

Delta Electronics, Inc. ("Company")
Minutes of 2017 Annual General Shareholders' Meeting
(Translation)

Time: 10:00 AM, June 13, 2017

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

Quorum: 2,291,604,965 shares were represented by the shareholders and proxies present, which amounted to 88.22% of the Company's 2,597,543,329 issued and outstanding shares.

Board Members Present: Bruce CH Cheng, Yancey Hai, Mark Ko, Ping Chen, Johnson Lee, Simon Chang, Yung-Chin Chen (Independent Director), Tsong-Pyng Perng (Independent Director), George Chao (Independent Director) and Ji-Ren Lee (Independent Director). 10 members of the Board of Directors (including 4 Independent Directors) are present.

Attendance: Ms. Liang, Hua-Ling, CPA, PricewaterhouseCoopers
Mr. James Chen, Attorneys-at-Law, Lee and Li

Chairman: Yancey Hai, Chairman of the Board of Directors

Recorder: Sharon Hsu

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

Salute according to the etiquette

Chairman's speech: (omitted)

I. REPORT ITEMS

1. 2016 Operation Results (Please see Appendix 1)
2. 2016 Financial Results (Please see Appendix 2 and 3)
3. Audit Committee's Review Opinions on 2016 annual final accounting books and statements (Please see Appendix 4)
4. Report on 2016 Employees' and Directors' Compensation
The Company's annual profit in 2016 is NT\$23,003,214,188, of which 11.44% is allocated as the employees' compensation in cash totaling NT\$2,631,691,465 and 0.15% is allocated as the directors' compensation totaling NT\$35,400,000.

II. PROPOSAL ITEMS

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

Explanation:

- 1) This Company's 2016 Annual Final Accounting Books and Statements, including the Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements (please see Appendix 1~3), have been reviewed by the Company's Audit Committee. The Company's Audit Committee has found no discrepancies after a thorough review and has made a written review report.
- 2) It is proposed by the Board of Directors to submit the 2016 Annual Final Accounting Books and Statements to the shareholders' meeting for adoption.

Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,291,604,965 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,010,989,720 among which 1,279,725,339 was exercised by electronic transmission, the number of voting rights for disapproval is 70,648, the number of voting rights for invalid is 0, the number of voting rights for abstention or no votes is 280,544,597, and 87.75% of the total voting rights voted for approval when votes were cast).

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

Explanation:

- 1) The 2016 Earnings Distribution Table is compiled as follows in accordance with Company Act and the Company's Articles of Incorporation and has been approved by the Audit Committee and the Board of Directors on March 9, 2017.
- 2) The Board of Director proposed to set aside NT\$12,987,716,645 for cash dividends. Subject to the approval of Annual General Shareholders' Meeting, the Board of Directors would be authorized to set a record date on which the proposed cash dividend would be distributed according to the shareholding ratio of shareholders appeared in the register of shareholders on the designated record date of distribution. According to the number of shares issued and entitled to distribution totaling 2,597,543,329, the cash dividends of approximately NT\$ 5,000 per thousand shares will be distributed. In the event that the proposed earnings distribution approved is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a change in common shares (such as, buyback of shares for transfer or cancellation, domestic capital increase by cash, and employee stock options), it is proposed that the Board of Directors be authorized to adjust the cash dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
- 3) It is proposed by the Board of Directors to submit the 2016 Earnings Distribution to the shareholders' meeting for adoption.

Delta Electronics, Inc.
2016 Earnings Distribution Table

Unit: NT\$

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

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

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

Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,291,604,965 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,011,559,860 among which 1,280,295,479 was exercised by electronic transmission, the number of voting rights for disapproval is 3,109,415, the number of voting rights for invalid is 0, the number of voting rights for abstention or no votes is 276,935,690, and 87.77% of the total voting rights voted for approval when votes were cast).

