint a professional appraiser, accountant, lawyer, or underwriter to assist in appraisal work and obtain an expert opinion in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority, the professional appraiser and its appraisal personnel, the accountant, lawyer, or underwriter so appointed shall not be a related party to the parties in the proposed transaction.

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

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

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

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

**Article 10:** When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, first obtain the latest audited or reviewed financial statement of the issue company for reference in appraising the transaction price.

If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. If the accountant needs to use an expert's report, the accountant shall do so in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Competent Authority.

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

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

with the following provisions:

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

- d. Declaration of no false statement or omission being contained in the appraisal report.
  - e. Date of appraisal report.
- (3) Basic information of the subject property, which shall at least include the name and nature, location, and area of the subject property.
  - (4) Examples of transactions involving other properties that are located within the area as the subject property.
  - (5) When the appraisal type is for a specific price or specified price, the conditions of the specific or specified price and whether said conditions are met under current circumstances, the reason for the difference between the normal prices and such specific or specified price and the reasonableness of such difference, and whether the specific price or specified price is qualified to be used as reference for the transaction price.
  - (6) In terms of a joint development contract, the reasonable allocation percentage between the parties should be provided.
  - (7) An estimate of land value incremental tax.
  - (8) In case that appraised value of the subject property at the same appraisal date among appraisers differs and the difference is twenty percent or more, whether measures provided in Article 41 of the Real Estate Appraiser Act has been taken.
  - (9) Attachments to the appraisal report shall include the appraisal details of the subject property, ownership registration information, photocopy of cadastral map, urban planning sketch, location map of the subject property, certificate of land use zoning, and photographs showing current condition of the subject property.

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

1. When the Company acquires or disposes of assets from or to a related party, in addition to complying with the requirements set forth in Article 10, Article 11 and Article 13 and following required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 10, Article 11 and Article 13.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 13-1 hereof.

Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into

consideration of the substance of the relationship between the transaction parties.

2. Appraisal and operating procedures:

Where the Company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, the Company may proceed to enter into a transaction contract and make only after submitting the following information to the Audit Committee and obtaining approval by one-half or more of all Audit Committee members and, after submitting the same to the Board of Directors, obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis:

- (1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as the transaction counterparty.
- (3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of items (1) and (4), subparagraph 3 of this Article 12.
- (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- (5) Monthly cashflow forecasts for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.
- (6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.
- (7) Restrictive covenants and other important terms in connection with the transaction.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Board of Directors in accordance with these Operating Procedures need not be counted toward the said transaction amount.

With respect to the acquisition or disposal of machinery and equipment for business use between the Company and its parent company or subsidiaries, the Board of Directors may authorize the Chairman to decide such matters



when the transaction is within a certain amount and subsequently submit the aforesaid decision to the next meeting of the Board of Directors for ratification.

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

3. Assessment of reasonableness of transaction cost:

- (1) The Company shall use the following methods to assess the reasonableness of the transaction cost when acquiring real property from a related party:
  - a. Based upon the related party's transaction price plus necessary interest on funding and the costs payable by the buyer in accordance with applicable law. "Necessary interest on funding" refers to and is calculated by use of the weighted average interest rate on funds borrowed by the Company in the year when the Company plans to purchase the property as the basis. However, such necessary interest on funding may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
  - b. Based upon the total appraisal value from a financial institution if the related party has previously taken a mortgage on the property as security for a loan; provided that the actual cumulative amount lent by the financial institution shall be 70% or more of the financial institution's appraisal value for the property and the loan shall have been disbursed and outstanding for one year or more. However, this method shall not apply if the financial institution is a related party of one of the transaction counterparties.
- (2) Where the land and the building situated thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the methods set forth in the preceding paragraph.
- (3) When the Company acquires real property from a related party, it shall appraise the cost of the real property in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12, and shall also engage an accountant to review the appraisal result and issue a specific opinion regarding appraisal result.
- (4) Where the Company acquires real property from a related party and the results of appraisal performed in accordance with the provisions

of items (1) and (2), subparagraph 3 of this Article 12 are both lower than the transaction price, the transaction shall be handled in accordance with the provisions of Item (5), subparagraph 3 of this Article 12. However, if any of the following circumstances occur and where any objective evidence has been provided and specific opinions on reasonableness of the transaction price have been obtained from a professional appraiser and an accountant have been obtained, the preceding paragraph shall not apply:

- a. When the related party has acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - i. The undeveloped land is appraised in accordance with the foregoing methods, and the building is appraised according to the related party's construction cost plus reasonable construction profit, and the total appraised value of the land and the building is in excess of the actual transaction price. "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - ii. Concluded transactions by unrelated parties within the preceding year involving other floors of the same target property or properties located in the neighboring area, of which the property size and transaction terms are similar to the proposed transaction after taking into consideration of reasonable price differences in floor or area prices in accordance with standard real property market practices.
  - iii. Concluded leasing transactions by unrelated parties within the preceding year for other floors of the same target property, of which the transaction terms are similar to the proposed transaction after taking into consideration of reasonable price differences in floor according to standard real property leasing market practices.
- b. Where the Company provides evidences that the terms of the proposed acquisition of real property with the related party are similar to the terms of transactions concluded

for the acquisition of property located in neighboring area of a similar size by unrelated parties within the preceding year. Concluded transactions for the acquisition of property located in neighboring area in the preceding paragraph in principle refers to property located at the same or an adjacent block of the target property and within a distance of no more than 500 meters or the publicly announced current value of the property is close to that of the target property; transaction of similar size refers to transactions concluded by unrelated parties with a land area of no less than 50% of the target property; within one year refers to one year preceding the date of occurrence of the proposed acquisition of the target property.

- (5) When the Company acquires real property from a related party and the results of appraisal performed in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12 are both lower than the transaction price, the Company shall comply with the following provisions. In addition, if the Company and any public company that invests in the Company using the equity method have allocated a special reserve in accordance with the following provisions, the Company and the public company may not utilize such special reserve until it has recognized loss due to price decline for such real property, or such property has been disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and approval in connection therewith from the Competent Authority shall have been obtained.
- a. The Company shall allocate the difference between the real property transaction price and the estimate cost as a special reserve in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act, and shall not be distribute this reserve or use it for capitalization and issuance of new shares. If an investor that has investment in the Company by using the equity method is a public company, it shall also allocate special reserve in an amount in proportion to its shareholding in the Company according to paragraph 1, Article 41 of the Securities and Exchange Act.
  - b. The Audit Committee of the Company shall comply with Article 218 of the Company Law.
  - c. The Company shall report matters handled under the foregoing items (1) and (2) to the shareholders' meeting and shall disclose the details of the transaction in its annual report and prospectus.

(6) When the Company acquires real property from a related party and any of the following circumstances occur, it shall implement the transaction in accordance with the appraisal and operating procedures in subparagraphs 1 and 2 of this Article 12, and items (1), (2), and (3), subparagraph 3 of this Article 12 regarding the assessment of the reasonableness of transaction cost are not applicable:

- a. The related party acquired the real property through inheritance or as a gift.
- b. More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the execution date of the proposed transaction.
- c. The real property is to be acquired through signing of a joint development contract with the related party.

(7) When the Company acquires real property from a related party and there is other evidence indicating that such acquisition does not conform to conventional business practice, the Company shall act in accordance with item (5), subparagraph 3 of this Article 12.

**Article 13:** The Company shall comply with the following guidelines with regard to the acquisition or disposal of membership certificates or intangible assets: When the Company acquires or disposes of membership certificates or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.

**Article 13-1:**

The calculation of the transaction amount referred to in Articles 10,11 and 13 shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or an accountant's opinion is obtained in accordance with these Operating Procedures need not be counted toward the transaction amount.

