

## IoT-based Smart Green Solutions to Nurture Energy Efficiency in Cities



# DELTA ELECTRONICS, INC. 2018 ANNUAL REPORT

Company Website : [www.deltaww.com](http://www.deltaww.com)  
Taiwan Stock Exchange Market Observation Post System :  
<http://mops.twse.com.tw>  
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## 5. Overseas Securities Exchange

Name of the stock exchange where the company's securities  
are traded offshore : Luxemburg Stock Exchange  
Disclosed information can be found at : [www.bourse.lu/home](http://www.bourse.lu/home)

## 6. Corporate Website

[www.deltaww.com](http://www.deltaww.com)



# Awards and Honors



## "Global Views Monthly" Annual Corporate Special Responsibility Awards Honor Roll

Delta received awards in each of the 14 editions of the "Global Views Monthly" Corporate Special Responsibility Awards and won the Honor Roll for a second time since 2008.



## Presidential Innovation Award

Delta was awarded the third Presidential Innovation Award for its achievements on the global stage and its innovation in the industry.



## "CommonWealth Magazine" Excellence in Corporate Social Responsibility Awards

Delta won the Top Excellence award for Large Enterprises in the "CommonWealth Magazine" CSR Award for the sixth time and for the third consecutive year since 2016.



## National Talent Development Award

Delta won the 2018 National Talent Development Award organized by the Ministry of Labor amid intense competition with hundreds of applicants.



## The Taiwan Corporate Sustainability Award

Delta received five major sustainability awards held by the Taiwan Institute for Sustainable Energy in 2018 including: Ten Most Sustainable Companies Award, the Climate Leadership Award, the Supply Chain Management Award, English CSR Report Award, and the Top 50 Corporate Sustainability Report Award in the field of electronics and information industry.



## Corporate Governance Evaluation Ranked in Top 5% of Listed Companies

Delta was listed by the Taiwan Stock Exchange as one of the companies in the top 5% for outstanding performance in the first Corporate Governance Evaluation for four consecutive years.

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# 1. Letter to the Shareholders



## Dear Shareholders:

In 2018, the world economy was seriously affected by the US-China trade war and a steep rise in the cost of raw materials, which have caused a turbulent economic environment and weakened overall confidence in market investment. Despite the difficulties and challenges in the business environment, Delta achieved growth in both annual revenue and gross profit, thanks to the joint efforts of all of our Delta colleagues. Delta's consolidated revenue in 2018 was NT\$237 billion, a 6% increase from the previous year; gross profit was NT\$63.6 billion; and gross profit margin was 26.8%, 5% higher than the previous year. The net operating profit was NT\$18.2 billion, with a net operating profit margin of 7.7% that decreased by 8% compared to the previous year. Net income after tax was NT\$ 18.2 billion, with a net after-tax profit margin of 7.7%, which showed a slight decrease of 1% compared to the previous year. In 2018, Delta's earnings per share (EPS) was NT\$7.00, and return on equity (ROE) ratio was 14.28%.

In response to increasing regional economic risks, Delta announced in 2018 that it would acquire the shares of Delta Electronics (Thailand) Public Company Limited (DET), listed in Thailand via Conditional Voluntary Tender Offer by its subsidiary DEISG. After obtaining approval by the government agencies of the relevant countries for the acquisition, Delta officially submitted a public acquisition document to DET. While Delta's production has been mainly concentrated in China and Taiwan, DET has its manufacturing base in Thailand, India and Slovakia. The acquisition allows Delta to strengthen its global production layout, improve manufacturing and shipping flexibility, reduce international trade war risks, as well as increase overseas sales and draw closer to customers in India and Southeast Asia. In addition, Delta has expanded its presence in Taiwan by adding new capacity in Taoyuan, Chungli, Taichung and Tainan. Through more flexible production arrangements and more in-depth service networks, Delta will be able to further expand its global business footprint.

Here is a summary of Delta's performance in various business fields in 2018, and future prospects:

## Power Electronics

With sophisticated technology and excellent operations management, Delta has become an indispensable long-term strategic partner with many world-class manufacturers, winning

customer praise for products such as Switch Mode Power Supplies (SMPS), brushless DC fans, cooling systems, and miniaturized key components. After decades of development, our business operations have gradually expanded from consumer products to industrial, medical, automotive, home appliance and other fields of application.

In addition to making continuous improvements in electronic component technology, Delta's developments in the field of video technology are unrivaled on the global stage. At the European International Audio-Visual and Integration System Exhibition held in the Netherlands in 2018, Delta released the world's first 25,000 lumens ultra-high brightness DLP 8K projector that presented the audience with 8K 33 megapixels of video clarity using Delta's proprietary optical and signal processing technology. Delta's video projection devices provide a new generation of visual quality, achieving technical excellence in power management and highly efficient heat dissipation, and fulfilling Delta's corporate mission: "To provide innovative, clean and energy-efficient solutions for a better tomorrow."

Delta is garnering the results of years of business development in the automobile industry. Besides supplying a variety of auto components, Delta is working closely with many of the world's leading car manufacturers to provide key solutions for power management systems and traction motor systems for electric vehicles. With the rapid growth of the electric vehicle market, this sector will become an important source of Delta's future growth.

The power electronics business has contributed to Delta's revenue and profits for many years. As Delta's business becomes more extensive, the future power supply and components sector will continue to be an important pillar supporting the development of Delta's operations.

## Automation

Delta has developed its industrial automation business for more than 20 years and holds extensive practical experience in many markets and industries around the world. With the development of intelligent manufacturing applications, solutions that combine diverse industrial knowledge have gradually become the key to success for industrial automation manufacturers. With strong R&D capabilities and production line process experience, Delta provides intelligent solutions for machines, production lines and factories for customers in a variety of industries, helping them gradually move towards smart manufacturing.

In 2018, Delta assisted automotive industry customers in mastering energy applications for production lines, collecting and analyzing energy consumption data of equipment, and achieving energy-saving targets. Delta applied its DIAView graphic control system on CNC machine tools for data collection and analysis for device networking and intelligent monitoring. In addition, Delta has provided control and wireless communication solutions for automated guided vehicles (AGV) at food processing plants, and introduced SCARA industrial robots to the carton manufacturing industry to replace human labor.

The SCARA robots provide high-precision, agile and flexible carton cover assembly while applying Delta's motion control system and smart energy detector to matrix sorting lines from the logistics industry to achieve fast and accurate parcel sorting operations.

To improve manufacturing quality and achieve the long-term goal of intelligent manufacturing, Delta began introducing its own intelligent factory transformation project in 2016. The project was executed step-by-step, from equipment, production line, and logistics, to the entire factory. By the end of 2018, 77% of Delta's China production lines had implemented processes and systems for introducing intelligent manufacturing. Using a variety of intelligent production equipment made by Delta, the proportion of process stations that rely on manual operations dropped 40% compared with the baseline year of 2015.

In the field of building automation, Delta has acquired Loytec and Delta Controls in recent years, and acquired the Taiwan-listed company Vivotek Inc. through Public Tender Offer, gradually achieving a business master plan for Delta's building automation. In 2018, Delta built a high-end food research and development center for the leading dairy in Asia. Delta provided Loytec IoT, a building management platform, and constructed an integrated management center spanning different buildings and subsystems, simultaneously decentralizing and controlling a range of electromechanical equipment, effectively assisting customers in reducing system integration time and saving at least 20% in construction costs.

With the US-China trade war having a definite affect, the Chinese market is slightly cooling in 2018. However, with rigid demand in the market due to an improving industrial structure and intelligent manufacturing, we believe Delta's automation business will continue to be a main source of growth for the company for the long term.

## Infrastructure

Benefitting from the rapid pace of data center investment and construction by global conglomerates, Delta's data center solution business is expanding in 2018. Delta designed the largest high-speed data center corridor for the MYTHIC International Submarine Cable Project using its modular containerized data center solution. Delta's modular containerized data center not only reduces construction cost significantly, but also fits any geographical environment while utilizing a short construction time. A traditional fixed-point data center takes two years to build, while construction of the Delta modular containerized data center takes only weeks. The modular containerized data center is also highly energy efficient with an average annual PUE of less than 1.43, which meets the Green Grid's gold level standard.

In communication power supplies, Delta already offers high-end energy solutions in countries such as Japan and the U.S. to meet commercial 5G mobile communication needs and assist telecommunication operators installing the 5G internet. In the U.S., Delta is successfully promoting a high efficiency energy system as well as a high performance DC generator for backup

power supply to ensure stable and quality communication services. In Taiwan and Japan, Delta has introduced power systems that accommodate cell sites and utilize communication power supply systems that yield 98% energy conversion efficiency. In addition, these systems are equipped with Delta made lithium batteries to effectively assist the client in saving energy, reducing carbon emissions, and contributing to environmental sustainability.

On the infrastructure side, Delta focuses on the application of distributed energy systems. Compared to a centralized power plant where a large-scale power outage may occur during an emergency, distributed energy systems offer the opportunity to dispatch energy whenever needed and are not restricted by geographical location. To support distributed energy system applications, Delta offers two-way charging devices for electric vehicles, wind power conversion units, solar inverters and energy storage related products.

Delta recently participated COP24 conference through the Delta Electronics Foundation. The company engaged in conversations with leaders of the city governments of Milan, Italy and Paris, France as well as the Deutsche Post DHL. Delta shared its infrastructure solutions for distributed energy grids and offered to assist the cities in their low carbon energy transformations.

At Delta, we not only care about developing new business and new technologies, but also about managing our company in accordance with Environmental, Social, and Governance (ESG). Last year, Delta received the Best ESG Communications Award in Greater China from IR Magazine which recognized Delta's ESG efforts and results. Delta was also listed in "The Dow Jones Sustainability™ World Index" for the eighth consecutive year. In 2018, Delta was recognized as an industry leader and included in an honor list for the corporate social responsibility category from Global Views Monthly magazine. Delta also received the top "CSR Corporate Citizen Award" from Commonwealth Magazine, five awards from the 2018 Taiwan Corporate Sustainability Awards, as well as recognition as a "top 5% listed company" in the corporate governance evaluation carried out by the Taiwan Stock Exchange. Delta was also listed as one of Taiwan's top 20 international brands for the eighth consecutive year. Delta's brand value reached USD 266 million in 2018 after six years of growth.

Serving diverse industries over the years, Delta is dedicated to maintaining our long-term strategic vision regardless of the challenges ahead. We thank all of our loyal clients, shareholders and partners for your years of support. Delta's management team continues to work alongside our colleagues, leading the company as a model enterprise, influencing the world for the better, and providing a positive impact on our environment and society.

Sincerely,

Chairman



## 2. Company Profile

### ► 2.1 Date of Incorporation: August 20, 1975 (Refomed as Company Limited by Shares)

### ► 2.2 Delta Electronics' Timeline

1971	Apr.	Founded at Min-An Road, Sinhuang, Taipei County, Taiwan, Delta Electronics produces TV coils and Intermediate Frequency Transformers (IFT).
1975	Aug.	Incorporates as a joint-stock limited liability company.
1980	Apr.	Starts producing components for switching power supplies.
1981	Jul.	Starts mass production of EMI Filters.
1983	Mar.	Starts mass production of switching power supplies.
1984	Jan.	Wins a vendor award from Zenith.
	Jan.	5005A is the first model of Power Supply to apply for UL listing.
	Apr.	Wins a vendor award from Digital.
1986	Feb.	Wins vendor awards from Rockwell International.
	Apr.	Starts using surface-mount technology in producing power supplies.
1988	Jan.	Invests in Dastek, and enters the world's most advanced thin film technology field
	Jun.	Starts mass production of DC fans and begins to produce Local Area Network components.
	Dec.	Listed on the Taiwan Stock Exchange.
1989	Mar.	Invests in Thailand and founds Delta Electronics (Thailand).
	Aug.	Establishes an R&D Lab in Virginia Tech in the U.S.
1990	Apr.	Wins vendor awards from IBM.
	May	Named No. 2 in power supplies sales in the U.S. market by Trish Associates.
1991	Nov.	Wins a vendor award from HP.
1992	Jan	Starts mass production of power supplies for Notebooks.
1993	Apr.	Wins vendor award from IBM.
	Dec.	According to a report from US Micro-tech Consultant, Delta's switching power supplies ranked 1 <sup>st</sup> in the US market, and ranked 5 <sup>th</sup> in the global market.
1994	Feb.	Wins vendor award from NEC.
	Jul.	Awarded TCP safety certification by UL.
	Sep.	Launches communication power systems.
1995	May	Launches variable-frequency drives.
	Aug.	Wins vendor award from GE LIGHTING.
1996	Mar.	Wins vendor award from Intel.
	Apr.	Named No. 1 supplier of power supplies in both the global and the U.S. markets by Micro-Tech Report.
	Jul.	Launches uninterruptible power systems.
1997	Jun.	Wins a vendor award from Fujitsu.
	Oct.	Wins vendor awards from companies such as Panasonic, and Mitsubishi.
1998	Nov.	Jhongli Plant is awarded ISO 14001 Certification. Wins vendor award from HP.
	Dec.	UPS system wins the Excellence Award of Taiwan
1999	Jan.	Establishes Delta Networks.
	Mar.	Wins a Dell Platinum Supplier Award.
2000	Apr.	Wins vendor award from NEC.
	May	Joins the Massachusetts Institute of Technology Oxygen Project Alliance
	Oct.	Dongguan Plant is awarded ISO 14001 Certification.
2001	Mar.	Awarded by Intel for outstanding technology and quality.
	May	Cyntec Co., Ltd., Delta's joint ventures, listed on the Taiwan Stock Exchange.
	Jun.	Wins vendor award from Fujitsu.
	Dec.	Wujiang Plant opens in mainland China and is awarded ISO 9001 Certification.



2002	Jan.	Wujiang Plant passes TL-9000 certification.
	Mar.	Awarded by Intel for outstanding technology and quality for the second year running.
	Sep.	Receives a PS2 Quality Supplier Award from Sony.
	Dec.	Wins an Intel Preferred Quality Supplier Award.
2003	Mar.	Wins vendor awards from Samsung and Black & Decker.
	Aug.	Wins a vendor award from NEC.
	Dec.	Awarded Best in Corporate Governance in Asia by Asset magazine.
2004	Dec.	Named No. 1 in global power supplies sales by Micro-Tech Consultant.
	Jun.	Delta's 56" 16:9 DLP internal projection TV awarded the Gold Award of the 12 <sup>th</sup> National Awards for Excellence by the President of Taiwan.
	Jul.	Wins the Microsoft Vendor of the Year Award.
	Aug.	Wins vendor awards from companies such as NEC and Black & Decker.
	Nov.	Founds DelSolar, a company dedicated to the R&D and manufacturing of solar cells.
2005	Dec.	Wins the Cisco Systems Supplier of the Year Award.
	Jan.	Receives a best-partner award from Sony.
	Jun.	Named the best among technology companies in the First Annual Corporate Social Responsibility Awards presented by Global Views Magazine.
	Nov.	Opens a new plant in Tainan.
	Dec.	Wins the Siemens Communications Supplier of the Year Award.
2006	Dec.	Wins the vendor award from Black & Decker.
	Feb.	Wins the Microsoft Vendor of the Year Award for the third year running.
	Apr.	Receives the Sony Most Valuable Supplier Award.
	Apr.	Recognized with the highest rating grade A for Corporate Governance by the Taiwan Stock Exchange.
	Jul.	Rated by Standard & Poor's as one of Taiwan's top 50 companies in terms of credit quality.
	Aug.	The new plant in Tainan becomes the first in Taiwan to be awarded a Gold-Rated Green Building Certificate from the Ministry of Interior.
	Nov.	Wins vendor awards from companies like Fujitsu & Siemens.
	Dec.	Annual revenue exceeds 100 billion with a consolidated revenue of NT\$105.26 billion in 2006.
2007	May	Named the best among technology companies in the Annual CSR Awards presented by Global Views Magazine for the third year running.
	May	Rated as an A+ company in terms of Information Transparency and Disclosure by the Securities & Futures Institute.
	Nov.	Rated as an A+ company in the e-Business Assessment Scheme for Enterprise of the Ministry of Economic Affairs.
2008	Feb.	Becomes the only Chinese company to be named in the Global Top 100 Low Carbon Pioneers of CNBC European Business magazine.
	Mar.	Received the Green Procurement Excellence Award of 2007 by the Environmental Protection Administration Executive Yuan.
	Apr.	Receives a CSR Honor Award from Global Views Magazine.
	May	Named in BusinessWeek's Info Tech 100.
	Oct.	Wins the Excellent Innovation Achievement Award, which is the highest award of the 16 <sup>th</sup> Industrial Technology Advancement Awards sponsored by the Ministry of Economic Affairs.
	Dec.	Included in Forbes Asia's Fabulous 50 for the second year running.
2009	Mar.	Wins a Corporate Citizenship Award from CommonWealth Magazine for the third year running.
	May	Builds the 1MW rooftop solar power system for the Main Stadium of the World Games 2009 in Kaohsiung, Taiwan.
	Jun.	Ranked A+ in the Information Disclosure and Transparency Ranking Results.
	Jul.	Tainan Plant, formerly Gold-Rated, is awarded a Diamond-Rated Green Building Certificate.
	Oct.	Receives an award at the first Asia Pacific Frost & Sullivan Green Excellence Awards.
	Oct.	Rated as the Most Admired Company in the electronics industry by CommonWealth Magazine for the eighth year running.
2010	Oct.	Delta's board of directors acquires 100% stake in Cyntec through share conversion.
	Feb.	Wins the 2009 Global Chinese Business 1000: Top 20 Enterprise Honor Award (Taiwan) from Yazhou Zhoukan.
	May	Awarded Top 100 China Green Company.
	May	Ranked first among thousands of electronic industry enterprises for after-tax net profit in 2009 by CommonWealth Magazine.
	Jul.	Receives Corporate Citizenship Champion Award for Large Companies from CommonWealth Magazine.
	Aug.	Obtains the Taiwan's Excellent Brand Award organized by the Bureau of Foreign Trade, MOEA.
	Aug.	Rated as an A+ Company for Information Transparency and Disclosure by the Securities & Futures Institute in Taiwan.
	Oct.	Rated as the Most Admired Company in the electronics industry by CommonWealth Magazine for the ninth year running.
Dec.	Honored with Global Chinese Business 1000 - Best Performance Award by Yazhou Zhoukan.	

2011	Jan.	Taiwan's first zero carbon building, Y. S. Sun Green Building Research Center in NCKU, is completed, which was donated by the founder of Delta, Bruce Cheng.
	May	Awarded Top 100 China Green Company for consecutive years.
	May	Rudrapur Plants in India win LEED Gold-rated Green Building Certificate.
	Jun.	Awarded Top 100 Asia and Taiwan Technology Company by Business Next.
	Jul.	Wins Corporate Citizenship Award from CommonWealth Magazine.
	Jul.	Recognized by Institutional Investor Magazine as Best CEO, Best Investor Relations, and Best IR Professionals in its 2011 All-Asia Executive Team Rankings.
	Jul.	Awarded Electric Vehicle Charging Station project from ARTC (Automotive Research & Testing Center) for building the first EV Charging station for EV testing and verification in Taiwan.
	Jul.	Dongguan Plant in China becomes the world's first power and components electronic enterprise to officially pass the conformity evaluation for the Energy Management System of the International Organization for Standardization ISO50001.
	Aug.	Rated as an A+ Company for Information Transparency and Disclosure by the Securities & Futures Institute.
	Sep.	Selected for the Dow Jones Sustainability™ World Index (DJSI World).
	Sep.	Named as a Taiwan Top 20 Global Brand.
	Sep.	Delta Thailand, a Delta associate company, receives ISO 50001:2011 certification from SGS (Thailand) Limited for energy management systems. The first company in Thailand with this ISO certificate.
	Oct.	Rated as the Most Admired Company in the Electronics Industry by CommonWealth Magazine for the 10 <sup>th</sup> Year Running.
Nov.	Opens Shanghai R&D and Operations Center Building.	
Dec.	Opens Taoyuan Plant 3 and R&D Center.	
2012	Jan	Awarded SAM Gold Class Company in its 2012 Sustainability Yearbook.
	Feb.	Delta Electronics Foundation completes reconstruction of 65% energy-saving, eco-friendly Namasia Elementary School.
	Feb.	Wins the Top 10 Famous Brands of the Power Industry in China.
	May	Wins two major awards at the Global Views Monthly's CSR Awards.
	May	Delta EMEA wins the Gold Award from the British Green Organization.
	May	Gurgaon Plant in India is recognized with a LEED-India Platinum Certification.
	May	Ranked again among the top 50 private enterprises in China's Top 100 Green Companies.
	Jun.	Ranks A++ in the Information Disclosure and Transparency Ranking Results.
	Jun.	Delta announces new management team with Yancey Hai appointed as Chairman and Ping Cheng as CEO. Delta's founder and chairman Bruce Cheng continues to serve on the board as honorary chairman.
	Aug.	Receives the Top CSR Award from CommonWealth Magazine.
	Aug.	Taoyuan Technology Center recognized with the U.S.A. LEED Gold Certification and Taiwan EEWB Gold Certification.
	Sep.	Selected for 2012 Dow Jones Sustainability Indexes and named as a global Industry leader in the ITC Electronic Equipment sector.
	Sep.	Selected again as one of Taiwan's Top 20 Global Brands.
	Oct.	Awarded Commonwealth Magazine's Most Admired Company for the 11 <sup>th</sup> consecutive year.
	Oct.	Receives the National Industrial Innovation Award again.
	Nov.	Neo Solar Power joins hands with Delta Group to create the largest solar cell company in Taiwan.
	Nov.	Ranked as one of The 20 Most Innovative Companies in Taiwan from the Industrial Development Bureau of the Ministry of Economic Affairs (MOEA).
	Nov.	Tainan plant wins the first general industry cleaner production certification of Green Factory Label from the Industrial Development Bureau of the Ministry of Economic Affairs (MOEA).
Dec.	Ranks No. 3 for Best IR Practices for IR Magazine's Greater China 2012 Awards and Taiwan's Best CEO and Best IR Officer.	
Dec.	Wins the Outstanding Enterprise Award of the China Corporate Social Responsibility List from the China Business Network, the first Taiwanese electronic enterprise to win this award.	
Dec.	Delta Thailand, a Delta associate company, receives the Prime Minister BEST Industry Award.	
Dec.	Taoyuan Plant II awarded the Energy Saving and Carbon Reduction Action Label by the Environmental Protection Administration of the Executive Yuan, and selected as the North District Energy Saving and Carbon Reduction company of excellence.	
2013	Jan.	Selected as the 2013 SAM electronic equipment category Sector Leader and Sustainable Enterprise Gold Class.
	Feb.	Participates in the 2013 Taiwan Lantern Festival to build Taiwan's first low-carbon building, The Delta Ring of Celestial Bliss, under the building carbon audit inspection.
	Apr.	Selected as one of the top 100 China Green Companies in 2013 and ranked among the top 10 private enterprises, and online voting is also the first among resident enterprises.
	Apr.	Delta's six products including automation, LED lighting, and electric vehicle charging systems awarded the 21 <sup>st</sup> Taiwan Excellence Award.
	May	Receives 1st Place for both Overall Performance and Environmental Protection at Global Views Magazine's CSR Awards.
	Jun.	Ranks A++ consecutively in the Information Disclosure and Transparency Ranking Results.

2013	Jul.	Ranks No. 4 for Taiwan's Best Companies from Institutional Investor Magazine and receives The Most Promising Company from Corporate Governance Asia Magazine.
	Aug.	Delta Thailand, a Delta associate company, wins the 2013 ASEAN Business Award in the innovation category for large company.
	Aug.	Receives the Top CSR Award again from CommonWealth Magazine.
	Sep.	Selected for the Dow Jones Sustainability™ World Index (DJSI World) for the 3 <sup>rd</sup> consecutive year.
	Oct.	Awarded Commonwealth Magazine's Most Admired Company for the 12 <sup>th</sup> consecutive year.
	Oct.	Delta Thailand, a Delta associate company, receives the CSR-DIW Continuous Awards and CSR-DIW Awards 2013.
	Nov.	Delta Thailand, a Delta associate company, received the Thailand Energy Award 2013 in the energy management team category.
	Dec.	Recognized for its Investor Relations and Sustainability Practices at the IR Magazine's Greater China 2013 Awards.
	Dec.	Delta Shanghai operations center receives LEED Gold Certification as Delta's 10th certified green building.
	Dec.	Delta's Taoyuan R&D Center and Tainan Plant Phase II both awarded Excellent Green Building 2013 recognition.
	Dec.	Wins the Outstanding Enterprise Award of China Corporate Social Responsibility List from China Business Network. Delta is the only Taiwan-funded high-tech enterprise that has won the award for consecutive years.
	Dec.	Honored with three major awards at the 2013 Taiwan Corporate Sustainability Awards.
2014	Jan.	Taipei headquarters receives a Taiwan Green Building Certificate for building renovation (EEWH-RN Diamond).
	Apr.	Awarded Top 100 China Green Company recognition for 5 <sup>th</sup> year in a row.
	Apr.	Wins two CSR champion awards from Global Views Magazine.
	Apr.	Deltas' Ultra-Short Throw Projector Wins the Taiwan Excellence Silver Award. A total of 11 Delta Products win the 2014 Taiwan Excellence Award.
	May	Wins the Lenovo 2014 Global Supplier Outstanding Service Award again.
	Aug.	Receives the CSR Award from CommonWealth Magazine for the 8 <sup>th</sup> consecutive year.
	Aug.	Ranks A++ consecutively in the Information Disclosure and Transparency Ranking results.
	Sep.	Selected for the Dow Jones Sustainability™ World Index (DJSI World) for the 4 <sup>th</sup> consecutive year.
	Oct.	Only Greater China company named to the CDP Climate Performance Leadership Index (CPLI).
	Oct.	Delta Thailand, a Delta associate company, received the Prime Minister's Business Enterprise Award 2014 in the best exporter category.
	Oct.	Awarded Commonwealth Magazine's Most Admired Company award for the 13 <sup>th</sup> consecutive year.
Dec.	Wins the 2014 Best Corporate University in China.	
2015	Jan.	Delta's energy-saving ventilation fan wins the Taiwan Excellence Award again.
	Jan.	Delta-IBN Life Science and Diagnostics Lab opens at Biopolis.
	Jan.	Receives the Excellent Manufacturing Award from DELL.
	Jan.	Launches SCARA industrial robots.
	Feb.	Receives Excellent Suppliers and Excellent Quality Suppliers Awards from NEC.
	Feb.	Taoyuan II Factory receives the Energy Conservation and Carbon Reduction Action Mark & North District Energy Conservation and Carbon Reduction Special Enterprise Award.
	Mar.	Recognized with Channel NewsAsia's 2015 Green Luminary Award.
	Apr.	Ranks A++ in the Information Disclosure and Transparency Ranking Results for the 4 <sup>th</sup> consecutive year.
	Apr.	Acquires Eltek ASA, a leading provider in telecom power, industrial and datacenter power solutions.
	Apr.	Wins two CSR champion awards from Global Views Magazine.
	Jun.	Receives The First Corporate Governance Evaluation Award from the Taiwan Stock Exchange.
	Aug.	Wins the 2015 Red Dot Award for Product Design with Golden Eagle.
	Aug.	Receives the CSR Award from CommonWealth Magazine for the 9 <sup>th</sup> consecutive year.
	Sep.	First Delta China CSR Report officially goes online.
	Sep.	Named to DJSI World Index for 5 <sup>th</sup> consecutive year and ranked first among world-leading Electronic Equipment, Instrument and Component Companies.
	Sep.	Invests in Swissray Global Healthcare Holding, Ltd. to focus on the healthcare sector.
	Sep.	Delta Electronics (Wuhu) Ltd. wins the Top 10 Import and Export of Private Enterprises in Anhui Province in 2015.
	Sep.	Delta's Wuhan building officially opens with both R&D and Sales functions.
	Oct.	Opens Delta Sunshine Junior High School in Longmen, Yaan (China).
	Oct.	The ASEAN Corporate Governance Scorecard ranks Delta Thailand, a Delta associate company, among the Top 50 companies in Thailand.
	Oct.	Delta Americas opens new headquarters designed as LEED Platinum and net zero.
	Nov.	Named as a Best Taiwan Global Brand for 5 consecutive years with a 17% increase in brand value.
	Nov.	Vivitek Qumi Q6 LED Mobile Projector wins 2015 Japan G-Mark Design Award.
Nov.	Optovue announces USD30 Million private equity investment agreement with Delta to fuel continued innovation.	



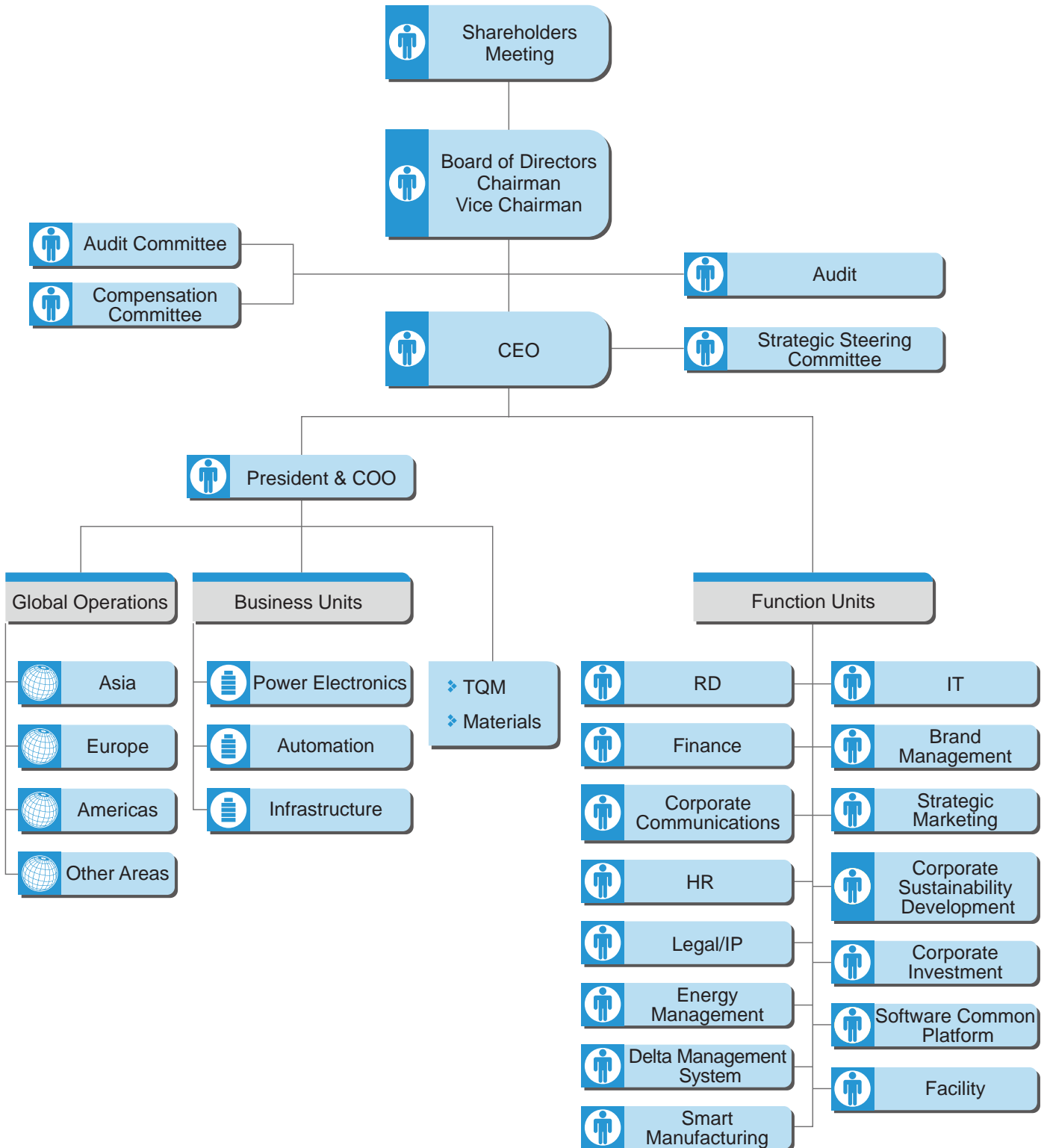
2015	Nov.	Honored with three major awards at the Taiwan Corporate Sustainability Awards.
	Dec.	Wins first prize as Best CSR Partner from Acer.
	Dec.	Wins the MAPECT TAIWAN M&A Awards with the Eltek acquisition.
	Dec.	Recognized with the Best Environmental Responsibility Initiative from Assets magazine.
2016	Jan.	Inaugurates first proprietary solar PV plant in Ako City, Japan.
	Feb.	Netgear presents Best Supplier Awards to Delta Networks.
	Feb.	Honored with SCE's first certificate of appreciation to its suppliers and EMS partners.
	Mar.	Delta's Beijing office building recognized with LEED-NC Silver certification.
	Mar.	Wins iF Design Award 2016 for the Golden Eagle and NovoPRO & Launcher.
	Mar.	President Ma Ying-Jeou confers Delta founder Mr. Bruce Cheng with the Order of the Brilliant Star for his outstanding contributions to the country and society.
	Mar.	Delta Electronics and the National Cheng Kung University jointly establish the Smart Farming Joint Research and Development Center.
	Mar.	General Motors honors Delta as an Inaugural Winner of their Coveted Supplier Innovation Award.
	Apr.	Delta's subsidiary, Delta Electronics International (Singapore) Pte. Ltd., acquires shareholdings in LOYTEC, an Austrian building automation company.
	Apr.	Delta's subsidiary Delta Electronics (Netherlands) B.V. and Delta Controls enter into a definitive agreement.
	May	Wins two CSR champion awards from Global Views Magazine.
	Jun.	Delta's Founder and Honorary Chairman Bruce Cheng awarded with an Honorary Doctorate Degree from Taipei Medical University.
	Jun.	Wins Excellent Partner & Good Quality awards from Epson.
	Jun.	Establishes the Delta - NTU Corporate Laboratory for Cyber-Physical Systems in Singapore.
	Jun.	Honored with the National Excellence Award from the Indian Ministry of New and Renewable Energy (MNRE).
	Aug.	Delta's headquarters green building in Taipei receives LEED Platinum certification for operation and maintenance of existing buildings.
	Aug.	Wins CommonWealth Magazine's excellence in Corporate Social Responsibility Award 2016.
	Sep.	Becomes one of the first members of the Beijing Innovation Center for Industrial Big Data.
	Oct.	Delta's subsidiary Eltek wins the NHO Innovation Award 2016 in Norway for its ingenious Rectifier power conversion system.
	Nov.	Delta's Founder and Honorary Chairman Mr. Bruce Cheng receives the first Outstanding Entrepreneur award at the Global Views Magazine leaders' forum.
	Nov.	Honored with four major awards at the 2016 Taiwan Corporate Sustainability Awards, including The Most Prestigious Sustainability Award-Top Ten Domestic Corporation Award, The Climate Leadership Award, The Supply Chain Management Award, and Corporate Sustainability Report Award.
	Nov.	Selected as one of the top 20 global brands in Taiwan for six consecutive years.
	Nov.	Acquires 100% stake in Unicom System Eng. Corp. to seize opportunities in smart manufacturing.
	Dec.	Delta's Founder and Honorary Chairman Bruce Cheng receives the China CSR Outstanding Person Award in 2016.
2017	Jan.	Delta's subsidiary Eltek provides renewable energy solutions to 104 hospitals in Zimbabwe under the UNDP's Solar for Health program.
	Jan.	Delta's China CSR Report recognized with 2016 China CSR Report Comprehensive Rating of Five Stars.
	Feb.	Delta Thailand, a Delta associate company, wins the Outstanding CEO Awards and the Best Company Performance Award from the Stock Exchange of Thailand (SET).
	Feb.	Wins the Gold Class Award of Sustainability Yearbook from RobecoSAM.
	Feb.	Delta Articulated Robot wins Silver Award at the 25 <sup>th</sup> Taiwan Excellence Awards.
	Mar.	Wins ACREX Awards of Excellence with Building Automation Solutions.
	Apr.	Announces organizational adjustment to accelerate growth through focus on "Power Electronics", "Automation" and "Infrastructure" as main business categories.
	Apr.	Delta's Founder and Honorary Chairman Bruce Cheng awarded with Honorary Doctorate Degree from National Yang-Ming University.
	Apr.	Delta's EMEA Headquarters achieves annual energy savings up to 45% and is awarded BREEAM.
	Apr.	Receives The Corporate Governance Evaluation Award from the Taiwan Stock Exchange for the 3 <sup>rd</sup> consecutive year.
	Apr.	Earns ENERGY STAR <sup>®</sup> Partner of the Year Award for the second consecutive year.
	May	Wins three major awards at the 2017 Global Views Monthly's CSR Awards.
	Jun.	Delta China EICC team wins the honor of "Supplier Chain Social and Environmental Responsibility Build" from Dell.
	Jun.	Delta Thailand, a Delta associate company, receives ESG100 Universe for the 3 <sup>rd</sup> consecutive year.
	Aug.	At the Excellence in CSR Award by CommonWealth Magazine Delta receives the highest score in the Social Participation and Environmental Sustainability categories.
	Sep.	Delta Americas Headquarters recognized with Livable Buildings Award Honorable Mention.

2017	Sep.	Selected for the Dow Jones Sustainability™ World Index (DJSI World) for the 7 <sup>th</sup> consecutive year.
	Oct.	Acquires 49.2% stake in VIVOTEK to strengthen its building automation solutions portfolio.
	Nov.	Named as a Best Taiwan Global Brand for the 7 <sup>th</sup> consecutive year, and the only Taiwanese brand to attain a double-digit growth rate in value for the 5 <sup>th</sup> consecutive year.
	Nov.	Delta recognized with Carbon Disclosure Project (CDP) Climate Change Leadership A- level, & Supply Chain Climate Change Disclosure A- grade.
	Nov.	Ranked among the top 10 in the China Top 100 Social Responsibility Development Index in the Blue Book of Corporate Social Responsibility for the 3 <sup>rd</sup> consecutive year.
	Nov.	Honored with four major awards at the 2017 Taiwan Corporate Sustainability Awards, including The Most Prestigious Sustainability Award-Top Ten Domestic Corporate Award, The Climate Leadership Award, The Supply Chain Management Award and the Corporate Sustainability Report Award.
	Dec.	Delta's subsidiary DELBio wins the Taiwan Excellence Gold Award for the DELPet-μCT.
	Dec.	Takes the lead in setting Science Based Targets as the first company in Taiwan to pass SBTi.
	Dec.	Selected for the FTSE4Good TIP Taiwan ESG Index.
2018	Mar.	Articulated robot DRV series wins the iF Design Award.
	Mar.	Delta's 2016 CSR report rated in the world's top 25 by Baruch College.
	Mar.	Delta's Detroit Office inaugurates expanded facilities.
	Apr.	Receives the R.O.C. (Taiwan) Presidential Innovation Award.
	May	Wins the Corporate Governance Evaluation Award from the Taiwan Stock Exchange for the 4 <sup>th</sup> consecutive year.
	May	Becomes the only company listed in the CSR Annual List of Honors of Global Views Magazine.
	Aug.	Wins the first prize CSR Award from CommonWealth Magazine for the third consecutive year.
	Sep.	Becomes a member of the EV100 Initiative to promote low-carbon transportation worldwide.
	Sep.	Delta's ESG performance leads the Electronic Equipment, Instruments and Components Industry in the 2018 Dow Jones Sustainability Indices.
	Oct.	Recognized at the Greenbuild China 2018 conference with the Industry Leadership Award and the Green Leadership Award.
	Nov.	Delta Ako Energy Park's green building is LEED-Gold Certified with energy savings up to 33.8%.
	Nov.	Recognized as a Taiwan Top 20 Global Brand for the 8 <sup>th</sup> straight year.
	Nov.	Recognized with five major awards at the 2018 Taiwan Corporate Sustainability Awards.
	Nov.	Wins National Talent Development Awards.
Nov.	Innergie PowerGear™ 60C wins the Taiwan Excellence Silver Award.	
Dec.	Recognized with the IR Magazine ESG Communications Award.	
Dec.	Delta's Automatic Nucleic Acid Test System wins the 15 <sup>th</sup> National Innovation Award.	
Dec.	Passes ISO 27001 information security certification, and also obtains NPI new product development process and IT category.	
2019	Jan.	Receives the NEC Partner of the Year 2018 Award (environmental category).
	Mar.	Delta's subsidiary Delta Electronics (Netherlands) B.V. acquires a 100% stake in the lighting solution brand Amerlux.
	Apr.	Delta's subsidiary DEISG acquires a 42.85% stake in Delta Electronics (Thailand) Public Company Limited (DET). Delta and its subsidiaries aggregately hold a stake of 63.78% of the total issued and paid-up shares of DET.
	Apr.	Achieves ENERGY STAR® Sustained Excellence Award for the second consecutive year.