III. DISCUSSION ITEMS

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

Explanation:

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

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

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

	<p>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.</p> <p>The aforementioned calculation of the transaction amount shall be made in accordance with Article 13-1 hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties.</p> <p>2. Appraisal and operating procedures: Where the Company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, except for trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of</p>	<p>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.</p> <p>The aforementioned calculation of the transaction amount shall be made in accordance with Article 13-1 hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties.</p> <p>2. Appraisal and operating procedures: Where the Company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, except for trading of government bonds or bonds under repurchase and resale agreements, or subscription</p>	<p>by Public Companies.”</p>
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	<p><u>domestic money market funds issued by securities investment trust enterprises</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, obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets. (2) The reason for choosing the related party as the transaction counterparty. (3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of items (1) and (4), subparagraph 3 of this Article 12. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related 	<p>or <u>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, obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets. (2) The reason for choosing the related party as the transaction counterparty. (3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of items (1) and (4), subparagraph 3 of this Article 12. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. 	
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	<p>party.</p> <p>(5) Monthly cashflow forecasts for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.</p> <p>(6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.</p> <p>(7) Restrictive covenants and other important terms in connection with the transaction.</p> <p>The aforementioned calculation of the transaction amount shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Board of Directors in accordance with these Operating Procedures need not be counted toward the said transaction amount.</p> <p>With respect to the acquisition or disposal of equipment for business use between the Company and its subsidiaries, the Board of Directors hereby authorizes the Chairman to decide such matters when the transaction is within NT\$300 million and subsequently submit the aforesaid decision to the next meeting of the Board of Directors</p>	<p>(5) Monthly cashflow forecasts for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.</p> <p>(6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.</p> <p>(7) Restrictive covenants and other important terms in connection with the transaction.</p> <p>The aforementioned calculation of the transaction amount shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Board of Directors in accordance with these Operating Procedures need not be counted toward the said transaction amount.</p> <p>With respect to the acquisition or disposal of <u>machinery and</u> equipment for business use between the Company and its subsidiaries, the Board of Directors hereby authorizes the Chairman to decide such matters when the transaction is within NT\$300 million and subsequently submit the aforesaid decision to the next meeting of the Board of Directors for ratification.</p>	
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	<p>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>3. (not revised)</p>	<p>When the items listed in subparagraph 2 of this Article 12 are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.</p> <p>3.(omitted for simplicity)</p>	
Article 13	<p>The Company shall comply with the following guidelines with regard to the acquisition or disposal of membership certificates or intangible assets: When the Company acquires or disposes of membership certificates or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a <u>government</u> agency, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.</p>	<p>The Company shall comply with the following guidelines with regard to the acquisition or disposal of membership certificates or intangible assets: When the Company acquires or disposes of membership certificates or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a <u>governmental</u> agency, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.</p>	<p>Certain languages are revised as appropriate</p>
Article 16	<p>Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows:</p> <p>1.Appraisal and operating procedures:</p>	<p>Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows:</p> <p>1.Appraisal and operating procedures:</p>	<p>Considering the mergers between the Company and its wholly owned subsidiary or subsidiaries and mergers between or</p>

	<p>(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. <u>In the event the Company merges with its wholly owned subsidiary(ies), or the merger occurs between or among the Company's wholly owned subsidiaries, the above-mentioned appraisal report from a professional appraiser may be exempted.</u></p> <p>(2) (not revised)</p> <p>2.(not revised)</p>	<p>(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.</p> <p>(2)(omitted for simplicity)</p> <p>2. (omitted for simplicity)</p>	<p>among the Company's wholly owned subsidiaries under Enterprises Mergers and Acquisitions Act are recognized as the organizational restructuring in the group and not involved in an exchange ratio stipulation, distribution of cash or other property to shareholders, such mergers may be exempted from engaging a professional appraiser to give an opinion on the reasonableness of the share exchange ratio.</p>
Article 17	Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:	Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:	1. The reason to amend Section 1.1 is the same as the reason set forth in Article 12.