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

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

1. Trading principles and strategies:

(1) Types of trades:

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

(2) Operating and hedging strategies:

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

(3) Delegation of powers and duties:

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

b. Accounting Department: Accounting Department is responsible for the control of the Company's overall foreign exchange position and shall accurately calculate realized and future positions for the Company to set account exchange rates and lock in profit and cost, which may avert the performance of the Company's core business from being influenced by exchange rate fluctuations. Accounting Department needs to rely on the information provided by purchasing and sales departments for the prediction and creation of positions, and a high level of accuracy of such information is essential to the holding of positions.

(4) Trading limits:

a. Hedging trade limit: The Company shall use the monthly trading-type foreign exchange hedge net position as the hedging limit. Any excess of such limit shall be approved by the Board of Directors in advance.

b. Special purpose trade limit: Special purpose trading limit shall be confined to capital expenditures, corporate bonds, and long-term investments and the actual amount of such

transactions is used as the maximum hedging amount.

- c. Others: The trading limit, stop-loss limit, and authorized limit for other trades which does not belong to the two foregoing categories should be approved by the Board of Directors before execution.

(5) Performance evaluation:

- a. Performance evaluation shall be based on the exchange rate costs on the Company's books and profit/loss from derivatives trading.
- b. The Company has adopted a monthly profit/loss appraisal approach in order to accurately manage and disclose price risks of derivatives trading.

(6) Setting of loss limits:

- a. Hedging trade:
  - i. After a trading position has been established, a stop-loss spot must be set to prevent over-limit losses. The stop-loss spot shall not exceed 10% of the trading contract amount. If the loss amount exceeds 10% of the trading amount, such event shall be immediately reported to CEO and the Board of Directors for discussion of necessary counter measures.
  - ii. The loss amount for each trading contract shall not exceed 10% of the contract amount.
  - iii. After a trading position has been established, a clear stop-loss exchange rate and interest rate shall be set based on 10% of the amount shown on the trade approval sheet. The stop-loss exchange rate and interest rate shall be recorded in the trade approval sheet and prior approval for the transaction shall be obtained in accordance with the authorized limit table. Market fluctuations must be monitored constantly so long as a position is held; if the exchange rate or interest rate reached the stop-loss spot, stop loss measures must be immediately implemented.
- b. Special purpose trade:

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

2. Operating procedures:

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

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

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

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

(2) Execution department:

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

3. Accounting treatment:

Accounting treatment shall be handled in accordance with the ROC Financial and Accounting Standards and other regulations.

4. Internal control system:

(1) Risk management measures:

- a. Credit risk considerations: In principle, transaction counterparties are limited to the Company's correspondent banks and those who could provide professional information.
- b. Market risk considerations: The major trading market is to trade in the OTC (over-the-counter) market via banks. The Futures market is not taken into consideration currently.
- c. Liquidity considerations: To ensure liquidity, the bank which the Company transacts with should have sufficient

equipment, information, and trading capabilities, and should be able to trade in any market.

- d. Operation considerations: To avoid operation risk, the Company shall observe the authorized limit and operating procedures closely.
- e. Legal risk: To avoid legal risk, all documents to be entered into between the bank and the Company shall be reviewed by the Legal Department and the Finance Department before execution.
- f. Product risk: Internal trading officers and counterparty banks should possess extensive and correct professional knowledge in connection with the trading of financial products. It is required for the counterparty banks to fully disclose risks to the Company so as to avoid losses from incorrect use of financial products.
- g. Cashflow risk: In addition to strictly observe the limits as set forth in the authorized limit table, the trading officers shall pay close attention to the Company's foreign currency cash-flow so as to ensure that there is sufficient cash to pay for F/X settlements.

(2) Internal control:

- a. Trading personnel shall not concurrently serve as confirmation and settlement personnel.
- b. Trading personnel shall give trading vouchers or contracts to recording personnel for records.
- c. Recording personnel shall regularly check account balances with correspondent banks or request for bank statements.
- d. Recording personnel shall check whether the total amount of trades has exceeded the net position of foreign currency assets, liabilities and commitment net positions from time to time.
- e. The Funds Management Department shall assess the profit/loss status based on the final posted daily exchange rates and produce a report thereof at the end of each month. The Funds Management Department shall submit such report to the Chief Officer of the Finance Department and the Company's senior management officers.
- f. Personnel responsible for the risk assessment, monitoring,



and control shall be assigned to different departments from the personnel referred to in the foregoing subparagraphs, and shall report to the Board of Directors or senior management officers not responsible for trading or position decisions.