# 3. Corporate Governance Report

## ▶ 3.1 Organization

### 3.1.1 Organization chart as of 2019.04.29





### 3.1.2 Tasks of principal divisions.

April 29, 2019

Main Departments	Business activities
Power Electronics	“Power Electronics” includes components, power supplies, fan & thermal management, automotive electronics. Delta is a global provider of power and thermal management solutions. It produces high-efficient products such as switching power supplies, brushless DC fans, and passive components for world-class customers in various segments including ICT, consumer electronics, as well as industrial equipment. By integrating Delta’s core competencies in power electronics and systems, Delta is able to supply power train systems and key automotive electronics for electric/hybrid vehicle.
Automation	“Automation” includes industrial automation and building automation. As an industrial automation manufacturer, Delta offers efficient and reliable products and solutions to serve global customers in various applications such as food & beverage manufacturing, textiles, cranes and elevators, plastics and rubber, printing and packaging, machine tools, as well as electronics. Delta provides diverse Building Automation Solutions that integrate various IoT-enabled building systems, such as HVAC, lighting, energy generation, water supply and drainage, elevators, management systems, surveillance cameras, and access control to create a flexible, scalable and highly compatible building management and control platform.
Infrastructure	“Infrastructure” includes ICT infrastructure and energy infrastructure. Delta is a major provider of telecom power systems, UPS & datacenter infrastructure and networking systems for global customers to enable energy-efficient and reliable ICT infrastructure. Together with its partners, Delta facilitates the development of smart cities by providing various energy infrastructure including renewable energy, EV charging, energy storage systems, high power motor drive and more. With its innovative display technologies, Delta also produces projectors and video wall solutions for home theaters, control rooms, large event venues, exhibition halls and more.
RD	The RD department does technology trend analysis and research and development of new products. It draws up research and development strategies, level of technology development, new product development and its relative environmental requirements and structural design.
Finance	The finance department establishes a highly efficient and quality financial platform to provide transparent and reliable financial information, operational analysis and improvement plan. Through stern control and audit, better corporate management can be achieved. This department provides assessments on long-term investment, loan options and tax plans based on relative regulations. The finance department designs modules to control credit risks and projects financial risks to reduce the possibility of corporate crisis. It is also responsible for the planning and establishment of shared management procedures, hosting of the board of directors and shareholders meeting and ex-rights processing.
Corporate Communications	Provide Delta’s stakeholders with critical, concise, transparent, consistent and real-time information; promote our corporate social responsibility achievements; and enhance our corporate prestige. Our responsibilities include news themes management and planning, corporate external/internal website management, showroom planning, multimedia and graphic design planning/execution.
HR	The HR department designs and develops a human resource management plan to construct all-around candidate selection, learning and professional development, performance management, salary and benefit systems in order to motivate outstanding employees, improve organizational efficiency, and secure healthy labor relations.
Legal/IP	This department reviews all contracts, provides legal counseling, manages patents, trademarks and other intellectual property rights and deals with the handling of legal affairs such as law suits and regulation compliance.
IT	The IT department works on planning and establishing the company’s information management system. It is also responsible for computerizing operational procedures and system for business development activities and safeguarding the company’s information communication system to ensure system security and efficiently provide managers relative information for decision-making.
Brand Management	This department carries out long-term planning and execution of branding strategies, establishes the corporate brand management platform and constructs standard brand application samples to create and uphold a consistent image of Delta. The strategic improvement of Delta’s brand value leads to direct assistance in business growth and development of the company.
Strategic Marketing	The department assists the company’s marketing capacity and strategies for business development. The department integrates market information provided through thinks tanks and marketing platforms to create actual results from marketing activities. It is also responsible for the provision of strategic recommendations and cross-sectional resource integration through systematic management mechanisms and procedures to speed up the business development pace.
Corporate Sustainable Development	Corporate sustainable development: <ul style="list-style-type: none"> <li>• Assistance to businesses in integrating green energy products and energy management systems to their business production.</li> <li>• Promotion of energy saving and carbon emission reduction programs that are globally executed in line with their mission of “Love, Save and Protect the Earth”.</li> <li>• Benchmarking and analyzing best practices of the world’s leading brands to strengthen the competitiveness of the company on its corporate sustainable development strategies.</li> </ul> Occupational safety and health management: <ul style="list-style-type: none"> <li>• Construct, plan, monitor and promote workplace safety and health management details</li> <li>• Provide training to relative departments on protocol execution to properly ensure the safety and health of staffs.</li> </ul>
Corporate Investment	The department is responsible for relation establishment and maintenance between the company and the investors and institutions. It works on integrating internal resources to seek potential targets for the corporation and the execution of mergers in accordance with the future development of the company.
Quality Control	The quality control department establishes quality standards, designs quality assurance strategies for raw materials and final products and manages quality improvement activities.

Main Departments	Business activities
Audit	The audit department supervises all internal control and establishes audit processes to complete the annual audit.
Materials	The materials department works on the coordination and execution of the procurement, logistics, production management and contract works (machine, testing, information facilities, software, etc.) of all mechanical facilities and materials of the company.
Energy Management	The department provides energy efficiency improvement services to increase the energy efficiency in public facilities, information centers, buildings and factories.
Knowledge Management	The department works on the collection and integration of personal experience and knowledge to construct a knowledge management platform in order to enable knowledge sharing and dissemination of information.
Smart Manufacturing	The department is responsible for the design of Delta's future blueprint of intelligent factory and the development of the world's leading intelligent manufacturing technology.
Software Common Platform	The department establishes a software development process automation platform and common software element library to improve the quality of software development and increase the reuse ratio of software elements in order to avoid repetitive works in development.
Facility	The department manages and maintains the building and the public facilities in the factory to ensure a safe working environment and to execute energy saving measures in order to seek continuous recognition through green building certification.

## ▶ 3.2 Information of the Board of Directors and Management Team

### 3.2.1 Board of directors

April 12, 2019

Title Name Gender	Nationality/ Place of Incorporation	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%	Shares	%			Shares	%	Title
Chairman Yancey Hai M	TW	June 11, 2018	3	May 6, 2003	984,067	0.0379	0	0	0	0	0	0	MS Global Management, University of Dallas, U.S.A./ Country Manager, G.E. Capital, Vice-Chairman and CEO, Delta Electronics, Inc.	Chairman in Operations Strategy Management Committee; Delta Electronics, Inc.; Director, Delta International Holding Ltd.; Director, CTCI Corporation; Independent Director, USI Corporation, etc.	-	-	-
Vice-Chairman Mark Ko M	TW	June 11, 2018	3	May 16, 2001	837,630	0.0322	0	0	0	0	0	0	Department of Electrical and Control Engineering, National Chiao Tung University/ General Manager and COO, Delta Electronics, Inc.	Vice-Chairman in Operations Strategy Management Committee, Delta Electronics, Inc.; Director, Delta International Holding Ltd., etc.	-	-	-
Director Bruce CH Cheng M	TW	June 11, 2018	3	August 20, 1975	81,878,039	3.1521	24,097,633	0.9277%	0	0	0	0	Department of Electrical Engineering, National Cheng Kung University/ Chairman, Delta Electronics, Inc.	Honor Chairman, Delta Electronics, Inc.; Director, Delta International Holding Ltd., etc.	Ping Cheng Victor Cheng	Ping Cheng Victor Cheng	Father and Sons
Director Ping Cheng M	TW	June 11, 2018	3	May 16, 2001	55,090,093	2.1209	0	0	0	0	0	0	Department of Business Administration, California State University, Hayward / Senior Vice- President of Delta Electronics, Inc. and President in Greater China Area of Delta Electronics, Inc.	CEO, Delta Electronics, Inc.; Director, Delta International Holding Ltd., etc.	Bruce CH Cheng/ Victor Cheng	Bruce CH Cheng/ Victor Cheng	Father and Son/ Brothers
Director Simon Chang M	TW	June 11, 2018	3	May 18, 2006	903,811	0.0348%	517	0.0348%	0	0	0	0	EMBA of Chung Yuan Christian University/ Senior Vice-President and General Manager, Delta Electronics, Inc.	General Manager and COO, Delta Electronics, Inc.; Director, Betacera Inc., etc.	-	-	-
Director Albert Chang M	TW	June 11, 2018	3	June 10, 2009	1,104,917	0.0425	109,315	0.0042	0	0	0	0	EMBA, National Central University/ Senior Vice-President and General Manager of Power System Business Group, Delta Electronics, Inc.	-	-	-	-
Director Victor Cheng M	TW	June 11, 2018	3	June 11, 2018	49,094,764	1.8900%	1,023,482	0.0394%	0	0	0	0	MS Electrical Engineering, Santa Clara University/ Chairman, Delta Networks, Inc.	Senior Vice President and General Manager of Information Communication Technology Infrastructure Business Group, Delta Electronics, Inc., etc.	Director	Bruce CH Cheng/ Ping Cheng	Father and Son/ Brothers
Independent Director Yung-Chin Chen M	TW	June 11, 2018	3	June 19, 1012	0	0	0	0	0	0	0	0	MA Accounting, Soochow University/ CPA and Partner, PwC Taiwan	Director, Prime Oil Chemical Service Corporation; Independent Director, China Television Company, Representative of Corporate Director, Wei Chuan Foods Corp.; Independent Director, Hey-Song Corporation.	-	-	-



Title Name Gender	Nationality/ Place of Incorporation	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director George Chao M	TW	June 11, 2018	3	June 19, 2012	0	0	0	0	0	0	0	0	Department of Banking and Insurance, Tamkang University/ Chairman, 3M Taiwan Limited	-	-	-	-
Independent Director Tseng-Ping Peng M	TW	June 11, 2018	3	June 19, 2012	0	0	0	0	0	0	0	0	Ph.D. Materials Science and Engineering, University of Illinois/ Chairman, Department of Materials Science and Engineering, National Tsing Hua University, Dean of Academic Affairs, National Tsing Hua University, President, Materials Research Society Taiwan, President, Yuan Ze University	-	-	-	-
Independent Director Ji-Ren Lee M	TW	June 11, 2018	3	June 8, 2016	0	0	0	0	0	0	0	0	Ph.D. Strategic Management, University of Illinois at Urbana- Champaign/ Executive Director, EMBA Program, College of Management, National Taiwan University, Director, Creativity and Entrepreneurship Program, National Taiwan University	Independent Director, E. Sun Financial Holding Company, Ltd.; Independent Director, ACER Incorporated, Independent Director, Vivotek, Inc.	-	-	-

Major shareholders of the institutional shareholders: None

## Professional qualifications and independence analysis of directors

April 29, 2019

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	
	Criteria	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9		10
Yancey Hai			V				V	V	V	V	V	V	V	V	1
Mark Ko			V				V	V	V	V	V	V	V	V	0
Bruce CH Cheng			V	V					V	V	V		V	V	0
Ping Cheng			V						V	V	V		V	V	0
Simon Chang			V			V	V	V	V	V	V	V	V	V	0
Albert Chang			V	V	V	V	V	V	V	V	V	V	V	V	0
Victor Cheng			V						V	V	V		V	V	0
Yung-Chin Chen	V	V	V	V	V	V	V	V	V	V	V	V	V	V	2
George Chao			V	V	V	V	V	V	V	V	V	V	V	V	0
Tosng-Ping Perng	V	V	V	V	V	V	V	V	V	V	V	V	V	V	0
Ji-Ren Lee	V		V	V	V	V	V	V	V	V	V	V	V	V	3

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

- Not an employee of the Company or any of its affiliates.
- Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
- Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
- Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEX".
- Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- Not been a person of any conditions defined in Article 30 of the Company Law.
- Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

### 3.2.2 Management team

April 29, 2019

Title	Nationality	Name	Gender	Date Effective (Note1)	Shareholding (Note2)		Spouse & Minor Shareholding (Note2)		Shareholding by Nominee Arrangement (Note1)		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship	
					Shares	%	Shares	%	Shares	%			Title	Name
Chairman in Operations Strategy Management Committee of Delta Electronics, Inc.	TW	Yancey Hai	M	August 16, 2012	984,067	0.0379	0	0	0	0	MS Global Management, University of Dallas, U.S.A./ Country Manager, G.E. Capital, Vice-Chairman and CEO, Delta Electronics, Inc.	Director, Delta International Holding Ltd.; Director, CTCI Corporation; Independent Director, USI Corporation, etc.	-	-
Vice-Chairman in Operations Strategy Management Committee of Delta Electronics, Inc.	TW	Mark Ko	M	August 16, 2012	837,630	0.0322	0	0	0	0	Department of Electrical and Control Engineering, National Chiao Tung University/ General Manager and COO, Delta Electronics, Inc.	Director, Delta International Holding Ltd., etc.	-	-
CEO	TW	Ping Cheng	M	August 16, 2012	55,090,093	2.1209	0	0	0	0	Department of Business Administration, California State University, Hayward / Senior Vice-President, Delta Electronics, Inc. and President in Greater China Area, Delta Electronics, Inc.	Director, Delta International Holding Ltd., etc.	-	-
President and COO	TW	Simon Chang	M	July 3, 2017	903,811	0.0348	517	0	0	0	EMBA of Chung Yuan Christian University/ Senior Vice-President and General Manager, Delta Electronics, Inc.	Director, Betacera Inc., etc.	-	-
Vice-President	TW	Steven Liu	M	June 28, 2012	250,027	0.0096	69,172	0.0027	0	0	Department of Mechanical Engineering, National Kaohsiung University of Science and Technology/ Chairman and CEO, Cyntec Co., Ltd.	Chairman and CEO, Cyntec Co., Ltd., etc.	-	-
Corp. CFO	TW	Judy Wang	F	August 1, 2013	38,572	0.0015	0	0	0	0	MS Finance, National Taiwan University, Bachelor of Accounting, Soochow University/ Vice-president and CFO, Delta Electronics, Inc.	Director, Delta Electronics Int'l (Singapore) Pte. Ltd., etc.	-	-
Branch Manager	TW	Charles Tsai	M	October 28, 2005	0	0	0	0	0	0	Ph. D., Department of Electrical Engineering, National Cheng Kung University.	-	-	-
Company Secretary	TW	Shalin Chen	F	April 29, 2019	3,105	0	0	0	0	0	Department of Accounting, Chung Yuan Christian University/ Director, PricewaterhouseCoopers, Taiwan.	Supervisor, Cyntec Co., Ltd., etc.	-	-

Note1: Members in management team have taken office from date of effective to now.

Note2: Shareholding is disclosed upon the information as of the book closure date for the 2019 AGM/April 28,2019

### ► 3.3 Remuneration paid during the most recent fiscal year to directors, the general managers, and vice general managers

#### 3.3.1 Remuneration paid to directors (including independent directors) and remuneration range

Unit: NT\$1,000

Title	Name	Directors Remuneration						Remuneration Received as Employee				Ratio of total A, B, C, D, E, F and G to Net Income (Note 10)		Remuneration from Invested Companies Other Than Subsidiaries (Note 11)												
		Remuneration(A) (Note 2)		Pension (B)		Remuneration to Directors(C) (Note 3)		Allowances (D) (Note 4)		Ratio of total A, B, C and D to Net Income (Note 10)		Salary, Bonus and Special Allowance (E)(Note 5)			Pension (F)		Employee Bonus (G) (Note 6)		All Companies in The Consolidated Financial Statements (Note 7)							
		The Company	All Companies in The Consolidated Financial Statements (Note 7)	The Company	All Companies in The Consolidated Financial Statements (Note 7)	The Company	All Companies in The Consolidated Financial Statements (Note 7)	The Company	All Companies in The Consolidated Financial Statements (Note 7)	The Company	All Companies in The Consolidated Financial Statements (Note 7)	Cash	Stock		The Company	All Companies in The Consolidated Financial Statements (Note 7)	Cash	Stock								
Chairman	Yancey Hsi																									
Vice Chairman	Mark Ko																									
Director	Bruce CH Cheng																									
Director	Ping Cheng																									
Director	Johnson Lee (Note 1)																									
Director	FRED CHAI YAN LEE (Note 1)																									
Director	Simon Chang	0	0	0	0	29,400	30,092	0	0	0.16%	36,717	866	866	137,114	0	148,583	0	1.12%	1.19%	Yes	167					
Director	Albert Chang																									
Director	Chung-Hsing Huang (Note 1)																									
Director	Victor Cheng (Note 2)																									
Independent Director	George Chao																									
Independent Director	Yung-Chin Chen																									
Independent Director	Tsong-Pyng Peng																									
Independent Director	Ji-Ren Lee																									

\* Except as disclosed in the above table, remuneration to directors received due to the service provided to all companies listed in the consolidated financial statement (such as being independent consultants, etc.) in the most recent year: NT\$16,460 thousands

Note 1: Mr. Johnson Lee, Mr. FRED CHAI YAN LEE and Mr. Chung-Hsing Huang were dismissed upon the expiration of term of office on June 11, 2018.

Note 2: Mr. Victor Cheng was newly-elected as Director at the annual shareholders' meeting on June 11, 2018 and the disclosure period of his remuneration is from June 11, 2018.



## Table of Remuneration Ranges

Range of Remuneration Paid to Directors	Names of Directors			
	Aggregate of First Four Items of Remunerations (A+B+C+D)		Aggregate of First Seven Items of Remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies in The Consolidated Financial Statements (Note 9) H	The Company (Note 8)	Remuneration from Re-investments other than Subsidiaries (Note 9) I
Below NT\$2,000,000	Ping Cheng, Johnson Lee, FRED CHAI YAN LEE, Simon Chang, Chung-Hsing Huang, Victor Cheng	Ping Cheng, Johnson Lee, FRED CHAI YAN LEE, Simon Chang, Chung-Hsing Huang, Victor Cheng	Johnson Lee, FRED CHAI YAN LEE, Chung-Hsing Huang	Johnson Lee, FRED CHAI YAN LEE, Chung-Hsing Huang
NT\$2,000,000 (incl.) to NT\$5,000,000 (not incl.)	Bruce CH Cheng, Yancey Hai, Mark Ko, Albert Chang, Yung-Chin Chen, George Chao, Tsong-Pyng Perng, Ji-Ren Lee	Bruce CH Cheng, Yancey Hai, Mark Ko, Albert Chang, Yung-Chin Chen, George Chao, Tsong-Pyng Perng, Ji-Ren Lee	Bruce CH Cheng, Albert Chang, Yung-Chin Chen, George Chao, Tsong-Pyng Perng, Ji-Ren Lee	Bruce CH Cheng, Albert Chang, Yung-Chin Chen, George Chao, Tsong-Pyng Perng, Ji-Ren Lee
NT\$5,000,000 (incl.) to NT\$10,000,000 (not incl.)	-	-	Victor Cheng	-
NT\$10,000,000 (incl.) to NT\$15,000,000 (not incl.)	-	-	-	Victor Cheng
NT\$15,000,000 (incl.) to NT\$30,000,000 (not incl.)	-	-	-	-
NT\$30,000,000 (incl.) to NT\$50,000,000 (not incl.)	-	-	Mark Ko, Ping Cheng, Simon Chang	Mark Ko, Ping Cheng, Simon Chang
NT\$50,000,000 (incl.) to NT\$100,000,000 (not incl.)	-	-	Yancey Hai	Yancey Hai
Above NT\$100,000,000	-	-	-	-
Total	14 persons	14 persons	14 persons	14 persons

Note 1: The names of the directors shall be listed separately (the legal person shareholder shall be listed with both its name and the representative's name), and the amount of each payment shall be disclosed in a summary manner. If the director is also the general manager or vice general manager, this sheet and the following sheet (3-1) or (3-2) should be filled out.

Note 2: The remuneration of directors in the latest year (including directors' remuneration, duty allowances, pension, bonuses, rewards, etc.).

Note 3: The amount of directors' remuneration approved by the Board of Directors in the most recent year.

Note 4: Refers to the expenses incurred by directors to perform relevant duties including transportation allowances, special allowances, other allowances, accommodation, company cars, and other supplies for the directors in the most recent year. The kind and cost of the assets provided, the actual prices or fair market values of the rent, oil and other payments should be disclosed if the Company provides housing, automobiles and other means of transport or exclusive individual expenses. If there is a driver, please note the company's payment for the driver, but not included in remuneration.

Note 5: Refers to the emoluments, duty allowances, pension pay, bonuses, rewards, transportation allowances, special allowances, other allowances, accommodation, company cars, and other supplies for the directors act concurrently as employees including general managers, vice general managers, other managers and employees in the most recent year. The kind and cost of the assets provided, the actual prices or fair market values of the rent, oil and other payments should be disclosed if the Company provides housing, automobiles and other means of transport or exclusive individual expenses. If there is a driver, please note the company's payment for the driver, but not included in remuneration. The salary expenses are recognized in accordance with IFRS 2 "Share-based payment", including shares acquired under employee stock option, restricted new shares to employees and shares acquired from participation in cash capital increase option and so forth. They shall also be included in the remuneration.

Note 6: If the directors act concurrently as employees (including general managers, general managers, other managers and employees) who receive employee emolument (including stock and cash), the amount of remuneration approved by the Board of Directors in the latest year shall be disclosed. If it is unpredictable, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year. And the attached sheet 1-3 shall be filled out.

Note 7: Total amount of remuneration for the directors paid by all companies (including the Company) in the consolidated financial statements of the Company shall be disclosed.

Note 8: Total amount of remuneration for each director paid by the Company with disclosure of the directors' names in the corresponding brackets.

Note 9: It shall disclose total remuneration for each directors of the Company paid by all companies (including the Company) in the consolidated financial statements, and disclose the names of the directors in the corresponding brackets.

Note 10: Net Income refers to the profit after income tax in the latest year; if the International Financial Reporting Standard has been adopted, the net income refers to the net profit after income tax of parent company only financial statements in the most recent year.

Note 11: a. This column should clearly be filled out with the remuneration amount related to invested companies other than subsidiaries for directors of the Company.

b. If the directors of the Company receive the remuneration from the invested companies other than subsidiaries, the remuneration shall be merged with the column I of the emolument bracket sheet; and the name of the column shall be changed to "Remuneration from Invested Companies Other Than Subsidiaries"

c. Remuneration refers to the emolument (including employees, directors and supervisors emoluments) and business operation expense, etc., for directors of the Company as they are directors, supervisors or managers of invested companies other than subsidiaries

\* The content of the remuneration disclosed in this sheet is different from the concept of the Income Tax Act. Therefore, the purpose of this sheet is only for information disclosure but not for withholding tax.

### 3.3.2 Remuneration paid to supervisors and remuneration range: Not applicable.

### 3.3.3 Remuneration paid to general managers and vice general managers

Unit: NT\$1,000

Title	Name	Remuneration (A) (Note 2)		Pension(B)		Bonus and Special Allowances (C) (Note 3)		Employee Bonus (D) (Note 4)				Ratio of total (A), (B), (C) and (D) to Net Income (%) (Note 8)		Remuneration from Invested Companies other than Subsidiaries (Note 9)	
		The Company	All Companies In The Consolidates Financial Statements (Note 5)	The Company	All Companies In The Consolidates Financial Statements (Note 5)	The Company	All Companies In The Consolidates Financial Statements (Note 5)	The Company	All Companies In The Consolidates Financial Statements (Note 5)	Cash	Stock	Cash	Stock		The Company
Chairman in 「Strategic Steering Committee」 of Delta Electronics, Inc.	Yancey Hai														
Vice-Chairman in 「Strategic Steering Committee」 of Delta Electronics, Inc.	Mark Ko	32,090	37,194	787	846	1,368	2,088	130,805	0	163,669	0	0	0.91%	1.12%	Yes 60
CEO	Ping Cheng														
President and COO	Simon Chang														
Vice-President	Steven Liu														

\*Job positions equivalent to general managers and vice general managers (ex: presidents, CEO, executive presidents, etc.) should be disclosed whatever the titles are.

## Table of Remuneration Ranges

Range of Remuneration Paid to General Managers and Vice General Managers	Names of General Managers and Vice General Managers	
	The Company (Note 6)	All companies in The Consolidated Financial Statements (Note 7) E
Below NT\$2,000,000	Steven Liu	-
NT\$2,000,000 (incl.) to NT\$5,000,000 (not incl.)	-	-
NT\$5,000,000 (incl.) to NT\$10,000,000 (not incl.)	-	-
NT\$10,000,000 (incl.) to NT\$15,000,000 (not incl.)	-	-
NT\$15,000,000 (incl.) to NT\$30,000,000 (not incl.)	-	Steven Liu
NT\$30,000,000 (incl.) to NT\$50,000,000 (not incl.)	Yancey Hai, Mark Ko, Ping Cheng, Simon Chang	Yancey Hai, Mark Ko, Ping Cheng, Simon Chang
NT\$50,000,000 (incl.) to NT\$100,000,000 (not incl.)	-	-
Above NT\$100,000,000	-	-
Total	5 persons	5 persons

Note 1: The names of the general managers and the vice general managers shall be separately listed, and the amount of each payment shall be disclosed in a summary manner. If a director is also the general manager or vice general manager, this sheet and the previous sheet (1-1) or (1-2) should be filled out.

Note 2: Filled with emoluments, duty allowances and pension of general managers and vice general managers in the most recent year.

Note 3: Refers to the bonuses, rewards, transportation allowances, special allowances, other allowances, accommodation, company cars, and other supplies for the general managers and vice general managers in the most recent year. The kind and cost of the assets provided, the actual prices or fair market values of the rent, oil and other payments should be disclosed if the Company provides housing, automobiles and other means of transport or exclusive individual expenses. If there is a driver, please note the company's payment for the driver, but not included in remuneration. The salary expenses are recognized in accordance with IFRS 2 "Share-based payment", including obtaining employee stock option certificates and restricted stock awards, and participating in cash capital increase and subscription of shares. They shall also be included in the remuneration.

Note 4: The amount of remuneration (including stock and cash) of the employees who have been assigned as managers by the board of directors in the most recent year. If it is unpredictable, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year. And the attached sheet 1-3 shall be filled out. Net income refers to the profit after income tax; if the International Financial Reporting Standard has been adopted, the profit after income tax refers to the net income of parent company only financial statements in the most recent year.

Note 5: Total amount of remuneration for the general managers and vice general managers paid by all companies (including the Company) listed in the consolidated financial statements of the Company shall be disclosed.

Note 6: Total amount of remuneration for each general manager and vice general manager paid by the Company with disclosure of the names of general managers and vice general managers in the corresponding brackets.

Note 7: It shall disclose total remuneration for each general managers and vice general managers of the Company paid by all companies (including the Company) in the consolidated financial statements, and disclose the names of the general managers and the vice general managers in the corresponding brackets.

Note 8: Net income refers to the profit income tax in the latest year; if the International Financial Reporting Standard has been adopted, the net income refers to the profit after income tax of parent company only financial statements in the most recent year.

Note 9: a. This column should clearly be filled out with the remuneration amount related to invested companies other than subsidiaries for general managers and vice general managers of the Company.

b. If the general managers or vice general managers of the Company receive the emoluments from the invested companies other than subsidiaries, the remuneration shall be merged with the column E of the remuneration bracket sheet; and the name of the column shall be changed to "Remuneration from Invested companies"

c. Remuneration refers to the emolument (including employee, director and supervisor's emoluments) and business operation expense, etc., for Other Than Subsidiaries general managers and vice general managers of the Company as they are directors, supervisors or managers of invested companies other than subsidiaries.

\* The content of the remuneration disclosed in this sheet is different from the concept of the Income Tax Act. Therefore, the purpose of this sheet is only for information disclosure but not for withholding tax.

### 3.3.4 Earnings distribution as employees' remuneration to management team

Unit: NT\$1,000

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Percentage of the Total to Net Income (%)
Managers	Chairman in 「Strategic Steering Committee」 of Delta Electronics, Inc.	Yancey Hai	0	188,294	188,294	1.03%
	Vice-Chairman in 「Strategic Steering Committee」 of Delta Electronics, Inc.,	Mark Ko				
	CEO	Ping Cheng				
	President and COO	Simon Chang				
	Vice-President	Steven Liu				
	Corp. CFO	Judy Wang				
	Branch Manager	Charles Tsai				

Note 1: Individual names and titles should be disclosed, but the profit distribution can be disclosed in a summary manner.

Note 2: The amount of remuneration (including stock and cash) of the employees who have been assigned as managers by the board of directors in the latest year. If it is unpredictable, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year. Net income refers to the profit after income tax in the latest year; if the International Financial Reporting Standard has been adopted, the net income refers to the profit after income tax of parent company only financial statements in the most recent year.

Note 3: The application scope of "manager" in accordance with the Regulation No. 0920001301 announced by the financial Supervisory Commission, R.O.C. (Taiwan) on March 27, 2003 is as follows:

- (1) General manager and equivalent
- (2) Vice general manager and equivalent
- (3) Associate general manager and equivalent
- (4) Head of finance department
- (5) Head of accounting department
- (6) Other person who have the rights to manage affairs and sign for the company

Note 4: If the directors, general managers and vice general managers receive employee emoluments (including stock and cash), they should fill out this sheet in addition to the sheet 1-2.

### 3.3.5 Analysis of total remuneration (as a percentage of net income) given to directors, general managers and senior vice general managers and all consolidated companies in the most recent two years along with description of the remuneration policies, standards, packages and procedures for defining the their linkage to operating performance and future risk exposure

3.3.5.1. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial statements or individual financial statements, as paid by the Company and by each other company included in the consolidated financial statements in the most recent two years to directors, supervisors, general managers, and vice general managers of the Company

#### The Company

Unit: NT\$1,000

Year	Total Remuneration for Directors, General Managers and Vice General Managers	The Proportion of Total Amount to Profit after Income Tax (%)
2017	203,400	1.11%
2018	204,097	1.12%

#### All Consolidated Companies

Unit: NT\$1,000

Year	Total Remuneration for Directors, General Managers and Vice General Managers	The Proportion of Total Amount to Profit after Income Tax (%)
2017	242,409	1.32%
2018	246,040	1.35%

3.3.5.2. Analysis and description of remuneration policies, standards, packages and the procedure for determining remuneration, and their linkage to operating performance and future risk exposure.

The Company's remuneration for directors and managers is based on the Company's remuneration concept. The Compensation Committee refers to the general level of the industry and considers reasonableness and the correlations between the Company's operating performance, personal performance and future risks exposure.

The Board of Directors comprehensively considers the amount of remuneration, payment method and future risk exposure of the Company and then submits the proposal to the shareholders' meeting for adoption.



## ► 3.4 Implementation of Corporate Governance

### 3.4.1 Board of Directors

A total of 2 (A) meetings of the 17<sup>th</sup> Board of Directors were held in 2018. The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Yancey Hai	2	0	100	-
Vice-Chairman	Mark Ko	2	0	100	-
Director	Bruce CH Cheng	2	0	100	-
Director	Ping Cheng	2	0	100	-
Director	Johnson Lee	2	0	100	-
Director	Fred Chai Yan Lee	2	0	100	-
Director	Simon Chang	2	0	100	-
Director	Albert Chang	2	0	100	-
Director	Chung-Hsing Huang	0	2	0	-
Independent director	Yung-Chin Chen	2	0	100	-
Independent director	George Chao	2	0	100	-
Independent director	Tosng-Ping Perng	2	0	100	-
Independent director	Ji-Ren Lee	2	0	100	-

A total of 6 (C) meetings of the 18<sup>th</sup> Board of Directors were held in 2018 and 2019 till the date of publication of the annual report. The attendance of directors was as follows:

Title	Name	Attendance in Person(D)	By Proxy	Attendance Rate (%) (D/C)	Remarks
Chairman	Yancey Hai	6	0	100	-
Vice-Chairman	Mark Ko	6	0	83	-
Director	Bruce CH Cheng	6	0	100	-
Director	Ping Cheng	6	0	100	-
Director	Simon Chang	6	0	100	-
Director	Albert Chang	5	1	83	-
Director	Victor Cheng	6	0	100	-
Independent director	Yung-Chin Chen	6	0	100	-
Independent director	George Chao	6	0	100	-
Independent director	Tosng-Ping Perng	6	0	100	-
Independent director	Ji-Ren Lee	5	1	83	-

Independent directors attended each meetings of the Board of Directors in 2018 and 2019 till the date of publication of the annual report as follows:

Title	Name	The 17th term		The 18th term					
		11th	12th	1st	2nd	3rd	4th	5th	6th
Independent director	Yung-Chin Chen	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person
Independent director	George Chao	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person
Independent director	Tosng-Ping Perng	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person
Independent director	Ji-Ren Lee	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	By Proxy

**Other mentionable items:**

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

- (1) Matters referred to the Article 14-3 of the Securities and Exchange Act.  
The Company has established an audit committee, hence the Article 14-3 of Securities and Exchange Act shall not be applicable. Please refer to the chapter of Audit Committee in the Annual Report.
- (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.  
None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

- (1) Board of Directors' meeting on March 8, 2018

Proposal: To remove the non-competition restrictions on managers

Directors' avoidance of motions in conflict of interest: Simon Chang

Contents of motion, causes for avoidance and voting: Based on Article 206 of the Company Act, all directors, except Mr. Simon Chang, unanimously approved that without prejudice to the interests of the Company, the removal of non-competition restrictions on Mr. Simon Chang to be elected as a director in Delta International Holding Ltd., Delta Electronics (Wuhu) Co., Ltd., Delta Electronics (Chenzhou) Co., Ltd., Wuhu Delta Technology Co., Ltd., Chenzhou Delta Technology Co., Ltd., Delta Energy Technology (Dongguan) Co., Ltd., Delta Electronics (Pingtan) Co., Ltd., Delta Electronics (Xi'an) Co., Ltd., Vivotek Inc. and a vice-Chairman in Delta Greentech (China) Co., Ltd.

- (2) Board of Directors' meeting on April 30, 2018

Proposal: To approve recommendations on 2018 managers' compensation

Directors' avoidance of motions in conflict of interest: Yancey Hai, Mark Ko, Ping Cheng, Johnson Lee and Simon Chang

Contents of motion, causes for avoidance and voting: Based on Article 206 of the Company Act, except for the directors, Mr. Yancey Hai, Mr. Ping Cheng, Mr. Mark Ko, Mr. Johnson Lee and Mr. Simon Chang who shall not participate in voting on managers' compensation, the rest of directors unanimously approved this motion.

- (3) Board of Directors' meeting on July 31, 2018

Proposal: Delta Electronics Int'l (Singapore) Pte. Ltd. intended to acquire shares of Delta Electronics Thailand Public Company Limited

Directors' avoidance of motions in conflict of interest: Simon Chang

Contents of motion, causes for avoidance and voting: Based on Article 206 of the Company Act, except for Mr. Simon Chang who shall not participate in voting on this motion, the rest of directors unanimously approved this motion.

- (4) Board of Directors' meeting on October 29, 2018

Proposal: To approve recommendations on 2018 directors' compensation

Directors' avoidance of motions in conflict of interest: The directors who are the interested party and shall not participate in discussion or voting on respective directors' compensation agenda item

Contents of motion, causes for avoidance and voting: Except for the directors who are the interested party and shall not participate in discussion or voting on respective directors' compensation agenda item, the rest of directors unanimously approved this motion.

- (5) Board of Directors' meeting on April 29, 2019

Proposal: To remove the non-competition restrictions on managers

Directors' avoidance of motions in conflict of interest: Ping Cheng

Contents of motion, causes for avoidance and voting: Based on Article 206 of the Company Act, all directors, except Mr. Ping Cheng, unanimously approved that without prejudice to the interests of the Company, the removal of non-competition restrictions on Mr. Ping Cheng as a director in Delta Greentech SGP Pte. Ltd.

Proposal: To approve recommendations on 2019 managers' compensation

Directors' avoidance of motions in conflict of interest: Yancey Hai, Mark Ko, Ping Cheng and Simon Chang

Contents of motion, causes for avoidance and voting: Based on Article 206 of the Company Act, except for the directors, Mr. Yancey Hai, Mr. Ping Cheng, Mr. Mark Ko, and Mr. Simon Chang who shall not participate in voting on managers' compensation, the rest of directors unanimously approved this motion.

3. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Compensation Committee to assist the board in carrying out its various duties

The Board of Directors of the Company is made up of 11 directors (including 4 independent directors) with the tenure of 3 years. The election of the Board of Directors adopts the candidate nomination system stated in Article 192-1 of the Company Act. The directors are selected from a list of candidates through the shareholders' meeting. The chairman is Mr. Yancey Hai, who leads the Board in implementing a good Board governance mechanism, improving supervision and strengthening its management functions.

1. In order to implement a good Board governance mechanism, the diversity and professionalism of the Board members need to be considered:

- (1) Diversity of Board members

As stated in the "Director Election Regulations" and "Corporate Governance Best Practice Principles", the appointment of directors should consider the overall composition of the Board of Directors. The composition of Board members should be diversified, such as having different professional backgrounds, fields of work or genders; as well as different knowledge, skills and attainment required for executive duties. The Board members have experiences in the fields of business, finance, accounting and corporate entrepreneurship. Their professional backgrounds cover control engineering, electrical engineering, materials engineering, industrial engineering, accounting, management and other fields, which enable performance of strategic management functions.

- (2) Professionalism of Board members

The overall consideration for the selection of the Board of Directors of the Company includes operational judgment and management capabilities, accounting and financial analytical capabilities, crisis management capabilities, industry knowledge, international market outlook, leadership, and decision-making capabilities. In order to enhance the overall knowledge of the Company's highest management unit on economic, environmental and social issues, the Company holds annual director training, and invites external lecturers to educate Board members or makes arrangements for directors to pursue further studies outside the organization. In 2018, the Company invited directors to participate in the internal training on the impact of tax reform on Delta group; and the introduction of (EG) GDPR and personal data protection rules in China new regulations on the protection of personal data.

2. In order to improve the supervision function of the Board of Directors, increasing the frequency of Board meetings is necessary:

The Company's Board of Directors meets at least once a quarter to review business performance and discuss key strategic issues, including economic, environmental and social shocks, risks and opportunities. In 2018, the Board meetings were held five times, with an average attendance rate of 94.92%. The important resolutions made by the Board of Directors were also immediately announced on the Taiwan Stock Exchange's Market Observation Post System and the Company website under the section of "Corporate Governance". The company's Article of Incorporation, Rules and Procedures of the Meeting of Board of Directors and other information were also publicly provided.

3. In order to strengthen management functions of the Board of Directors, increasing the efficiency of the Board of Directors is necessary:

In 2016, the Board of Directors passed a resolution to establish the "Rules of Performance Evaluation of the Board of Directors", which not only assesses the overall operation of the Board, but also conducts self-assessment for individual directors. The result of the self-assessment for the 2017 Board of Directors' annual performance, conducted at the beginning of 2018, has been published on the Company website under "Corporate Governance" section for public access. At the beginning of 2019, the Board of Directors has completed the self-evaluation questionnaire for its 2018 performance, and the result will be published on the Company website under "Corporate Governance" for public access, after the latest Board of Directors meeting.

The Company adheres to its consistent attitude towards information transparency. Important resolutions made by the Board of Directors are posted on the Market Observation Post System immediately after the Board of Director's meetings to safeguard the interests of shareholders. In addition, regular investor meetings are held to enhance investor's recognition of the Company.

In accordance with the Securities and Exchange Act, the Company established the Audit Committee as the substitute for supervisors on June 28, 2012. The Audit committee was composed of all independent directors. The election of the independent directors adopted the candidates nomination system stated in Article 192-1 of the

Company Act. The directors are selected from a list of candidates through the shareholders' meeting, with independent director Mr. Yung-Chin Chen serving as the convener. The committee is responsible for supervising the accuracy of the Company's financial statements, the selection and termination of the independent auditor and its independence and performance, the effectiveness of the Company's internal control, the Company's compliance with relevant laws and regulations and the Company's existing or potential risks. The committee regularly communicates with chief internal auditor and CPA. The internal auditing department provides the audit report to the independent directors for review monthly, and the chief internal auditor also reports to the committee on major audit findings aperiodically. The CPA checks or reviews governance matters in the Company's consolidated financial statements (annual report, including parent company only financial statements) at both the planning and completion stages. All information is compiled and communicated with the audit committee through written or face-to-face discussion. In 2018, a total of five meetings were held. All independent directors attended the meetings in person, and the attendance rate was 100%. In addition, the Board of Directors and the Company's management team also formed the Operations Strategy Management Committee, chaired by Mr. Yancey Hai, Chairman of the Board of Directors. This committee regularly analyzes and discusses major issues such as corporate strategy, operations and organization, and provides advice and suggestions to the Board of Directors and Executive teams for reference. It also invites independent directors and regional managers around the world to participate in the annual strategic meetings on business operations, regional strategies and technological discussions, which facilitate effective adjustments on organizational and strategic developments to improve business performance in response to rapid market changes and technological advancements.

In accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Board of Directors approved the set up of Compensation Committee as well as its articles of association on March 11, 2010. The Board of Directors complied with the regulations enacted by the Financial Supervisory Committee, on August 18, 2011 by renaming the old "Compensation Committee" to "Compensation Committee", and the old "Compensation Committee Charter" to "Compensation Committee Charter". Please refer to "If the Company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed" in the "The state of the Company's implementation of corporate governance" section in this annual report.



### 3.4.2 The Audit Committee

A total of 2 (A) meetings of the 2<sup>nd</sup> Audit Committee were held in 2018. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent director	Yung-Chin Chen	2	0	100	-
Independent director	George Chao	2	0	100	-
Independent director	Tosng-Pyng Perng	2	0	100	-
Independent director	Ji-Ren Lee	2	0	100	-

A total of 6 (C) meetings of the 3<sup>rd</sup> Audit Committee were held in 2018 and 2019 till the date of publication of the annual report. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (D)	By Proxy	Attendance Rate (%) (D/C)	Remarks
Independent director	Yung-Chin Chen	6	0	100	-
Independent director	George Chao	6	0	100	-
Independent director	Tosng-Pyng Perng	6	0	100	-
Independent director	Ji-Ren Lee	5	1	83	-

#### Other mentionable items:

3.4.2.1 If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

- (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.
- (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

Meetings of Board of Directors	contents of resolutions and report	Matters referred to in Article 14-5 of the Securities and Exchange Act.	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors	
March 08, 2018 The 15th in the 17th term	1. 2017 parent company only financial statements and consolidated financial statements and report	V	None	
	2. To submit 2017 Annual Final Accounting Books and Statements for approval	V	None	
	3. To distribute 2017 earnings	V	None	
	4. To evaluate the independence of the appointed external auditors	V	None	
	5. To approve the purchase of land and the construction of a new plant in Chungli District, Taoyuan City	V	None	
	6. To approved the construction of Central Taiwan Science Park Plant 1	V	None	
	7. To approve 2017 Internal Control System Statement	V	None	
	Resolution of the Audit Committee (2018.03.08): The Audit Committee unanimously approved this motion.			
The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.				
April 30, 2018 The 16th in the 17th term	1. To approve the purchase of land and the construction of a new plant in Chungli District, Taoyuan City	V	None	
	2. To approve the short-form merger with its fully owned subsidiary, Delta Green Life Co., Ltd.	V	None	
	Resolution of the Audit Committee (2018.04.30): The Audit Committee unanimously approved this motion.			
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.			