<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, or subscription or repurchase of <u>domestic money market funds issued by securities investment trust enterprises.</u></p> <p>2. Merger or consolidation, split, acquisition, or assignment of shares.</p> <p>3. Any losses from derivatives trading which reaches the limits on aggregate losses or losses for individual contracts as set out in the operating procedures promulgated by the Company.</p> <p>4. Where the type of asset acquired or disposed of is equipment for operational use, and the transaction counterparty is not a related party, and the transaction amount is <u>NT\$1 billion or more.</u></p> <p>5. Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the</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, or subscription or <u>redemption of domestic money market funds.</u></p> <p>2. Merger or consolidation, split, acquisition, or assignment of shares.</p> <p>3. Any losses from derivatives trading which reaches the limits on aggregate losses or losses for individual contracts as set out in the operating procedures promulgated by the Company.</p> <p>4. Other asset transactions other than those referred to in the preceding three subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p>	<p>2. Move the original Section 1. 4 (4) to Section 1. 4 and amend the amount of transaction required for public announcement.</p> <p>3. Move the original Section 1.4 (5) to Section 1. 5. Move the original Section 1.4 to the Section 1. 6.</p> <p>4. Amend Section 1.4 (2) for efficiency and consistency of the procedures of public announcement, and move such Section to Section 1. 6 (2).</p> <p>5. The reason to amend the original Section 1. 4 (3) is the same as the reason set forth in Article 12. Move Section 1. 4 (3) to the Section 1. 6 (3).</p>
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	<p>transaction amount to be invested by the Company is <u>NT\$500 million or more.</u></p> <p>6. Other asset transactions other than those referred to in the preceding <u>five</u> subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Where the company is an investment company, the securities trading in foreign securities exchanges or over-the-counter markets, <u>or subscribing the offering and issuance of straight corporate bonds and bank debentures that not involving shareholding rights on domestic primary markets.</u></p> <p>(3) Trading of bonds under repurchase/resale agreements, or subscription or <u>repurchase of domestic money market funds issued by securities investment trust enterprises.</u></p> <p>7. The transaction amount shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has</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, or subscription or redemption of domestic money market funds.</p> <p>(4) Where the type of asset acquired or disposed of is <u>equipment and machinery</u> for operational use, and the transaction counterparty is not a related party, and the transaction amount is <u>less than NT\$500 million.</u></p> <p>(5) Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the transaction amount to be invested by the Company is <u>less than NT\$500 million.</u></p> <p>5. The transaction amount referred to in the foregoing <u>four</u> subparagraphs shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has been duly announced in</p>	
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	<p>been duly announced in accordance with applicable regulations may be disregarded for the calculation:</p> <p>(1)The amount of each transaction.</p> <p>(2)The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.</p> <p>(3)The cumulative transaction amount of acquisitions and disposals of real property in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p> <p>(4)The cumulative transaction amount of acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p>	<p>accordance with applicable regulations may be disregarded for the calculation:</p> <p>(1) The amount of each transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.</p> <p>(3) The cumulative transaction amount of acquisitions and disposals of real property in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p> <p>(4) The cumulative transaction amount of acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p>	
Article 19	<p>Procedures governing public announcement and reporting are as follows:</p> <p>1.The Company shall make the public announcement and reporting of relevant information on the website designated by the Competent Authority in accordance with the preceding Article 18.</p> <p>2.The Company shall post information regarding derivative trading activities of the Company</p>	<p>Procedures governing public announcement and reporting are as follows:</p> <p>1.The Company shall make the public announcement and reporting of relevant information on the website designated by the Competent Authority in accordance with the preceding Article 18.</p> <p>2.The Company shall post information regarding derivative trading activities of the Company</p>	<p>If the event the announcement made by the Company contains errors or omissions and requires further correction, the Company shall re-issue the public announcement within two days from the date it learns the occurrence of the</p>