(3) Regular evaluation methods:

- a. The Board of Directors shall authorize senior management personnel to regularly monitor and evaluate whether derivative trades are executed in compliance with the Company's trading procedures, and determine whether the risk exposure is within the acceptable limits. Whenever a market price evaluation report contains any irregularity (such as the position held exceeding the loss limit), the aforementioned personnel shall immediately report to the Board of Directors and take necessary counter measures.
- b. Derivative trading positions held shall be evaluated at least once each week. However, hedging trades executed for the Company's business needs shall be evaluated at least twice each month. Evaluation reports shall be submitted to the Chief Officer of the Finance Department.

(4) Oversight principles for derivative trading by the Board of Directors:

- a. The Board of Directors shall appoint senior management officers to regularly monitor and control the derivatives trading risk. The guidelines for monitoring and control are as follows:
  - i. Periodically evaluate whether the risk management measures currently adopted are appropriate and are conducted in accordance with these Operating Procedures and derivative trading operating guidelines promulgated by the Company.
  - ii. Monitoring trading activities and profit/loss status, whenever irregularities are found, the senior management officers shall take appropriate counter measures and shall immediately report to the Board of Directors.
- b. Periodically evaluate whether derivatives trading performance is consistent with the Company's established operational strategy and whether the risk exposure is acceptable to the Company.
- c. When engaging in derivatives trading, the Company shall

report to the Board of Directors after it authorizes relevant personnel to conduct derivatives trading in accordance with the derivative trading operating guidelines promulgated by the Company.

- d. The Company shall establish a memorandum book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under items 3-2, 4-1 and 4-2, subparagraph 4 of this Article 15, shall be recorded in detail in the memorandum book for inspection.

5. Internal audit system:

- (1) The Company's internal auditor shall periodically review the appropriateness of the internal control system of derivatives trading, conduct a monthly audit of compliance of derivatives trading operating procedures by the execution department, analyze trading cycles, and prepare an audit report accordingly. The internal auditor shall notify the Audit Committee of the Company in writing if any material violation is found.
- (2) The Company's internal auditor shall file the audit report together with the annual internal audit review report for the preceding year with the Competent Authority by the end of February each year. The Company's internal auditor shall also report any improvements of irregularities during the preceding year to the Competent Authority by the end of May each year.

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

1. Appraisal and operating procedures:

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

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

2. Other matters to be noted:

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

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

- a. Basic identification data for personnel: including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved prior to disclosure of the information in the planning or implementation of any merger or consolidation, split, acquisition, or assignment of another company's shares.
- b. Dates of material events: including those for signing of any letter of intent or memorandum of understanding, engaging of a financial or legal advisor, execution of a contract, and convening of a board of directors meeting.
- c. Important documents and minutes: including merger or consolidation, split, acquisition, or plan of assignment of share, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall, within two days commencing from the date of assage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Competent Authority for recordation.

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

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

which may affect shareholder's equity or the share price.

- d. An adjustment results from the buy-back of treasury stock by any of the companies participating in the merger or consolidation, split, acquisition, or assignment of shares.
- e. An increase or decrease in the number of entities or companies participating in the merger or consolidation, split, acquisition, or assignment of shares.
- f. Other terms and conditions allowing amendments which have been provided in the relevant contract and have been publicly disclosed.