Meetings of Board of Directors	contents of resolutions and report	Matters referred to in Article 14-5 of the Securities and Exchange Act.	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
July 31, 2018 The 2nd in the 18th term	1. The second quarter of 2018 consolidated financial statements and review report	V	None
	2. Delta Electronics Int'l (Singapore) Pte. Ltd. intended to acquire shares of Delta Electronics Thailand Public Company Limited	V	None
	3. To approve the short-form merger with its 99.98% owned subsidiary, Delta Networks, Inc. (Taiwan)	V	None
	4. To approve the construction of Tainan Plant Phases III	V	None
	5. To approve the purchase of land in Neihu District, Taipei and a construction on the purchased land	V	None
	Resolution of the Audit Committee (2018.07.31): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
October 29, 2018 The 3rd in the 18th term	1. The Company' 2019 internal audit plan	V	None
	Resolution of the Audit Committee (2018.10.29): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
March 11, 2019 The 4th in the 18th term	1. 2018 parent company only financial statements and report and consolidated financial statements and report	V	None
	2. To submit 2018 Annual Final Accounting Books and Statements for approval	V	None
	3. To distribute 2018 earnings	V	None
	4. To approve the Amendments to the Operating Procedures of Acquisition or Disposal of Assets	V	None
	5. To approve the Amendments to the Authorized Limits for the Acquisition or Disposal of Assets	V	None
	6. To evaluate the independence of the appointed external auditors	V	None
	7. To approve the efficiency of the 2017 internal control system	V	None
	8. To approve 2017 Internal Control System Statement	V	None
	9. To approve the increased cost of the construction of Tainan Plant Phases III	V	None
	Resolution of the Audit Committee (2019.03.11): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
April 17, 2019 The 5th in the 18th term	1. To approve the purchase of real property in Chungli District, Taoyuan City	V	None
	Resolution of the Audit Committee (2019.04.17): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
April 29, 2019 The 6th in the 18th term	1. To approve the Amendments to the Compensation Committee Charter	V	None
	2. To approve the Amendments to the Corporate Governance Best Practice Principles	V	None
	3. To approve the Amendments to the Rules of Performance Evaluation of the Board of Directors	V	None
	4. To approve the Amendments to the Operating Procedures of Fund Lending	V	None
	5. To approve the Amendments to the Operating Procedures of Endorsement	V	None
	Resolution of the Audit Committee (2019.04.29): The Audit Committee unanimously approved this motion.		
The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.			

3.4.2.2 If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3.4.2.3 Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) The Independent Directors review the results of internal audit department on a monthly basis, and the chief internal auditor reports to the Audit Committee and directors on major findings in meetings of Audit Committee and meetings of Board of Directors. The chief internal auditor holds discussions with the Audit Committee about recent findings on a quarterly basis and communicates issues addressed by the Audit Committee after monthly audit report is released. If necessary, relevant supervisors are invited to attend meetings to get their statements regarding important issues and conclusions as well as their suggestions that would be consolidated and reported by the chief internal auditor in the meetings of Audit Committee and Board of Directors. The instructions of the Audit Committee and Board of Directors would be the guideline for implementation.

Communications between the independent directors and the Company's chief internal auditor in 2017 till the date of publication of the annual report.

Date of the Audit Committee's Meetings	The material items	Results
March 8, 2018 The 15th in the 2nd term	Report and Communication on Audit Report of 2017 Q4.	The Audit Committee unanimously approved this motion and report to the Board of Directors.
April 30, 2018 The 16th in the 2nd term	Report and Communication on Audit Report of 2018 Q1.	The Audit Committee unanimously approved this motion and report to the Board of Directors.
July 31, 2018 The 2nd in the 3rd term	Report and Communication on Audit Report of 2018 Q2.	The Audit Committee unanimously approved this motion and report to the Board of Directors.
October 29, 2018 The 3rd in the 3rd term	Report and Communication on Audit Report of 2018 Q3. The Company' 2019 internal audit plan	The Audit Committee unanimously approved this motion and report to the Board of Directors.
March 11, 2019 The 4rd in the 3rd term	Report and Communication on Audit Report of 2018 Q4.	The Audit Committee unanimously approved this motion and report to the Board of Directors.
April 29, 2019 The 6th in the 3rd term	Report and Communication on Audit Report of 2019 Q1.	The Audit Committee unanimously approved this motion and report to the Board of Directors.

(2) According to Auditing Standards, No. 39 "Communications with Those Charged with Governance" and the rule No. 0930105373 issued by the Securities and Futures Commission on March 11, 2004, a CPA should audit the Company's consolidated financial statements (including annual reports and independent financial reports) quarterly during the planning and completion stages as well as collect and organize all information to be given to the Audit Committees either orally or in writing.

Communications between the independent directors and CPAs in 2017 till the date of publication of the annual report.

Date of the Audit Committee's Meetings	The material items	Results
March 8, 2018 The 15th in the 2nd term	Report and Communication on 2017 Consolidated Financial Statements and Report of Independent Accounts and description for audit plan for the coming fiscal year.	CPAs attended the meetings in person for discussing and communicating with members of the Audit Committee
April 30, 2018 The 16th in the 2nd term	Report and Communication on 2018Q1 Consolidated Financial Statements and Review Report of Independent Accounts.	CPAs attended the meetings in person for discussing and communicating with members of the Audit Committee
July 31, 2018 The 2nd in the 3rd term	Report and Communication on 2018Q2 Consolidated Financial Statements and Review Report of Independent Accounts.	CPAs attended the meetings in person for discussing and communicating with members of the Audit Committee
October 29, 2018 The 3rd in the 3rd term	Report and Communication on 2018Q3 Consolidated Financial Statements and Review Report of Independent Accounts.	CPAs attended the meetings in person for discussing and communicating with members of the Audit Committee
March 11, 2019 The 4rd in the 3rd term	Report and Communication on 2018 Consolidated and Alone Financial Statements and Report of Independent Accounts and description for audit planning for the coming fiscal year.	CPAs attended the meetings in person for discussing and communicating with members of the Audit Committee
April 29, 2019 The 6th in the 3rd term	Report and Communication on 2019Q1 Consolidated Financial Statements and Review Report of Independent Accounts.	CPAs attended the meetings in person for discussing and communicating with members of the Audit Committee

### 3.4.3 The state of the Company's implementation of corporate governance, any departure of such implementation of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason behind such departure

#### 3.4.3.1 Corporate governance and code of ethics

Appraisal Items	Implementation Status		Summary Description	Deviations from Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies and Reason(s)
	Yes	No		
1. Has the Company set up and disclosed the principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies?"	√		The Company has set up the "Corporate Governance Best Practice Principles" which has been disclosed to stakeholders and posted on Company website under the Corporate Governance section.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
2. The Company's ownership structure and shareholders' rights				
(1) Does the Company have internal procedures for handling shareholders' suggestions, queries, disputes and litigation matters and have these procedures been implemented accordingly?	√		(1) The Company has set up spokesperson and acting spokesperson, investor service, investor relations unit and contact information that are fully disclosed to shareholders on Company website so they can express their opinions either by phone or e-mail. The Company in turn handles the issues according to relevant procedures.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
(2) Does the Company have a list of major shareholders and beneficial owners of these major shareholders?	√		(2) The major shareholders of the Company report changes in shareholding to the company every month pursuant to the law. The list of top 10 shareholders is also disclosed in the annual report every year.	
(3) Has the Company established and implemented risk control/management and firewall mechanisms between the company and its affiliated companies?	√		(3) The financial and business dealings of the Company and its affiliated companies are independent as well as bank transactions and credit usages. The receivables and payables among the Company's affiliated companies are settled on time.	
(4) Has the Company established internal rules and regulations prohibiting the company's personnel from taking advantage of information that has not been disclosed to the public to purchase or sell securities?	√		(4) The Company has established its Ethical Corporate Management Best Practice Principles that regulate employees with respect to situations related to their duties that may give rise to the conflicts of interest and prohibit using undisclosed information or divulging in order to prevent insider trading.	
3. The composition and duties of the Board of Directors				
(1) Has the Company established and implemented a diversification policy for the composition of its Board of Directors?	√		(1) According to Article 20.3 of the Company's Corporate Governance Best Practice Principles, the composition of the Board of Directors shall be determined by taking diversity into consideration, such as having different professional background, working field or gender etc., and shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions. Diversification of the Board of Directors' members has been implemented as shown in Note 1.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies



Appraisal Items	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
(2) In addition to establishing a Compensation Committee and an Audit Committee, which are required by law, does the Company voluntarily establish other types of functional committees?	√		(2) The Company has set up an Operations Strategy Management Committee led by the chairman of the board which is responsible for analyzing and discussing major issues related to company strategies, operations, organization, etc., and providing advice and suggestions to the Board of Directors and executives with regard to decision-making and implementation.	
(3) Has the Company established methods for performance evaluation of the Board of Directors as well as actual procedures for executing the evaluation? If so, has the Company executed evaluation of the performance of the Board annually?	√		<p>(3) The Company has established Rules of Performance Evaluation of the Board of Directors on October 27, 2016 and this evaluation has been conducted every year. The latest result of the internal performance evaluation of the Board of Directors was completed on March 11, 2018 and reported to the Board of Directors' Meeting for review and improvement on April 29, 2019.</p> <p>The rules and evaluation results mentioned above were disclosed on the Company website. Aside from the overall performance of the Board of Directors the performance of individual directors are also evaluated based on the following assessment indicators:</p> <p>The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the Board of Directors (functional committees), which shall at least include the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Participation in the operation of the Company;</li> <li>2. Improvement of the quality of the Board of Directors' decision making;</li> <li>3. Composition and structure of the Board of Directors;</li> <li>4. Election and continuing education of the directors; and</li> <li>5. Internal control.</li> </ol> <p>The criteria for evaluating the performance of the board members (functional committee) shall at least include the following six aspects:</p> <ol style="list-style-type: none"> <li>1. Familiarity with the goals and missions of the Company;</li> <li>2. Awareness of the duties of a director;</li> <li>3. Participation in the operation of the Company;</li> <li>4. Management and communication of internal relationship;</li> <li>5. The director's profession and continuing education; and</li> <li>6. Internal control.</li> </ol> <p>The 2018 results of the performance evaluation of the Board of Directors are listed below:</p> <ol style="list-style-type: none"> <li>1. The average score of the self performance evaluation of the Board of Directors is 3.83 out of 4.</li> <li>2. The average score of the performance evaluation of the Board of Directors is 3.66 out of 4.</li> </ol> <p>The overall evaluation results of the performance of the Board of Directors are deemed positive.</p>	
(4) Does the company periodically evaluated the independence of its external auditors?	√		(4) The financial department of the Company evaluates its external auditors' independence once a year and the evaluation result is reported to the Audit Committee and the Board of Directors for approval. The evaluation results on March 8, 2018 and March 11, 2019 indicate the external auditors' compliance with the Company's independence standards. The criteria for CPA independence review are detailed in Note 2.	

Appraisal Items	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
4. Does the company set up the dedicated or non-dedicated unit or staff in charge of the corporate governance-related affairs (including but not limited to providing information for the Directors and Supervisors to execute their duties, handling the affairs related to the Board meetings and the Shareholders Meeting as prescribed by law, handling the company's registration or its amendments, preparing the minutes of the Board meetings and the Shareholders Meeting, etc.)?	√		The Company has established a Company Secretary and the Investor Service unit for dealing with the following matters: 1. Handling matters relating to board meetings and shareholders meeting. 2. Producing minutes of board meetings and shareholders meetings. 3. Assisting in onboarding and continuous development of directors and supervisors. 4. Furnishing information required for business execution by directors and supervisors. 5. Assisting directors and supervisors with legal compliance. 6. Other matters described or established in the articles of incorporation or contract.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
5. Has the company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a dedicated stakeholder area on company website, as well as appropriately responded to important CSR issues that stakeholders are concerned about?	√		(1) The Company values the balance of rights and obligations among stakeholders (including shareholders, employees, suppliers and customers, banks, creditors, etc.). In addition to maintaining good communication, the Company has established "Communication with Stakeholders" section on company website and the contact e-mail address is: 2308@deltaww.com. (2) The Company has established "Corporate Governance" section for investors so they can check and download relevant rules and regulations of corporate governance, important board resolutions and material information. (3) Simultaneously, a webpage of "Corporate Social Responsibility" (CSR) has been set up on the Company's official website. The Company communicate with stakeholders through comprehensive channels including online questionnaire to understand key issues for stakeholders concern. The Company also disclose the practice and the most updated information about the CSR for stakeholders' reference. The CSR hotline for stakeholders' feedback is csr@deltaww.com.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
6. Has the company appointed a professional shareholders service agency to handle affairs related to the shareholders meeting?	√		The Company has appointed CTBC Bank Co., Ltd. to handle matters related to shareholders' meetings.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
7. Information Disclosure (1) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance? (2) Has the company adopted other ways to disclose information (e.g., maintaining an English-language website, appointing responsible people to handle corporate information collection and disclosure, appointing spokespersons, webcasting investor's meetings, etc.)?	√  √		(1) The Company has established a public website to disclose information regarding its financial, business and corporate governance. (2) In addition to setting up an English-language website along with designating a dedicated staff to maintain it, the Company established a spokesperson system and dedicated team to handle shareholder services. Information related to shareholders' meetings or investors' meetings is updated immediately on the company website.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
8. Has the company disclosed other information to facilitate better understanding of its corporate governance practices (including but not limited to employee rights and interests, employee wellness, investor relations, supplier relations, rights of the stakeholders, training records of directors and supervisors, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and the purchase of insurance for directors and supervisors, etc.)?	√		(1) Regarding information on employee rights and interests, employee wellness, investor relations, supplier relations and rights of the stakeholders, please refer to Chapter 4 "Corporate Social Responsibility" section in the annual report. (2) Please refer to the additional remarks below for other information.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies

Note 1: Diversification of the Board of Directors' members has been implemented as shown below

Diversity Items Name of Directors	Gender	Professional Background (Education)	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective.	Ability to lead	Ability to make policy decisions
Yancey Hai	Male	MS Global Management, University of Dallas, U.S.A.	V	V	V	V	V	V	V	V
Mark Ko	Male	Department of Electrical and Control Engineering, National Chiao Tung University	V	V	V	V	V	V	V	V
Bruce CH Cheng	Male	Department of Electrical Engineering, National Cheng Kung University	V	V	V	V	V	V	V	V
Ping Cheng	Male	Department of Business Administration, California State University, Hayward	V	V	V	V	V	V	V	V
Simon Chang	Male	EMBA of Chung Yuan Christian University	V	V	V	V	V	V	V	V
Albert Chang	Male	EMBA, National Central University	V	V	V	V	V	V	V	V
Victor Cheng	Male	MS Electrical Engineering, Santa Clara University	V	V	V	V	V	V	V	V
Yung-Chin Chen	Male	MA Accounting, Soochow University	V	V	V	V	V	V	V	V
George Chao	Male	Department of Banking and Insurance, Tamkang University	V	V	V	V	V	V	V	V
Tosng-Pyng Perng	Male	Ph.D. Materials Science and Engineering, University of Illinois	V	V	V	V	V	V	V	V
Ji-Ren Lee	Male	Ph.D. Strategic Management, University of Illinois at Urbana-Champaign	V	V	V	V	V	V	V	V

Note 2: Items for assessment of the CPA's independence for the last 2 years are shown below.

Evaluation Items	Evaluation Result	Compliant with Independence?
1. Does the CPA have a direct or significant/indirect relations with the Company in financial interests?	No	Yes
2. Does the CPA have any financing or guarantee with the Company or its directors?	No	Yes
3. Does the CPA have a close business relations or potential employment relationship with the Company?	No	Yes
4. Does the CPA or members of the audit team hold the posts in the Company, such as the director, supervisor and officer or occupied a key position with significant influence on the auditing process?	No	Yes
5. Does the CPA offer non-audit service which could impact the auditing process for the Company?	No	Yes
6. Does the CPA act as a broker for the shares or other securities issued by the Company?	No	Yes
7. Does the CPA act as the company's defense attorney or represent the Company to negotiate with any third party over any dispute?	No	Yes
8. Does the CPA have kinship with the Company's directors, supervisors, or officers or any post with significantly influences on the auditing work?	No	Yes

9. With respect to the results of the annual Corporate Governance Evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved.

The Company ranked among top 6-10% in the 5th term (2018) of Corporate Governance Evaluation, and the implementation for losing scored items are listed below:

- (1) The Company has appointed a Company Secretary in accordance with Article 20.3 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.
  - (2) The Company has designated a unit to be in charge of the establishment and the monitoring of implementation with respect to these Procedures and Guidelines. All relevant information is under the section pertaining to "The state of the Company's performance in the area of good faith management and the adoption of related measures" in the annual report.
  - (3) The Company will disclose on website the whistle-blowing system regarding illegal (including corruptive) and unethical behaviors for company insiders and outsiders
  - (4) The Company is constantly evaluating feasible schemes to improve those losing scored items.
10. If the company has established Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", please describe its actual operations and deviations from the company principles:

The Company has established the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the principles were approved by the Board of Directors for the implementation of corporate governance and the further pursuit of maximization of shareholders' equity and the company's sustainable operations. For corporate governance, please refer to the "Corporate Governance Report" section in the annual report. The actual operation has no significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

11. For other information to facilitate better understanding of its corporate governance practices (including employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, officers' and chief internal auditor's training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, purchase of insurance for directors and supervisors, etc.):

- (1) Corporate Governance and Codes of Ethical Conduct

The organization and operations of Delta's Board of Directors are stated in previous chapters. Delta's audit team is responsible for drafting a risk-oriented internal auditing, revising and promoting internal control and reporting directly to the Audit Committee and the Board of Directors to ensure consistency between the Company's operations and the Audit Committee and board resolutions.

Moreover, directors, officers and employees should comply with current effective government regulations and company policies based on Delta Code of Conduct and should commit to the principles of environmental protection, energy conservation, love the Earth. Integrity is one of the essential evaluation items in the employee performance management and development. The main points of Delta Code of Conduct are as follows:

- a. Dealings with Partners and Third Parties
- b. Conflict of Interest
- c. Use of Company Resources
- d. Protection and Use of Trade Secret and Confidential Information
- e. Compliance with Environmental Protection Rules
- f. Business Operation with Integrity
- g. Training, Propagating, Disciplines and Complaint Channels

Every employee has the responsibility to uphold Delta's reputation by maintaining the highest ethical standards. Any violation of the Company code is deemed misconduct. Employees' compliance with corporate principles is strictly enforced to ensure the rights and interests of Delta and its stakeholders.

### 3.4.3.2 Continuing education/training of directors

Title	Name	Date	Course	Hours
Chairman	Yancey Hai	2018/03/08	The impact of tax reform on Delta group	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3
Vice Chairman	Mark Ko	2018/03/08	The impact of tax reform on Delta group	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3
Director	Bruce CH Cheng	2018/03/08	The impact of tax reform on Delta group	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3
Director	Ping Cheng	2018/03/08	The impact of tax reform on Delta group	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3
Director	Simon Chang	2018/03/08	The impact of tax reform on Delta group	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3
Director	Albert Chang	2018/03/08	The impact of tax reform on Delta group	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3
Director	Victor Cheng	2018/07/27	Tax issues before and after corporate merger	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3
		2018/08/03	Directors drive the corporate responding to the rapid change in technology	3
		2018/08/31	Legal liability and case study of insider trading	3
Independent Director	George Chao	2018/03/08	The impact of tax reform on Delta group	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3
Independent Director	Yung-Chin Chen	2018/03/08	The impact of tax reform on Delta group	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3
Independent Director	Tsong-Pyng Perng	2018/03/08	The impact of tax reform on Delta group	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3
Independent Director	Ji-Ren Lee	2018/03/08	The impact of tax reform on Delta group	3
		2018/05/09	The impact of global political and economic environment on telecommunication industry in Taiwan	3
		2018/07/31	Introduction of (EU) GDPR and Personal Data Protection Rules in China	3

### 3.4.3.3 Continuing education/training of management

Chairman Yancey Hai, Vice-chairman Mark Ko, Directors Ping Cheng and Simon Chang are the managers of the Company. The training sessions that the managers participated for the better management of the Company are disclosed in the table listed above, titled "Continuing education/training of directors".

The training sessions attended by the Finance and Accounting Managers are listed below:

Title	Name	Date of training	Name of the training session	Hours of training
Corp. CFO	Judy Wang	May 30, 2018	Practice of Corporate Governance: Strategic mechanism and case study analysis of corporate crisis	3
		July 20, 2018	Digital financing thematic presentation: analysis on the global development of financial technology and corporate information security and privacy.	3
		November 28, 2018	New "Corporate Governance Blueprint 2018-2020" regulations and practices	3
		November 28, 2018	Pursuit of "capital flow" in financial fraud and the discussion of legal responsibilities in case studies	3



The training sessions attended by the Internal Auditing Manager are listed below:

Title	Name	Date of training	Name of the training session	Hours of training
Chief Internal Auditor	Louis Lin	July 31, 2018	Introduction of (EU) GDPR and personal data protection rules China	3
		September 4, 2018	Audit practices on corporate "cost savings" and "competitive strategy"	6
		November 27, 2018	Discussion of "Trade Secret Law" and "Personal Information Protection Act" and the key sections for auditing.	6

#### 3.4.3.4 The implementation status of risk management policy and risk assessment

The Company always adopts preventive measures for enterprise risk management in the aspects of building rigid internal control system with internal audit regularly or irregularly and furthermore insures related insurances such as property insurance, product transportation and product liability insurances to avoid risks.

#### 3.4.3.5 The implementation status of consumer protection or customer policy

Per a policy of Customer First, the internal rules are built in accordance with Consumer Protection Act and other relevant laws, which become the implementation principle for employees.

#### 3.4.3.6 Insurance purchased for directors and supervisors of the Company

Starting January 1, 2005, the Company has been providing all directors and supervisors with liability insurance. The summary of the insurance policies purchased in 2018 are listed below:

Insured Individuals	Insurance Company	Insured amount (New Taiwanese Dollar: Yuan)	Insured Period
Directors and Supervisors	(1) Insurance Company of North America, Taiwan Branch (2) Fubon Insurance Co., Ltd., Taipei Branch (3) Shinkong Insurance Co., Ltd. Mingtai Fire & Marine Insurance Co., Ltd	614,300,000	From: January 1, 2018 To: June 30, 2019

#### 3.4.4 If the company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed

The Board of Directors of the Company set up the Compensation Committee and Charter in accordance with "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter," and appointed the independent director Mr. George Chao as the convener and chairman of the meeting. The Charter states the Committee shall establish and review the performance assessment and policy, system, standards and structure relevant to compensation of directors and executive officers periodically and also evaluate the compensation of directors and executive officers periodically. The Committee shall faithfully perform its duties with the attention of a kind manager and submit the recommendations to the Board for discussion.

## 1. Information of Members of the Compensation Committee

Title (Note 1)	Name	Does he have more than five years of work experience and the following professional qualifications?			Compliance with Independence (Note 2)								The number of compensation committees of other listed companies joined	Remarks
		Lecturer of relevant departments regarding business, legal, finance, accounting or others required for business in public or private colleges and universities	Specialized professional or technical personnel with certificates of national examinations regarding judge, prosecutor, lawyer, accountant or others required for business	Work experience regarding legal, finance, accounting or others required for business	1	2	3	4	5	6	7	8		
Independent Director	George Chao			V	V	V	V	V	V	V	V	V	0	None
Independent Director	Yung-Chin Chen	V	V	V	V	V	V	V	V	V	V	V	1	None
Independent Director	Tosng-Pyng Perng	V	V	V	V	V	V	V	V	V	V	V	0	None
Independent Director	Ji-Ren Lee	V		V	V	V	V	V	V	V	V	V	4	None

Note 1: Please fill in "Title" column with "Director," "Independent Director," or "Other"

Note 2: If each member meets the following conditions during the two years prior to the selection of position and during the term of office, please place a "V" in the space below each condition code.

- (1) Not an employee of the Company or its affiliated companies.
- (2) Not a director or supervisor of the Company or its affiliated companies, whereas an independent director of the Company, its parent company or subsidiaries set up in accordance with the regulations or other countries' regulations is exempted.
- (3) The person, whether himself or in the name of others, his or her spouse, minor children are not natural person shareholders who hold more than 1% or whose shares rank top ten of the total issued shares of the Company.
- (4) Not the spouse, relative within second-degree kinship or direct blood relative within third-degree kinship of the three kind of person above.
- (5) Not a director, supervisor or employee of the corporate shareholders who directly hold more than 5% or whose shares rank top 5 of the total issued shares of the Company
- (6) Not a director, supervisor, manager or a shareholder holding more than 5% of shares of a particular company or institution that has financial or business dealings with the Company.
- (7) Not a professional, business owner, partner, director, supervisor or manager of a sole proprietorship, partnership or corporation providing business, legal, financial, and accounting services or consulting for the Company or its affiliated companies
- (8) There is no any case listed in the provisions of Article 30 of Company Act.

## 2. Information of Compensation Committee Operations

(1) The Company's 3rd term Compensation Committee had 3 members, and the 4th term has 4 members.

(2) The 3rd term of office is from July 28, 2015 to June 9, 2018. 2 (A) meetings of 3rd Compensation Committee were held in 2018. (From January 1 to June 9, 2018) Membership and attendance are as follows:

Title	Name	Personally Attended (B)	Attended by Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	George Chao	2	0	100%	None
Member	Yung-Chin Chen	2	0	100%	None
Member	Tosng-Pyng Perng	2	0	100%	None

(3) The 4th term of office: From July 31, 2018 to June 10, 2021. 3 (A) meeting of 4rd Remuneration Committee was held. (From July 31, 2018 to the date of publication of the the annual report) Membership and attendance are as follows:

Title	Name	Personally Attended (B)	Attended by Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	George Chao	3	0	100%	None
Member	Yung-Chin Chen	3	0	100%	None
Member	Tosng-Pyng Perng	3	0	100%	None
Member	Ji-Ren Lee	3	0	100%	New member of the 4th term starting from October 29, 2018.

### (4) Discussion Subjects and Resolutions of Compensation Committee

Date of Compensation Committee	Subject	Resolution
March 8, 2018 The 8th in the 3rd term	The distribution of remuneration for employees and directors of 2017	Passed by all members unanimously.
April 25, 2018 The 9th in the 3rd term	1. 2018 managers remuneration proposal 2. 2018 employees remuneration proportion proposal	Passed by all members unanimously. Passed by all members unanimously.
October 29, 2018 The 1st in the 4th term	2018 directors remuneration proposal	Passed by all members unanimously. According to the regulations and internal audit requirements, the parties involved in the resolution process should leave the meeting and fend off the personal remuneration resolution.)
March 11, 2019 The 2nd in the 4th term	1. The distribution of remuneration for employees and directors of 2018 2. Proposal for long term incentive bonus plan	Passed by all members unanimously. Passed by all members unanimously.
April 17, 2019 The 3rd in the 4th term	1. 2019 managers remuneration proposal 2. 2019 employees remuneration proportion proposal	Passed by all members unanimously. Passed by all members unanimously.

## 3. Other Business

(1) The Company's board of directors of the latest year adopted all the recommendations of Compensation Committee.

(2) The Company's Compensation Committee of the latest year did not have any adverse or qualified opinions that were recorded or written towards the resolutions.

**3.4.5 The Company’s CSR practices, such as environmental protection, community engagement, social contribution, community service, social welfare, consumer rights, human rights, safety and health, the system and methods used to plan and organize CSR activities and the status of implementation:**

Evaluation Items	State of Operations			Deviations from Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the Reasons
	Yes	No	Summary	
<p>1. Implementation of corporate governance</p> <p>(1) Has the Company established a corporate social responsibility (CSR) policy or system, and assessed the effectiveness of implementations?</p> <p>(2) Does the Company routinely promote and hold CSR training?</p> <p>(3) Has the Company established a designated unit to promote CSR, and has the Board authorized senior management to deal with and then to report to the Board pertaining to relevant execution?</p> <p>(4) Has the Company established a fair compensation policy and linked employee performance evaluation with CSR policy, as well as established a precise and effective incentive and disincentive system?</p>	√		<p>(1) The Company has established the “Delta Corporate Social Responsibility Best Practice Principles,” which have been approved by the Board of Directors and publicly announced. The CSR implementation results from the previous year have been highlighted in Chapter IV “Corporate Social Responsibility” of this Annual Report, and the detailed results will be disclosed in the annual CSR Report.</p> <p>(2) The Company organizes CSR training and promotions every year, including corporate ethics education, Delta Code of Conduct, and occupational safety and health.</p> <p>(3) The Company has established a CSR Board, in which Founder and Honorary Chairman Mr. Bruce CH Cheng serves as the Honorary Chairman, and Chairman Mr. Yancey Hai serves as the Chairman. Members of the Board include Vice-Chairman, CEO, COO, and regional and functional executives. The Board is responsible for establishing Delta’s CSR vision and reviewing the level of policy implementations from various functional committees and supervising their performance. The Board also reviews the operating direction of the Group and various committees and supervises their performance through regular meetings, and reports the annual CSR results and performance to the Board.</p> <p>(4) The Company has established the Remuneration Committee, in which Independent Directors serve as members of said committee. At least two committee meetings are convened in each year to decide on the ratio of salary allocations, incentives for managers, and to propose recommendations for the Company’s compensation policy. The Company also regularly takes part in salary surveys from the industry or consulting firms, and examines the link between employee welfare and the market for an incentive-based system. For certain compensation issues, Delta also proposes recommendations and solutions with the help of external human resource consultancies.</p>	In compliance with Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies
<p>2. Develop a Sustainable Environment</p> <p>(1) Is the Company committed to improving the efficiency of utilizing various resources and using recycled materials with low environment impacts?</p> <p>(2) Did the Company establish a suitable environmental management system based on its industrial characteristics?</p> <p>(3) Did the Company pay attention to the impact of climate change on operational activities, implement greenhouse gas inventory, and formulate strategies on energy conservation and carbon reduction as well as greenhouse gas reduction?</p>	√		<p>(1) The Company continues to promote energy management and renewable energy applications as well as the recycling of electricity, heat, water, and wood pallets at various plants, as well as improve the efficiency of energy resources through energy conservation, water saving, and green design. At the same time, it also adopts green packaging materials, including corrugated paper/cardboard, cardboard boxes, wooden boxes, for transportation, and recycles and reuses discarded packaging materials.</p> <p>(2) The Company’s main plants have passed the ISO14001 environmental management system and ISO14064-1 greenhouse gas inventory certification, and several major plants have passed the ISO50001 energy management system verification. The above-mentioned relevant systems have all incorporated energy conservation and carbon reduction, greenhouse gas reduction, reduction of water use, and other waste management into the Company’s policy. The key points are summarized in the fourth chapter “Corporate Social Responsibility” of this annual report. The details are disclosed in the annual Corporate Social Responsibility Report.</p> <p>(3) The Company has long upheld its mission “To provide innovative, clean and efficient energy solutions for a better tomorrow” and discloses the impact of climate change on financial aspects in the annual report and includes it as one of the major risks for corporate sustainable management. In addition to providing clients with high-performance products and solutions, the Company continues to promote energy management, inventory greenhouse gases, and conduct carbon footprint surveys of its products in daily operations. This not only reduces the risk of climate change, but also helps the Company find and develop emerging business opportunities in the low-carbon economy.</p>	In compliance with Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies

Evaluation Items	State of Operations			Deviations from Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the Reasons
	Yes	No	Summary	
3. Promotion of Social Welfare				
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	√		(1) The Delta Group is committed to respecting human rights. To fulfill this commitment, the Company constantly strives to comply with local regulations and to meet international labor and human rights standards, including the RBA Code of Conduct, Universal Declaration of Human Rights, International Labor Office Tripartite Declaration of Principles, OECD Guidelines for Multinational Enterprises, and more.	In compliance with Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies.
(2) Has the Company established appropriately managed employee appeal procedures?	√		(2) Employees of the Company have the obligation to report matters to any of the following person/units for appeal purposes, including the unit head the member belongs to, the head of audit department, the head of human resources department, or via local communication channels such as opinion boxes, emails, and 24hr hotlines to report anonymously or non-anonymously. Auditors will investigate immediately, and take necessary actions accordingly. To secure gender equality, the Company has set up a sexual harassment prevention committee, and provided whistleblower channels.	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	√		(3) Providing employees with a safe and healthy working environment is regarded as an essential responsibility of the Company. The Company has set up an ESG committee to carry out routine occupational safety assessments and ESH training sessions. The company also cooperates with professional health institutes to prompt work health and safety information to employees at each site.	
(4) Has the Company established a mechanism for regular communication with employees and use reasonable measures to notify employees of operational changes which may cause significant impact to employees?	√		(4) The Company provides diversified communication channels to deliver important business operation messages, the Company's strategies, and human development and training information to employees. Practices include setting up internal corporate websites, regularly publishing news, hosting cross-level meetings, labor management meetings, and more.	
(5) Has the Company established effective career development training plans?	√		(5) The Company continues to enhance employee competency through training systems, and has designed learning plans based on two types of internal career paths. The Company continues to increase investments in employee learning and development to enhance professional skills.	
(6) Has the Company established a consumer rights protection policy and grievance-filing procedures in terms of R&D, Procurement, Production, Operations, and Customer Support?	√		(6) The Company values customer opinions, and in addition to the customer survey, we also commission professional a consulting firm to undertake a customer satisfaction survey. To acquire an in-depth understanding of customers' needs and expectations, we collect customer opinions through focus groups, individual interviews, and online questionnaires. Concurrently, the Company has also set up points of contact for products and a customer service mailbox, as well as established customer service procedures and a product safety and warranty policy to protect customers' rights.	
(7) Does the Company comply with related laws, regulations, and international standards pertaining to marketing activities and labels on its products and services?	√		(7) All Company products are in compliance with international safety standards or international environmental standards. We also include relevant information such as compliance on product or packaging labels in accordance with local product environmental regulations of the shipment destination. In addition, we indicate information related to conformity with environmental marks or seals such as the US Energy Star or 80 PLUS on product labels in line with customers' marketing needs for green products.	



Evaluation Items	State of Operations			Deviations from Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the Reasons
	Yes	No	Summary	
(8) Prior to conducting business with suppliers, has the Company evaluated the suppliers in terms of their past record of impact on the environment and society?	√		(8) All new suppliers are required to pass the Company's Sustainable Supplier Management Evaluation procedures and to comply with the Company's relevant environmental requirements. They need to sign a "Declaration of Delta Supplier CSR Policy," "Declaration of Delta Supplier Code of Ethical Conduct," and "Declaration of Conflict-Free Minerals" and to fulfill relevant requirements and standards.	In compliance with Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies.
(9) Does the Company's contract with its primary suppliers contain any immediate termination clauses which come into force when the supplier violates corporate social responsibility policy and poses significant impacts on the environment and society?	√		(9) The Company has established sustainable supplier management methods and we require suppliers to comply with local laws, Supplier CSR Policy and relevant codes of conduct (e.g. Responsible Business Alliance Code of Conduct) in terms of labor and human rights, health and safety, environment, ethics, and management system aspects. Pursuant to the policy of due diligence, we require Delta's supply chain to comply with relevant regulations. If a high-risk supplier has been identified, the said supplier is required to propose a corrective and improvement plan. If no material improvements are shown within a set time frame, the supplier will be reported to the Supply Chain ESG Committee and the partnership with the supplier will cease.	
4. Improvement of information disclosure				
(1) On the Company's website and MOPS, has the Company disclosed information pertaining to corporate social responsibility, which is related to the Company's relevance and reliability?	√		The Company has set up a CSR Section on the Company website, and discloses relevant and reliable CSR information in the Annual Report. In addition, the Company continues to publish Corporate Social Responsibility Reports every year since 2005 for our stakeholders, and has provided a designated email inbox for stakeholders to provide feedback and opinions.	In compliance with Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies

5. Where the Company has stipulated its own Best Practices on CSR according to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please describe any deviations from the prescribed best practices and actual activities taken by the Company:

The Company has established the "Delta Corporate Social Responsibility Best Practice Principles," which is implemented in day-to-day operations in terms of corporate governance, sustainable environment, social welfare, and CSR information disclosure. For corporate governance, please see Chapter III "Corporate Governance Report" of this Annual Report. As for sustainable environment, social welfare and CSR information disclosure, please see Chapter IV "Corporate Social Responsibility" of this Annual Report.

6. Other material information that can help to understand how CSR is carried out in the Company: Please see Chapter IV "Corporate Social Responsibility" of this Annual Report for further explanations.

7. Please elaborate if the Company's CSR Report has passed verification standards from relevant assurance institutions: The Report has received third-party verification and assurance, and is expected to receive a third-party verification statement and assurance report by June 2019.

- Validation: The Company contracted SGS Taiwan to verify that this report conforms to the GRI Standards and AA1000 Type II core standards and a high level of scrutiny.

- Assurance: The Company contracted PwC Taiwan to conduct a limited assurance engagement to confirm that the specific key performance information is done in accordance with ISAE3000.

8. The Company disclose material information immediately to the public and hold investors' meeting regularly.

9. In 2018, Delta was listed on the DJSI World Index of Dow Jones Sustainability™ Indices for the 8th consecutive year, the DJSI Emerging Market Index for the 6th consecutive year and was honored as the ICT sector leader for the 3rd time. Delta was also ranked by the 2018 CDP (formerly the Carbon Disclosure Project) at the CDP Climate Change Management level, and was a constituent of the MSCI and FTSE ESG index series. Delta continued to receive corporate social responsibility awards from Global Views Magazine, CommonWealth Magazine, as well as the 10th Taiwan Corporate Sustainability Award, and for the first time, received the best ESG communications award at the IR Magazine Awards. Delta was also included in the top 5% in the corporate-governance evaluation rating by the Taiwan Stock Exchange Corporation for the fourth year in a row.

### 3.4.6 The state of the Company's performance in the area of good faith management and the adoption of related measures

Delta believes that it can attain sustainable development only through "ethical management". Therefore, in order to implement the principle of "ethical management" and establish a corporate culture of integrity, the Company has established its "Ethical Corporate Management Best Practice Principles", "Code of Conduct" etc., and expects its members (including directors, managers, employees, etc.) to refrain from resorting to bribery or accepting bribes and avoid conflicts of interest as well as unethical relationships with third parties. Trading violations of the Fair Trade Act and any disclosure of internal information without the consent of the Company are prohibited.

Key measures undertaken by the Company are as follows:

1. Delta prohibits offering and acceptance of bribes, as well as providing illegal political donations or other unreasonable presents or hospitality.
2. Delta members should comply with relevant laws, regulations and internal rules of the Company and prevent unethical conducts
3. When Delta members encounter a conflict of interest, they should immediately take evasive measures.
4. Delta members shall conform to accounting principles to ensure proper and correct publication of information.
5. Delta members shall comply with the provisions of the Fair Trade Act and avoid unfair competition.
6. Regularly organize education/training and publicity campaigns

Based on the factors mentioned above, Delta requires all its members including managers and all employees to maintain a corporate culture of integrity while ensuring its sustainable operations.

Delta's implementation of integrity management:

Assessment Items	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
1. Establishment of integrity policies and solutions				
(1) Does the Company state ethical corporate management policies and practices in its internal rules and external documents, as well as the commitment of the Board of Directors and management to actively implement these policies?	√		(1) In order to improve its sound development, Delta has established an "Ethical Corporate Management Best Practice Principles" which combines the business philosophy of honesty, transparency and responsibility based on integrity. Through this principle, the Company wants to set up a good operation mode, create a corporate culture through integrity management and require its members including the Board of Directors and senior management to reliably implement policies. The principle is detailed in the Corporate Governance section under Investor Services on the Company's website.	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(2) Has the Company established plans for preventing dishonest behavior? Has it clearly stated relevant operational procedures, behavioral guidelines, disciplinary and grievance systems with in each plan? Has it implemented and executed these plans?	√		(2) In order to prevent any form of unethical conducts, the Company has established its "Code of Conduct" to set the standard operating procedures and behavioral guidelines for all stakeholders of the Company, as a commitment to implementing its integrity management policy. The code can be found in the Human Resources section of the Company's website or the Corporate Governance section under Investor Services.	
(3) Has the Company established measures to prevent the behaviors listed in Article 7 Item 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" or other business activities with higher risk of dishonest behavior?	√		(3) In Article 8 of Delta's "Corporate Social Responsibility Best Practice Principles" the Company has specified anti-bribery and anti-corruption practices and the avoidance of engaging in unfair competition. The Company further prohibits offering or acceptance of bribes, making illegal political donations, providing or receiving any inappropriate interests, infringement of intellectual property rights, unethical relationship with a third party, violation of the Fair Trade Act and disclosure of any vital internal information without the consent of the Company. Also, charitable donations and sponsorships should follow the "Charitable Donations and Sponsorship Management Regulations of Delta Electronics, Inc." The Company should hold publicity campaigns regularly to enhance the implementation of integrity management policies.	