	<p>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.</p> <p>3.If any required items publicly announced by the Company in accordance with applicable regulations contain errors or omissions and a correction thereof is necessary, the Company shall make an public announcement and report of such items in their entirety again <u>within two days from the date it learns of the occurrence of the given matter.</u></p> <p>4. When acquisition or disposal of assets, unless otherwise provided in other applicable laws, the Company shall keep all relevant contracts, resolution minutes, memorandum books, appraisal reports, and opinions of accountants, lawyers, or underwriters for at least five years.</p> <p>5. After the Company has publicly announced and reported a transaction in accordance with applicable regulations, in case any of the following event occurs, it shall report relevant information on the website designated by the Competent Authority within two days commencing from the date of occurrence of the event:</p> <p>(1) Any amendment, termination or discharge of the contracts</p>	<p>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.</p> <p>3.If any required items publicly announced by the Company in accordance with applicable regulations contain errors or omissions and a correction thereof is necessary, the Company shall make an public announcement and report of such items in their entirety again.</p> <p>4. When acquisition or disposal of assets, unless otherwise provided in other applicable laws, the Company shall keep all relevant contracts, resolution minutes, memorandum books, appraisal reports, and opinions of accountants, lawyers, or underwriters for at least five years.</p> <p>5. After the Company has publicly announced and reported a transaction in accordance with applicable regulations, in case any of the following event occurs, it shall report relevant information on the website designated by the Competent Authority within two days commencing from the date of occurrence of the event:</p> <p>(1) Any amendment, termination or discharge of the contracts originally executed in the transaction.</p>	<p>given matter. Therefore, the amendment is made to the Section 3.</p>
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	<p>originally executed in the transaction.</p> <p>(2) The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled completion date set forth in the relevant contract.</p> <p>(3) Change in publicly announced and reported information.</p>	<p>(2) The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled completion date set forth in the relevant contract.</p> <p>(3) Change in publicly announced and reported information.</p>	
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Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,291,604,965 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,014,545,755 among which 1,283,281,374 was exercised by electronic transmission, the number of voting rights for disapproval is 118,278, the number of voting rights for invalid is 0, the number of voting rights for abstention or no votes is 276,940,932, and 87.90% of the total voting rights voted for approval when votes were cast).

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

Explanation:

- 1) It is proposed by the Board of directors to release the non-competition restrictions on the following directors in accordance with Article 209 of Company Act.
- 2) The proposal is submitted for discussion.

Description of Positions of Directors in Other Companies (New)

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

Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,291,604,965 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,843,162,567 among which 1,111,898,186 was exercised by electronic transmission, the number of voting rights for disapproval is 7,676,333, the number of voting rights for invalid is 0, the number of voting rights for abstention or no votes is 440,766,065, and 80.43% of the total voting rights voted for approval when votes were cast).

IV. EXTEMPORARY MOTIONS: None.

Meeting Adjourned: 10:30 AM, June 13, 2017

Chairman: Yancey Hai

Recorder: Sharon Hsu

Appendix 1 Business Report

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

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

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

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

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

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

potential are self-evident.

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

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

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

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

Chairman	Yancey Hai
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CEO	Ping Cheng
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CFO	Judy Wang
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Appendix 2

Report of Independent Accountants

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Investments accounted for under equity method

Description

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

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

How our audit addressed the matter

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

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

Impairment assessment of investments accounted for under equity method

Description

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

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

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

How our audit addressed the matter

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

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

Other matter

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

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

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

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

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

of internal control;

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

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

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

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

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

Liang, Hua-Ling

Chou Tseng, Hui-Chin

for and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2017

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

(Continued)

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Business combination

Description

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

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

How our audit addressed the matter

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

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

Impairment assessment of intangible assets

Description

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

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

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

How our audit addressed the matter

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

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

Other matter

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Liang, Hua-Ling Chou Tseng, Hui-Chin

for and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2017

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

Audit Committee's Review Report

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

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

The Audit Committee of Delta Electronics, Inc.

Convenor of the Audit Committee: Yung-Chin Chen

A handwritten signature in black ink that reads "Yung Chin Chen". The signature is written in a cursive, flowing style.

Date: March 09, 2017