(4) Items to be provided in contract: In addition to those items required under Article 317-1 of the Company Law and Article 22 of the Business Mergers and Acquisitions Act, the contract for participation in a merger or consolidation, split, acquisition, or assignment of shares shall provide the following provisions:

- a. Remedy for breach of contract.
- b. Principles for the handling of equity securities previously issued or treasury stock previously bought back by any company that is to be dissolved in a merger or that is spun off.
- c. The amount of treasury stock that could be bought back by participating companies in accordance with applicable laws after the record date of calculation of the share swap ratio, and the handling principles thereof.
- d. Methods for handling changes in the number of participating entities or companies.
- e. Estimated schedule for execution of the plan, and anticipated completion date.
- f. Scheduled date for convention of shareholders' meeting in accordance with applicable laws in the event that execution of the plan falls behind the estimated schedule and relevant handling procedures.

(5) Changes in the number of companies participating in a merger or consolidation, split, acquisition, or assignment of shares: After relevant information has been publicly announced, if any company participating in the merger or consolidation, split, acquisition, or assignment of shares intends further to carry out a merger or consolidation, split, acquisition, or assignment of shares with another company, all of the participating companies shall repeat the

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

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

## **Chapter 5      Disclosure of Information and Public Announcement and Reporting Procedures**

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

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

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

**Article 18:** Deadline for public announcement and reporting:

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

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

1. The Company shall make the public announcement and reporting of relevant information on the website designated by the Competent

Authority in accordance with the preceding Article 18.

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

## **Chapter 6 Supplemental Provisions**

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

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



in accordance with these Operating Procedures. The Audit Division of the Company shall include the operating specifics of the acquisition or disposal of assets by the Subsidiaries as one of the internal audit items and shall conduct audits regularly or randomly; and shall review the self-check report prepared by the Subsidiaries.

3. If a Subsidiary is not a public company but its transaction amount of acquisition or disposal of assets meets the requirement of public announcement and reporting as set forth in the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies", the Company shall make the public announcement and reporting on behalf of the Subsidiary.
4. With regard to requirement of public announcement and reporting for subsidiaries, the provisions regarding "exceeding 20% of the Company's paid-in capital" or 10% of the total assets shall refer to the parent company's paid-in capital or total assets.

**Article 21:** Penalty provision is as follows:

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

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

Delta Electronics, Inc.  
Table of Authorized Limits for the Acquisition or Disposal of Assets  
("Authorized Limit Table")

1. Authorized limits for single securities acquisition or disposal transaction are as follows:

|  |                         |
|--|-------------------------|
| Chairman of the Board of Directors         | NT\$300 million or less |
| CEO  | NT\$100 million or less |
| General manager                            | NT\$30 million or less  |
| Chief Officer of the Investment Department | NT\$15 million or less  |

2. Authorized limits for cumulative daily securities acquisition or disposal transaction are as follows:

|   |                         |
|---|-------------------------|
| Chairman of the Board of Directors      | NT\$1.5 billion or less |
| CEO                                     | NT\$1 billion or less   |
| Chief Officer of the Finance Department | NT\$500 million or less |

3. Authorized limits for single real property or other fixed assets acquisition or disposal transaction are as follows:

|                                    |                         |
|------------------------------------|-------------------------|
| Chairman of the Board of Directors | NT\$100 million or less |
| CEO                                | NT\$50 million or less  |
| General Manager                    | NT\$30 million or less  |
| Head of each Business Unit         | NT\$5 million or less   |

4. Authorized limits for single membership certificate acquisition or disposal transaction are as follows:

|                                    |                       |
|------------------------------------|-----------------------|
| Chairman of the Board of Directors | NT\$5 million or less |
| CEO                                | NT\$4 million or less |
| General Manager                    | NT\$3 million or less |

5. Authorized limits for single intangible assets acquisition or disposal transaction are as follows:

|                                    |                         |
|------------------------------------|-------------------------|
| Chairman of the Board of Directors | NT\$100 million or less |
| CEO                                | NT\$50 million or less  |
| General Manager                    | NT\$30 million or less  |
| Head of each Business Unit         | NT\$5 million or less   |

6. Authorized limits for derivatives trading are as follows:

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

Note: When any execution department acquires or disposes of assets, it shall simultaneously notify the department responsible for public announcement and reporting so as to facilitate relevant public announcement and reporting which should be made accordingly.