Assessment Items	Implementation Status		Summary	Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No		
<p>2. Implementation of Integrity Management</p> <p>(1) Does the Company evaluate the integrity record of trading partners as well as explicitly include honest business practices clauses in contracts?</p>	√		<p>(1) According to the "Delta Electronics' Code of Conduct":</p> <p>i Before establishing business relationships with others, the Company shall evaluate the legitimacy, integrity, and operational policy of the agents, suppliers, customers or any other business dealing entities, and whether there are any records of dishonesty, to ensure such entities' business operation is with integrity, transparent, and will not demand, offer or receive bribes. In making the above evaluation, the Company may conduct appropriate audit procedures to evaluate its business dealing entities on the following subjects to understand its integrity and operation:</p> <p>(i) Such entity's nationality, place of operation, structure, operational policy and place of payments.</p> <p>(ii) Whether or not such entity has established any policy on business integrity, and, if so, its implementation.</p> <p>(iii) Whether its place of operation is in the countries with high risk of corruption.</p> <p>(iv) Whether its business operated is the business with high risk of bribes.</p> <p>(v) Such entity's long term business operation and its goodwill.</p> <p>(vi) Peer opinions from its trading partners.</p> <p>(vii) Whether such entity has any record on bribes, illegal political donations or any other dishonest behaviors.</p> <p>ii Delta members, during the course of conducting business dealing, shall explain to the dealing entities the Company's policy on business integrity and other relevant rules and shall explicitly reject any offering, promise, demands or receipt, directly or indirectly, in whatever form or name, of illegitimate interests, including kickbacks, commission, facilitation payments, nor offer or receive any illegitimate interests through any other means.</p> <p>iii The Company employees shall refrain from conducting any business transactions with any dishonest agents, suppliers, customers or other business dealing entities. Once any dealing entity is found with dishonest behaviors, the Company employees shall immediately stop any business interactions with such an entity and categorize it as dishonored account in order to implement the Company's policy on business integrity.</p> <p>iv To conclude contracts, the Company shall fully understand the counter party's policy on business integrity and make the compliance of business integrity as part of the contractual terms, which shall at least explicitly address the followings:</p> <p>(i) Each party shall immediately notify the other party, in the event of being aware of any of its member breaching any contractual terms which prohibit kickbacks, commission or any other interests, and shall disclose the identity of such member, the method of providing, promising, demanding or receiving of money or other interests and the amount thereof, and shall provide relevant evidence to the other party and cooperate in the investigation of the other party. Such party shall be entitled to indemnification in the event of any damage or loss.</p> <p>(ii) Each party may terminate or cancel the contract without cause immediately if the other party engages in any dishonest behaviors in the performance of business activities.</p> <p>(iii) Definite and reasonable payment terms shall be provided, including place of payment, the method thereof, and the compliance of relevant tax laws and regulations.</p> <p>Considering the legality and integrity record of business partners, when the Company signs a contract with others, the content should include compliance with the integrity management policy, and if the counterparty commits any dishonest act, the Company may terminate the terms of the contract at any time and take all legal responsibilities, e.g., commitment to integrity before trading with vendors.</p>	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Assessment Items	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
(2) Has the Company established a dedicated or non-dedicated department under the Board of Directors to ensure ethical management practices? Does this department periodically report their status of implementation to the Board of Directors?	√		(2) The Company's ethical management policy is handled by the Human Resources Department and reported to the Board of Directors on an annual basis. The implementation of the Company's 2018 ethical management was reported to the Board of Directors on March 11, 2019.	
(3) Has the Company established policies to prevent conflicts of interest, implemented such policies and provided adequate channels of communication?	√		(3) To prevent conflicts of interest, the Company has established its "Code of Conduct" with provisions to address conflicts of interest of directors in Article 15 of the "Rules and Procedures of the Meeting of Board of Directors" and Article 31 of the "Corporate Governance Best Practice Principles" As to the relationship between the company and its affiliates in terms of corporate governance, the improper channeling of profits between the stakeholders of the Company and shareholders is strictly prohibited based on the principle of fairness and reasonableness. The rules are clearly stated in the "Corporate Governance Best Practice Principles" In terms of related party transactions and insider trading, the Company has also established internal control operation systems respectively and provided appropriate channels for directors and managers to proactively explain any potential conflicts of interest with the Company.	
(4) Has the Company established effective accounting systems and internal control systems in order to ensure ethical management practices and does it have its internal auditing department periodically perform audits or have its CPA conduct audits?	√		(4) The financial statements of the Company are prepared in accordance with the financial issuer's financial reporting standards and the International Financial Reporting Standards, International Accounting Standards, and interpretations approved by the Financial Supervisory Commission. The design and execution of internal control is based on the "Processing Guidelines for the Establishment of an Internal Control System for Listed Companies" with self-monitoring mechanism. Aside from a routine check, the internal auditing department receives a report and proves its veracity before reporting it to the Audit Committee and the Board of Directors. The internal auditing department also inspects and ensures the effectiveness of system design and continuity at any time.	
(5) Does the Company periodically organize internal and external educational training on ethical management practices?	√		(5) The Company presents the E-learning material on the "Code of Conduct" to newcomers during their induction and organizes internal and external courses on ethical management for senior executives from time to time to establish and cultivate the concept of ethical management among the staff. The quarterly performance appraisal of Delta values the ability and also includes the aspect of integrity in the assessment.  In 2018, the number of participants and total hours of induction training courses, internal control and audit-related courses and Code of Conduct for Delta Electronics & Code of Conduct for the Electronic Industry courses were 2,020 and 3,676.18(hours), respectively.	
3. Status of the Company's reporting mechanism  (1) Has the Company established concrete reporting and rewards systems, set up convenient reporting channels and appointed any appropriate, dedicated staffer to deal with the person who has been reported?	√		(1) The Company has established its "Code of Conduct" which stipulates that all Delta members have the obligation to report the matter to Head of the unit the member belongs to, Head of audit department, head of human resources department or head of legal and intellectual property department or Local external opinion box when they find that another Delta member could be involved in activities that violate the law or the Code. In addition, the "Workplace rules of Delta Electronics Inc." states that if an employee or job applicant is subjected to sexual harassment in the workplace, he or she may inform the unit managers and human resources department in respective factories by phone, fax or email (i.e., grievance email address). If the cases cannot be processed, the employee may report the incident to the proper authorities. Vendors may also report any illegal act committed by a Company member using the reporting & grievance email address indicated on the Integrity Commitment.  Grievance Email Address exclusively for Employees HR.GRIEVANCE@deltaww.com  Grievance Email Address exclusively for Vendors 885@deltaww.com  Email Address for External Personnel mkt-serv@deltaww.com  To implement the ethical management policy, the company has combined the performance appraisal of employees with the human resources policy to implement the reward and punishment system.	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Assessment Items	Implementation Status			Deviation from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and reasons for deviation
	Yes	No	Summary	
(2) Has the Company established standard operating procedures for investigation as well as a related classified information mechanism for handling such reports?	√		(2) In any incident in which a violation of the Code of Conduct may be reported or found during a routine check, the internal auditor should collect evidence and conduct in-depth investigation to find out whether there is a violation or illegal act committed. The relevant department carries out the punishment according to regulations after an internal report has been made and forwarded to the Audit Committee and the Board of Directors for decision based on the materiality of the case.	
(3) Has the Company adopted any measure to protect the informers lest they be inappropriately treated?	√		(3) The Company has established its “Code of Conduct” which states that Delta members may elect to stay anonymous when reporting the act of violation of another member. However the Company encourages Delta members to indicate their identity when making a report to facilitate communication and investigation.  When a Delta member makes a non-anonymous report, the receiving unit should take reasonable preventive and protective measures to ensure the quality of investigation and protect said member from retaliation or unfair treatment.	
4. Enhancing Information Disclosure				
(1) Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles as well as related implementation results on its website and the MOPS?	√		The Company’s “ Ethical Corporate Management Best Practice Principles”, “ Code of Conduct” and “ Corporate Social Responsibility Best Practice Principles” are disclosed on the company’s internal and external websites in the Corporate Governance section under Investor Services. In addition, relevant and reliable information on ethical management is also disclosed in the annual report and corporate social responsibility report.	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

5. If the Company has established its ethical corporate management principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Companies”, please state the difference between such principles and implementation:

The Company has established its “ Ethical Corporate Management Best Practice Principles” In line with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.” Moreover, it has set up the “Code of Conduct” and “Charitable Donations and Sponsorship Management Regulations” in relation to the Company’s ethical management policy.

6. Other key information useful for explaining the status of the implementation of ethical management practices: (Such as the status of the Company’s efforts to review and correct its principles for ethical management practices):

In accordance with the provisions of Article 16, Organizations and Responsibility, of the Company’s “Ethical Corporate Management Best Practice Principles” the operating status shall be reported to the Board of Directors on a regular basis to ensure the implementation of the ethical management policy. The Company will also organize education/training and publicity campaigns regularly, and invite relevant parties to the Company’s business activities so that they can fully understand the Company’s commitment, policies, preventive programs and sanctions for unethical behavior.



**3.4.7 If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched**

Regarding the Information Disclosure on our website, please refer to the “Corporate Governance” section to search or download related rules and procedures, resolutions of the Board of Directors and the material information, etc.

The website is <http://www.deltaww.com>.

**3.4.8 Other significant information that will provide a better understanding of the state of the company’s implementation of corporate governance**

1. The Company continues to invest resources to strengthen corporate governance, the board members are originally all management team of the Company and external talents are gradually introduced. There are four independent directors at the moment, all of whom constitute an Audit Committee and a Compensation Committee.
2. Members of Delta should abide by laws and regulations and company internal regulations to avoid unethical conducts.
3. On internal and external websites of the Company, there is also a dedicated section for the implementation of corporate governance, and there are also rules and regulations related to corporate governance for download and references for both insiders and outsiders.
4. In addition, the Company also promptly discloses material information to the public and hold investor meetings periodically. Delta received the Best ESG Communications Award in Greater China and was listed in “The Dow Jones Sustainability™ World Index” for the eighth consecutive year. In 2018, Delta was recognized as an industry leader and included in an honor list for the corporate social responsibility category from Global Views Monthly magazine. Delta also received the top “CSR Corporate Citizen Award” from Commonwealth Magazine, five awards from the 2018 Taiwan Corporate Sustainability Awards, as well as recognition as a “top 5% listed company” in the corporate governance evaluation carried out by the Taiwan Stock Exchange.

### 3.4.9 Internal control system execution status

#### 3.4.9.1 Statement on Internal Control

Delta Electronics, Inc.  
Internal Control System Statement

Date: March 11, 2019

Based on the findings of a self-assessment, Delta Electronics, Inc. states the following in regards to its internal control system during the year 2018:

1. The Company is aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board of Directors and the managers of the Company. The Company has established the system for the purpose of guaranteeing the reliability, timeliness and transparency report of the effectiveness and efficiency of the operation (including profitability, performance, asset security, etc.) and ensuring all are in compliance with relevant laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2018, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance on our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations
6. This Statement is an integral part of the Company's annual report for the current period and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the Board of Directors in their meeting held on March 11, 2019, with all eleven attending directors affirming the content of this Statement.

Delta Electronics, Inc.



Chairman: Yancey Hai



General Manager: Simon Chang



3.4.9.2 If CPAs are engaged to review the internal control system, their report shall be disclosed: None.

**3.4.10 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements**

In the fiscal year of 2018, the Company strictly followed the Company Act, Securities and Exchange Act, and environmental related regulations during its operations. However, a one-time violation of the Labor Standard Act Paragraph 32, Article 2, where restriction of working hours is stated: “working hours shall not extend to more than 12 hours a day” had resulted in NTD 50,000 worth of fine. The Company had requested the management team to arrange necessary human support and assessed the current allocation of human resources in the operation. In addition, the Company introduced the overtime approval system to ensure extension of working hours are approved prior to the work of overtime carried out by the staff.

**3.4.11 Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report**

Major resolutions of Board Meetings		
Date of Board Meetings	Proposal	Resolutions
March 8, 2018	1. To distribute 2017 employees' and directors' compensation	The Board unanimously approved this motion.
	2. To submit 2017 Annual Final Accounting Books and Statements for approval	The Board unanimously approved this motion.
	3. To distribute 2017 earnings	The Board unanimously approved this motion.
	4. To elect directors	The Board unanimously approved this motion.
	5. To convene the 2018 Annual General Shareholders' Meeting	The Board unanimously approved this motion.
	6. To approve the purchase of land and the construction of a new plant in Chungli District, Taoyuan City	The Board unanimously approved this motion.
	7. To approved the construction of Central Taiwan Science Park Plant 1	The Board unanimously approved this motion.
	8. To evaluate the independence of the appointed external auditors	The Board unanimously approved this motion.
	9. To approve 2017 Internal Control System Statement	The Board unanimously approved this motion.
	10. To remove the non-competition restrictions on managers	Based on Article 206 of the Company Act, all directors, except Mr. Simon Chang, unanimously approved that without prejudice to the interests of the Company, the removal of non-competition restrictions on Mr. Simon Chang, a director in Delta International Holding Ltd., and to be elected as directors in Delta Electronics (Wuhu) Co., Ltd., Delta Electronics (Chenzhou) Co., Ltd., Wuhu Delta Technology Co., Ltd., Chenzhou Delta Technology Co., Ltd., Delta Energy Technology (Dongguan) Co., Ltd., Delta Electronics (Pingtan) Co., Ltd., Delta Electronics (Xi'an) Co., Ltd. and Vivotek Inc. and to be elected as a Vice-Chairman in Delta Greentech (China) Co., Ltd.
April 30, 2018	1. To discuss the 2018 compensation of managers	Based on Article 206 of the Company Act, all directors, except Mr. Yancey Hai, Mr. Mark Ko, Mr. Ping Cheng, Mr. Johnson Lee and Mr. Simon Chang, unanimously approved that without prejudice to the interests of the Company, the compensation of managers.
	2. To discuss the percentage of distribution as 2018 compensation of employees	The Board unanimously approved this motion.
	3. To amend the Articles of Incorporation	The Board unanimously approved this motion.
	4. To review the nominated directors (including independent directors)'s qualification	The Board unanimously approved this motion.
	5. To remove non-competition restrictions on directors.	The Board unanimously approved this motion.
	6. To approve the short-form merger with its fully owned subsidiary, Delta Green Life Co., Ltd.	The Board unanimously approved this motion.
	7. To convene the 2018 Annual General Shareholders' Meeting (Additional items)	The Board unanimously approved this motion.
	8. To approve the purchase of land and the construction of a new plant in Chungli District, Taoyuan City	The Board unanimously approved this motion.
June 11, 2018	1. To elect the Chairman and the Vice-Chairman	The Board unanimously elected Mr. Yancey Hai to be the Chairman and Mr. Mark Ko to be the Vice-Chairman.

Major resolutions of Board Meetings

Date of Board Meetings	Proposal	Resolutions
July 31, 2018	1. Delta Electronics Int'l (Singapore) Pte. Ltd. intended to acquire shares of Delta Electronics Thailand Public Company Limited	Based on Article 206 of the Company Act, except for Mr. Simon Chang who shall not participate in voting on this motion, the rest of directors unanimously approved this motion.
	2. To approve the short-form merger with its 99.98% owned subsidiary, Delta Networks, Inc. (Taiwan)	The Board unanimously approved this motion.
	3. To elect the 4 <sup>th</sup> Compensation Committee members	The Board unanimously approved the proposal, with independent directors, Mr. George Chao, Mr. Tsong-Pyng Perng, Mr. Yung-Chin Chen and Mr. Ji-Ren Lee, serving as members of the Company's 4 <sup>th</sup> compensation committee. Committee members unanimously appointed independent director, Mr. George Chao, as the convener and the Chairman of compensation committee meetings.
	4. To approve the construction of Tainan Plant Phases III	The Board unanimously approved this motion.
	5. To approve the purchase of land in Neihu District, Taipei and a construction on the purchased land	The Board unanimously approved this motion.
October 29, 2018	1. To approve the Company's 2019 internal audit plan	The Board unanimously approved this motion.
	2. To approve the change of stock transfer agency	The Board unanimously approved this motion.
	3. To amend the Rules of Performance Evaluation of the Board of Directors	The Board unanimously approved this motion.
	4. To approve recommendations on 2018 directors' compensation	Except for the directors who are the interested party and shall not participate in discussion or voting on respective directors' compensation agenda item, the rest of directors unanimously approved this motion.
March 11, 2019	1. To submit 2017 Annual Final Accounting Books and Statements for approval	The Board unanimously approved this motion.
	2. To distribute 2017 earnings	The Board unanimously approved this motion.
	3. To distribute 2017 employees' and directors' compensation	The Board unanimously approved this motion.
	4. To approve the Amendments to the Operating Procedures of Acquisition or Disposal of Assets	The Board unanimously approved this motion.
	5. To approve the Amendments to the Authorized Limits for the Acquisition or Disposal of Assets	The Board unanimously approved this motion.
	6. To evaluate the independence of the appointed external auditors	The Board unanimously approved this motion.
	7. To approve the efficiency of the 2018 internal control system	The Board unanimously approved this motion.
	8. To approve 2018 Internal Control System Statement	The Board unanimously approved this motion.
	9. To convene the 2019 Annual General Shareholders' Meeting	The Board unanimously approved this motion.
	10. To approve increase of the total cost for the construction of Tainan Plant Phases III	The Board unanimously approved this motion.
April 17, 2019	1. To approve the purchase of real property in Chungli District, Taoyuan City	The Board unanimously approved this motion.
April 29, 2019	1. To discuss the 2019 compensation of managers	Based on Article 206 of the Company Act, except for Mr. Yancey Hai, Mr. Mark Ko, Mr. Ping Cheng and Mr. Simon Chang shall not participate in voting on managers' compensation, and Mr. Victor Cheng left while voting, the rest of directors unanimously approved that without prejudice to the interests of the Company, the compensation of managers.
	2. To discuss the percentage of distribution as 2019 compensation of employees	The Board unanimously approved this motion.
	3. To approve the Amendments to the Compensation Committee Charter	The Board unanimously approved this motion.
	4. To approve the Amendments to the Corporate Governance Best Practice Principles	The Board unanimously approved this motion.
	5. To approve the Amendments to the Rules of Performance Evaluation of the Board of Directors	The Board unanimously approved this motion.
	6. To approve the Amendments to the Operating Procedures of Fund Lending	The Board unanimously approved this motion.
	7. To approve the Amendments to the Operating Procedures of Endorsement	The Board unanimously approved this motion.
	8. To appoint the Company Secretary	The Board unanimously approved this motion.
	9. To remove non-competition restrictions on Directors	The Board unanimously approved this motion.
	10. To remove non-competition restrictions on manager officers	Based on Article 206 of the Company Act, all directors, except Mr. Ping Cheng, unanimously approved that without prejudice to the interests of the Company, the removal of non-competition restrictions on Mr. Ping Cheng as a director in Delta Greentech SGP Pte. Ltd.
	11. To convene the 2019 Annual General Shareholders' Meeting (Additional items)	The Board unanimously approved this motion.

Major resolutions of Shareholders' Meetings					
Date of Shareholders' Meetings	Proposal	Resolutions			
June 11, 2018	1. Adoption of the 2017 Annual Final Accounting Books and Statements	Approved and acknowledged as proposed by the Board of Directors by voting			
	2. Adoption of the 2017 Earnings Distribution	Approved and acknowledged as proposed by the Board of Directors by voting			
	3. Discussion of the Amendments to the Articles of Incorporation	Approved and acknowledged as proposed by the Board of Directors by voting			
	4. Election of the Company's Directors	Election Result: 11 members of the Board of Directors (including 4 Independent Directors)			
			Title	Name	Votes Received
		Director	Yancey Hai	1,717,151,946	
		Director	Bruce CH Cheng	1,686,720,090	
		Director	Mark Ko	1,682,351,333	
		Director	Ping Cheng	1,645,209,945	
		Director	Simon Chang	1,644,817,831	
		Director	Albert Chang	1,644,219,728	
		Director	Victor Cheng	1,644,157,394	
		Independent Director	Yung-Chin Chen	1,644,098,217	
Independent Director	George Chao	1,644,029,702			
Independent Director	Tsong-Pyng Perng	1,643,831,281			
Independent Director	Ji-Ren Lee	1,643,714,268			
5. Releasing Directors from Non-competition Restrictions	Approved and acknowledged as proposed by the Board of Directors by voting				

#### Resolutions in 2018 Shareholders' meeting:

1. Adoption of the 2017 Annual Final Accounting Books and Statements

Resolution: Approved

2. Adoption of the 2017 Earnings Distribution

Resolution: NT\$ 5,000 per thousand shares (NT\$5 per share), total amount of NT\$12,987,716,645 for cash dividends distribution.

The Board of Director authorized the Chairman to set the book closure ending date on 2018/07/02 and the cash dividend distribution date on 2018/07/27.

3. Discussion of the Amendments to the Articles of Incorporation

Resolution: Approved and has completed per the shareholders' meeting's resolution.

4. Releasing Directors from Non-competition Restrictions

Resolution: Approved and acknowledged as proposed listed below by the Board of Directors by voting.

Name of Directors	Positions in Other Companies	Positions
Bruce CH Cheng	Delta International Holding Ltd.	Director
	DAC Holding (Cayman) Ltd.	Director
	Delta Electronics (Japan), Inc.	Chairman
	Delta Electronics (H.K.) Limited	Director
	Delta Electronics (Jiangsu) Ltd.	Chairman
	Delta Video Display System (Wujiang) Ltd.	Chairman
	Delta Electronics (Shanghai) Co., Ltd.	Chairman
	Delta Electronics (Wujiang) Trading Co., Ltd.	Chairman
	Finestar International Limited	Director
	Hua-Chih Investment Co., Ltd. (translation)	Chairman



Name of Directors	Positions in Other Companies	Positions
Yancey Hai	Delta International Holding Ltd.	Director
	DAC Holding (Cayman) Ltd.	Director
	Delta Electronics Power (Dongguan) Co., Ltd.	Director
	Delta Electronics (Shanghai) Co., Ltd.	Director
	CTCI Corporation	Director
	USI CORPORATION	Independent Director
Mark Ko	Delta International Holding Ltd.	Director
	Delta Electronics (Japan), Inc.	Director
	Delta Electronics (Dongguan) Co., Ltd.	Chairman
	Delta Electronics Power (Dongguan) Co., Ltd.	Chairman
	Delta Electronics (Jiangsu) Ltd.	Director
	Delta Electronics (Wuhu) Co., Ltd.	Chairman
	Delta Electronics (Chenzhou) Co., Ltd.	Chairman
	Wuhu Delta Technology Co., Ltd.	Chairman
	Chenzhou Delta Technology Co., Ltd.	Chairman
	Delta Electronics (Wujiang) Trading Co., Ltd.	Director
	Delta Green (Tianjin) Industries Co., Ltd.	Chairman
	Delta Greentech (China) Co., Ltd.	Director
	Delta Controls Inc.	Director
Ping Cheng	Delta International Holding Ltd.	Director
	Delta Electronics (H.K.) Limited	Director
	Delta Electronics (Netherlands) B.V.	Director
	Ace Pillar Holding Co., Ltd.	Director
	Castle Horizon Limited	Director
	Energy Dragon Global Limited	Director
	Delta America Ltd	Director
	Delta Greentech (China) Co., Ltd.	Chairman
	Delta Energy Technology (Shanghai) Co., Ltd.	Chairman
	Delta Energy Technology (Dongguan) Co., Ltd.	Chairman
	Delta Electronics (Pingtan) Co., Ltd.	Chairman
	Delta Electronics Components (Wujiang) Ltd.	Chairman
	Delta Electronics (Xi'an) Co., Ltd.	Chairman
	Delta Electronics (Beijing) Co., Ltd.	Chairman
	Delta Electronics (Dongguan) Co., Ltd.	Director
	Delta Electronics Power (Dongguan) Co., Ltd.	Director
	Delta Electronics (Jiangsu) Ltd.	Director
	Delta Video Display System (Wujiang) Ltd.	Director
	Delta Electronics (Chenzhou) Co., Ltd.	Director
	Chenzhou Delta Technology Co., Ltd.	Director
	Delta Electronics (Wujiang) Trading Co., Ltd.	Director
	Delta Green (Tianjin) Industries Co., Ltd.	Director
	Delta Electronics (Wuhu) Co., Ltd.	Director
	Wuhu Delta Technology Co., Ltd.	Director
	Beijing Industrial Foresight Technology Co., Ltd.	Director
	Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Executive Director
	Delta Electronics (Thailand) Public Co., Ltd.	Advisor

Name of Directors	Positions in Other Companies	Positions
Simon Chang	Delta International Holding Ltd.	Director
	Delta Electronics (Netherlands) B.V.	Director
	Delta Greentech (China) Co., Ltd.	Vice-Chairman
	Delta Green (Tianjin) Industries Co., Ltd.	Director
	Delta Electronics Components (Wujiang) Ltd.	Director
	Delta Electronics (Wuhu) Co., Ltd.	Director
	Delta Electronics (Chenzhou) Co., Ltd.	Director
	Wuhu Delta Technology Co., Ltd.	Director
	Chenzhou Delta Technology Co., Ltd.	Director
	Delta Energy Technology (Dongguan) Co., Ltd.	Director
	Delta Electronics (Pingtan) Co., Ltd.	Director
	Delta Electronics (Xi'an) Co., Ltd.	Director
	VIVOTEK INC.	Director
	BETACERA INC.	Director
Victor Cheng	Delta Networks, Inc. (Taiwan)	Chairman
	Delta Electronics (Dongguan) Co., Ltd.	Director
	Delta Networks (Dongguan) Ltd.	Chairman
	Delta Networks (Shanghai) Ltd.	Chairman
	Delta Networks (Xiamen) Ltd.	Vice-Chairman
	DNI Logistics (USA) Corporation	Director
	Delta Networks Inc.	Director
	Delta Networks (HK) Limited	Director
	Eltek AS	Director
	Eltek SGS Pvt Ltd	Director
	Eltek Power Incorporated	Director
	Delta Greentech (Brasil) S.A.	Director
	Lanner Electronics Inc.	Director
Albert Chang	Neo Solar Power Corp.	Director

Name of Independent Directors	Positions in Other Companies	Positions
Yung-Chin Chen	Prime Oil Chemical Service Corporation	Director
	Taiwan Cogeneration Corporation	Director
	Wei Chuan Foods Corp.	Director
	CHINA TELEVISION COMPANY	Independent Director
	HEY-SONG CORPORATION	Independent Director
George Chao	None	
Tsong-Pyng Perng	None	
Ji-Ren Lee	E.SUN FINANCIAL HOLDING COMPANY,LTD.	Independent Director
	ACER INCORPORATED	Independent Director
	VIVOTEK INC.	Independent Director

**3.4.12** Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

**3.4.13** A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer: None.

### ▶ 3.5 Information on CPA professional fees

#### Professional fees of certified public accountants by fee range

Name of CPA firm	Name of CPA		Period covered by CPA's audit	Comment
PricewaterhouseCoopers	Lin, Yu-Kuan	Chou, Chien-Hung	January 1, 2018 to December 31, 2018	None

Unit: Thousand New Taiwanese Dollars

Bracket	Item	Audit fee	Non-audit fees	Total
1	Less than 2,000,000	-	-	-
2	Between 2,000,000 (inclusive) to 4,000,000	-	-	-
3	Between 4,000,000 (inclusive) to 6,000,000	-	-	-
4	Between 6,000,000 (inclusive) to 8,000,000	-	-	-
5	Between 8,000,000 (inclusive) to 10,000,000	-	-	-
6	More than 100,000,000 (inclusive)	13,580	10,281	23,861

**3.5.1 When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed**

Unit: Thousand New Taiwanese Dollars

Name of CPA firm	Name of CPA		Audit fees	Non-audit fees					Period covered by CPA's audits	Comments
				System design	Company registration	Human resources	Others (Note 2)	Subtotal		
Pricewaterhouse Coopers	Lin, Yu-Kuan	Chou, Chien-Hung	13,580 (Note 1)	-	365	-	9,916	10,281	January 1, 2018 to December 31, 2018	Other non-audit fees include consultations on taxes, visas, corporate social responsibility report, introduction of system; value assessment service before investment and report on transfer pricing

Note 1: Including the fees for the review reports of transfer invested companies.

Note 2: Non-audit fees are listed in categories, if the "others" section exceeds 25% of the total non-audit fees, detailed note should be given in regards of the services provided.

**3.5.2 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None**

**3.5.3 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None**

### ▶ 3.6 Information on replacement of certified public accountant

#### 3.6.1 Regarding the former certified public accountant

Date of Replacement	March 9, 2017		
Reason for the replacement and explanation	The change of CPA in Q1 2017 is due to the internal organization adjustment of the accounting firm.		
Explain whether the appointer terminates or CPA refuses to accept appointment	Contracting parties	CPA	Appointer
	Situation		
	Voluntarily terminates appointment	Not applicable	Not applicable
	Refuses to accept (continued) appointment	Not applicable	Not applicable
Comments or reasons for issuing the audit reports other than unqualified opinion in the latest two years	Not applicable		
Different opinions with the issuer	YES	-	Accounting principle or practice
		-	Disclosure in financial report
		-	Audit scope or process
		-	Others
	NO	V	
	Description:	-	
Other disclosures (others that shall be disclosed based on the code of article 10.5.1.4)	None		

#### 3.6.2 Regarding the successor certified public accountant

Name of the CPA firm	PricewaterhouseCoopers
Name of the CPA	Lin, Yu-Kuan ; Chou, Chien-Hung
Date of Appointment	March 9, 2017
Before appointment, any consultations and results that may be reported on the accounting methods or principles on specific transactions	Not applicable
Succeeding CPAs' written opinions that are different from those of the previous CPAs	Not applicable

#### 3.6.3 The former CPAs' letter in reply to the codes at article 10.6.1 & article 10.6.2.5-3 : Not applicable

▶ 3.7 Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

► **3.8 Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report**

**3.8.1 Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More**

Title	Name	2018		Current fiscal year up to April 12, 2019	
		No. of shares held increase (decrease)	Shares pledged increase (decrease)	No. of shares held increase (decrease) (Note)	Shares pledged increase (decrease)
Chairman/Strategic Steering Committee Chairman	Yancey Hai	0	0	0	0
Vice-Chairman/Strategic Steering Committee Vice-Chairman	Mark Ko	0	0	0	0
Director/Honorary Chairman	Bruce CH Cheng	0	0	0	0
Director/CEO	Ping Cheng	0	0	0	0
Director/President and COO	Simon Chang	0	0	0	0
Director	Albert Chang	0	0	(3,000)	0
Director	Victor Cheng (Note 1)	0	0	0	0
Independent Director	George Chao	0	0	0	0
Independent Director	Yung-Chin Chen	0	0	0	0
Independent Director	Tsong-Pyng Perng	0	0	0	0
Independent Director	Ji-Ren Lee	0	0	0	0
Vice-President	Steven Liu	0	0	0	0
Corp.CFO	Judy Wang	(5,000)	0	0	0
Branch Office Manager	Charles Tsai	0	0	0	0
Company Secretary	Shalin Chen (Note2)	-	-	-	-
Shareholder holding more than ten percent of the total shares	DEICO INTERNATIONAL LTD.	0	0	0	0
Former Director	Johnson Lee (Date of Ceasing :2018.06.11)	0	0	0	0
Former Director	FRED CHAI YAN LEE (Date of Ceasing :2018.06.11)	0	0	0	0
Former Director	Chung-Hsing Huang (Date of Ceasing :2018.06.11)	0	0	0	0

Note: No. of shares held increase (decrease) as of the book closure date for the 2019 AGM.

Note1: Mr. Victor Cheng was newly-elected as a Director at the annual Shareholder's meeting on June 11, 2018 and the disclose period for the change in shareholding is from jun 11, 2018~December 31, 2018

Note2: Ms. Shalin Chen was appointed as the Company Secretary on April 29, 2019.

**3.8.2 Stock transfers to related parties: None**

**3.8.3 Pledge of stock rights to related parties: None**

► **3.9 Relationship information, if among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another**

April 12, 2019

Name (Note 1)	Shareholding by self		Shareholding by spouse and underage children (Note 2)		Shareholding under the name of others (Note 2)		Specify the names and relations of the top-10 shareholders who are related-parties or spouse or kindred within the 2nd degree of kinship (Note 3)		Remark
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding	Title (or Name)	Relation	
DEICO INTERNATIONAL LTD.	267,556,280	10.30%	0	0	0	0	None	None	None
Representative: Jiao Fan	0	0	0	0	0	0	None	None	None
DELTRON HOLDING LTD.	218,211,168	8.40%	0	0	0	0	None	None	None
Representative: Syue-Huei Ye	0	0	0	0	0	0	None	None	None
Government of Singapore	85,757,628	3.30%	0	0	0	0	None	None	None
Chung-Hua Cheng (Also known as Bruce C. H. Cheng)	81,878,039	3.15%	24,097,633	0.93%	0	0	Ping Cheng, Victor Cheng	father and son	None
First State Investments ICVC - Stewart Investors Asia Pacific Leaders Fund	67,857,622	2.61%	0	0	0	0	None	None	None
New Labor Retirement Pension Fund	59,711,197	2.30%	0	0	0	0	None	None	None
Ping Cheng	55,090,093	2.12%	0	0	0	0	Bruce CH. Cheng, Victor Cheng	father and son, brothers	None
An Cheng (Also known as Victor Cheng)	50,194,764	1.93%	1,023,482	0.04%	0	0	Bruce CH. Cheng, Ping Cheng	father and son, brothers	None
NAN SHAN LIFE INSURANCE CO., LTD	45,676,000	1.76%	0	0	0	0	None	None	None
Labor Insurance Fund	42,680,858	1.64%	0	0	0	0	None	None	None

Note 1: List the top ten shareholders. Institutional shareholders should list their names along with the names of their representatives. (This rule does not apply to other top ten shareholders that do not belong to the corporation structure.)

Note 2: The shareholding ratio should be calculated based on all the shares under one's name, spouse, minor children or those purchased under the name of others on his/her behalf.

Note 3: The relationship between all shareholders listed, including juridical and natural persons should be disclosed.



► **3.10 The total number of shares and total equity stake held in any single enterprise by the Company, its directors and managers, and any companies controlled either directly or indirectly by the Company**

December 31, 2018; Unit: shares 、%

Affiliated Company (Note)	Investment by the Company		Investment of directors, supervisors, managers or enterprises under their direct or indirect control		Combined Investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Delta Networks Holding Ltd.	83,800,000	100.00%	0	0.00%	83,800,000	100.00%
Delta Electronics (Netherlands) B.V.	120,219,545	100.00%	0	0.00%	120,219,545	100.00%
Cyntec Co., Ltd.	2,232,290,862	100.00%	0	0.00%	2,232,290,862	100.00%
DelBio Inc.	90,000,000	100.00%	0	0.00%	90,000,000	100.00%
Delta Electronics Capital Company	350,000,000	100.00%	0	0.00%	350,000,000	100.00%
Delta Electronics Int'l (Singapore) Pte. Ltd.	300,000	100.00%	0	0.00%	300,000	100.00%
Allied Material Technology Corp.	211,400,909	99.97%	0	0.00%	211,400,909	99.97%
Delta International Holding Ltd.	67,680,000	94.00%	0	0.00%	67,680,000	94.00%
NeoEnergy Microelectronics, Inc.	14,313,530	98.17%	0	0.00%	14,313,530	98.17%
PreOptix (Hong Kong) Co., Ltd.	5,250,000	39.62%	8,000,000	60.38%	13,250,000	100.00%
Delta Electronics (Thailand) Public Co., Ltd.	69,128,140	5.54%	192,365,610	15.42%	261,493,750	20.96%
Delta America Ltd.	2,100,000	10.26%	18,374,182	89.74%	20,474,182	100.00%
Delta Networks, Inc. (Taiwan)	50,040,838	99.98%	0	0.00%	50,040,838	99.98%
UNICOM SYSTEM ENG. CORP.	570,000	100.00%	0	0.00%	570,000	100.00%
Vivotek Inc.	42,345,423	50.13%	0	0.00%	42,345,423	50.13%

Note: Investment accounted for using equity-method.

## 4. Corporate Social Responsibility

Delta places the utmost emphasis on corporate social responsibility, making sure the strategies and development of CSR are in line with its business as it continues to expand. Using energy conservation as its core, Delta's CSR encompasses sound corporate governance, balanced profit for stakeholders, environmental issues, employee care, and social involvement.

Delta has set up a CSR Committee, with Mr. Bruce Cheng, founder and honorary chairman of Delta, serving as honorary chairman of the committee, and Chairman Yancey Hai acting as the committee chairman. The committee is composed of the following members: vice chairman, CEO, COO, and top executives from regional and functional management.








CSR strategies combine the Company's core capabilities, and fully implement its corporate mission "To provide clean, innovative, and energy-efficient solutions for a better tomorrow" to enhance its sustainable operating capability. In addition, Delta has stipulated Corporate Social Responsibility Principles under the approval of the Board of Directors in compliance with relevant regulations. The Principles clearly define the main rules including corporate governance implementation, sustainable environment development, social welfare maintenance, and the strengthening of information disclosure, to fulfill the Company's corporate social responsibility.

Delta has publicly committed to the CDP's "Commit to Action" carbon reduction campaign, signed the "We Mean Business" initiative, and committed to reporting climate change information in mainstream reports as a fiduciary duty, adopting a science-based emissions reduction target, and engaging in responsible corporate climate policy. In terms of climate change information disclosure, related information is disclosed in Delta's CSR report. The main information is disclosed using the TCFD (Task Force on Climate-related Financial Disclosures) framework in the Annual Report. For responsible corporate climate policy engagement, Delta has collaborated with a well-known think tank, ACEEE (American Council for an Energy-Efficient Economy), and organized a Local High-impact Energy Efficiency Strategies Toolkit. Delta has thoroughly analyzed how American cities are enacting power-saving buildings and transportation data disclosure policies, and has further adapted these policies to Taiwan as guidance for an energy efficiency framework.

At adopting a science based emissions reduction target, Delta has taken the lead in establishing science-based targets by proposing to lower its carbon intensity by 56.6% by 2025 using 2014 as the base year. After reaching the goal in 2014 by lowering electricity intensity by 50% compared with 2009, Delta made the promise again, which shows its determination to conserve energy and reduce carbon. Delta has also taken action to support maintaining the global temperature increase within 2°C compared to pre-industrial temperatures.

In addition, Delta supports human rights and international labor standards by emphasizing employees' mind and body balanced development and proposing talent retention programs. Delta creates the greatest benefits for employees, shareholders, and the whole of society by continuous innovation, high value-added products development, and creating a workplace that allows employees to reach their full potential. To let stakeholders better understand its efforts, Delta has added a CSR section and designated mailbox to its website for better external communication. Delta publishes a CSR report every year to share its CSR performance with the public.

Delta proactively complies with the Sustainable Development Goals (SDGs) set by the UN in 2015. Apart from the environmental, social, and governance aspects corresponding with the SDG's 17 goals and 169 targets, Delta has set a further 7 goals for stakeholders identifying material issues, which include: 4. Quality Education; 7. Affordable and Clean Energy; 9. Industry, Innovation, and Infrastructure; 11. Sustainable Cities and Communities; 12. Responsible Consumption and Production; 13. Climate Action; and 17. Partnerships for the Goals. Delta's development summary corresponding to SDGs is as follows:

SDGs	Key Strategies for the Alignment with SDGs
	Supporting high-quality education for all, developing talent, and improving knowledge, Delta is promoting education and life-long learning from four aspects: basic subject education; environmental education such as energy, water resources, and green buildings; improving educational opportunities in developing countries; and, cultivating talent within the Company for lifelong learning.
	Constructing a reliable and sustainable clean energy system is one of the global priorities. Delta is dedicated to developing solar power generation systems and renewable energy solutions, and discovering new clean energy business models. Delta also provides affordable renewable energy solutions for underdeveloped areas to help more people obtain sustainable modern energy.
	Accelerating industrial innovation and assisting in the construction of resilient infrastructure are the best solutions for companies facing the dual pressures of climate change and sustainable development. Delta has implemented an internal incentive system to continuously develop innovative energy and provide diversified energy-saving solutions for global customers, with applications that include smart manufacturing and low-carbon transportation.
	As the scale of urbanization continues to grow and populations are increasingly concentrated, sustainable cities have become the key to balancing human welfare and environmental and social sustainable development. To collectively develop sustainable cities with our stakeholders, Delta actively introduces and promotes green buildings and provides green building solutions, including building automated solutions and energy infrastructures.
	Sustainable consumption and production are the basis for sustainable business operations. Delta is dedicated to our mission "To provide innovative, clean, and energy-efficient solutions for a better tomorrow." We have implemented sustainable consumption and production into our daily operations through promoting green production measures, local procurement, supplier ESG (Environmental, Social and Governance) assessments, and the promotion of green buildings, factories, and offices, and green operation concepts.
	Properly responding to climate change and its impact and taking countermeasures are major challenges for a company's sustainable business strategy. Delta responds to climate risk by adaptation and mitigation, and continues to identify climate change opportunities. In addition, Delta uses "corporate self-motivated carbon reduction", "disclosure of climate change information", and "participation in climate policy" as strategies and carries out relevant actions starting from within the Company.
	As global citizens, companies must participate in global partnerships to achieve sustainable development. Delta participates in international conferences on climate change as a core action, promoting views on sustainable development to the international community and increasing opportunities for communicating to the industry. Delta further promotes global partnerships by taking concrete actions in responding to the commitments of CDP (formerly known as Carbon Disclosure Project)/ "We Mean Business".

For the Delta's balanced the needs of all stakeholders, devoted to the Environment and Energy Savings, and expanding social participation, please refer to the following sections; for corporate governance related information, please refer to the Chapter 3 Corporate Governance of this annual report.

## ► 4.1 Balancing the needs of all stakeholders

### 4.1.1 Human rights, employee rights and employee relations

#### 4.1.1.1 Employee policy and channels of communication

As corporate citizens of the world, Delta is committed to providing workplace environments where employees can fully realize their capabilities and potential. We have a long-term commitment to complying with the local laws and regulations of our operating locations, and strive to comply with international labor and human rights standards including "RBA Code of Conduct (formerly known as EICC Code of Conduct)," "Universal Declaration of Human Rights," "International Labor Office Tripartite Declaration of Principles," and the "OECD Guidelines for Multinational Enterprises."

At the same time, Delta's employee policy also clearly stipulates the protection of human rights. Our major production sites have taken the Responsible Business Alliance (RBA) review mechanism into consideration and added it to our training system. In addition, appropriate guidance is provided during new employee training to familiarize them with RBA labor and human rights standards. Our Taiwan facility also utilizes an E-learning platform and new employee education and training to facilitate a clear understanding of relevant standards and policies for new employees.

#### 4.1.1.2 Talent attraction and retention



##### [Commitment](#)

We continue to lead the industry standard for profitability in Taiwan and the Company enjoys sound operations and continues to allocate a certain proportion of earnings as bonuses for employees. In addition to fixed monthly salaries, Delta employees also enjoy year-end bonuses, performance-based bonuses, and profit sharing. Our incentives are also more competitive than industry standards. Delta values talent development and retention, and we encourage talent retention through various management measures including diverse employee communication channels, workplace care, and providing a friendly work environment. We also regularly conduct employee engagement surveys. When an employee applies for resignation, the Company always arranges a resignation interview with the employee in question to fully understand his/her motives and reasons for resignation.

##### [Key Initiatives for the Alignment with SDGs](#)

###### **(1) Reinforce talent exchange**

To encourage the accumulation of professional knowledge and experience through talent exchange, Delta encourages its personnel to develop through job transfers or overseas delegations. For instance, in response to globalization strategies, the Company provides dormitories for expat employees around the world, and encourages expats to bring their families with them through transportation and scholarship incentives.

###### **(2) Encourage work-life balance in employees during off-hours**

Delta is focused on employees' mental and physical balance and their workplace relations. We regularly organize various theme activities through the Employee Welfare Committee so employees can enjoy a warm workplace environment and to have pride in being a part of Delta. Delta Taiwan is the first in the industry to come up with a "golden travel week," a holiday incentive of nearly one-week designed to show our appreciation for employees' hard work.

###### **(3) Child care benefits**

Besides encouraging our employees to have children, Delta also provides child care-related benefits to our employees. In terms of hardware facilities, pregnant Delta staff can enjoy designated parking spaces, and mother's healthcare centers have been established throughout our major facilities worldwide. These centers facilitate sharing prenatal and postnatal health care knowledge and alleviating the mental and physiological stress related to child birth.

##### [Future Plans](#)

Delta emphasizes harmonious workplace relations and acknowledges that soft interactions can alleviate work-related stress as well as further enhance interpersonal relations. We stress work-life balance with our "Live Better, Work Smart" theme. In 2018, Delta Taiwan was honored with a "Taiwan iSports" certification from the Sports Administration, Ministry of Education, in which Delta was recognized as a model enterprise that supported the development of sports. This supports both healthy human resources and brand value, and goes to show Delta's commitment to promoting work-life balance and effectiveness in building a friendly workplace. Delta also participate in the "Company Recruitment of Sports Instructors Program." Our excellent benefits schemes and corporate culture have received positive recognition from college and university students, propelling Delta from No. 56 in 2017 to No. 27 in 2018 for the "Most Admired Companies by the New Generation" survey.

#### 4.1.1.3 Human resource development



##### [Commitment](#)

Delta believes human resources are our greatest assets. We strive to foster and develop talents, and our senior managers also demonstrate the importance of talent development through action. After years of hard work, we have built a structural and comprehensive development mechanism to continuously incubate talent. The system helps to strengthen core competencies needed to cope with future trends and to innovate within the organization and enhance overall Company competitive strengths.

Delta Taiwan was honored with the National Talent Development Awards (NTDA). Our four unique characteristics recognized by the judges included a comprehensive global talent development system, effective integration of talent development with internal and external training resources, provision of various innovative global talent development programs, and the establishment of a timely and transparent knowledge sharing and learning platform.

##### [Key Initiatives for Alignment with SDGs](#)

###### **(1) Long-term incentive measures**

Delta integrates key organizational strategies with long-term incentive measures to effectively encourage innovative development from employees. For instance, to foster a continuous stream of creative energy within the organization, we organize the global “Delta Innovation Award” every year and provide bonuses up to NT\$1 million to celebrate exceptional innovative proposals.

###### **(2) Inheriting corporate culture**

To strengthen management consensus and to pass on experience, we organize talks between the management team, senior managers and employees. We formulate corporate culture and consensus through direct communications and conveying philosophies to launch the organization’s mid- to long-term plans and objectives. In addition, as corporate culture is also an important element in business transitions, Delta regularly reviews the value culture and core competencies of the Company to ensure that the attitudes and conduct from employees can support achieving long-term objectives.

###### **(3) Learning development**

To encourage innovation and to drive organizational change, the Company continues to increase investments in employees’ learning and development. This is done in the form of creating an environment conducive for learning and development.

###### **(4) Strengthen competencies and reinforce communications**

In continuing to enhance employees’ competencies through the training system internally, we have designed learning programs based on two types of career paths, which are “management functions” and “professional functions.” Common compulsory courses for managers have been launched worldwide, and the effectiveness of learning is evaluated for everyone by using the Kirkpatrick training evaluation model.

##### [Future Plans](#)

Besides diversifying and expanding learning provisions in the existing training and development framework, Delta is also striving toward internal talent competency to effectively utilize individual knowledge and potential within the organization. We are also pursuing more transparent promotional channels and strengthening diversified job rotation opportunities to develop our talent.

#### 4.1.1.4 Occupational health and safety



Providing our employees with a safe and healthy work environment is one of the basic obligations of Delta as a corporate citizen. The Company has established an occupational health and safety management unit and personnel, and established various safety and health regulations based on relevant occupational safety and health acts and operating status at production facilities. We continuously promote safety and health management tasks to systematically enhance safety and health performance through various actions including: engineering control and management procedures, daily and cross-site inspections, safety and health education and training and promotions, operating environment supervision, employee health checkups, health management, reinforcing information exchange and more. Starting in 2006, when preparing to build new office buildings and factories, the Company would see safety-oriented design as a first priority. Moreover, we build comfortable work environments that are focused on “ecology, energy conservation, waste reduction, health-oriented” by adopting green building engineering methods.

#### 4.1.1.5 Providing volunteering leaves



Holding true to Delta's management mission "To provide innovative, clean and energy-efficient solutions for a better tomorrow," Delta and the Delta Electronics Foundation will jointly promote the "Delta Energy Education Volunteer" project. Since 2006, the Foundation has recruited employees and trained them to become seed players in energy education, who coach energy institutes and serve as volunteer guides in exhibitions related to climate awareness.

#### 4.1.2 Investor relations

Besides maintaining our leadership in power supplies and components, Delta is actively penetrating the overall solutions market. By integrating software and hardware with Delta's technologies and products, we aim to create more energy-efficient, comfortable, and convenient smart green life. Delta's efforts and results in information disclosure have been highly approved by institutions and various ratings organizations.

In 2018, Delta was listed on the DJSI World Index of Dow Jones Sustainability™ Indices for the 8th consecutive year, the DJSI Emerging Market Index for the 6th consecutive year and was honored as the ICT sector leader for the 3rd time. Delta was also ranked by the 2018 CDP (formerly the Carbon Disclosure Project) at the CDP Climate Change Management level, and was a constituent of the MSCI and FTSE ESG index series. Delta continued to receive corporate social responsibility awards from Global Views Magazine, Commonwealth Magazine, as well as the 10th Taiwan Corporate Sustainability Award, and for the first time, received the best ESG communications award at the IR Magazine Awards. Delta was also included in the top 5% in the corporate-governance evaluation rating by the Taiwan Stock Exchange Corporation for the fourth year in a row.

#### 4.1.3 Customer and supplier relationships

##### 4.1.3.1 Transcending customer expectations



###### [Commitment](#)

Through integrating its core competency in power and electronics and by developing advanced energy conservation technology, Delta provides cleaner, more effective, and more reliable thermal power solutions to conserve more energy for its customers.

At the same time, it is focused on reducing resource consumption and greenhouse gas emissions, creating more value for customers. Delta proactively innovates and develops one-stop-shopping solutions for its customers and enhances value for customers through third-party customer satisfaction surveys.

###### [Key Initiatives for Alignment with SDGs](#)

- Customer Satisfaction Score
- Ratio of Total Customers Using Your Online Services Solutions / Sales Platform
- Ratio of Revenues Generated Online

###### [Future Plans](#)

- Conduct an in-depth customer satisfaction survey using diverse methods to improve gaps in service and enhance customer satisfaction.
- Segment retailers by service competency and plan comprehensive service quality training for retailers to enhance customer service quality.

##### 4.1.3.2 Supplier sustainability management



###### [Commitment](#)

Delta views its suppliers as long-term partners. We believe that competitive quality, technology, delivery, and cost are also requirements for a supplier. Thousands of suppliers are not only commercial partners of Delta, but are also partners in our promotion of a sustainable business.



#### [Key Initiatives for Alignment with SDGs](#)

- Localized Management
- Enhancing Supplier to pass ISO 9000 and ISO14001 Certification and Risk Management
- Energy Saving and Carbon Reduction / Water Resource Management

#### [Future Plans](#)

- Enhance green supply chain ESG management and follow RBA principles
- Identify high-risk suppliers, and establish ESG audit management mechanism to implement improvement activities in practice
- Proactively encourage suppliers to pass environmental system certification and undertake self-assessment disclosure of greenhouse gas emissions
- Require the supply chain to increase social participation

### 4.1.4 Innovation

#### [Commitment](#)

Innovation and R&D expenses account for maintain 7% of DEI's total revenue.

#### [Key Initiatives for Alignment with SDGs](#)

- Delta Innovation Awards
- Idea Bank
- Cultivating Professional Talent
- Patent Applications and Awards

#### [Future Plans](#)

- Continue to be an innovation pioneer in the market
- Encourage employees to stay focused on R&D
- Enhance corporate interdepartmental cooperation and innovation

### 4.1.5 Information security management



#### [Commitment](#)

Ensure the information security of Delta's IT infrastructure, information application systems, and products, and the data security of customers.

#### [Key Initiatives for Alignment with SDGs](#)

- Information Security Policies and Promotions
- Data Loss Prevention System
- Vulnerability Management System
- iDelta Collaborative File Management System

#### [Future Plans](#)

ISO 27001 Information Security Management System

## ► 4.2 Devoted to the Environment and Energy Savings

Delta continues to implement its business mission in daily operations with “climate change” as one of the major risks for corporate sustainable development. In addition to paying close attention to developing trends related to global climate change, it also analyzes potential opportunities from climate change to enhance its R&D strengths and actively transform itself into a green energy-saving solution provider. In addition to continued promotion of renewable energy applications, energy recycling, and the reduction of waste, Delta is focused on specific actions to protect the environment and save energy, including developing eco-friendly and energy-efficient products and solutions, actively responding to climate change, implementing energy management at operational sites, and implementing water resource and waste reduction management.

### 4.2.1 Developing energy saving products and solutions



#### Commitment

Based on our vision for energy conservation and environmental protection, Delta continues to enhance product energy efficiency and actively develop renewable energy solutions through technical innovations of products. We also emphasize green designs that mitigate environmental impact by introducing the concept of Life Cycle Assessment to facilitate product responsibility and green consumption.

#### Key Initiatives for Alignment with SDGs

- Enhance product energy efficiency
- Provide green innovations in products/services
- Actively develop photovoltaic systems and renewable energy solutions

#### Future Plans

- Continue to enhance product energy efficient, and facilitate global clients in conserving more energy
- Bring the green circular economy concept to all products, extend product life cycles, and optimize product recycling mechanisms
- Expand the scope of reusable energy and continue to cultivate automated solutions to systematically provide better options for our clients

### 4.2.2 Proactive response to climate change



#### Commitments

Specific achievements for the “We Mean Business” initiative

- Climate change information disclosure
- Influencing carbon reduction policy
- Proactive corporate carbon reduction

#### Key Initiatives for Alignment with SDGs

- Respond to a global temperature increase within 2°C compared to pre-industrial temperatures, establish and accomplish SBT
- Identify climate change risks, build competencies to adapt to climate risks, and further mitigate possible climate risks
- Summarize and develop climate change opportunities

#### Future Pain

- Decrease electricity intensity and carbon emissions to achieve Science-based Targets.
- Introduce an internal carbon pricing mechanism step-by-step, and assess the influence on operations by assigning costs to carbon emissions—from setting carbon prices to launching testing projects.

### 4.2.3 Implementing energy saving for manufacturing plants



#### Commitments

From 2009 to 2014, Delta reduced the electricity intensity of its production process by 50%. Delta promised to widen the extent of electricity reduction beyond new production plants to include R&D centers, office buildings, and data centers. By using 2014 as a benchmark Delta plans to lower its electricity intensity by an additional 30% by 2020.

### Key Initiatives for Alignment with SDGs

- Expand the scope of energy management and implement concrete targets
- Develop products and solutions with high energy efficiency
- Implement and promote green production plants and office buildings

### Future Plans

- Continue to implement energy-saving projects to achieve our commitment of reducing the density of total electricity consumption by 30% by 2020
- Continue to fulfill our commitment that all production plants and offices must be green buildings
- Expand photovoltaic systems at production plants to enhance the ratio of reusable energy

## 4.2.4 Water and waste management



### Commitment

In response to climate change, a stable water supply has become a global issue. To fulfill our social responsibility and to respond to the global water shortage issue, Delta promises to reduce its overall Water Productivity Indicator by 30% and Waste Indicator by 15% before 2020, using 2015 as a base year.

### Target

	Water Reduction	Waste Reduction
Management index	WPI(annual water consumption/MUSD of production value)	WI(annual waste generation/MUSD of production value)
Baseline	2015	2015
Target	Reduce Water Productivity Indicator by 30% before 2020	Reduce Waste Indicator by 15% before 2020

### Key Initiatives for Alignment with SDGs

- Establishes risk identification methods for water resources
- Sets water and waste management goals and a water usage monitoring system
- Promotes source reduction and improve water recycling and reuse
- Improves resource sustainability

### Future Plans

- Strives to achieve water and waste reduction goals by 2020.
- Continuously promotes green procurement to increase resource utilization.

## ► 4.3 Expanding Social Participation

In addition to providing quality products and services to support a better quality of life for all, Delta also actively participates in environmental and education-oriented social welfare activities. Over the years, Delta has integrated core competencies with social welfare strategies. By relying on the Foundation’s coordination and planning, the Company continues to focus on popularizing the concept of green building and transportation, advocating for energy education, and cultivating talents.

### 4.3.1 Popularizing green building and transportation



#### 4.3.1.1 Building a green building information modeling (BIM)

Understanding the significance of precise weather information on energy conservation in buildings, the Delta Electronics Foundation has collaborated with the Central Weather Bureau and Taiwan Architecture & Building Center. Delta commissioned Professor Tai-Jen George Chen’s team from the Atmospheric Science at National Taiwan University to develop “Green Building Information Modeling” (Green BIM), and a designated website was established offering free access to architects. Thirteen monitoring stations encompassing most of the metropolitan areas throughout Taiwan were completed in 2018, in which simulation software utilizes historical weather information for the BIM. This allows architects to factor in weather information at the construction site, including sunshine, wind speed, temperature, humidity, and rain volume at the beginning of his/her design. Green design techniques are further employed to allow ventilation, adopt natural light, or utilize the peripheral green belt and thus reduce the energy consumption needed by the building from the source.

#### 4.3.1.2 “Getting to know electric vehicles” for elementary school education

In response to the worldwide trend toward electric vehicles, in 2018 Delta launched the “Electric Vehicle Teaching Program” and taught it at various elementary schools near our production sites. Complying with the Environmental Education Act, the course also covers air pollution and helps students understand the importance of air quality through in-depth discussions of the relationship between air pollution and the vehicles we use daily.

#### 4.3.2 Promoting science, energy education and climate change action



Responding to global climate issues and the trend toward green buildings, Delta has collaborated with different think tanks and academic institutions to produce research reports. Delta has crossed national borders and collaborated with American Council for an Energy-Efficient Economy (ACEEE) for the first time in 2018, producing a local high-impact energy efficiency strategies toolkit. The toolkit is an in-depth exploration of how American cities have implemented energy conservation in buildings and transportation data disclosure policies, benefits and performance, resources utilized, and criteria for policy design. The toolkit encourages governments to be creative in their policies and advocates for communication between different stakeholders. In addition, the toolkit has been developed into a guide for Taiwanese local governments to enhance their energy efficiency frameworks.

#### 4.3.3 Proactive talent development



The DeltaMOOCx online learning platform was specially designed by the Delta Electronics Foundation for high schools, engineering and natural science vocational high schools as well as technical universities. The fundamental course design was developed in line with the high school curriculum, in which the K-12 Education Administration, Ministry of Education, recommends the best teachers from various area study centers. Contents were rigorously reviewed by the National Academy for Educational Research, and the platform was founded to provide social benefits, and all courses are free.

Since its inception in March 2015, the DeltaMOOCx has been adopted by 146 schools throughout Taiwan, in which 53 high schools and vocational schools and colleges/universities have participated in course recordings. As of the end of 2018, the platform has 41,593 registered users and provides 4,749 education videos. In just one year, the number of views for the course videos has quickly surpassed the total before its launch, showing an enormous increase. Cumulatively, the number of views has exceeded 4.26 million (including views on YouTube).

## Annex 1. Climate Change Information Disclosure

In reaction to climate-related risks and opportunities, and to disclose relevant information, we adopted the Task Force on Climate-related Financial Disclosures (TCFD) structure to disclose our practices on governance, strategy, risk management, metrics and targets.

I. Governance: The organization's policy across climate-related risks and opportunities	
Guiding principles	Specific practices
The board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> <li>The Corporate Social Responsibility (CSR) Committee (hereinafter referred to as the CSR Committee) is affiliated to the Board of Directors. It is at the highest level in the climate risk and opportunity supervision position within Delta, with Mr. Bruce Cheng, the founder and Honorary Chairman of Delta, as the honorary chairperson and Mr. Yancey Hai, Chairman of Delta, as the chairperson. The committee includes many members of the Board of Directors, such as the Vice Chairman, Chief Executive Officer, and Chief Operating Officer, region heads, and functional directors.</li> <li>The committee meets once every quarters and is responsible for formulating climate-related strategies and operational directions, monitoring risk events, reviewing energy efficiency and carbon reduction targets as well as annual budgets, and supervising the overall implementation. The implementation results are presented to the Board of Directors annually.</li> <li>Major capital investments, including green building and solar energy equipment construction projects, are reviewed and decided directly by the Board of Directors.</li> </ul>
Management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> <li>The Corporate Sustainability Development Office and the Energy Management Committee, set up by the CSR Committee, are in charge of promotion and implementation of climate-related projects:               <ol style="list-style-type: none"> <li>The Corporate Sustainability Development Office                   <p>It is a division that assists the CSR Committee, hereinafter referred to as the Secretariat. The Secretariat is responsible for planning climate related strategies, identifying the risks and opportunities related to climate issues, analyzing international trends annually, understanding stakeholders' needs in depth, and managing the application strategies and implementation plans for energy saving projects.</p> </li> <li>Energy Management Committee                   <p>Energy Management Committee is one of the nine functional committees of the CSR Committee. In order to help reducing GHG emissions and mitigate the impact of climate change, it is responsible for managing and implementing energy saving projects. Meetings are hold quarterly.</p> </li> </ol> </li> <li>The Secretariat and Energy Management Committee present their project progress to the CSR Committee on a semiannual basis. The Secretariat also holds irregular meetings with the CSR Committee to report and discuss specific topics or major news events.</li> </ul>

II. Strategy: the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
Guiding principles	Specific practices
Climate-related risks and opportunities the organization has identified over the short, medium, and long term	<ul style="list-style-type: none"> <li>With reference to the schedule of the internal relative emissions targets, Delta has defined the short-term as three years, the mid-term as three to five years, and the long-term as more than five years.</li> <li>The short-term, mid-term, and long-term risks identified by Delta in 2018:               <ol style="list-style-type: none"> <li>Short-term: the products and services replaced by low-carbon technologies, increased raw material costs, increased prices of greenhouse gas emissions, general environmental regulations (including the regulations at the planning stage), costs for the transition to a low-carbon economy, and changes in precipitation patterns/dramatic changes in weather patterns, and average temperature increases.</li> <li>Mid-term: voluntary regulation.</li> <li>Long-term: fuel/energy tax or relevant regulations, renewable energy regulations, uncertain market signals, and increased raw material costs.</li> </ol> </li> <li>The short-term, mid-term, and long-term opportunities identified by Delta in 2018:               <ol style="list-style-type: none"> <li>Short-term: use of more energy-efficient production and distribution processes, recycle usage, more energy-efficient buildings, use of low-emission energy, supportive policy incentives, use of new technologies, participation in carbon trading markets, switching to decentralized energy production, development or expansion of low-carbon products and services, development of climate adaptation and insurance solutions, diversification, response to the changes in consumer preferences, new market partnerships.</li> <li>Mid-term: participation in renewable energy projects and improvement of energy efficiency.</li> <li>Long-term: reducing the use of water resources, R&amp;D and innovation of new products and services, and resource substitution and diversification.</li> </ol> </li> </ul>
Potential impacts of the organization's strategy, taking into consideration different climate-related scenarios	<ul style="list-style-type: none"> <li>Based on International Energy Agency's (IEA) scenario for the global temperature increase within 2°C in 2017, Delta has estimated its commitment to reduce carbon emissions and established the 2025 Science-Based Targets (SBT) with the year of 2014 as the benchmark. The targets have already been approved by Science-Based Target initiative (SBTi) in 2017.</li> <li>To achieve the targets set for the 2°C scenario, apart from continuing implementing the energy management in Scope 2, Delta has begun the carbon reduction plan in Scope 1 at the factories. In the future, it will also assess its reduction strategies and implement carbon asset management with the internal carbon pricing management tools.</li> </ul>

III. Risk management: the processes used by the organization to identify, assess, and manage climate-related risks	
Guiding principles	Specific practices
The organization's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> <li>The Board of Directors has instructed the CSR Committee to manage climate-related issues. Based on the collected climate-related risk issues, the Committee has adopted the risk framework: Recommendations of the Task Force on Climate-related Financial Disclosures, to analyze policies, regulations, technologies, markets, corporate reputation, and risks from acute or chronic climate events from the perspective of transitional and physical risks.</li> <li>Under the Secretariat's leadership, the relevant executive departments fill out the Climate Risk and Opportunity Assessment Questionnaire and give an overall risk score to each risk event based on the probability of occurrence and degree of impact. If the overall risk score meets the level of significance, the risk will be rated as a significant climate risk. While identifying significant climate risks, the potential opportunities from the risks for Delta are evaluated.</li> </ul>
The organization's processes for managing climate-related risks	<ul style="list-style-type: none"> <li>If the overall score of a climate risk event falls between "significant" and "important," an approach based on "mitigation" and "adaptation" will be adopted.               <ol style="list-style-type: none"> <li>Mitigation: To actively promote green operations, energy management, and green buildings, and increase energy efficiency to reduce Delta's dependence on energy.</li> <li>Adaptation: To develop renewable and other alternative clean energy, while analyzing and seizing each opportunity of climate change; to accumulate and enhance R&amp;D strengths, provide customers with integrated energy solutions, and strengthen Delta's adaptability.</li> </ol> </li> </ul>
Processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	<ul style="list-style-type: none"> <li>Delta believes that climate change has a sweeping impact and is one of the most important issues that each country and even company has to face in the coming decades. Therefore, climate-related issues have been singled out and the Board of Directors has placed the CSR Committee in charge of identifying Climate-related risks and opportunities, as well as managing and implementing relevant responding measures and projects.</li> </ul>

IV. Metrics and Targets: the metrics and targets used to assess and manage relevant climate-related risks and opportunities	
Guiding principles	Specific practices
The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> <li>The indicators adopted by Delta for assessing climate-related risks include overall Energy Intensity (factories, R&amp;D / office buildings, and data centers), factory Energy Intensity (EI), R&amp;D/office building Energy Use Intensity (EUI), data center Power Usage Effectiveness (PUE), the amount of waste generated from production per unit at major operating sites, and the amount of water consumed from production per unit.</li> </ul>
Disclose Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<ul style="list-style-type: none"> <li>According to the GHG Protocol, Delta has conducted greenhouse gas inventories of direct emissions (Scope 1) and indirect emissions (Scope 2) and verified the amount based on the ISO 14064-1 greenhouse gases inventory standards.</li> <li>Since 2016, with reference to GHG Protocol Scope 3, Delta has conducted greenhouse gas inventories of Scope 3, including purchased goods and services, business travel, use of sold products, upstream and downstream transportation and distribution, and waste generated in operations; it has obtained the ISO 14064-1 greenhouse gas verification report. The results of the annual inventories in the past years are all published in the chapter, titled "Environmental Protection and Energy Savings," of the CSR report.</li> </ul>
Targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> <li>By using 2014 as a benchmark, Delta has promised to reduce its overall electricity consumption, by 30% by the year 2020. This follows reduction of electricity intensity at its main manufacturing facilities by 50% from 2009 to 2014. Delta expanded this commitment to its entire operations, including offices and data centers.</li> <li>Delta set 2015 as its baseline to reduce water use intensity 30% and waste generation intensity 15% by the year 2020.</li> <li>The status quo and performance of the implementation of each target are disclosed in the chapter, titled "Environmental Protection and Energy Savings," of the CSR report.</li> </ul>



# 5. Capital and Shares

## ► 5.1 Capital and shares

### 5.1.1 Source of capital stock

April 29, 2019/ Unit: Shares, NT\$1,000

Year. month	Issuance Price	Authorized capital		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Sources of capital	Date of Approval and Document Number
1971.04	10	30,000	300,000	30,000	300,000	Incorporation	-
1972.04	10	100,000	1,000,000	100,000	1,000,000	capital increase by cash	700,000
1973.07	10	300,000	3,000,000	300,000	3,000,000	capital increase by cash	2,000,000
1975.08	10	500,000	5,000,000	500,000	5,000,000	capital increase by cash	2,000,000
1977.08	10	1,000,000	10,000,000	1,000,000	10,000,000	capital increase by cash	5,000,000
1978.11	10	2,000,000	20,000,000	2,000,000	20,000,000	capital increase by cash	10,000,000
1979.08	10	4,000,000	40,000,000	4,000,000	40,000,000	capital increase by cash capitalization of retained earnings	16,100,000 3,900,000
1982.08	10	8,000,000	80,000,000	8,000,000	80,000,000	capital increase by cash capitalization of retained earnings	34,000,000 6,000,000
1984.11	10	16,000,000	160,000,000	16,000,000	160,000,000	capital increase by cash capitalization of retained earnings	60,000,000 20,000,000
1985.11	10	19,500,000	195,000,000	19,500,000	195,000,000	capital increase by cash capitalization of retained earnings	3,000,000 32,000,000
1987.11	10	52,000,000	520,000,000	52,000,000	520,000,000	capital increase by cash capitalization of retained earnings	130,000,000 195,000,000
1988.07	10	78,500,000	785,000,000	78,500,000	785,000,000	capitalization of retained earnings	265,000,000
1988.11	10	100,000,000	1,000,000,000	100,000,000	1,000,000,000	capital increase by cash	215,000,000
1989.09	10	125,000,000	1,250,000,000	125,000,000	1,250,000,000	capitalization of retained earnings	250,000,000
1990.09	10	179,000,000	1,790,000,000	138,600,000	1,386,000,000	capitalization of retained earnings	136,000,000
1991.12	10	179,000,000	1,790,000,000	152,460,000	1,524,600,000	capitalization of retained earnings	138,600,000
1992.08	10	229,000,000	2,290,000,000	167,706,000	1,677,060,000	capitalization of retained earnings	152,460,000
1992.12	10	229,000,000	2,290,000,000	170,620,786	1,706,207,860	exercise of warrants for common stocks	29,147,860
1993.08	10	268,000,000	2,680,000,000	191,800,000	1,918,000,000	capitalization of retained earnings	211,792,140
1993.12	10	268,000,000	2,680,000,000	203,301,496	2,033,014,960	exercise of warrants for common stocks	115,014,960

Year. month	Issuance Price	Authorized capital		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Sources of capital	Date of Approval and Document Number
1994.08	10	320,000,000	3,200,000,000	245,600,000	2,456,000,000	capitalization of retained earnings	422,985,040 1994.07.22(83) Tai-Tsai-Tzeng (1) No.32166
1994.12	10	320,000,000	3,200,000,000	246,360,671	2,463,606,710	exercise of warrants for common stocks	7,606,710 1995.01.05(84) Tai-Tsai-Tzeng (1) No.55114
1995.07	10	360,000,000	3,600,000,000	297,800,000	2,978,000,000	capitalization of retained earnings	514,393,290 1995.06.17(84) Tai-Tsai-Tzeng (1) No.36040
1995.12	10	360,000,000	3,600,000,000	298,010,250	2,980,102,500	exercise of warrants for common stocks	2,102,500 1996.01.03(85) Tai-Tsai-Tzeng (1) No.67056
1996.07	10	500,000,000	5,000,000,000	362,000,000	3,620,000,000	capitalization of retained earnings	639,897,500 1996.07.01(85) Tai-Tsai-Tzeng (1) No.40315
1996.12	10	500,000,000	5,000,000,000	362,522,704	3,625,227,040	exercise of warrants for common stocks	5,227,040 1997.01.04(86) Tai-Tsai-Tzeng (1) No.76507
1997.07	10	500,000,000	5,000,000,000	446,702,490	4,467,024,900	capitalization of retained earnings exercise of warrants for common stocks	784,772,960 57,024,900 1997.06.25(86) Tai-Tsai-Tzeng (1) No.50062 1997.07.24(86) Tai-Tsai-Tzeng (1) No.59606
1998.01	10	500,000,000	5,000,000,000	457,457,125	4,574,571,250	exercise of warrants for common stocks	107,546,350 1998.01.05(87) Tai-Tsai-Tzeng (1) No.96405
1998.07	10	900,000,000	9,000,000,000	560,685,771	5,606,857,710	capitalization of retained earnings exercise of warrants for common stocks	1,005,428,750 26,857,710 1998.06.12(87) Tai-Tsai-Tzeng (1) No.51669
1998.12	10	900,000,000	9,000,000,000	561,908,458	5,619,084,580	exercise of warrants for common stocks	12,226,870 -
1999.07	10	900,000,000	9,000,000,000	734,534,144	7,345,341,440	capitalization of retained earnings exercise of warrants for common stocks	1,233,915,420 492,341,440 1999.06.11(88) Tai-Tsai-Tzeng (1) No.54830
1999.12	10	900,000,000	9,000,000,000	747,599,319	7,475,993,190	exercise of warrants for common stocks	130,651,750 -
2000.02	10	900,000,000	9,000,000,000	748,424,552	7,484,245,520	exercise of warrants for common stocks	8,252,330 -
2000.07	10	1,400,000,000	14,000,000,000	954,446,384	9,544,463,840	capitalization of retained earnings exercise of warrants for common stocks	2,045,754,480 14,463,840 2000.06.05(89) Tai-Tsai-Tzeng (1) No.48759
2000.12	10	1,400,000,000	14,000,000,000	954,615,430	9,546,154,300	exercise of warrants for common stocks	1,690,460 -
2001.07	10	1,400,000,000	14,000,000,000	1,189,460,000	11,894,600,000	capitalization of retained earnings	2,348,445,700 2001.06.05(90) Tai-Tsai-Tzeng (1) No.135239
2002.07	10	1,680,000,000	16,800,000,000	1,387,879,000	13,878,790,000	capitalization of retained earnings	1,984,190,000 2002.06.06 Tai-Tsai-Tzeng (1) No.09100130199
2003.06	10	1,680,000,000	16,800,000,000	1,480,273,000	14,802,730,000	capitalization of retained earnings	923,940,000 2003.05.21 Tai-Tsai-Tzeng (1) No.0920122376

Year. month	Issuance Price	Authorized capital		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Sources of capital	Date of Approval and Document Number
2004.07	10	2,000,000,000	20,000,000,000	1,585,560,000	15,855,600,000	capitalization of retained earnings	1,052,870,000 2004.06.01 Tai-Tsai-Tzeng (1) No.0930124290
2004.12	10	2,000,000,000	20,000,000,000	1,585,971,952	15,859,719,520	conversion of convertible bonds to shares	4,119,520 2005.01.25 Ching Shou Shang Tzu No.09401008870
2005.03	10	2,000,000,000	20,000,000,000	1,607,386,628	16,073,866,280	conversion of convertible bonds to shares	214,146,760 2005.04.19 Ching Shou Shang Tzu No.09401065160
2005.06	10	2,000,000,000	20,000,000,000	1,778,516,162	17,785,161,620	conversion of convertible bonds to shares capitalization of retained earnings	586,826,570 1,124,468,770 2005.07.12 Ching Shou Shang Tzu No.09401128700 -
2005.09	10	2,000,000,000	20,000,000,000	1,822,749,878	18,227,498,780	conversion of convertible bonds to shares	442,337,160 2005.10.17 Ching Shou Shang Tzu No.09401204370
2005.12	10	2,000,000,000	20,000,000,000	1,830,381,534	18,303,815,340	conversion of convertible bonds to shares	76,316,560 2006.01.16 Ching Shou Shang Tzu No.09501008160
2006.02	10	2,000,000,000	20,000,000,000	1,840,422,412	18,404,224,120	conversion of convertible bonds to shares	100,408,780 2006.03.08 Ching Shou Shang Tzu No.09501040200
2006.06	10	2,300,000,000	23,000,000,000	1,969,445,000	19,694,450,000	capitalization of retained earnings	1,290,225,880 2006.07.06 Ching Shou Shang Tzu No.09501138590
2007.07	10	2,300,000,000	23,000,000,000	2,106,417,250	21,064,172,500	capitalization of retained earnings and capital reserves	1,369,722,500 2007.07.31 Ching Shou Shang Tzu No.09601182190
2008.07	10	2,500,000,000	25,000,000,000	2,185,045,600	21,850,456,000	capitalization of retained earnings and capital reserves	786,283,500 2008.08.04 Ching Shou Shang Tzu No.09701193390
2009.07	10	2,500,000,000	25,000,000,000	2,253,523,956	22,535,239,560	capitalization of retained earnings and capital reserves	684,783,560 2009.07.30 Ching Shou Shang Tzu No.09801167570
2010.03	10	2,500,000,000	25,000,000,000	2,257,309,043	22,573,090,430	conversion of warrants to shares	37,850,870 2010.03.25 Ching Shou Shang Tzu No.09901056170
2010.05	10	2,700,000,000	27,000,000,000	2,383,486,207	23,834,862,070	shares conversion conversion of warrants to shares	1,231,926,960 29,844,680 2010.05.11 Ching Shou Shang Tzu No.09901092450
2010.09	10	2,700,000,000	27,000,000,000	2,384,547,770	23,845,477,700	conversion of warrants to shares	10,615,630 2010.09.02 Ching Shou Shang Tzu No.09901197530
2010.10	10	2,700,000,000	27,000,000,000	2,390,056,623	23,900,566,230	conversion of warrants to shares	55,088,530 2010.10.18 Ching Shou Shang Tzu No.09901234240
2011.01	10	2,700,000,000	27,000,000,000	2,395,076,043	23,950,760,430	conversion of warrants to shares	50,194,200 2011.01.20 Ching Shou Shang Tzu No.10001010690
2011.04	10	2,700,000,000	27,000,000,000	2,401,054,458	24,010,544,580	conversion of warrants to shares	59,784,150 2011.04.15 Ching Shou Shang Tzu No.10001075110
2011.07	10	2,700,000,000	27,000,000,000	2,402,028,048	24,020,280,480	conversion of warrants to shares	9,735,900 2011.07.19 Ching Shou Shang Tzu No.10001162540
2011.10	10	2,700,000,000	27,000,000,000	2,403,193,369	24,031,933,690	conversion of warrants to shares	11,653,210 2011.10.14 Ching Shou Shang Tzu No.10001238570

Year. month	Issuance Price	Authorized capital		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Sources of capital	Date of Approval and Document Number
2012.01	10	2,700,000,000	27,000,000,000	2,403,405,806	24,034,058,060	conversion of warrants to shares	2,124,370 2012.01.16 Ching Shou Shang Tzu No.10101010510
2012.04	10	2,700,000,000	27,000,000,000	2,406,173,262	24,061,732,620	conversion of warrants to shares	27,674,560 2012.04.18 Ching Shou Shang Tzu No.10101068730
2012.07	10	2,700,000,000	27,000,000,000	2,408,757,282	24,087,572,820	conversion of share subscription warrants to shares	25,840,200 2012.07.24 Ching Shou Shang Tzu No.10101145400
2012.10	10	2,700,000,000	27,000,000,000	2,417,141,304	24,171,413,040	conversion of warrants to shares	83,840,220 2012.10.19 Ching Shou Shang Tzu No.10101216820
2013.01	10	2,700,000,000	27,000,000,000	2,421,199,989	24,211,999,890	conversion of warrants to shares	40,586,850 2013.01.21 Ching Shou Shang Tzu No.10201014220
2013.04	10	2,700,000,000	27,000,000,000	2,426,016,226	24,260,162,260	conversion of warrants to shares	48,162,370 2013.04.19 Ching Shou Shang Tzu No.10201070540
2013.07	10	2,700,000,000	27,000,000,000	2,427,364,489	24,273,644,890	conversion of warrants to shares	13,482,630 2013.07.17 Ching Shou Shang Tzu No.10201144080
2013.10	10	2,700,000,000	27,000,000,000	2,430,399,411	24,303,994,110	conversion of warrants to shares	30,349,220 2013.10.18 Ching Shou Shang Tzu No.10201214470
2014.01	10	2,700,000,000	27,000,000,000	2,437,543,329	24,375,433,290	conversion of warrants to shares	71,439,180 2014.01.23 Ching Shou Shang Tzu No.10301012580
2016.01	10	2,700,000,000	27,000,000,000	2,597,543,329	25,975,433,290	capital increase by cash	1,600,000,000 2016.01.19 Ching Shou Shang Tzu No.10501008930
2019.04	10	4,000,000,000	40,000,000,000	2,597,543,329	25,975,433,290	-	- 2019.04.26 Ching Shou Shang Tzu No.10801045020

Note: There is no property other than cash paid by subscribers.

April 29, 2019

Types of Shares	Authorized Capital			Remarks
	Shares Issued and Outstanding	Unissued Shares	Total	
Common Shares, Inscribed	2,597,543,329 shares (Note 2)	1,402,456,671 shares	4,000,000,000 shares (Note 1)	Public listed shares

Note 1: The Company's authorized capital is 4,000,000,000 shares, whereby, 100,000,000 shares reserved for issuing warrants, preferred shares with warrants or corporate bonds with warrants.

Note 2: As of April 29, 2019, shares issued and outstanding are 2,597,543,329 common shares at par value of NTD 10 per share.

**Information on Shelf Registration: None.**

## 5.1.2 Shareholder structure

April 12, 2019

Shareholder Structure Quantity	Governmental Organizations	Financial Institutions	Other Institutional Investors	Individuals	Foreign Institutions and Individuals	Total
Number	0	54	351	52,421	1,358	54,184
No. of Shares Held	0	192,198,321	221,526,553	396,273,824	1,787,544,631	2,597,543,329
Shareholding	0.00%	7.40%	8.53%	15.26%	68.81%	100.00%

Note: Shares as of April 12, 2019, the book closure date for the 2019 AGM.

## 5.1.3 Distribution profile of share ownership

April 12, 2019

Shareholder Ownership	Number of shareholders	Shares Held (Note)	Shareholding
1 to 999	19,844	4,626,551	0.18%
1,000 to 5,000	26,646	51,921,238	2.00%
5,001 to 10,000	3,538	26,116,339	1.01%
10,001 to 15,000	1,093	13,512,073	0.52%
15,001 to 20,000	563	10,081,712	0.39%
20,001 to 30,000	588	14,461,233	0.56%
30,001 to 40,000	297	10,333,018	0.40%
40,001 to 50,000	160	7,279,950	0.28%
50,001 to 100,000	448	31,687,603	1.22%
100,001 to 200,000	303	42,233,433	1.63%
200,001 to 400,000	233	66,264,098	2.54%
400,001 to 600,000	96	47,255,647	1.82%
600,001 to 800,000	63	43,682,078	1.68%
800,001 to 1,000,000	56	50,042,779	1.93%
1,000,001 and more	256	2,178,045,577	83.84%
Total	54,184	2,597,543,329	100.00%

Note: Common shares, the Company did not issue preferred shares.

## 5.1.4 List of major shareholders (Top-10 Shareholders)

April 12, 2019

Major Shareholders	Shares	Number of Shares Held (Note)	Shareholding
DEICO INTERNATIONAL LTD.		267,556,280	10.30%
DELTRON HOLDING LTD.		218,211,168	8.40%
Government of Singapore		85,757,628	3.30%
Chung-Hua Cheng (Also known as Bruce CH Cheng)		81,878,039	3.15%
First State Investments ICVC - Stewart Investors Asia Pacific Leaders Fund		67,857,622	2.61%
New Labor Retirement Pension Fund		59,711,197	2.30%
Ping Cheng		55,090,093	2.12%
An Cheng (Also known as Victor Cheng)		50,194,764	1.93%
NAN SHAN LIFE INSURANCE CO., LTD		45,676,000	1.76%
Labor Insurance Fund		42,680,858	1.64%

Note: Actual number of shares held.