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

Passed by general shareholders' meeting on March 19, 1988  
Amendment passed by general shareholders' meeting on May 15, 1998  
Amendment passed by general shareholders' meeting on May 16, 2002  
Amendment passed by general shareholders' meeting on May 19, 2005  
Amendment passed by general shareholders' meeting on May 18, 2006  
Amendment passed by general shareholders' meeting on June 19, 2012  
Amendment passed by general shareholders' meeting on June 7, 2013

### **Article 1**

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

### **Article 2**

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

### **Article 3**

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

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

days in advance of an extraordinary shareholders' meeting. The Company shall make the shareholders' meeting agenda and supplemental materials available for shareholders to review at any time 15 days in advance of the shareholders' meeting and these documents shall be displayed at the Company and its stock affairs agency and shall be distributed at the shareholders' meeting.

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

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

#### **Article 4**

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

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

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

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

**Article 4-1**

A shareholder could exercise his voting right in writing or by way of electronic transmission at the shareholders' meeting convened by the Company. A shareholder who exercised his voting right in writing or by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person but shall be deemed to have waived his voting right in respect of any 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, in the notification of the shareholders' meeting, specify attending shareholders' check-in time and place for such meeting and other important matters.

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

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

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

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

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

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

#### **Article 7**

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

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

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

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

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

### **Article 8**

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

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

### **Article 9**

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

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

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

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

#### **Article 10**

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

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

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

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

#### **Article 11**

When a shareholder attending the meeting wishes to speak, a speech note should be filled



out with summary of the speech, the shareholder's account number (or the number of attendance card) and the account name of the shareholder. The chairman shall determine the sequence of shareholders' speeches.

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

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

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

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

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

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

## **Article 12**

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

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

The number of shares of those persons not permitted to exercise their voting rights in the

foregoing paragraph shall not be included in counting the total number of voting shares for attending shareholders.

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

### **Article 13**

Each shareholder is entitled to one vote for each share held. The above provision shall not apply to those persons whose voting rights are restricted or who have no voting right. According to Article 197-1 of the Company Law, if the number of shares pledged by a director at any time exceeds half of the total shares held by such director at the time of his appointment, such pledged shares exceeding half of the total shares held by such director at the time of his appointment, up to half of the total number of shares held by the director at the time of his appointment, shall not carry any voting right and such 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 for voting or election matters shall be publicly counted at the meeting venue and once the counting is done, the result of voting including the number of votes casted shall be announced at the meeting and placed on record.

#### **Article 14**

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

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

#### **Article 15**

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

With regard to the issue of minutes in the foregoing paragraph, the minutes may be distributed in the form of an announcement on the Market Observation Post System Website.

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

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

**Article 16**

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

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

**Article 17**

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

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

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

**Article 18**

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

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

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

**Article 19**

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

Attachment 8

**Employees' Bonuses and Directors' Compensation**

This Company's proposed distribution of earnings for 2013 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\$2,492,438,453.
  - (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 9

**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 2014 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 58,501,039 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        | 1,637,302             | 0.07%      |
| Vice Chairman                  | Mark Ko           | 1,099,358             | 0.05%      |
| Director                       | Bruce CH Cheng    | 139,642,593           | 5.73%      |
| Director                       | Ping Chen         | 8,844,645             | 0.36%      |
| Director                       | Simon Chang       | 987,881               | 0.04%      |
| Director                       | Fred Chai Yan Lee | 0                     | 0.00%      |
| Director                       | Ming-Chung Chang  | 1,209,791             | 0.05%      |
| Director                       | Chung-Hsing Huang | 0                     | 0.00%      |
| Director                       | Steven Liu        | 419,568               | 0.02%      |
| Director                       | Johnson Lee       | 476,000               | 0.02%      |
| 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 |                   | 154,317,138           | 6.33%      |

Note 1: This Company had a total of 2,437,543,329 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 11

**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 2014 annual general shareholders' meeting is from April 1, 2014 to April 11, 2014.
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.