### 5.1.5 Share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information

Item		Year	2017	2018	Current Year up to April 29, 2019 (Note 8)
Market price per share (Note 1) (Note 11)	Highest		179.50	151.00	167.50
	Lowest		135.00	98.30	126.00
	Average		159.63	122.01	151.90
Net value per share (Note 2)	Before distribution		47.95	50.15	51.94
	After distribution		42.95	(Note 9)	(Note 9)
Earnings per share	Weighted average shares		2,597,543,329	2,597,543,329	2,597,543,329
	Earnings per share (Note 3)		7.08	7.00 (Note 10)	1.30
Dividend per share (Note 11)	Cash dividends		5.0	5.0 (Note 10)	
	Stock dividends	Stock Dividends Appropriated from Retained Earnings	-	- (Note 10)	
		Stock Dividends Appropriated from Capital Surplus	-	- (Note 10)	
	Accumulated unpaid dividends (Note 4)		-	-	
Return Analysis	Price-earnings ratio (Note 5)		22.55	17.43	
	Price-dividend ratio (Note 6)		31.93	24.40	
	Cash dividend yield (Note 7)		3.13%	4.10%	

Note 1: The highest and lowest market prices for each year is provided, with the average price for the year computed based on each year's transaction amount and volume.

Note 2: Use the number of the outstanding issued shares at year's end and the distribution passed at the following year's shareholders' meeting to fill in.

Note 3: If it is necessary to make adjustments retroactively due to situations such as issuance of bonus shares, the earnings per share before and after the adjustments should be listed.

Note 4: If the conditions of the equity issuance require that dividends not yet distributed for the year be accumulated and paid out in a later year with positive earnings, the dividends that have been accumulated up to the current year and not yet distributed shall be disclosed separately.

Note 5: Price-earnings ratio = Average per share closing price for the year / earnings per share.

Note 6: Price-dividend ratio = Average per share closing price for the year / cash dividend per share.

Note 7: Dividend yield = Cash dividend per share / average per share closing price for the year Note 8: Listed net value per share and earnings per share are according to the report reviewed by CPA in the latest quarter of the date of the publication of this annual report. Other columns show information for the current year as of the date of the publication of the annual report.

Note 9: The earnings distribution proposal for 2018 had not yet been presented for approval at the shareholders' meeting, and is therefore not listed.

Note 10: This has been approved by the Board of Directors' meeting on March 11, 2019. However, as of April 29, 2019, the printing date of the annual report, it has yet to be presented for approval at the shareholders' meeting.

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.

Note 11: The market price per share and cash dividends after retrospective adjustments according to the amount of issued shares by stock dividends:

#### Market price per share

Unit: NT\$

Item		Year	2017	2018
Market price per share	Market price per share before adjustment		159.63	122.01
	Market price per share after retrospective adjustment (Note 2)		159.63	122.01

#### Cash dividends

Unit: NT\$

Item		Year	2017	2018
Cash dividends			5.0	5.0 (Note 1)
Cash dividends after retrospective adjustments (Note 2)			5.0	(Note 3)

Note 1: This has been approved by the Board of Directors' meeting on March 11, 2019. However, as of April 29, 2019, the printing date of this annual report, it has yet to be presented for approval at the shareholders' meeting.

Note 2: There is no issuance of stock dividend in 2017 and the payout ratio is 0%, therefore there is no calculation based on retrospective adjustment.

Note 3: The dividend payout proposal for 2018 had not yet been presented for approval at the shareholders' meeting, and is therefore not listed.



## **5.1.6 Company's dividend policy and implementation thereof**

### **5.1.6.1. Dividend Policy provided in the Articles of Incorporation**

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

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

### **5.1.6.2 Proposed earnings distribution at the Shareholders' Meeting**

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 on March 11, 2019, 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.

### **5.1.6.3 Explanation on the projected significant changes on dividend policy: None**

### **5.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting**

The shareholders' meeting did not approved stock dividend distribution. In addition, the company does not need to public its financial forecasts for the year 2019 per relevant rules and therefore does not need to disclose its annual forecasts information.

### **5.1.8 Compensation of employees and directors**

#### **5.1.8.1 Ratio or scope of compensation for employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation:**

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

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

#### **5.1.8.2 Basis for estimates of compensations for employees, directors and supervisors this term, basis for calculating employee stock compensation and accounting procedures for when there is a discrepancy between the estimated and actual amount**

(1) The estimated amount of compensation for employees and directors for the current period is based on the profitability for the current year. The relative estimate shall be made in accordance within the rate range specified in the articles of association.

(2) Basis of calculating the number of shares allotted for stock dividends: N/A

(3) When there is a difference between the actual allotment amount and the estimated amount, it is classified as the profit and loss of the following year.

#### **5.1.8.3 Information on the amount of compensation for distribution**

(1) The Board of Directors has passed the resolution on March 11, 2019 that the earnings in 2018 will be distributed as follows:

According to the company's articles of association, if the Company makes profits for the current year, the Board of Directors shall resolve on the allocation of at least 3% as the employee compensation and no more than 1% as the compensation for directors.

Proposed cash compensation for employees: NT\$1,728,343,835

Proposed Director's compensation: NT\$29,400,000.

(2) The amount of stock dividend and ratio of the total net profit after-tax and individual employee compensation or separate financial report for the current period: N/A

(3) Earnings per share after the proposed employees' and directors' compensation: N/A

#### **5.1.8.4 The actual distribution of compensation for employees, directors, and supervisors in the previous fiscal year**

The Board of Directors of the Company passed the resolution on March 8, 2018 to allot NT\$1,746,152,433 of its surplus in 2017 for the employees' cash dividends, and NT\$35,400,000 for directors' compensation. The actual dividend payment matches the original resolution and the figure decided upon by the Board of Directors.

### **5.1.9 Share repurchases: None.**

## **▶ 5.2 Issuance of corporate bonds: None.**

## **▶ 5.3 Preferred shares: None.**

## ► 5.4 Issuance of global depository shares

Items	Date of issuance (handling)	March 29, 2005	
Date of issuance (handling)	March 29 2005		
Place of issuance and trading	Place of issuance: Luxembourg Trading: Luxembourg Stock Exchange		
Total amount of issuance	Approximately 134,666,000 USD		
Unit price	8.4166 USD		
Unit of issuance	16,000,000 units		
Source of securities represented	Shares held by shareholders Bruce CH Cheng and Yi-Ying Hsieh		
Amount of securities represented	80,000,000 shares		
Rights and obligations of GDR holders	Same as shareholders of common stock		
Trustee	N/A		
Depository Institution	BNY Mellon		
Custodian Bank	Mega International Commercial Bank		
Unredeemed amount (Note 1)	606,866.4 units		
Distribution of expenses incurred from issuance and the outstanding period of the GDRs	All expenses incurred during the GDR issuance are included in the underwriting fees and borne by the international lead underwriter. Related costs of information disclosure and other expenses are borne by the shareholders.		
Important stipulations on the depository contract and custodial agreement	The underwriting and depository contracts for the issuance of GDRs shall be governed by the laws of the U.K and the State of New York (USA). However, the approval of GDR issuance is subject to the regulations and legal restrictions set forth by the Republic of China.		
Market price per unit (Note 2)	2018	Highest	US\$25.44
		Lowest	US\$16.20
		Average	US\$20.32
	Current year up to April 15 2019	Highest	US\$26.91
		Lowest	US\$20.63
		Average	US\$24.75

Note 1: Issuance of 16,000,000 units of global depository receipts on March 29, 2005; plus 353,370.4 units of stock dividends issued on August 8, 2005, 254,559.0 units of stock dividends issued on July 19 2006, 156,112.2 units of stock dividends issued on August 15 2007, 20,564.2 units of stock dividends issued on August 15 2008 and 157,244.6 units of stock dividends issued on August 14 2009, totaling 16,941,850.4 units. As of April 15 2019, investors had redeemed a total of 36,886,182.0 units and requested for reissuance of 20,551,198.0 units; therefore there are 606,866.4 units remaining in the market.

Note 2: Source: Luxembourg Stock Exchange

## ► 5.5 Status of employee stock option plan

**5.5.1 Unexpired employee subscription warrants issued by the company in existence as of the date of publication of the annual report:** None.

**5.5.2 Names of top-level company executives holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives as of the date of publication of the annual report:** None.

## ► 5.6 Status of employee restricted stock: None.

## ► 5.7 Status of new share issuance in connection with mergers and acquisitions: None.

## ► 5.8 Financing plans and implementation

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement: None.

Plans for the funds usage under the plans referred to in the preceding subparagraph have been realized for the period as of the quarter preceding the date of publication of the annual report.

# 6. Overview of Business Operations

## ▶ 6.1 A description of the business

### 6.1.1 Scope of business

Delta is dedicated to providing innovative, clean and energy-efficient solutions to create a better tomorrow. As a world-class manufacturer for power management solutions worldwide, Delta has been maintaining its leadership position in switching power supplies and thermal solutions. Starting from its founding, Delta has been serving customers worldwide with professional design, experienced manufacturing processes; and has been providing customers with high power conversion efficiency and stabled complete power management solutions. Delta's key business components on information, communication, commercial, industrial, medical, energy-saving and renewable energy applications, power supplies, power converters, and uninterruptible power systems have been recognized and widely adopted by market leaders. In addition to power products, Delta is also a world-class system supplier, providing electromechanical systems for factory automation, mechanical automation and process automation in the field of industrial automation; and also owns advanced micro-image technology and 8K projection technology for video projection. Three of Delta's business areas are manufacturing and sales of: "Power Electronics", including parts for technical components, embedded power supplies, fans and thermal management, automotive electronics, commercial products and mobile power, Vivitek and Innergie, etc.; "Automation", including industrial automation, building automation, etc.; "Infrastructure", including communications infrastructure and energy infrastructure. In 2018, the proportion of the three major business areas is: 50% for Power Electronics products, 16% for Automation products, 33% for Infrastructure products, and 1% for other products.

Since 2010, Delta has been actively crossing into the field of system integration from parts and system supplies. Through its own specifications and design and manufacturing capabilities, Delta has increased productivity and energy efficiency for its customers, while reducing its impact on the global environment, and carried out its business philosophy of 'Love the Earth: Protect and Conserve'. In addition to the abovementioned three business areas, Delta has provided efficient solutions with its superior technology and integration capabilities. The current integration solutions include industrial automation solutions, building automation solutions, data center solutions, communication power solutions, renewable energy solutions, video and surveillance solutions, and electric vehicle charging solutions. Delta wishes to utilize its core technology in power electronics that it accumulated over the years, and through integration of resources and services, to achieve an in-depth understanding of its customers' actual needs, so as to provide higher efficiency to customers around the world.

In order to implement its commitment to stakeholders, Delta launched the "Smarter. Greener. Together." global brand event in 2012. We believe that technological innovation and collaboration can provide a clean and energy-efficient system solution to create a better tomorrow. Delta utilizes strategic brand exposure and promotional activities, such as advertisement, global exhibitions, dealer conferences, etc., to make the brand commitment a shared value, and expand the global influence of the brand. The Delta brand has long been recognized by customers, distribution partners and end users, and has won Taiwan's top 20 international brands for seven consecutive years from 2011 to 2018.

### **New products (services) planned for development**

In recent years, Delta has been actively promoting comprehensive corporate transformation, from information technology and consumer electronics to industrial products, from OEM to own brand and from components and parts to system solutions. Delta allocates around 6-8% of our revenue for research and development every year for the continuous development of new products and new technologies. We hope to accelerate the transformation speed of the company and strengthen long-term competitiveness, and gain more information related to research and development and product development in response to future markets through enhancing corporate innovation capabilities continuously. For details, please refer to "Research and development work to be carried out in the future, and further expenditures expected for research and development work" in "The section on risks".

## **6.1.2 An analysis of the market as well as the production and marketing situation**

### **6.1.2.1 The current status and development of the industry, the various development trends for products and competition**

In general, the global economic environment is perturbed and the confidence in market investment is weak. These situations were influenced by the trade war between China and the US and the sudden increase in the cost for some materials in 2018. However, Delta has been opening up product applications in other fields, such as car electronics, electric cars, smart production, building automation, etc. actively in recent years. We provide our clients products with higher added values through integrated solutions so that the aggregated revenue of 2018 increased by 6% compared to 2017.

In terms of individual industries, they cannot be concluded together since the business scope of Delta is across consumer electronics, cars, engineering, medical, communication, home appliances, information center, renewable energy, and other industries. The properties of these industries are also diverse. Thus, a brief analysis of the application fields with key developments of Delta is given below.

#### **Computer and Consumer Electronics Industry**

Consumer electronics in the power electronics management market and the shipment demands in the computer market show a positive relationship approximately. The overall shipment in 2018 slightly declined compared to 2017 since the notebook computer market entered a mature cycle and the specifications of servers in the market had become commercialized gradually. However, Delta has been opening up applications in other industries actively in recent years to eliminate the negative effects brought by the decline in the computer market and thus spread the collapse risk from a single market.

#### **Electric Vehicle Industry**

The government of every country is revising the standards for carbon emission of cars and has been promulgating the vigorous development of the electric vehicle market in recent years to advance sustainable development and pursue the objectives of low carbon emissions and saving energy. At the same time, car related business of Delta has grown rapidly in 2018, which is benefitted by the expanded investment from the major car factories around the world and the rapid growth of the electric vehicle market. We expect that our electric vehicle related business will become one of the most important business areas for the next stage of Delta.

#### **Automation Industry**

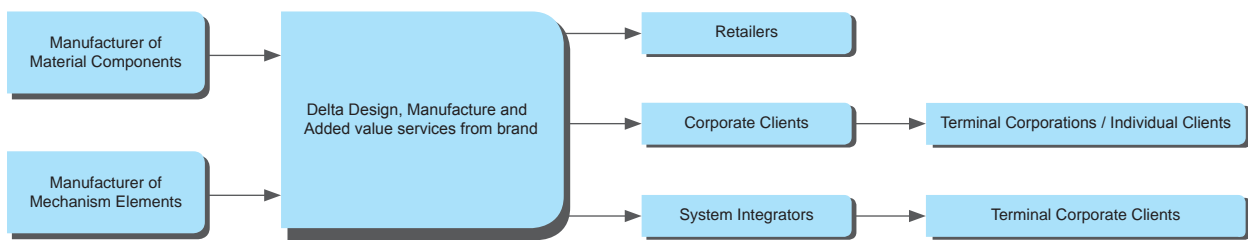
The industrial automation business of Delta in 2018 has grown gently compared to 2017 even with the trade war between China and the US. However, developing smart production continuously is the only way for the middle- and long-term transformation of manufacturing under a business environment where there is a lack of labor force and labor costs are increasing in manufacturing.

On the other hand, the government of every country is accelerating the development of smart buildings, which includes the building automation system integrated with applications, such as data collection, Internet of Things, cloud computing, sensing technologies, smart analysis, etc., by promoting energy-saving and eco-friendly policies. This is an important key for realizing future smart buildings. In general, both industrial automation and building automation will become the engines for the long-term growth of Delta in the future.

#### **Infrastructure Industry**

The market of global data centers has grown rapidly in 2018, which benefits from the investments made by large corporations around the world in the construction of data centers. In addition, many countries have started to construct the 5G fundamental network along with the development of 5G mobile communication technology aiming towards commercialization. Meanwhile, all the countries have formulated practical objectives for the reduction in the emission of greenhouse gases, which indirectly promoted the development of the renewable energy market. Therefore, we expected that the market trend will drive continuous growth in the infrastructure business of Delta along with the increase in market demands of mobile communication, the further development of all kinds of IoT applications and the pursuit of sustainable operations that will benefit the environment.

### 6.1.2.2 The links between the upstream, midstream, and downstream segments of the industry supply chain



### 6.1.3 An overview of the company's technologies and its research and development work

In terms of the new application fields, Delta has made arrangement for Internet of Things, medical technology and car markets, etc. and developed technologies such as integration of software and hardware and big data analysis. In addition, Delta has been focused on providing solutions and products with learning capabilities and plans to apply these to other fields, such as energy management, by building relevant core capabilities.

Research and development expenses in 2018: NT\$19,257,915 thousands

Research and development expenses until the lastest quarter of the annual report for 2019:NT\$4,703,327 thousands

**A listing of technologies and/or products successfully developed during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**

#### Power Electronics:

Various highly efficient, high power density and low noise AC/DC and DC/DC switching power supplies,DC/DC converters and battery chargers which are widely used in data centers, networking systems, server computers, workstation computers, desktop computers, portable computers, office equipment, consumer appliances, smart home devices, video gaming, electric power tools, current shunt resistor application in automotive, EPS, OBC, DC-DC current sensing resistor, 400G AOC PAM4 Circuit for AOC application, 100G 4WDM-10 single mode 10km for 5G base station application, Power transformers and output chokes applied in the high-voltage-to-low-voltage DCDC converters of hybrid vehicles and battery electric vehicles, Inductor array used in power management chip (PMIC) for portable electronic device application, Shielding Inductor used in reduced electrical interference (EMI) for portable electronic device application, Miniaturized high-inductance inductor used in power management chip (PMIC) for automotive matrix headlamps electronic device application, The brushless DC cooling fan for developing 5G applications, The vehicle fan complying with the electromagnetic interference regulations for vehicles, such as the car comfort seat fan, the vehicle headlight cooling fan, and the vehicle air conditioning fan, Vehicle headlight solenoid actuator, Vehicle ABS solenoid valve, etc.

#### Automation:

High-efficiency, high-power density permanent magnet motors, Torque motors, 3 times overload, 5 times overload, suitable for servo punch, cross cutter, cooling tower, extruder, injection molding machine, compressor, fluid machines, milling machines, drilling machines, HVAC, mixers, electric injection molding machine, oil electric injection molding machine, Integrated drive of compressor, Blade pitch drive, Vehicle HVAC integrated drive, Bus HVAC integrated drive, Silk pulling 2nd generation drive, Embedded valve drive, (VJ-C) 11~75kW CAN Communication Servo Drive for Injection Molding Machine (VJ-C), (VJ-E) 11~75kW EtherCAT Communication Servo Drive for Injection Molding Machine (VJ-E), PLC-based EtherCAT motion controllers, High speed, multi-loop modularized temperature controller, Embedded machine vision system with GigE vision camera, Machine vision software for robot arm guiding, Communication type light curtain, Industrial GigE camera with I/O, 4-Axis SCARA robot, Reach 600mm, Max. payload 3kg, 4-Axis ceiling-mounting SCARA robot, Reach 600mm, Max. payload 6kg, 5-Axis SCARA robot, Reach 600mm, Max. payload 3kg, Wi-Fi Power Meter, DI/DO Power Meter, Human machine interface mid-level 12", 15" models, Human machine interface cost-effective 4.3", 7", 10.1" models, Human Machine Interface 10.1", 12", 15" models, ASDA-A3 series 220V & 400V AC servo drives, ASDA series low voltage AC servo drives, 12mm Linear pocket actuator, Servo screwdrivers, Servo press, etc.



## Infrastructure:

High efficiency 1kVA parallel-able inverter, High efficiency 1U/2U 3kW telecom power supply, 3KW smart battery backup unit, 98% high power density 3KW power supply, 15KW three-phase power distribution unit, Remote monitor and control system, High power density 50-300/500/600kVA three-phase modular UPS, High efficiency, Li-ion battery-ready rack-type 1-3/5-10kVA single-phase rack-type UPS, High power density rack-type 20kVA UPS, High power density, three-phase 600kVA UPS, Direct-Expansion type RoomCool precision cooling, Chilled-water type 75/90kW RowCool precision cooling, Busway system, Din rail power supply with three phase input with the output power achieving 480W and 960W, Optical Coherence Tomography, Easy and convenient type human medical use portable digital X-ray radiography image capture system, Handheld and high precision blood typing micro mixer, Wearable Wristband Pulse Oximeter, Medical trade high effective motion control dosage inhaler, 250-500kW PCS skid, Multi-rack outdoor battery cabinet 100kW PCS, Multi-rack outdoor battery cabinet 1MW PCS container, etc.

For more information on R&D, please refer to “Research and development work to be carried out in the future, and further expenditures expected for research and development work” in “The section on risks”.

### 6.1.4 The company’s long- and short-term business development plans

For short-term plans, we will develop new products and devote our time and resources into the development and application of vertical integration and systematic solutions continuously. Moreover, we will strive to enhance product quality and cost control, improve on automated production, comply with advanced eco-friendly regulations, reduce product design time, reduce the period from order to delivery and expand the flexibility for global delivery.

In the long-term, we will devote our time and resources into enhancing research and development efficiency, strengthening the registration and effectiveness of patents, expanding product applications and reducing production costs. In addition, we will also exert great efforts in our fields of endeavor including car electronics, medical electronics, industrial automation, building automation, infrastructure for information and communication and infrastructure for energy, etc.

## ► 6.2 An analysis of the market as well as the production and marketing situation

### 6.2.1 Market analysis

The main clients of Delta are all international vendors. Product sales and business development are distributed all over the world. Here, the estimation of GDP for the global economy during 2018-2020 from a third-party research institute is provided for reference and a comparison is made in regional market development.

Source: JP Morgan, Unit: %

Real GDP (at const. prices), % change	2018	2019	2020
Global	3.8	3.3	3.5
US	2.9	2.3	1.8
Europe	1.8	1.4	1.7
Japan	0.8	0.3	0.7
Emerging markets	4.7	4.4	4.6

The main business of Delta can be divided into three categories: power and components, automation and infrastructure. An overview analysis of each of these business categories is given below:

#### 6.2.1.1. Power Electronics

Delta has obtained recognition from its clients for its products such as the AC power supply, DC bladeless fan, dissipation system and miniaturization key components and parts by its fine technologies and excellent business management. At the same time, Delta also becomes indispensable partners of long-term strategy collaboration for several of the world’s first-class large factories. The business scope of Delta has extended from consumer information products to other application markets, such as the engineering industry, medical, cars, home appliances, etc.. Moreover, Delta has started to collect fruitful results gradually in recent years after exerting great efforts in the car market. Delta collaborates with several first-class car factories around the world closely to provide some of the car components as well as key solutions, such as power management systems on electrical cars and traction motor systems. We believe that the power electronics business will become one of Delta’s important aspects of business development in the future along with the vigorous development of the electrical car market.

### 6.2.1.2 Automation

Delta has made profound efforts in the industrial automation business for more than 20 years and has ample experiences in multiple markets around the world and in different industries. We can provide solutions integrated with knowledge from different industries, which have become the winning key of industrial automation vendors, along with the development of smart applications. Delta provides smart solutions related to machines, production lines and factories to clients in different industries with its powerful research and development capabilities and experiences in production line processes. In terms of building automation, Delta acquired Loytec and Delta Controls consecutively in recent years and completed the puzzle for building automation by incorporating the listed company, Vivotek Inc., in Taiwan into the said group. The automation market in 2018 slightly cooled down because of the trade war between China and the US. However, we believe that the automation business will still become one of the most important engines for long-term company growth in the future with the upgrade of industrial structure and the rigid demands of smart production.

### 6.2.1.3 Infrastructure

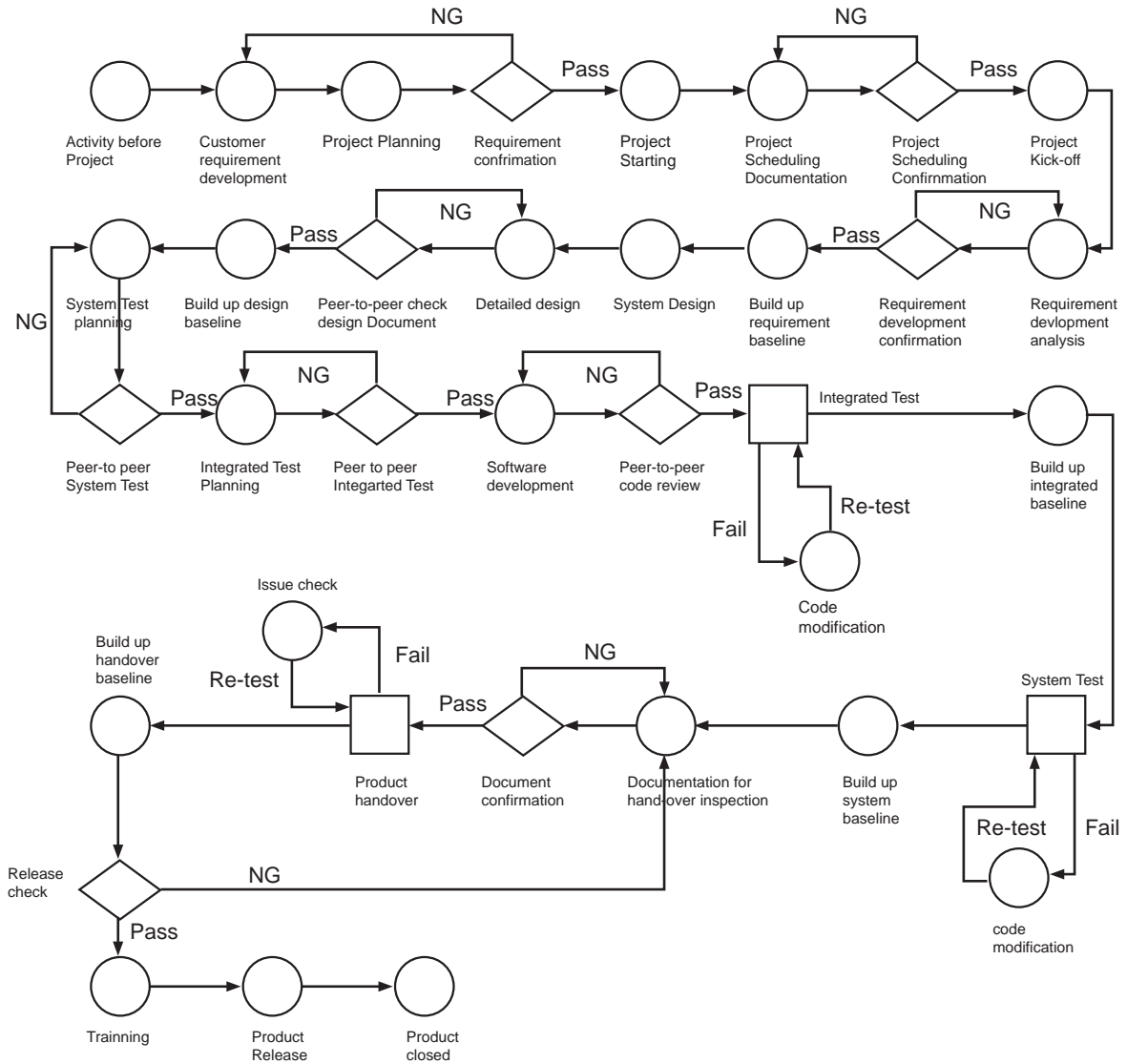
In terms of infrastructure, Delta not only has leading technologies in communication power and solutions for data centers, but also provides multiple relevant products, such as charging and discharging devices for electric cars, energy saving device, inverters for renewable energies, etc., in the energy infrastructure field. In the long-term, we expect that the future infrastructure market will develop stably as benefitted by the following: large corporations around the world investing in the construction of data centers; 5G mobile communication technologies going towards commercialization; and the government of every country prioritizing the development and application of renewable energies and electric cars.

## 6.2.2 Usage of the company's main products

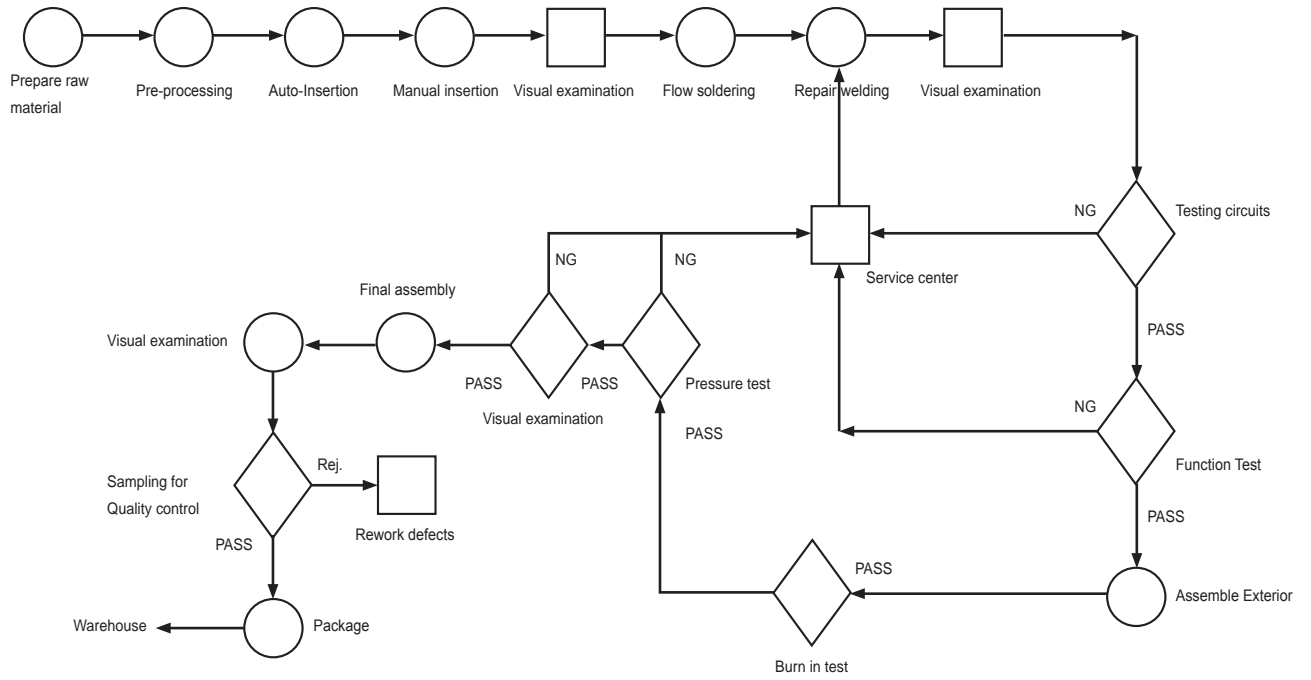
Main product	Usage
Power Electronics – Switching Power Supply	This is a device to supply power for electrical equipment by transforming AC or DC into one or multiple DC output. Its characteristics include being of small volume, lightweight and high efficiency. It can replace linear power supply gradually and become the mainstream of power supplies. Its application scope covers all kinds of information and consumer products, industrial control systems and automatic testing equipment, etc.
Power Electronics – Components	<ol style="list-style-type: none"> <li>1. It can be used in all kinds of inductors for AC power supply.</li> <li>2. It can be used in pulse transformer and delay line for information and communication equipment.</li> <li>3. It can be used in the coupling transformer for communication equipment.</li> <li>4. It can be used in light transceiver module with the integration of three signals for optical fibers connecting to houses.</li> </ol>
Power Electronics – Fan and Heat Dissipation Management	The dissipation fans and modules used in personal computers, game consoles and notebook computers, cloud equipment, communication equipment, servers, industrial equipment, cars, energy-saving smart ventilation fan for buildings and houses, heating fans, etc.
Automation – Industrial Automation	Industrial automation solutions provide the factories a set of automatic and integrated systems during the production and manufacturing processes, which can be used to automate production processes and procedures.
Automation – Building Automation	Delta Energy Online – Cloud Version is a set of comprehensive cloud energy analysis platforms, which can present energy consumption and environment collection data by graphics and analysis reports and provide the users with real-time, reliable and stable energy consumption volume and monitoring of energy consumption index, abnormal alarming and suggestions for improvement of the operational status of the equipment, customize reports/ graphical and tabular tools. Moreover, it ensures the preservation and information security of assets containing important energy consumption data from the clients by performing big data integration on the cloud platform. Its generalization and adaptive energy management design can be applied in various scenarios, such as corporate index management for large corporate sites, energy consumption and operation analysis for the air conditioning equipment in commercial buildings, energy consumption monitoring in the public areas of community housing and the real-time production performance management for factories, etc.
Infrastructure – Information and Communication	This mainly provides telecommunication providers or data centers with complete solutions. The system includes communication power, controllers, cabinets, dissipation systems, network communication equipment, uninterrupted power systems and remote monitoring systems.
Infrastructure – Energy	<p>Solar power inverter: An inverter form transforming the variable DC voltage produced by the solar panel into AC with the main frequency, which can be used to return to the commercial power transmission system or provide electricity to the off-grid power grid.</p> <p>Wind power inverter: Wind power inverter is the major energy transformation unit for wind power generation, which is used to transform the voltage frequency and the electrical power with unstable bandwidth into stable electrical power according to the needs of the power grids.</p> <p>Charging devices for electric cars: Charging devices can be divided into two types, AC chargers and DC chargers. Both their purposes are to transmit the AC power from the charging devices into the electrical cars in DC or AC form in order to charge the power batteries on the cars.</p>

6.2.3 Manufacturing processes for the company's main products

Development process for projects



## Manufacturing process for products



## 6.2.4 Supply situation for the company's major raw materials

The main materials of Delta's products are semiconductor devices, passive devices and some mechanism elements. Material cost in the first half of 2018 had obvious fluctuations and changes due to the running out of some passive devices and semiconductor device. However, Delta had signed procurement contract for its annual consumption volume with the major suppliers so that the material cost can still somehow be maintained stably. In addition, the suppliers can plan and keep up with the demands of production capacity for the upcoming three months and prepare inventory of the raw materials for several weeks based on the predicted order amount to ensure sufficient supply of the raw materials.

## 6.2.5 Information on major clients/suppliers who have accounted for at least 10% of sales/procurement in either of the past two years

6.2.5.1 The list of suppliers that had provided more than 10% of total materials purchased for the company in any of the year over the two most recent fiscal years .

The business operation and the products of Delta vary greatly therefore require a wide array of raw materials and suppliers. During the year 2017, 2018 and the first quarter of 2019, there's no supplier that had provided more than 10% of total materials purchased.

6.2.5.2 The list of buyers that contributed to more than 10% of the total sales of the company in any of the year over the two most recent fiscal years.

The business operation and the products of Delta vary greatly from the use of power supplies, parts, and automation to infrastructure, therefore the large clientele is quite wide-spread among different industries. During the year 2017, 2018 and the first quarter of 2019, there's no buyer that had made purchases that accounted for more than 10% of the total sales of Delta.

## 6.2.6 An indication of the production volume and the volume of units sold for the 2 most recent fiscal years

6.2.6.1 Production volume and value for the last two years

Unit: volume in thousands, value in NT\$1,000

Production Value Main Products (or Departments)	Year	2017			2018		
		Production capacity (thousands)	Production volume (thousands)	Value(NT\$1,000)	Production capacity (thousands)	Production volume (thousands)	Value (NT\$1,000)
Power Electronics		84,978,000	82,684,252	106,527,595	99,000,000	98,558,871	104,213,978
Automation		20,000	10,726	22,532,374	11,000	10,334	23,000,035
Infrastructure		42,000	35,332	61,308,608	30,000	29,268	67,031,425
Others		8,000	4,656	569,456	10,000	9,546	443,328
Total		85,048,000	82,734,966	190,938,033	99,051,000	98,608,019	194,688,766

6.2.6.2 Sales volume and value for the last two years

Unit: volume in thousands, value in NT\$1,000

Sales volume and value Main Products (or Departments)	Year	2017				2018			
		Domestic Sales		Exports		Domestic Sales		Exports	
		Sales volume (thousands)	Sales value (NT\$1,000)	Sales volume (thousands)	Sales value (NT\$1,000)	Sales volume (thousands)	Sales value (NT\$1,000)	Sales volume (thousands)	Sales value (NT\$1,000)
Power Electronics		4,041,445	15,757,231	75,273,777	90,720,764	4,366,517	13,413,925	89,835,362	103,361,059
Automation		2,605	3,034,533	8,421	26,012,054	2,186	2,994,488	8,906	33,174,252
Infrastructure		1,069	4,571,144	43,887	76,098,863	1,631	5,474,662	44,092	70,589,061
Others		248	6,054	581	1,242,865	189	4,063	381,134	1,357,867
Total		4,045,367	23,368,962	75,326,666	194,074,546	4,370,523	21,887,138	90,269,494	208,482,239

### ► 6.3 Information of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report

April 29, 2019

Fiscal Year		2017	2018	Janauray 1, 2019 to April 29, 2019 (Note)
Number of Employees	Technical staffs (Engineering)	4,015	4,672	5,693
	Management and sales staff (including marketing related staffs)	1,542	1,664	1,974
	Operators	545	708	1,326
	Total	6,102	7,044	8,993
Average age		38	37	37
Average years of service		8.7	8.0	7.6
Level of education (distribution showed in %)	PhD	2.6%	2.6%	2.0%
	Master	48.1%	49.4%	45.4%
	College	36.9%	35.0%	34.7%
	High School	11.3%	7.2%	10.7%
	Below high school	1.1%	5.9%	7.2%

Note: information of current fiscal year is provided up to the date of publication of the annual report.

### ► 6.4 Disbursements for environmental protection

#### 6.4.1 Total losses (including damage awards) and fines for environmental pollution for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report,

The Company has not experienced any loss or imposed a fine by the environmental agencies due to environmental pollution related incidents

#### 6.4.2 An explanation of the measures and possible disbursements

In relation to the environmental contributions of Delta, please see “Dedication to Environmental Protection and Energy Saving” in Chapter Four

#### 6.4.3 Corrective measures

In relation to the environmental contributions of Delta, please see “Dedication to Environmental Protection and Energy Saving” in Chapter Four

#### 6.4.4 Environmental-related expenditures for the next 3 years

For pollution prevention, energy saving and carbon emission reduction in factory sites, the projected major expenses on environmental protection for the next 3 fiscal years are as follows:

Units: Thousand New Taiwanese Dollars

Project items	Environmental protection expenses estimate	Projected outcomes
Exhaust gas treatment	2,662	Maintain the operational performance of treatment facilities to properly process exhaust gas and reduce the emission of toxic components from the exhaust gas to achieve environmental protection.
Wastewater treatment	16,003	Maintain the operational performance of the wastewater treatment plant to monitor water quality of discharged wastewater and satisfy effluent standards
Waste treatment	18,154	Ensure proper treatment of production waste to reduce its impacts on the environment
Energy saving equipment installation	41,196	Lower the use of energy to reduce the emission of greenhouse gas
Other environmental protection expenses	1,252	Lessen environmental impacts to improve the quality of the environment



#### 6.4.5 Information regarding EU Restriction of Hazardous Substances (RoHS) Directive

Even before the subject of limiting the use of hazardous substances in products has attracted widespread attention, Delta has already been aware of environmental issues that are bound to affect future trends. In order to contribute more to the environment, Delta has adopted the first lead-free soldering production line in 2000. In 2002, the Delta Management Standard for Environment-related Substances (10000-0162) was established, which includes the European Union RoHS Directive and recent REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), HF (Halogen Free), PFOS (Perfluorooctane sulfonic acid.), and PAHs (polycyclic aromatic hydrocarbons). The management standard is continuously observed in accordance with latest international developments.

In addition, Delta has taken the initiative to understand customer requirements. The materials, quality, procurement and other department personnel from various institutions discuss and establish a management system and management standard, while combining the “Environment-Related Substance Management Working Group” of major production plants through the QC080000 Hazardous Substance Process Management System and Delta GPM (Green Product Management) Information System to optimize the management of environment-related substances, ensuring that Delta products fully comply with relevant regulations or requirements.

In order to construct a green supply chain, Delta does not only implement a Green Product Management (GPM) Information System, but it also applies feed management based on the material risk level of suppliers, which strictly requires the following:

- Suppliers should fully comply with relevant local laws and regulations and define their risk control mechanism.
- Suppliers should establish environmental, employee health and safety as well as harmless and hazardous substance management system.
- To meet Delta’s relevant environmental standards (e.g. 10000-0162 Management Standard for Environment-related Substances, etc.).
- To conduct regular ESG (environmental, social and governance) assessment surveys on the supply chain.

At the same time, with a Green Product Management Information System (GPM) as a common platform for its supply chain environmental information, Delta is able to synchronously send supplier-partners the latest international environmental standards, such as EU RoHS 2.0, REACH SVHC, and latest controlled substances as reference for regulatory compliance and the construction of a material supply system management. In addition, Delta’s main plant has formed a product environment-related substances inspection and guidance team to continuously assist key suppliers in improving their environment-related substances management standards.

## ► 6.5 Labor relations

### 6.5.1 List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

#### 6.5.1.1 Employee benefits

Delta puts strong emphasis on employees' work relations and recognizes the importance of casual interactions in balancing the stress received at work while improving human relations. The company affirms the idea of "Live Better, Work Smart" and advocates for life-work balance. In 2018, Delta received certification from Ministry of Education Sport Administration as "iSport Corporation" in Taiwan. The company is considered as the model enterprise in supporting the development of sport industry and equipped with healthy human resources and brand value. Delta not only successfully demonstrated its effort in supporting the work-life balance of employees and significant results of building a friendly working environment, it was also the only company that received 300,000 NTD subsidy through the subsidy plan of "corporate hiring of sport coaches". The well-constructed benefit package and corporate culture had been widely recognized among the younger generation and had made Delta moved from No. 56 in 2017 to No. 27 in 2018 on the "most desirable company to work for" list.

- (1) Diverse activities: design more diverse and thoughtful activities to allow employees to put their mind at work while enjoying life!
  - a. Holiday themes: Christmas supplies donations, valentines "pass down the love" talent show, festival exhibitions etc.
  - b. Tourism themes: Delta weekly tours exhibition, spring/autumn company trip etc.
  - c. Health themes: small farmers market-toxic-free vegetables and fruits, cultural tour-food and agriculture education, weekend movie night, body-healing art and literature class, emotional healing camps etc.
  - d. Cross-company themes: Delta cup (competition on various ball games), Delta Baseball day, Delta Fun Day etc.
- (2) Active physical and mental improvement plan: all-around employee assistance program (EAP) to actively help company's employees to overcome work and life challenges.
  - a. Healthcare provision: provide comprehensive health checks, health consultation sessions with professional doctors, physical fitness assessment and all-inclusive gym facilities etc.
  - b. Chicken soup for the soul: provide professional distress lecture, book exhibition tours in factories, refreshing art and literature lectures and free psychological test etc.
  - c. Workplace assistance: provide assistance to new employees, thematic consultations and assistance, workplace equality sessions, anti-workplace bullying etc.
  - d. Financial counseling: money management lecture, tax consultation sessions, bank resident services etc.
  - e. Emergency assistance: 24-hour free consultation hot-line.
  - f. Management training: training for HR and factory maintenance staff on workplace mentoring techniques, communication skill lessons and counseling sessions for managers and staffs.
- (3) Thoughtful life care plan: allow staff to keep work-life balance with more ease and flexibility and create a better working environment
  - a. Insurance: the company provides commercial insurance for employees and their family members with additional self-paid coverage options...etc.
  - b. Protection against injury and sickness: the company covers full amount of insurance fees during the first three months of leave of absence for injured or sick employees.
  - c. Day-offs: the company provides better systems regarding sick leaves and national working days compared to labor regulations. Tourism subsidy and peak-season day offs are given to employees as well.

### 6.5.1.2 Continuing education and training

Delta expects to see its employees obtain professional growth and help the company to develop. The Company has been investing more resources and strengthens the development mechanism while expanding the internal learning channels. Delta encourages employees to actively take up lessons through diverse training sessions.

Delta was awarded with National Talent Development Award and received high praise by the judges due to its “well rounded development system for skilled individuals in the world”, “well human resource development and integration of internal and external training resources”, “properly provision of diverse development system for skilled individuals in the world” and “well construction of updated and transparent knowledge sharing and learning platform”.

- (1) Continuous investment in employees’ professional developments: the total training expense reached 13.79 million in 2018 and was experiencing a 3.6% of growth compared to 2017. Through proper training, employees are more likely to contribute towards the workforce and discover their potential in helping the company to develop and grow.
- (2) Well-constructed training and development system: Delta forms occupational committee to clearly define the roles, responsibilities and qualifications of each position so training and development system can be properly developed.
  - a. New entrants training: In 2018, Delta made improvements on the training process and content for the new employees based on recommendations provided by the company colleagues. The training sessions will incorporate online learning, online testing and field sessions. With the new sessions of both online and field practices, it can easily lead the new entrants to share the value of the company, establish working capabilities and fit in to the working environment quickly.
  - b. Management training: In 2018, Delta reassessed the management portfolio and the training sessions design for all level managers. The company had therefore made improvement on the content and increase more practical samples. The training session now offers more occupational ability assessments and has introduced the one-on-one coaching and skill development to effectively improve the management skills of the managers.
  - c. Professional skill training: Delta invites professors from world’s renowned university for professional lectures to increase employees’ knowledge in professional fields.
  - d. General training sessions: Delta follows the mandate of regulations and policy to introduce safety and health, emergency response and work efficiency improvement courses.
- (3) Provide diverse learning resources: Delta provides diverse and flexible learning resources based on different needs of the employees.
  - a. Technical conference: invite local and international scholars to engage employees in discussions and technical transfers.
  - b. Online learning sessions: develop digital learning platform and provide training courses taught by local and international professors and management experts for employees to access.
  - c. Professional learning sources: integrate external open learning resources from universities, DeltaMOOCx, Delta course materials and professional forums while setting up 6 professional learning sources to allow easy access to professional development for the employees.
  - d. External learning resources: Delta covers all training and course fees for employees to do external training to encourage employees to absorb knowledge from external sources.
- (4) Improve on the quality of training: Delta continues to strengthen and integrate training resources to improve on the quality of all sessions.
  - a. Training session, total hours of training and related cost continue to grow in 2018

Year	Amount of training sessions (internal sessions)	Amount of trained individuals (internal sessions)	Amount of trained individuals (external sessions)	Average training time per person	Total cost of educational training
2018	837	101,700	9,689.5	14.91	13.79 million
2017	746	83,505	9,560	14.79	13.31 million
2016	552	78,098	9,296	14.57	12.73 million

b. Review of training results: after the receipt of Silver platter in 2017 in Labor department's Talent Quality-management system evaluation, this year of 2018 Delta received National Talent Development Award. Delta will continue to participate in external evaluation and seek to improve the quality and efficiency of its trainings.

(5) Succession planning for the board members and top management: Holding regular discussions for the talent selection, plan development path and review schedule of succession for senior executives (including CEO and COO) through the Executive Meetings, which composed of the chairman, vice chairman, CEO, and COO.

Since 2008, the Company has launched a talent development plan with the establishment of the "Leadership Development Committee (LDC)," consisting of the chairman, vice chairman, CEO, COO, general managers of the business groups, general managers for overseas regions, CFO and CHRO. Through regular meetings held twice a year, the Company passes resolutions for talent selection, promotion decisions, transfers and career development plans with respect to senior management succession (including general manager of the business groups, regional general managers, etc.) and confirms the resolutions have been fully implemented. CEO, COO and general managers of the business groups with great performance are also in the list of consideration for the succession plan of the board members. In addition, each business group and region has established a "Talent Development Committee (TDC)" in which top executives of every business group along with HR partners and unit managers discuss and decide on the method of developing talents. A variety of training methods for LDC succession planning is provided, which includes high-level assessment through one-on-one feedback with external consultants, 360-degree assessment and feedback, global leadership workshop, leadership and business capacity improvement courses (e.g., Business simulation and Managerial course), online training courses and so on.

Year	High-level Assessment through One-on-one Feedback with External Consultants	360-degree Assessment and Feedback	Global Leadership Workshop	Leadership and Business Capacity Improvement Courses	Online Training	Total Number of Participants
2018	6	105	50	67	185	413
2017	5	91	48	43	25	212

Aside from the trainings mentioned above, major tasks and job rotation are carried out to increase experience which accelerates development. There is corresponding improvement in the readiness of key talents and succession is given priority for relevant position vacancies. For example, in 2017, given the company's strategic transformation, the business units were reorganized and nearly 90% of key management vacancies (including COO, several business group general managers, regional general managers, corporate function head, etc.) were settled through internal succession planning

#### 6.5.1.3 Retirement system

(1) Pensions are provided to employees in accordance to Labor Standards Act and Labor Pension Statutes and surrenders rightful amount of pension payment to Bank of Taiwan Trust Department or the Pension Account of the individual indicated by law. The Labor Pension Statutes is applied to all employees that joined the company after (and on) July 1st, 2005. Employees that came into the company before July 1st, 2005 are eligible to choose between the pensions plan indicated in Labor Standards Act or Labor Pension Statutes. Such decision must be made within 5 year time frame starting July 1st, 2005; those that did not submit its decision by the time indicated, the pension plan stated in Labor Standards Act will automatically be applied to the individual. For foreign branches, pensions are made through defined distribution plans where monthly pension, medical, and other social security payments are made according to the local regulations.

(2) The company surrenders deferred amount of pensions to the Trust Department account in the Bank of Taiwan each year according to the law.

#### 6.5.1.4 Working environment and employee safety protection measures

Delta considers the provision of safe and healthy working environment as one of the basic obligations as a corporate resident of the society. The company has formed occupational safety and health management units and staffs and has set workplace safety and health protocols according to the Occupation Safety and Health Act and the operational status in the factories. Through the implementation of construction control, daily check and cross-checking between factories, training and promotional campaign of workplace safety and health, monitoring of operational environment, employees' health checks, health management and improvement of information communication had successfully and systematically improved the workplace safety and health performance. Since 2006 when Delta's new office building and factories are in the processing of constructing, safety is considered the first priority for its design. The buildings are also constructed using green building technique that aimed to create "ecological, energy saving, waste reducing and healthy" work environment.

#### 6.5.1.5 Employee behavior regulations

In order to provide better and more comprehensive products for our clients, Delta strictly follows the legal and moral codes in maintaining company assets, rights and image. "Delta Electronics employee behavior regulations" are set to create better company performance and ensure sustainable operation and development of the company, these regulations apply to board of directors, managers and employees. The regulations are as follows:

- (1) Interact with corporate partners and third party
- (2) Avoid conflict of interest
- (3) Utilize of company resources
- (4) Protect and use of operational secrets and confidential information
- (5) Obey environmental and safety regulations
- (6) Engage in business activities with integrity
- (7) Provide educational trainings, outreach, penalty processing procedure and grievance system

#### **6.5.2 List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect**

Delta expects all the staff members to demonstrate the core value of the corporate culture: "innovation, client-satisfied, agility, cooperation, quality-assured". Labor relations are well maintained while all working regulations follow relative laws and regulations. Tainan branch had experienced the lack of safety protection measures in facility testing therefore violated the Occupational Safety and Health Act and fined 60,000 NTD by the Southern Taiwan Science Park Bureau. However, the company had introduced relative construction improvement and operational management measures to ensure the safety of our staffs.

## ► 6.6 Important Contracts

Nature of the Contracts	Contracting Parties	Commencement and Expiration Dates	Major Content	Restrictive Clauses
Distribution Contract	Data Knit & Co., Ltd.	From January 1, 2019 to December 31, 2019	Delta and Data Knit reached an agreement to distribute and sell Delta's uninterrupted power system (UPS) products	Only sold in the Republic of China (Taiwan)
Distribution Contract	FMF Technology Co., Ltd.	From January 1, 2019 to December 31, 2019	Delta and FMF Technology reached an agreement to distribute and sell Delta's uninterrupted power system (UPS) products	Only sold in the Republic of China (Taiwan)
Distribution Contract	Zlabs Co., Ltd.	From January 1, 2018 to December 31, 2018	Delta and Zlabs reached an agreement to distribute and sell Infrastructure Products of Delta Data Center	Only sold in the Republic of China (Taiwan)
Construction Contract	Onyx Ta-Ho Environmental Services Co., Ltd.	From April 1, 2018 to June 30, 2021	Delta undertakes the inverter project of New Taipei City Shulin Refuse Incineration Plant contracted by Onyx Ta-Ho Environmental Services and provides warranty upon completion	None
Construction Contract	MediaTek Inc.	From June 30, 2018 to September 30, 2023	Delta undertakes MediaTek's electrical and mechanical engineering project of its plant and provides warranty upon completion	None
Construction Contract	Peng Da Technology Enterprise Co., Ltd.	From November 5, 2018 to January 30, 2020	Delta Commissions Peng Da Technology to undertake the lab material engineering project of Pingzhen factory and provides warranty upon completion	None
Development Contract	National Cheng Kung University	From July 1, 2018 to June 30, 2019	Delta and the National Cheng Kung University jointly developed an auxiliary screening system of automatic in-depth learning analysis for fluorescence image specimen	R&D results are shared by both parties.
Development Contract	Chang Gung University	From December 1, 2018 to November 31, 2019	Delta commissions Chang Gung University to develop polymerase chain reaction reagents and drying technique	None
Development Contract	Industrial Research Center of Ching-Lin Yan Industrial Development Foundation & National Taiwan University	From April 1, 2018 to March 31, 2019	Delta commissions Industrial Research Center of Ching-lin Yan Industrial Development Foundation & National Taiwan University to develop the project of unmanned vehicles	None
Lease Contract	Southern Taiwan Science Park Bureau, Ministry of Science and Technology	From September 1, 2018	Delta rented lands from Southern Taiwan Science Park Bureau, MOST, for the construction of plants	The leased lands shall be utilized according to the declared purpose and shall not be idle.
Lease Contract	Central Taiwan Science Park Bureau	From February 8, 2018 to December 31, 2037	Delta rented lands from Central Taiwan Science Park Bureau	The leased lands shall be utilized for the construction of plants, warehouses, laboratories for business needs or the storage, transportation, packaging and repairing purposes, etc. for the workplace.
Purchase Contract	Asia Pacific Telecom Co., Ltd.	From October 1, 2018 to the Expiration Date of Warranty	Asia Pacific Telecom has won the bid of "A batch of Low-voltage AMI communication interface unit (including purchase and installation, procurement No. 0080700042)" hosted by Taiwan Power Company. Delta is the subcontractor of Asia Pacific Telecom responsible for providing FAN communication module and other related services	According to the provisions of the tender, any intellectual property rights generated or transferred by Delta for the execution of the contract shall be all transferred to Taiwan Power Company.



# 7. Financial Highlights and Analysis

## ■ 7.1 Financial statement for the most recent fiscal year

### 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, 2018 and 2017, 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 as described in the Other Matter - Scope of the Audit section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, 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 Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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. Based on our audits and the audit reports of other independent accountants, 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 2018. 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.

Key audit matters for the Group’s consolidated financial statements of the current period are stated as follows:

## **Business combination**

### Description

In October 2017, the Group publicly acquired 49.22% of VIVOTEK INC. through a tender offer. The allocation of acquisition price was completed in the first quarter of 2018. 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, refer to Note 6(28).

As the allocation of goodwill and the net fair value of identifiable assets and liabilities are based on management’s estimation and involves accounting estimations and assumptions, we consider this equity price allocation 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 reviewed 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 goodwill**

### Description

As of December 31, 2018, the recognised goodwill as a result of acquisitions of VIVOTEK INC., Cyntec Co., Ltd., Loy Tec electronics GmbH, Eltek AS, Delta Controls Inc. and Delta Greentech (China) Co., Ltd. amounted to NT\$19,420,823 thousand, constituting 7.41% of consolidated total assets. Refer to Notes 5(2) and 6(11).

As the balance of goodwill 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 a key audit matter.

How our audit addressed the matter

We obtained management's impairment assessment of goodwill, 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 and operating margin with historical data, economic and industrial forecast documents; and
  - (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rate of returns of similar assets.

***Other matter – Scope of the Audit***

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated financial statements. Total assets of the subsidiaries amounted to NT\$9,917,275 thousand and NT\$9,128,719 thousand, constituting 3.79% and 3.64% of consolidated total assets as of December 31, 2018 and 2017, respectively, and operating revenue was NT\$10,568,370 thousand and NT\$4,218,765 thousand, constituting 4.46% and 1.89% of consolidated total operating revenue for the years then ended, respectively. The balance of investment accounted for under equity method was NT\$8,154,777 thousand and NT\$7,418,365 thousand, constituting 3.11% and 2.96% of consolidated total assets as of December 31, 2018 and 2017, respectively, and the share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method was NT\$204,169 thousand and NT\$923,720 thousand, constituting 1.06% and 6.79% 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.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Delta Electronics, Inc. as at and for the years ended December 31, 2018 and 2017.

### ***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:

- A. 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;

- 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 Group'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 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;
- E. 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; and
- F. 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 year 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.

The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as of and for the year ended December 31, 2018 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$30.715 to US\$1.00 at December 31, 2018. This basis of translation is not in accordance with International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by the FSC.

Lin, Yu-Kuan      Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2019

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

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



**DELTA ELECTRONICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2018 AND 2017**  
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2018	December 31, 2018	December 31, 2017
<b>Current assets</b>				
Cash and cash equivalents	6(1)	\$ 1,941,029	\$ 59,618,697	\$ 57,366,617
Financial assets at fair value through profit or loss - current	6(2) and 12(4)	32,561	1,000,116	114,748
Financial assets at fair value through other comprehensive income - current	6(3)	1,877	57,656	-
Available-for-sale financial assets - current	12(4)	-	-	1,141,700
Derivative financial assets for hedging - current	6(4) and 12(4)	-	-	7,061
Contract assets - current	6(20) and 12(5)	55,617	1,708,291	-
Notes receivable, net	6(5)	133,200	4,091,231	4,010,445
Accounts receivable, net	6(5)	1,694,726	52,053,496	49,383,213
Accounts receivable - related parties	7	56,068	1,722,114	1,319,469
Other receivables		24,646	757,008	714,556
Other receivables - related parties	7	3,236	99,389	70,181
Current income tax assets		9,552	293,394	322,046
Inventories	6(7)	1,116,779	34,301,866	30,825,402
Prepayments		37,476	1,151,065	1,731,406
Other current assets	8	14,702	451,583	697,034
<b>Total current assets</b>		<u>5,121,469</u>	<u>157,305,906</u>	<u>147,703,878</u>
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss - non-current	6(2)	77,903	2,392,799	-
Financial assets at fair value through other comprehensive income - non-current	6(3)	95,079	2,920,338	-
Available-for-sale financial assets - non-current	12(4)	-	-	4,720,058
Contract asset - non-current	6(20) and 12(5)	16,144	495,875	-
Financial assets carried at cost - non-current	12(4)	-	-	1,147,672
Investments accounted for under equity method	6(8)	305,835	9,393,716	8,434,519
Property, plant and equipment	6(9) and 8	1,511,603	46,428,874	44,338,628
Investment property, net	6(10)	53,548	1,644,728	1,776,411
Intangible assets	6(11)	1,062,295	32,628,388	33,833,648
Deferred income tax assets	6(26)	201,188	6,179,485	5,836,595
Other non-current assets	6(12) and 8	82,868	2,545,315	2,747,150
<b>Total non-current assets</b>		<u>3,406,463</u>	<u>104,629,518</u>	<u>102,834,681</u>
<b>Total assets</b>		<u>\$ 8,527,932</u>	<u>\$ 261,935,424</u>	<u>\$ 250,538,559</u>

(Continued)

**DELTA ELECTRONICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2018 AND 2017**  
**(EXPRESSED IN THOUSANDS OF DOLLARS)**

Liabilities and Equity	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2018	December 31, 2018	December 31, 2017
<b>Current liabilities</b>				
Short-term borrowings	6(13)	\$ 203,779	\$ 6,259,062	\$ 17,463,509
Financial liabilities at fair value through profit or loss - current	6(2)	278	8,544	9,746
Contract liabilities - current	6(20) and 12(5)	86,060	2,643,318	-
Notes payable		259	7,955	9,792
Accounts payable		1,270,284	39,016,773	36,708,824
Accounts payable - related parties	7	48,326	1,484,335	1,206,197
Other payables		806,986	24,786,588	25,209,483
Current income tax liabilities		88,299	2,712,106	2,206,019
Other current liabilities	6(14) and 12(5)	120,798	3,710,299	6,407,577
<b>Total current liabilities</b>		<u>2,625,069</u>	<u>80,628,980</u>	<u>89,221,147</u>
<b>Non-current liabilities</b>				
Long-term borrowings	6(14)	821,513	25,232,787	11,218,936
Deferred income tax liabilities	6(26)	376,670	11,569,432	12,103,399
Other non-current liabilities		164,198	5,043,317	4,221,603
<b>Total non-current assets</b>		<u>1,362,381</u>	<u>41,845,536</u>	<u>27,543,938</u>
<b>Total liabilities</b>		<u>3,987,450</u>	<u>122,474,516</u>	<u>116,765,085</u>
<b>Equity</b>				
<b>Share capital</b>				
Share capital - common stock	6(16)	845,692	25,975,433	25,975,433
<b>Capital surplus</b>	6(17)	-		
Capital surplus		1,575,682	48,397,067	48,446,318
<b>Retained earnings</b>	6(18)	-		
Legal reserve		755,704	23,211,444	21,373,388
Special reserve		230,771	7,088,143	2,767,749
Unappropriated retained earnings		1,079,606	33,160,104	33,082,224
<b>Other equity interest</b>				
Other equity interest		( 246,167)	( 7,561,032)	( 7,088,143)
<b>Equity attributable to owners of the parent</b>		4,241,288	130,271,159	124,556,969
<b>Non-controlling interest</b>	4(3) and 6(19)	299,194	9,189,749	9,216,505
<b>Total equity</b>		<u>4,540,482</u>	<u>139,460,908</u>	<u>133,773,474</u>
<b>Significant contingent liabilities and unrecorded contract commitments</b>				
	9			
<b>Significant subsequent events</b>				
	11			
<b>Total liabilities and equity</b>		<u>\$ 8,527,932</u>	<u>\$ 261,935,424</u>	<u>\$ 250,538,559</u>

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2018	2018	2018	2017
<b>Sales revenue</b>	6(20) and 7	\$ 7,716,679	\$ 237,017,809	\$ 223,577,514	
<b>Operating costs</b>	6(7)(24)(25) and 7	( 5,647,515)	( 173,463,422)	( 162,809,240)	
<b>Gross profit</b>		<u>2,069,164</u>	<u>63,554,387</u>	<u>60,768,274</u>	
<b>Operating expenses</b>	6(24)(25)				
Selling expenses		( 538,947)	( 16,553,772)	( 15,097,073)	
General and administrative expenses		( 316,278)	( 9,714,466)	( 9,190,101)	
Research and development expenses		( 626,987)	( 19,257,915)	( 16,707,312)	
Reversal of impairment loss	12(2)	<u>4,509</u>	<u>138,489</u>	<u>-</u>	
<b>Total operating expenses</b>		<u>( 1,477,703)</u>	<u>( 45,387,664)</u>	<u>( 40,994,486)</u>	
<b>Operating profit</b>		<u>591,461</u>	<u>18,166,723</u>	<u>19,773,788</u>	
<b>Non-operating income and expenses</b>					
Other income	6(21)	142,393	4,373,591	3,884,502	
Other gains and losses	6(22)	( 4,381)	( 134,572)	( 195,968)	
Finance costs	6(23)	( 17,864)	( 548,704)	( 378,861)	
Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>30,734</u>	<u>943,990</u>	<u>714,819</u>	
<b>Total non-operating income and expenses</b>		<u>150,882</u>	<u>4,634,305</u>	<u>4,024,492</u>	
<b>Profit before income tax</b>		<u>742,343</u>	<u>22,801,028</u>	<u>23,798,280</u>	
Income tax expense	6(26)	( 135,193)	( 4,152,444)	( 5,041,328)	
<b>Profit for the year</b>		<u>\$ 607,150</u>	<u>\$ 18,648,584</u>	<u>\$ 18,756,952</u>	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2018	2018	2017	2017
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
Gain (loss) on remeasurements of defined benefit plans		(\$ 1,123)	(\$ 34,508)	(\$ 147,085)	
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income		( 26,707)	( 820,308)	-	
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		496	15,249	19,459	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	( 1,994)	( 61,234)	25,631	
<b>Other comprehensive income (loss) that will not be reclassified to profit or loss</b>		( 29,328)	( 900,801)	( 101,995)	
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
Financial statements translation differences of foreign operations		71,124	2,184,566	( 5,716,900)	
Unrealised gain (loss) on valuation of available-for-sale financial assets		-	-	20,710	
Hedging instrument loss on effective hedge of cash flow hedges		-	-	32,270	
Gain (loss) on hedging instrument		1,535	47,162	-	
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		( 25,123)	( 771,659)	87,656	
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(26)	1,392	42,768	522,517	
<b>Other comprehensive income (loss) that will be reclassified to profit or loss</b>		48,928	1,502,837	( 5,053,747)	
<b>Other comprehensive income (loss) for the year</b>		\$ 19,600	\$ 602,036	(\$ 5,155,742)	
<b>Total comprehensive income for the year</b>		\$ 626,750	\$ 19,250,620	\$ 13,601,210	
<b>Profit attributable to:</b>					
Owners of the parent		\$ 592,319	\$ 18,193,093	\$ 18,380,552	
Non-controlling interest		\$ 14,831	\$ 455,491	\$ 376,400	
<b>Comprehensive income attributable to:</b>					
Owners of the parent		\$ 612,528	\$ 18,813,838	\$ 13,430,608	
Non-controlling interest		\$ 14,222	\$ 436,782	\$ 170,602	
<b>Earnings per share</b>					
	6(27)				
<b>Basic earnings per share</b>		\$ 0.23	\$ 7.00	\$ 7.08	
<b>Diluted earnings per share</b>		\$ 0.23	\$ 6.96	\$ 7.02	

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS)

Items	Equity attributable to owners of the parent												
	Retained earnings					Other equity interest							
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments	Total		
Notes												Total equity	
2017 New Taiwan Dollars													
Balance at January 1, 2017	\$ 25,975,433	\$ 48,442,451	\$ 19,493,608	\$ 527,556	\$ 31,915,572	\$ 1,016,396	\$ -	\$ 1,277,551	\$ 53,753	\$ -	\$ 124,114,426	\$ 4,894,440	\$ 129,008,866
Profit for the year	-	-	-	-	18,380,552	-	-	-	-	-	18,380,552	376,400	18,756,952
Other comprehensive income (loss) for the year	-	-	-	-	(101,995)	(4,895,443)	-	20,710	26,784	-	(4,949,944)	(205,798)	(5,155,742)
Comprehensive income (loss) for the year	-	-	-	-	18,278,557	(4,895,443)	-	20,710	26,784	-	13,430,608	170,602	13,601,210
Distribution of 2016 earnings													
Legal reserve	-	-	1,879,780	-	(1,879,780)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,240,193	(2,240,193)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(12,987,717)	-	-	-	-	-	(12,987,717)	-	(12,987,717)
Change in ownership interests in subsidiaries	-	3,867	-	-	(4,215)	-	-	-	-	-	(348)	-	(348)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,151,463)	(4,151,463)
Balance at December 31, 2017	\$ 25,975,433	\$ 48,446,318	\$ 21,373,388	\$ 2,767,749	\$ 33,082,224	\$ 5,911,839	\$ -	\$ 1,256,841	\$ 80,537	\$ -	\$ 124,556,969	\$ 9,216,505	\$ 133,773,474
2018 New Taiwan Dollars													
Balance at January 1, 2018	\$ 25,975,433	\$ 48,446,318	\$ 21,373,388	\$ 2,767,749	\$ 33,082,224	\$ 5,911,839	\$ -	\$ 1,256,841	\$ 80,537	\$ -	\$ 124,556,969	\$ 9,216,505	\$ 133,773,474
Effects of retrospective application and retrospective restatement	-	-	-	-	1,118,916	-	(2,375,757)	1,256,841	(80,537)	80,537	-	-	-
Balance after retrospective restatement at January 1, 2018	25,975,433	48,446,318	21,373,388	2,767,749	34,201,140	5,911,839	(2,375,757)	1,256,841	80,537	80,537	124,556,969	9,216,505	133,773,474
Profit for the year	-	-	-	-	18,193,093	-	-	-	-	-	18,193,093	455,491	18,648,584
Other comprehensive income (loss) for the year	-	-	-	-	(15,946)	1,489,814	(903,738)	-	-	-	620,745	(18,709)	602,036
Comprehensive income (loss) for the year	-	-	-	-	18,177,147	1,489,814	(903,738)	-	-	-	18,813,838	436,782	19,250,620
Distribution of 2017 earnings													
Legal reserve	-	-	1,838,056	-	(1,838,056)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	4,320,394	(4,320,394)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(12,987,717)	-	-	-	-	-	(12,987,717)	-	(12,987,717)
Change in ownership interests in subsidiaries	-	(49,251)	-	-	(62,680)	-	-	-	-	-	(111,931)	-	(111,931)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(463,538)	(463,538)
Disposal of equity investment valued at fair value through other comprehensive income	-	-	-	-	(9,336)	-	9,336	-	-	-	-	-	-
Balance at December 31, 2018	\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	\$ 4,422,025	\$ 3,270,159	\$ -	\$ -	\$ 131,152	\$ 130,271,159	\$ 9,189,749	\$ 139,460,908

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS)

Items	Equity attributable to owners of the parent												
	Retained earnings					Other equity interest							
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments	Total	Non-controlling interests	Total equity
2018 US Dollars													
Balance at January 1, 2018	\$ 845,692	\$ 1,577,285	\$ 695,862	\$ 90,111	\$ 1,077,071	\$ 192,474	\$ -	\$ 40,919	\$ 2,622	\$ -	\$ 4,055,250	\$ 300,065	\$ 4,355,315
Effects of retrospective application and retrospective restatement	-	-	-	-	36,429	-	( 77,348)	40,919	( 2,622)	2,622	-	-	-
Balance after retrospective restatement at January 1, 2018	845,692	1,577,285	695,862	90,111	1,113,500	( 192,474)	( 77,348)	-	-	2,622	4,055,250	300,065	4,355,315
Profit for the year	-	-	-	-	592,319	-	-	-	-	-	592,319	14,831	607,150
Other comprehensive income (loss) for the year	-	-	-	-	( 520)	48,504	( 29,423)	-	-	1,648	20,209	( 609)	19,600
Comprehensive income (loss) for the year	-	-	-	-	591,799	48,504	( 29,423)	-	-	1,648	612,528	14,222	626,750
Distribution of 2017 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	59,842	-	( 59,842)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	140,660	( 140,660)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 422,846)	-	-	-	-	( 422,846)	-	-	( 422,846)
Change in ownership interests in subsidiaries	-	( 1,603)	-	-	( 2,041)	-	-	-	-	-	( 3,644)	-	( 3,644)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	( 15,093)	( 15,093)
Disposal of equity investment valued at fair value through other comprehensive income	-	-	-	-	( 304)	-	304	-	-	-	-	-	-
Balance at December 31, 2018	\$ 845,692	\$ 1,575,682	\$ 755,704	\$ 230,771	\$ 1,079,606	\$ 143,970	\$ 106,467	\$ -	\$ -	\$ 4,270	\$ 4,241,288	\$ 299,194	\$ 4,540,482

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



DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		2018	2018	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Consolidated profit before tax for the year		\$ 742,343	\$ 22,801,028	\$ 23,798,280	
Adjustments to reconcile net income to net cash generated from operating activities					
Income and expenses having no effect on cash flows					
Depreciation	6(9)(10)	291,039	8,939,275	8,277,810	
Amortisation	6(11)	71,744	2,203,617	1,879,506	
Expected credit impairment (gain) loss/ Provision for bad debts	12(2)(4)	( 4,509)	( 138,489)	375,165	
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(22)	6,594	202,545	( 255,740)	
Interest expense	6(23)	17,770	545,804	378,861	
Interest income	6(21)	( 27,712)	( 851,185)	( 632,353)	
Dividend income	6(21)	( 5,924)	( 181,942)	( 152,687)	
Share-based payment	6(29)	( 172)	( 5,282)	32,599	
Share of profit of associates accounted for under the equity method	6(8)	( 30,734)	( 943,990)	( 714,819)	
Gain on disposal of property, plant and equipment	6(22)	( 8,951)	( 274,921)	( 100,584)	
Gain on disposal of non-current assets held for sale	6(22)	-	-	( 373,138)	
Gain on disposal of investments	6(22)	-	-	( 338,087)	
Impairment loss on financial assets	6(22) and 12(4)	-	-	662,465	
Impairment loss on non-financial assets		-	-	718	
Changes in assets/liabilities relating to operating activities					
Net changes in assets relating to operating activities					
Financial assets held for trading		-	-	( 84,757)	
Financial assets mandatorily measured at fair value through profit or loss		7,845	240,966	-	
Contract assets		( 17,385)	( 533,977)	-	
Notes receivable		( 2,630)	( 80,786)	( 457,264)	
Accounts receivable		( 114,014)	( 3,501,951)	( 947,848)	
Accounts receivable - related parties		( 13,109)	( 402,645)	124,903	
Other receivables		( 1,382)	( 42,452)	24,865	
Other receivables - related parties		( 951)	( 29,208)	34,399	
Inventories		( 113,185)	( 3,476,464)	( 3,711,462)	
Prepayments		18,894	580,341	962,148	
Other current assets		7,834	240,631	( 137,998)	
Other non-current assets		1,640	50,370	447,227	
Net changes in liabilities relating to operating activities					
Contract liabilities		30,915	949,545	-	
Notes payable		( 60)	( 1,837)	9,792	
Accounts payable		75,141	2,307,949	( 1,174,198)	
Accounts payable - related parties		9,055	278,138	109,659	
Other payables		( 13,768)	( 422,895)	1,529,431	
Other current liabilities		( 59,531)	( 1,828,485)	522,902	
Other non-current liabilities		26,753	821,714	29,242	
Cash generated from operations		893,550	27,445,414	30,119,037	
Interest received		25,449	781,652	590,381	
Dividends received		23,247	714,031	837,278	
Interest paid		( 17,483)	( 536,989)	( 370,730)	
Income taxes paid		( 154,074)	( 4,732,398)	( 4,206,676)	
Net cash provided by operating activities		770,689	23,671,710	26,969,290	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars	New Taiwan Dollars	
		2018	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Disposal of financial assets at fair value through profit or loss		\$ -	\$ -	\$ 81,132
Acquisition of financial asset at fair value through other comprehensive income		( 14,299)	( 439,188)	( 89,874)
Disposal of financial assets at fair value through other comprehensive income		24	733	-
Acquisition of available-for-sale financial assets		-	-	( 534,229)
Proceeds from disposal of available-for-sale financial assets		-	-	766,254
Proceeds from capital reduction of available-for-sale financial assets		-	-	95,733
Acquisition of investments accounted for under equity method		( 6,868)	( 210,950)	-
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(28)	-	-	( 3,058,262)
Disposal of subsidiaries (net of cash disposed)	6(30)	-	-	633,010
Acquisition of property, plant and equipment	6(9)	( 369,229)	( 11,340,871)	( 12,878,670)
Proceeds from disposal of property, plant and equipment		22,039	676,924	274,022
Proceeds from disposal of investment properties		1	38	-
Acquisition of intangible assets	6(11)	( 16,391)	( 503,457)	( 358,579)
Decrease in other financial assets		157	4,820	12,021
Decrease (increase) in other non-current assets		4,931	151,465	( 269,712)
Acquisition of investment properties		( 503)	( 15,448)	-
Net cash flows used in investing activities		( 380,138)	( 11,675,934)	( 15,327,154)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
(Decrease) increase in short-term loans	6(31)	( 364,787)	( 11,204,447)	4,543,591
Proceeds from long-term debt	6(31)	460,322	14,138,799	2,578,236
Repayment of long-term debt		-	-	( 49,919)
Cash dividends paid	6(18)	( 422,846)	( 12,987,717)	( 12,987,717)
Cash dividends paid to non-controlling interest	6(19)	( 12,020)	( 369,183)	( 315,485)
Acquisition of ownership interests in subsidiaries	6(19)	( 3,072)	( 94,355)	-
Net cash flows used in financing activities		( 342,403)	( 10,516,903)	( 6,231,294)
Effects due to changes in exchange rate		25,174	773,207	( 3,616,969)
Increase in cash and cash equivalents		73,322	2,252,080	1,793,873
Cash and cash equivalents at beginning of year		1,867,707	57,366,617	55,572,744
Cash and cash equivalents at end of year		\$ 1,941,029	\$ 59,618,697	\$ 57,366,617

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,  
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Delta Electronics, Inc. (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the Group) are global leaders in power and thermal management solutions and are primarily engaged in the research and development, design, manufacturing and sale of electronic control systems, DC brushless fans, thermal system, and miniaturization key component, industrial automation products, digital display products, communication products, consumer electronics products, energy-saving lighting application, renewable energy applications, EV charging, energy technology services and consulting services of building management and control solutions, etc. The Group's mission statement, to provide innovative, clean and energy-efficient solutions for a better tomorrow, focuses on addressing key environmental issues such as global climate change. With the concern for the environment, the Group continues to develop innovative energy-efficient products and solutions. In recent years, the Group has transformed from a product provider towards a solution provider and the Group's business is segregated into power electronics business, automation business, and infrastructure business.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 11, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

#### A. IFRS 9, 'Financial instruments'

- (a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.
- (b) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4)B.

#### B. IFRS 15, 'Revenue from contracts with customers' and amendments

- (a) IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

(b) The Group has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

i. Presentation of assets and liabilities in relation to contracts with customers

In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

(i) Under IFRS 15, customer contracts whereby services have been rendered but not yet billed are recognised as contract assets, but were previously presented as part of accounts receivable in the balance sheet. As of January 1, 2018, the balance amounted to \$1,670,189.

(ii) Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as refund liabilities (shown as other current liabilities), but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet. As of January 1, 2018, the balance amounted to \$700,032.

(iii) Under IFRS 15, liabilities in relation to customer contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of January 1, 2018, the balance amounted to \$1,693,773.

ii. Please refer to Note 12(5) for other disclosures in relation to the first application of IFRS 15.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (herein as "modified retrospective approach"). On January 1, 2019, it is expected that right-of-use asset, lease liabilities, and retained earnings will be increased by \$2,749,997, \$1,695,257, and \$1,943, respectively, and other non-current assets will be decreased by \$1,052,797.

(3) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

##### (2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets/liabilities at fair value through other comprehensive income and available-for-sale financial assets measured at fair value.
- (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- (d) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 (‘IAS 39’), International Accounting Standard 11 (‘IAS 11’), International Accounting Standard 18 (‘IAS 18’) and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
1	Delta International Holding Limited (DIH)	Equity investments	Delta Electronics, Inc.	94	94	
2	Delta Networks Holding Limited (DNH)	"	"	100	100	
3	Delta Electronics (Netherlands) B.V. (DEN)	Trading of equipment, components and materials of telecom and computer systems	Delta Electronics, Inc. and DIH	100	100	
4	PreOptix (Hong Kong) Co., Ltd.	Equity investments	Delta Electronics, Inc. and DIH	100	100	
5	NeoEnergy Microelectronics, Inc. (NEM)	Designing and experimenting on integrated circuits and information software services	Delta Electronics, Inc.	98.17	98.17	Note 1
6	Cyntec Co., Ltd. (Cyntec)	Research, development, manufacturing and sales of film optic-electronics devices	"	100	100	
7	DelBio Inc. (DelBio)	Manufacturing, wholesale and retail of medical	"	100	100	
8	Delta Electronics Capital Company (DECC)	Equity investments	"	100	100	
9	Delta Electronics Int'l (Singapore) Pte. Ltd.	Sales of electronic products	"	100	100	
10	Allied Material Technology Corp. (AMT)	Lease services, etc.	"	99.97	99.97	
11	Delta Green Life Co., Ltd. (DGL)	Providing installation and construction of	"	-	100	Note 2
12	Delta America Ltd. (DAL)	Equity investments	Delta Electronics, Inc., DEN, Castle Horizon Limited and Energy Dragon Global	100	100	
13	Delta Electronics (H.K.) Ltd. (DHK)	Equity investments, operations management and	DIH	100	100	
14	Delta Electronics International Limited	Sales of electronic products	"	-	100	Note 3

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
15	DEI Logistics (USA) Corp. (ALI)	Warehousing and logistics services	DIH	100	100	
16	Delta Electronics (Japan), Inc. (DEJ)	Sales of power products, display solution products, electronic components, industrial automation products and their materials	"	100	100	
17	DAC Holding (Cayman) Limited (DAC)	Equity investments	"	100	100	
18	Ace Pillar Holding Co., Ltd. (Ace)	"	"	100	100	
19	Drake Investment (HK) Limited (Drake-HK)	"	"	100	100	
20	Delta Greentech (China) Co., Ltd. (DGC)	Manufacturing and sales of uninterruptible power systems	DIH, Ace, Drake-HK, DGSG and Boom	95.91	95.91	
21	Vivitek Corporation (Vivitek)	Sales of projector products and their materials	DIH	100	100	
22	Delta Greentech SGP Pte. Ltd. (DGSG)	Equity investments	"	100	100	
23	Delta Electronics Europe Limited (DEU)	Repair centre and providing support services	"	100	100	
24	Boom Treasure Limited (Boom)	Equity investments	"	100	100	
25	Apex Investment (HK) Limited (Apex-HK)	"	"	100	100	
26	Galaxy Star Investment (HK) Limited (Galaxy Star-HK)	"	"	100	100	
27	Jade Investment (HK) Limited (Jade-HK)	"	"	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
28	Delta Electronics (Dongguan) Co., Ltd. (DDG)	Manufacturing and sales of transformer and thermal products	DHK	100	100	
29	Delta Electronics Power (Dongguan) Co., Ltd. (DEP)	Manufacturing and sales of transformer and power supplies	"	100	100	
30	Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Product design, management consulting service and distribution of electronic products	"	100	100	
31	Delta Electronics (Jiangsu) Ltd. (DWJ)	Manufacturing and sales of power supplies and transformers	DHK, Apex-HK, Galaxy Star-HK and Jade-HK	100	100	
32	Delta Electronics Components (Wujiang) Ltd. (DWC)	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	"	100	100	
33	Delta Video Display System (Wujiang) Ltd. (DWV)	Manufacturing and sales of various projectors	"	100	100	
34	Delta Electronics (Wuhu) Co., Ltd. (DWH)	Manufacturing and sales of LED light source, power supplies and others	DHK	100	100	
35	Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Manufacturing and sales of transformers	"	100	100	
36	Delta Electronics International Mexico S.A. DE C.V. (DEIL-MX)	Sales of power management system of industrial automation product and telecommunications equipment	"	100	100	
37	Delta Electronics (Wujiang) Trading Co., Ltd. (DWT)	Installation, consulting and trading of electronic products	"	100	100	
38	Delta Green (Tianjin) Industries Co., Ltd. (DGT)	Manufacturing and sales of transformers	"	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
39	Delta Electronics (Pingtan) Co., Ltd. (Delta Pingtan)	Wholesale and retail of electronic products and energy-saving equipment	DHK	100	100	
40	PreOptix (Jiang Su) Co., Ltd. (PJS)	Manufacturing and sales of lenses and optical engines for projectors	PHK	100	100	
41	Addtron Technology (Japan), Inc. (AT Japan)	Trading of networking system and peripherals	DEJ	100	100	
42	Delta Electronics (Korea), Inc. (Delta Korea)	Sales of power products, display solution products electronic components, industrial automation products and their materials	//	100	100	
43	Delta Electronics Mexico S.A. DE C.V. (DEM)	Manufacturing and sales of electronic products	DAC	100	100	
44	Delta Video Technology Limited (DVT)	Sales of electronic products	//	100	100	
45	Wuhu Delta Technology Co., Ltd. (WDT)	Manufacturing and sales of transformers	DWH	100	100	
46	Chenzhou Delta Technology Co., Ltd. (CDT)	Manufacturing and sales of transformers	DCZ	100	100	
47	Delta Energy Technology (Dongguan) Co., Ltd. (DET-DG)	Wholesale and retail of electronic products and energy-saving equipment	DDG and DPEC	100	100	



No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
48	Delta Energy Technology (Shanghai) Co., Ltd. (DET-SH)	Wholesale and retail of electronic products and energy-saving equipment	DPEC and DGC	100	100	
49	Delta Networks, Inc. (DNI Cayman)	Equity investments	DNH	100	100	
50	Delta Networks, Inc. (Taiwan) (DNIT)	Research, development, design, manufacturing and sales of networking system and	Delta Electronics, Inc.	99.98	99.98	
51	DNI Logistics (USA) Co. (ALN)	Trading of networking system and peripherals	DNI Cayman	100	100	
52	Delta Networks International Limited (DNIL-Labuan)	"	"	-	100	Note 3
53	Delta Networks (H.K.) Limited (DNHK)	Equity investments	"	100	100	
54	Delta Networks (Dongguan) Ltd. (DII)	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	DNHK	100	100	
55	Delta Networks (Shanghai) Ltd. (DNS)	Design of computer software	"	-	100	Note 4
56	Fairview Assets Ltd. (Fairview)	Equity investments	Cyntec	100	100	
57	Grandview Holding Ltd. (Grandview)	"	Fairview	100	100	
58	Cyntec Holding (H.K.) Ltd. (CHK)	"	Grandview	100	100	
59	Cyntec International Ltd. (CIL-Labuan)	Trading	"	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
60	Cyntec Electronics (Suzhou) Co., Ltd. (CES)	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products	CHK	100	100	
61	DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	DelBio	100	100	
62	ELTEK AS	Research, development and sales of power supplies and others	DEN	100	100	
63	Castle Horizon Limited	Equity investments	"	100	100	
64	Energy Dragon Global Limited	"	"	100	100	
65	Delta Controls Inc. (DCI)	Provide resolution of building management and control	"	100	100	
66	DELTA ELECTRONICS HOLDING (USA) INC.	Equity investments	"	100	100	Note 5
67	ELTEK PAKISTAN (PRIVATE) LIMITED	Sales of power supplies and others	ELTEK AS	100	100	
68	Eltek Deutschland GmbH	Sales of power supplies and others and system installation	"	100	100	
69	ELTEK AUSTRALIA PTY LIMITED	"	"	100	100	
70	Eltek Egypt for Power Supply S.A.E	Sales of power supplies and others	"	95	95	
71	Eltek SGS Pvt Ltd.	Sales of power supplies and others and system installation	"	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
72	Eltek SGS Mechanics Pvt Ltd.	Sales of power supplies and others	ELTEK AS and Eltek SGS Pvt Ltd.	51	51	
73	ELTEK POWER PTE. LTD.	Sales of power supplies and others and system installation	ELTEK AS	100	100	
74	Eltek Polska Sp. z o. o.	"	"	51.04	51.04	
75	ELTEK POWER FRANCE SAS	"	"	100	100	
76	ELTEK LIMITED	Equity investments and trading	"	100	100	
77	ELTEK MEA DMCC	Sales of power supplies and others	"	100	100	
78	ELTEK KENYA LIMITED	Sales of power supplies	ELTEK MEA DMCC and ELTEK AS	100	100	
79	ELTEK WEST AFRICA LIMITED	"	"	100	100	
80	Eltek Italia S.r.l.	Sales of power supplies and others	ELTEK AS	100	100	
81	Eltek Power Sweden AB	Sales of power supplies and others and equity investments	"	100	100	
82	Eltek Power (UK) Ltd.	Sales of power supplies	"	100	100	
83	Eltek Power Oy	Sales of power supplies and others	"	100	100	
84	OOO Eltek	Sales of power supplies and others and system installation	"	100	100	
85	ELTEK ENERJI SISTEMLERI LIMITED SIRKETI	Sales of power supplies and others	"	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
86	Eltek Montage GmbH	Installation and maintenance of power supplies	Eltek Deutschland GmbH	100	100	
87	E.V.I Electronics Sp. z o. o.	Trading and construction of power supply model	"	100	100	
88	ELTEK POWER INCORPORATED	Sales of power supplies and others	ELTEK POWER PTE. LTD.	100	100	
89	ELTEK POWER CO., LTD.	"	"	100	100	Note 6
90	ELTEK POWER (CAMBODIA) LTD.	"	"	100	100	
91	ELTEK POWER (MALAYSIA) SDN. BHD.	"	"	100	100	Note 7
92	ELTEK CVI LIMITED	Equity investments	ELTEK LIMITED	100	100	
93	Eltek Energy Technology (Dongguan) Ltd.	Development, manufacturing and sale of intelligent power equipment and system for supporting access networking system, and manufacturing and sale of intelligent power equipment for supporting renewable energy	ELTEK CVI LIMITED	100	100	
94	DELTA ELECTRONICS (USA) INC.	Manufacturing and sales of power supplies	DELTA ELECTRONICS HOLDING (USA) INC.	100	100	Note 8 Note 17
95	DELTA ELECTRONICS (ARGENTINA) S.R.L.	Sales of power supplies and others	DELTA ELECTRONICS (USA) INC.	100	100	Note 9
96	Eltek Sistemas de Energia Industria e Comercio S.A.	Manufacturing and sales of power supplies	"	100	100	
97	DELTA ELECTRONICS (PERU) INC. S.R.L.	Sales of power supplies and others	"	100	100	Note 10

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
98	DELTA ELECTRONICS (COLDMBIA) S.A.S.	Sales of power supplies and others	DELTA ELECTRONICS (USA) INC.	100	100	Note 11
99	Eltek Energy International I, LLC	Equity investments	"	-	100	Note 12
100	Eltek Energy International II, LLC	"	"	-	100	Note 13
101	Eltekenenergy Services, S.A. de C.V.	Sales of power supplies and others	DELTA ELECTRONICS (USA) INC. and DELTA ELECTRONICS HOLDING (USA) INC.	100	100	
102	Eltekenenergy International de México, S. de R.L. de C.V.	"	"	100	100	
103	Delta Electronics (Americas) Ltd.	Sales of electronic components	DAL	100	100	Note 14
104	Delta Solar Solutions LLC	Equity investments	"	100	100	
105	2009 PPA LLC	Sales of power supplies	Delta Electronics (Americas) Ltd.	100	100	
106	DSS-CI LLC	Rental of solar power systems	Delta Solar Solution LLC	100	100	
107	DSS-USF LLC	"	"	100	100	
108	Power Forest Technology Corporation	IC design of power management	Cyntec	59.03	60.02	
109	Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	Delta Energy Technology (Shanghai) Co., Ltd.	100	100	
110	Loy Tec electronics GmbH (LoyTec)	Consulting service of building management and control solutions	DEIL-SG	85	85	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
111	LOYTEC Americas, Inc.	Consulting service of building management and control solutions	Loy Tec electronics GmbH	100	100	
112	Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	DHK	100	100	
113	Delta Electronics (Xi'an) Co., Ltd.	Sales of computer, peripheral and software	"	100	100	
114	Beijing Industrial Foresight Technology Co., Ltd.	Computer system services and data process	Delta Electronics (Beijing) Co., Ltd.	80	80	
115	UNICOM SYSTEM ENG. CORP.	Design and sales of computer, peripheral and information system (software and hardware)	Delta Electronics, Inc.	100	100	Note 15
116	Unicom (Nanjing) System Eng. Corp	"	UNICOM SYSTEM ENG. CORP.	100	100	Note 15
117	Delta Electronics (Switzerland) AG (DES)	Equity investments, research, development and sales of electronic products	DEN	51	51	Note 15 Note 16
118	Delta Greentech (Brasil) S.A. (DGB)	Manufacturing and sales of electronic products	"	100	100	Note 15
119	Delta Greentech Electronics Industry LLC	Marketing and sales of electronic products	"	51	51	Note 15
120	Delta Greentech (USA) Corporation (DGA)	Sales of electronic products	"	-	100	Note 15 Note 17



No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
121	Delta Electronics (Czech Republic), spol. s.r.o.	Sales of electronic products	DES	100	100	Note 15 Note 18
122	Delta Electronics (Italy) S.r.l.	"	"	100	100	Note 15 Note 19
123	Delta Electronics (Poland) Sp. z o. o.	"	"	100	100	Note 15 Note 20
124	Delta Solutions (Finland) Oy	Manufacturing and sales of electronic products	"	100	100	Note 15 Note 21
125	Delta Electronics Solutions (Spain) SL	Sales of electronic products	"	100	100	Note 15 Note 22
126	Delta Electronics (France) SA	"	"	100	100	Note 15 Note 23
127	Delta Energy Systems (Sweden) AB	"	"	100	100	Note 15
128	Vivotek Inc.	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	Delta Electronics, Inc.	50.13	48.80	Note 15 Note 24
129	Vatics Inc.	Designing and sales of multimedia integrated circuits	Vivotek Inc. and Realwin Investment Inc.	54.41	49.55	Note 15
130	Vivotek Holdings, Inc.	Holding company	Vivotek Inc.	100	100	Note 15
131	Realwin Investment Inc.	Investment in the network communications industry.	"	100	100	Note 15
132	Vivotek Netherlands B.V.	Sales service	"	100	100	Note 15
133	Vivotek (Japan) Inc.	"	"	100	-	Note 25
134	Vivotek USA, Inc.	Sales of webcams and related components	Vivotek Holdings, Inc.	100	100	Note 15
135	Wellstates Investment, LLC	Investment and commercial lease of real estate	Realwin Investment Inc.	100	100	Note 15
136	Otus Imaging, Inc.	Sales of webcams and related components	Vivotek Inc. and Realwin Investment Inc.	100	100	Note 15

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2018	December 31, 2017	
137	Aetek Inc.	Sales of webcams and related components	Realwin Investment Inc.	56.21	56.21	Note 15
138	Vivotek Middle East FZCO	"	"	89.99	89.99	Note 15
139	Lidlight Inc.	Sale of lighting equipment	"	51	51	Note 15
140	DELTA ELECTRONICS BRASIL LTDA	Manufacturing and sales of electronic products	DEN	100	100	Note 15

Note 1: In the fourth quarter of 2015, the subsidiary company began liquidation process and was dissolved, but has not yet been completed as of December 31, 2018.

Note 2: Merged with the Company on August 1, 2018.

Note 3: This company had been liquidated in April, 2018.

Note 4: This company had been liquidated in November, 2018.

Note 5: On March 6, 2018, Eltek Energy Holding Inc. was sold to DEN by ELTEK AS and subsequently renamed as DELTA ELECTRONICS HOLDING (USA) INC..

Note 6: 55% of shares are held through others due to local regulations.

Note 7: 71% of shares are held through others due to local regulations.

Note 8: Formerly named Eltek, Inc., and was renamed as DELTA ELECTRONICS (USA) INC.

Note 9: This company, formerly named Eltek Argentina S.R.L., was renamed as DELTA ELECTRONICS (ARGENTINA) S.R.L.

Note 10: Formerly named Eltek Peru S.R.L., and was renamed as DELTA ELECTRONICS (PERU) INC. S.R.L.

Note 11: This company, formerly named Eltek Colombia S.A.S, was renamed as DELTA ELECTRONICS (COLOMBIA) S.A.S.

Note 12: This company had been liquidated in October, 2018.

Note 13: This company had been liquidated in September, 2018.

Note 14: Formerly named Delta Products Corporation, and was renamed as Delta Electronics (Americas) Ltd.

Note 15: Companies were established or acquired through merger during 2017.

Note 16: Formerly named Delta Energy Systems (Switzerland) AG., and was renamed as Delta Electronics (Switzerland) AG.

Note 17: In May 2018, Delta Greentech (USA) Corporation merged with DELTA ELECTRONICS (USA) INC. After combination, ELECTRONICS (USA) INC. was the surviving company and Delta Greentech (USA) Corporation was the dissolved company.

Note 18: Formerly named Delta Energy Systems (Czech Republic), spol. s.r.o., and was renamed as Delta Electronics (Czech Republic), spol. s.r.o.

Note 19: Formerly named Delta Energy Systems (Italy) S.r.l., and was renamed as Delta Electronics (Italy) S.r.l.

Note 20: Formerly named Delta Energy Systems (Poland) Sp. z.o.o., and was renamed as Delta Electronics Systems (Poland) Sp. z.o.o.

Note 21: Formerly named Delta Energy Systems (Finland) Oy., and was renamed as Delta Solutions (Finland) Oy.

Note 22: Formerly named Delta Energy Systems (Spain) S.L., and was renamed as Delta Electronics Solutions (Spain) S.L.

Note 23: Formerly named Delta Energy Systems (France) S.A., and was renamed as Delta Electronics (France) SA.

Note 24: Because most of the shares were held by the company and other shareholdings are disaggregated, therefore, it was included in the consolidated financial statements.

Note 25: Companies were established or acquired through merger during 2018.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2018 and 2017, the non-controlling interest amounted to \$9,189,749 and \$9,216,505, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2018		December 31, 2017	
		Amount	Ownership (%)	Amount	Ownership (%)
Delta International Holding Ltd. (DIH)	Cayman Islands	\$ 4,216,092	6%	\$ 3,940,019	6%
Vivotek Inc.	Taiwan	3,975,977	49.87%	4,206,236	51.20%

Summarised financial information of the subsidiary:

Balance sheet

	<u>DIH</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Current assets	\$ 87,627,784	\$ 82,004,197
Non-current assets	34,384,761	40,540,530
Current liabilities	( 46,922,159)	( 44,828,240)
Non-current liabilities	( 2,693,084)	( 2,073,048)
Total net assets	<u>\$ 72,397,302</u>	<u>\$ 75,643,439</u>

	<u>Vivotek Inc.</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Current assets	\$ 3,003,380	\$ 3,188,626
Non-current assets	6,575,800	6,446,325
Current liabilities	( 1,207,012)	( 1,217,494)
Non-current liabilities	( 399,485)	( 202,154)
Total net assets	<u>\$ 7,972,683</u>	<u>\$ 8,215,303</u>

Statement of comprehensive income

	<u>DIH</u>	
	<u>Years ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Revenue	\$ 162,343,089	\$ 155,108,606
Profit before income tax	12,993,455	7,161,357
Income tax expense	( 2,661,380)	( 1,921,637)
Profit for the year from continuing operations	10,332,075	5,239,720
Gains (losses) attributable to non-controlling interest	20,194	( 29,463)
Profit for the year from continuing operations	10,352,269	5,210,257
Other comprehensive income, net of tax	8,732,215	2,012,159
Total comprehensive income for the year	<u>\$ 19,084,484</u>	<u>\$ 7,222,416</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 523,933</u>	<u>\$ 433,345</u>
Dividends paid to non-controlling interest	<u>\$ 203,351</u>	<u>\$ 310,287</u>

	Vivotek Inc.	
	Years ended December 31,	
	2018	2017
Revenue	\$ 5,235,966	\$ 5,876,591
Profit before income tax	133,780	401,753
Income tax expense	( 52,832)	( 105,577)
Profit for the year from continuing operations	80,948	296,176
Gains attributable to non-controlling interest	63,411	81,755
Profit for the year	144,359	377,931
Other comprehensive income (loss), net of tax	10,647	( 26,898)
Total comprehensive income for the year	<u>\$ 155,006</u>	<u>\$ 351,033</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 80,078</u>	<u>\$ 89,089</u>
Dividends paid to non-controlling interest	<u>\$ 165,720</u>	<u>-</u>

Statements of cash flows

	DIH	
	Years ended December 31,	
	2018	2017
Net cash provided by operating activities	\$ 14,952,859	\$ 7,971,941
Net cash used in investing activities	( 4,113,982)	( 5,505,694)
Net cash used in financing activities	( 3,779,613)	( 4,307,178)
Effect of exchange rates on cash and cash equivalents	( 5,125,165)	( 1,384,793)
Increase (decrease) in cash and cash equivalents	1,934,099	( 3,225,724)
Cash and cash equivalents, beginning of year	<u>31,677,068</u>	<u>34,902,792</u>
Cash and cash equivalents, end of year	<u>\$ 33,611,167</u>	<u>\$ 31,677,068</u>

	Vivotek Inc.	
	Years ended December 31,	
	2018	2017
Net cash provided by operating activities	\$ 73,673	\$ 426,903
Net cash used in investing activities	( 422,373)	( 447,432)
Net cash used in financing activities	( 37,419)	( 193,296)
Effect of exchange rates on cash and cash equivalents	8,289	( 20,812)
Decrease in cash and cash equivalents	( 377,830)	( 234,637)
Cash and cash equivalents, beginning of year	<u>1,185,542</u>	<u>1,420,179</u>
Cash and cash equivalents, end of year	<u>\$ 807,712</u>	<u>\$ 1,185,542</u>

#### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

##### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within other gains and losses.

##### B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Group still

retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.

- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.



(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred and, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are recorded at standard cost. The cost of finished goods and work in process comprises raw materials, direct labour, other director costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus'

in proportion to its ownership.

- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistent with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Cash surrender value of life insurance

Premium paid for life insurance with saving nature belonging to cash surrender value is recognised as a deduction to insurance premium expense in current period and is added to the carrying amount of cash surrender value.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are 2~15 years except for buildings, the estimated life of which is 5~55 years.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 7~50 years.

(17) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. Acquisition prices in the business combination are calculated by the price of acquisition plus related direct costs. Goodwill is recognised at the difference of the acquisition prices less net fair value of identifiable assets acquired. The amortisation duration of acquisition prices may not exceed one year after the acquisition.

B. Trademarks

- (a) Separately acquired trademarks with finite useful lives are stated at acquisition cost and are amortised on a straight-line basis over their estimated useful lives.
- (b) Certain trademarks which are assessed to generate net cash inflows and have indefinite useful lives are recorded at actual cost. These are not amortised and instead, are tested for impairment annually.

C. Intangible assets other than goodwill and trademarks, mainly computer software, patents, customer relationship and technology authorization fees, are amortised on a straight-line basis over their estimated useful lives of 1~15 years.

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the

impairment had not been recognised.

- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(21) Financial liabilities at fair value through profit or loss

- A. Derivatives are categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.
- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.
- C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(25) Hedge accounting

- A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.
- B. The Group designates the hedging relationship as follows:
  - (a) Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.
  - (b) Hedge of a net investment in a foreign operation.
- C. Cash flow hedges
  - (a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):
    - i. The cumulative gain or loss on the hedging instrument from inception of the hedge; and
    - ii. The cumulative change in fair value of the hedged item from inception of the hedge.
  - (b) The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognised in profit or loss.
  - (c) The amount that has been accumulated in the cash flow hedge reserve in accordance with (a)

is accounted for as follows:

- i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
  - ii. For cash flow hedges other than those covered by i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
  - iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
- (d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

#### D. Hedges of a net investment in a foreign operation

- (a) It is accounted for similarly to cash flow hedges.
- (b) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion is recognised in profit or loss.
- (c) The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in the foreign currency translation reserve shall be reclassified from equity to profit or loss as a reclassification adjustment.

### (26) Employee benefits

#### A. Pensions

##### (a) Defined contribution plans

Under the defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

##### (b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount



of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

#### B. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

#### (27) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

#### B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees but employees must return the dividends received if they resign during the vesting period, when the Group receives dividends from employees resigning during the vesting period, the Group credits related amounts that were previously debited from retained earnings, legal reserve or capital surplus at the date of dividends declared.

(c) For restricted stocks where employees do not need to pay to acquire those stocks, if the Group will pay the employees who resign during the vesting period to repurchase the stocks, the Group estimates such payments that will be made and recognises such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(29) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(31) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells computers, information technology, electrical machines, power supply and related components products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue is recognised based on the price specified in the contract, net of the estimated discounts and allowances. The revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the control was transferred with a credit term of 30 to 90 days, which is consistent with market practice.
- (c) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the control of goods are transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Installation of software and module services

- (a) The Group provides installation of some software and module services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer

pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

- (b) Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Group are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification.
- (c) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

#### C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

#### (32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

#### (33) Business combinations

The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Investment property

The Group uses part of the property for its own use and part to earn rentals or for capital appreciation. When the portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion accounts for less than 20% of the property.

(2) Critical accounting estimates and assumptions

Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information on goodwill impairment.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash on hand	\$ 5,635	\$ 4,862
Checking accounts and demand deposits	37,506,087	29,671,136
Time deposits	22,106,975	27,690,619
	<u>\$ 59,618,697</u>	<u>\$ 57,366,617</u>

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2) Financial assets at fair value through profit or loss

<u>Asset Items</u>	<u>December 31, 2018</u>
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	\$ 561,989
Emerging stocks	56,102
Derivatives	37,047
Hybrid instrument	<u>119,074</u>
	774,212
Valuation adjustment	<u>225,904</u>
	<u>\$ 1,000,116</u>
Non-current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	\$ 593,784
Emerging stocks	107,037
Unlisted stocks	<u>2,279,159</u>
	2,979,980
Valuation adjustment	<u>( 587,181)</u>
	<u>\$ 2,392,799</u>

<u>Liability Items</u>	<u>December 31, 2018</u>
Current items:	
Valuation adjustment of derivatives	<u>\$ 8,544</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>Year ended</u> <u>December 31, 2018</u>
Financial assets mandatorily measured at fair value through profit or loss	
Equity instruments	(\$ 84,328)
Hybrid instruments	355
Derivatives	<u>( 118,572)</u>
	<u>(\$ 202,545)</u>

B. Explanations of the transactions and contract information in respect of derivative financial assets and liabilities that the Group does not adopt hedge accounting are as follows:

December 31, 2018

Financial instruments	Contract amount (nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Sell USD / Buy RMB	USD	123,654	2018.12.19~2019.01.22
- Sell USD / Buy NTD	USD	2,000	2018.12.10~2019.01.04
- Sell USD / Buy JPY	USD	4,200	2018.11.09~2019.02.25
- Sell USD / Buy CZK	USD	470	2018.12.17~2019.01.18
- Sell JPY / Buy USD	JPY	622,097	2018.11.05~2019.04.18
- Sell USD / Buy SGD	USD	11,750	2018.04.03~2019.03.04
- Sell AUD / Buy USD	AUD	18,430	2018.08.24~2019.03.26
- Sell EUR / Buy USD	EUR	23,800	2018.09.14~2019.04.25
- Sell EUR / Buy NOK	EUR	5,000	2018.10.08~2019.02.07
- Sell GBP / Buy NOK	GBP	1,500	2018.12.21~2019.02.07
- Sell SGD / Buy USD	SGD	2,050	2018.12.28~2019.01.29
- Sell THB / Buy USD	THB	91,276	2018.12.21~2019.02.26
- Sell THB / Buy SGD	THB	67,556	2018.12.21~2019.02.26
- Sell USD / Buy RUB	USD	500	2018.11.08~2019.01.09
- Sell USD / Buy EUR	USD	1,940	2018.11.09~2019.01.07
- Sell USD / Buy AUD	USD	800	2018.12.12~2019.02.05
- Sell BRL / Buy USD	BRL	41,666	2018.11.05~2019.02.07
- Sell INR / Buy USD	INR	71,220	2018.12.05~2019.02.07
Cross currency swap:			
- Sell EUR / Buy NOK	EUR	6,000	2018.09.04~2019.01.07
- Sell EUR / Buy SEK	EUR	500	2018.12.10~2019.02.07
- Sell EUR / Buy SGD	EUR	11,653	2018.11.13~2019.01.07
- Sell GBP / Buy NOK	GBP	1,000	2018.12.06~2019.01.07
- Sell SGD / Buy EUR	SGD	6,000	2018.11.05~2019.01.07
- Sell RUB / Buy USD	RUB	166,900	2018.11.05~2019.01.09
- Sell USD / Buy NOK	USD	2,000	2018.11.09~2019.01.07
- Sell USD / Buy SGD	USD	5,000	2018.12.06~2019.01.07

The Group entered into forward exchange contracts and cross currency swap to manage exposures to foreign exchange rate fluctuations of import or export sales and dividend distribution between subsidiary and second-tier subsidiary. However, the forward exchange transactions did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk is provided in Note 12(2) C(b).

E. The information on financial assets at fair value through profit or loss as of December 31, 2017 is provided in Note 12(4).



(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2018
Current items:	
Equity instruments	
Listed stocks	\$ 871,492
Valuation adjustment	( 813,836)
	\$ 57,656
Non-current items:	
Equity instruments	
Listed stocks	\$ 4,301,090
Unlisted stocks	1,008,088
	5,309,178
Valuation adjustment	( 2,388,840)
	\$ 2,920,338

- A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,977,994 as at December 31, 2018.
- B. For the year ended December 31, 2018, the Group sold listed stocks whose fair value was \$733 to adjust the stock position, resulting to an accumulated loss on disposal of \$9,336.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2018
<u>Equity instruments at fair value through other comprehensive income</u>	
Fair value change recognised in other comprehensive income	(\$ 844,089)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ 9,336)

- D. As at December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$2,977,994.
- E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).
- G. The information on available-for-sale financial assets and financial assets at cost as of December 31, 2017 is provided in Note 12(4).

(4) Hedging financial assets and liabilities

A. As of December 31, 2018, the balance of financial assets and liabilities used for hedging was \$0.

B. Information on cash flow hedges and hedges of net investments in foreign operations recognised as profit or loss and other comprehensive income:

	<u>Cash flow hedges</u>	<u>Hedges of net investments in foreign operations</u>
<u>Other equity</u>		
At January 1, 2018	\$ 7,061	\$ 73,476
Add: (Loss) gain on hedge effectiveness- amount recognised in other comprehensive income	( 4,161)	57,676
Add: Reclassified to profit or loss as the hedged item has affected profit or loss	( 2,900)	-
At December 31, 2018	<u>\$ -</u>	<u>\$ 131,152</u>

(a) The purpose of hedge accounting is that the hedged highly probable forecast transactions denominated in foreign currency are expected to occur during the next 12 months. Amounts accumulated in other comprehensive income as of December 31, 2018 are recycled into profit or loss in the period or periods when the hedged item affects profit or loss.

(b) When the hedging instrument expires and the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(c) Hedges of net investments in foreign operations

In the first quarter of 2018, due to the reorganization of the Group, the risk of USD exchange rate fluctuating by fair value initially designated as hedged items of hedges of net investments in foreign operations was no longer material. Consequently, the hedge relationship did not meet the conditions of hedge accounting. The effective portion of hedges of net investments in foreign operations was accumulated in other equity previously. Since the foreign operations was not disposed, it was not reclassified from equity to profit or loss.

C. The information on December 31, 2017 is provided in Note 12(4).

(5) Notes and accounts receivable

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Notes receivable	\$ 4,091,231	\$ 4,010,445
Accounts receivable	\$ 53,014,340	\$ 50,549,708
Less: Allowance for uncollectible accounts	( 960,844)	( 1,166,495)
	<u>52,053,496</u>	<u>49,383,213</u>
Overdue receivables (shown as other non-current assets)	271,439	238,283
Less: Allowance for uncollectible accounts	( 271,439)	( 238,283)
	<u>\$ 52,053,496</u>	<u>\$ 49,383,213</u>

A. The ageing analysis of accounts receivable is as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Not past due	\$ 46,402,442	\$ 45,315,082
1 to 90 days	5,270,339	3,444,039
91 to 180 days	228,796	214,089
181 to 365 days	125,428	243,603
Over 365 days	26,491	166,400
	<u>\$ 52,053,496</u>	<u>\$ 49,383,213</u>

The above aging analysis was based on past due date.

B. As of December 31, 2018 and 2017, there was no notes receivable past due.

C. The Group has no notes receivable and accounts receivable pledged to others as collateral.

D. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$4,091,231 and \$4,010,445, and accounts receivable were \$52,053,496 and \$49,383,213, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Transfer of financial assets

The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Group is not required to bear the default risk of the accounts receivable and the percentage of advance payments is zero, but is liable for the losses incurred on any business dispute. As of December 31, 2018 and 2017, the relevant information of unsettled accounts receivable

that were sold is set forth below:

December 31, 2018					
<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognised</u>	<u>Facilities</u>	<u>Amount advanced</u>	<u>Interest rate of amount advanced</u>
Taishin International Bank	\$ 70,948	\$ -	\$ 307,150	\$ -	\$ -

December 31, 2017					
<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognised</u>	<u>Facilities</u>	<u>Amount advanced</u>	<u>Interest rate of amount advanced</u>
Taishin International Bank	\$ 150,152	\$ -	\$ 297,600	\$ -	\$ -

(7) Inventories

December 31, 2018			
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 12,622,276	(\$ 1,701,414)	\$ 10,920,862
Work in process	3,065,158	( 13,027)	3,052,131
Finished goods	22,686,380	( 2,510,049)	20,176,331
Inventory in transit	152,542	-	152,542
	<u>\$ 38,526,356</u>	<u>(\$ 4,224,490)</u>	<u>\$ 34,301,866</u>

December 31, 2017			
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 9,430,769	(\$ 1,342,968)	\$ 8,087,801
Work in process	2,436,778	-	2,436,778
Finished goods	22,034,497	( 2,168,107)	19,866,390
Inventory in transit	434,433	-	434,433
	<u>\$ 34,336,477</u>	<u>(\$ 3,511,075)</u>	<u>\$ 30,825,402</u>

The Group recognised as expense or loss:

	<u>Years ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Cost of goods sold	\$ 169,043,616	\$ 158,350,323
Loss on market value decline and obsolete and slow-moving inventories	556,111	707,883
Others	( 129,078)	( 433,353)
	<u>\$ 169,470,649</u>	<u>\$ 158,624,853</u>

(8) Investments accounted for under the equity method

A. Details of investments accounted for under the equity method are set forth below:

Name of associates	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	Ownership %		Ownership %	
	(Note)	Book value	(Note)	Book value
Delta Electronics (Thailand) Public Co., Ltd.	20.93	\$ 8,154,777	20.93	\$ 7,418,365
Optovue, Inc.	29.50	959,816	23.21	777,126
Digital Projection International Ltd. (DPI)	41.00	241,333	41.00	190,787
Others		37,790		48,241
		<u>\$ 9,393,716</u>		<u>\$ 8,434,519</u>

Note: The shareholding ratio in associates represent the ratio of common shares held by the Group.

B. For the years ended December 31, 2018 and 2017, the share of profit (loss) of associates were \$943,990 and \$714,819, respectively.

C. The financial statements of investments using equity method were reviewed by other independent accountants. Share of other comprehensive income of associates was \$204,169 and \$923,720 for the years ended December 31, 2018 and 2017, respectively, and investments accounted for under equity method was \$8,154,777 and \$7,418,365 as of December 31, 2018 and 2017, respectively.

D. The summarised financial information of the associates that are material to the Group is shown below:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio (Note)</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>December 31, 2018</u>	<u>December 31, 2017</u>		
DET	Thailand	20.93%	20.93%	Holds more than 20% of voting rights	Equity method

Note: The shareholding ratio in associates represent the ratio of common shares held by the Group.

Balance sheet

	DET	
	December 31, 2018	December 31, 2017
Current assets	\$ 36,209,901	\$ 33,541,968
Non-current assets	9,734,999	8,809,093
Current liabilities	( 11,779,439)	( 10,860,891)
Non-current liabilities	( 1,812,976)	( 1,692,283)
Total net assets	<u>\$ 32,352,485</u>	<u>\$ 29,797,887</u>
Share in associate's net assets	\$ 6,771,375	\$ 6,236,698
Unrealised upstream and sidestream transactions	( 8,719)	( 110,193)
Others	<u>1,392,121</u>	<u>1,291,860</u>
Carrying amount of the associate	<u>\$ 8,154,777</u>	<u>\$ 7,418,365</u>

	DET	
	Years ended December 31,	
	2018	2017
Revenue	<u>\$ 50,003,204</u>	<u>\$ 44,900,209</u>
Profit for the year from continuing operations	\$ 4,767,009	\$ 4,398,990
Loss attributable to non-controlling interests	( 9,827)	( 1,912)
Other comprehensive (loss) income, net of tax	( 849,094)	341,519
Total comprehensive income	<u>\$ 3,908,088</u>	<u>\$ 4,738,597</u>
Dividends received from associates	<u>\$ 532,089</u>	<u>\$ 684,591</u>

- F. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2018 and 2017, the carrying amount of the Group's individually immaterial associates amounted to \$1,238,939 and \$1,016,154, respectively.

	Years ended December 31,	
	2018	2017
Loss for the year from continuing operations	(\$ 41,160)	(\$ 101,420)
Other comprehensive income (loss), net of tax	<u>14,515</u>	<u>( 18,307)</u>
Total comprehensive loss	<u>(\$ 26,645)</u>	<u>(\$ 119,727)</u>

- G. The Group's investment in DET has quoted market price. The fair value of DET as of December 31, 2018 and 2017 was \$17,298,030 and \$17,550,474, respectively.

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2018</u>							
Cost	\$ 6,200,330	\$ 34,716,148	\$ 32,147,803	\$ 14,124,840	\$ 12,529,075	\$ 1,266,620	\$ 100,984,816
Accumulated depreciation and impairment	( 11,617)	( 13,243,559)	( 22,629,430)	( 11,118,300)	( 9,643,282)	-	( 56,646,188)
	\$ 6,188,713	\$ 21,472,589	\$ 9,518,373	\$ 3,006,540	\$ 2,885,793	\$ 1,266,620	\$ 44,338,628
<u>2018</u>							
Opening net book amount	\$ 6,188,713	\$ 21,472,589	\$ 9,518,373	\$ 3,006,540	\$ 2,885,793	\$ 1,266,620	\$ 44,338,628
Additions	3,301,909	587,685	2,528,091	1,533,392	1,153,924	2,235,870	11,340,871
Disposal	( 136,450)	( 77,982)	( 113,358)	( 26,971)	( 47,242)	-	( 402,003)
Transfer	-	385,297	810,491	192,354	321,698	( 1,709,840)	-
Reclassifications (Note)	6,159	105,843	3,274	11,757	15,708	-	142,741
Depreciation charge	-	( 1,748,510)	( 3,457,862)	( 1,860,959)	( 1,724,851)	-	( 8,792,182)
Net exchange differences	15,232	( 71,154)	216,580	23,593	( 17,076)	( 366,356)	( 199,181)
Closing net book amount	\$ 9,375,563	\$ 20,653,768	\$ 9,505,589	\$ 2,879,706	\$ 2,587,954	\$ 1,426,294	\$ 46,428,874
<u>At December 31, 2018</u>							
Cost	\$ 9,387,791	\$ 35,410,148	\$ 34,306,477	\$ 15,133,753	\$ 13,323,988	\$ 1,426,294	\$ 108,988,451
Accumulated depreciation and impairment	( 12,228)	( 14,756,380)	( 24,800,888)	( 12,254,047)	( 10,736,034)	-	( 62,559,577)
	\$ 9,375,563	\$ 20,653,768	\$ 9,505,589	\$ 2,879,706	\$ 2,587,954	\$ 1,426,294	\$ 46,428,874

(Note) The reclassifications resulted from the reallocation of the purchase price relative to the acquisition of Vivotek Inc.



	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2017</u>							
Cost	\$ 5,636,920	\$ 35,138,305	\$ 28,050,052	\$ 13,001,329	\$ 10,909,238	\$ 804,104	\$ 93,539,948
Accumulated depreciation and impairment	( 12,076)	( 11,864,436)	( 21,716,694)	( 10,680,588)	( 8,708,017)	-	( 52,981,811)
	<u>\$ 5,624,844</u>	<u>\$ 23,273,869</u>	<u>\$ 6,333,358</u>	<u>\$ 2,320,741</u>	<u>\$ 2,201,221</u>	<u>\$ 804,104</u>	<u>\$ 40,558,137</u>
<u>2017</u>							
Opening net book amount	\$ 5,624,844	\$ 23,273,869	\$ 6,333,358	\$ 2,320,741	\$ 2,201,221	\$ 804,104	\$ 40,558,137
Additions	178,990	532,797	6,019,728	2,131,405	1,902,183	2,113,567	12,878,670
Acquired through business combinations	411,854	160,076	3,434	2,766	131,006	436	709,572
Effect of decrease in consolidated entities	( 3,011)	( 441,348)	( 9,289)	-	( 14,800)	-	( 468,448)
Disposals	( 121)	( 28,006)	( 77,946)	( 43,662)	( 23,703)	-	( 173,438)
Transfer	38,750	211,236	574,192	227,379	372,574	( 1,424,131)	-
Depreciation charge	-	( 1,759,794)	( 3,168,147)	( 1,602,138)	( 1,600,045)	-	( 8,130,124)
Net exchange differences	( 62,593)	( 476,241)	( 156,957)	( 29,951)	( 82,643)	( 227,356)	( 1,035,741)
Closing net book amount	<u>\$ 6,188,713</u>	<u>\$ 21,472,589</u>	<u>\$ 9,518,373</u>	<u>\$ 3,006,540</u>	<u>\$ 2,885,793</u>	<u>\$ 1,266,620</u>	<u>\$ 44,338,628</u>
<u>At December 31, 2017</u>							
Cost	\$ 6,200,330	\$ 34,716,148	\$ 32,147,803	\$ 14,124,840	\$ 12,529,075	\$ 1,266,620	\$ 100,984,816
Accumulated depreciation and impairment	( 11,617)	( 13,243,559)	( 22,629,430)	( 11,118,300)	( 9,643,282)	-	( 56,646,188)
	<u>\$ 6,188,713</u>	<u>\$ 21,472,589</u>	<u>\$ 9,518,373</u>	<u>\$ 3,006,540</u>	<u>\$ 2,885,793</u>	<u>\$ 1,266,620</u>	<u>\$ 44,338,628</u>

A. No interest expense was capitalised on property, plant and equipment.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2018</u>			
Cost	\$ 465,724	\$ 4,298,176	\$ 4,763,900
Accumulated depreciation and impairment	-	( 2,987,489)	( 2,987,489)
	<u>\$ 465,724</u>	<u>\$ 1,310,687</u>	<u>\$ 1,776,411</u>
<u>2018</u>			
Opening net book amount	\$ 465,724	\$ 1,310,687	\$ 1,776,411
Additions	14,070	1,378	15,448
Disposal	( 38)	-	( 38)
Depreciation charge	-	( 147,093)	( 147,093)
Closing net book amount	<u>\$ 479,756</u>	<u>\$ 1,164,972</u>	<u>\$ 1,644,728</u>
<u>At December 31, 2018</u>			
Cost	\$ 479,756	\$ 4,299,554	\$ 4,779,310
Accumulated depreciation and impairment	-	( 3,134,582)	( 3,134,582)
	<u>\$ 479,756</u>	<u>\$ 1,164,972</u>	<u>\$ 1,644,728</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2017</u>			
Cost	\$ 465,724	\$ 4,298,176	\$ 4,763,900
Accumulated depreciation and impairment	-	( 2,839,803)	( 2,839,803)
	<u>\$ 465,724</u>	<u>\$ 1,458,373</u>	<u>\$ 1,924,097</u>
<u>2017</u>			
Opening net book amount	\$ 465,724	\$ 1,458,373	\$ 1,924,097
Depreciation charge	-	( 147,686)	( 147,686)
Closing net book amount	<u>\$ 465,724</u>	<u>\$ 1,310,687</u>	<u>\$ 1,776,411</u>
<u>At December 31, 2017</u>			
Cost	\$ 465,724	\$ 4,298,176	\$ 4,763,900
Accumulated depreciation and impairment	-	( 2,987,489)	( 2,987,489)
	<u>\$ 465,724</u>	<u>\$ 1,310,687</u>	<u>\$ 1,776,411</u>

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	Years ended December 31,	
	2018	2017
Rental revenue from the lease of the investment property	\$ <u>52,162</u>	\$ <u>34,090</u>
Direct operating expenses of investment property that generated rental revenue during the year	\$ <u>68,280</u>	\$ <u>38,160</u>
Direct operating expenses of investment property that did not generate rental revenue during the year	\$ <u>105,587</u>	\$ <u>134,352</u>

B. The fair value of the investment property held by the Group as at December 31, 2018 and 2017 was \$3,106,112 and \$3,253,316, respectively, which was revalued by the Group.

(11) Intangible assets







	Patents		Goodwill		Customer Relationship		Technical Skill		Others		Total
<u>At January 1, 2018</u>											
Cost	\$ 2,928,120	\$ 1,138,472	\$ 19,684,246	\$ 9,770,892	\$ 3,713,854	\$ 5,304,729	\$ 42,540,313				
Accumulated amortisation and impairment	( 622,233)	( 1,037,322)	( 7,291)	( 4,548,881)	( 776,556)	( 1,714,382)	( 8,706,665)				
<u>2018</u>	<u>\$ 2,305,887</u>	<u>\$ 101,150</u>	<u>\$ 19,676,955</u>	<u>\$ 5,222,011</u>	<u>\$ 2,937,298</u>	<u>\$ 3,590,347</u>	<u>\$ 33,833,648</u>				
Opening net book amount	\$ 2,305,887	\$ 101,150	\$ 19,676,955	\$ 5,222,011	\$ 2,937,298	\$ 3,590,347	\$ 33,833,648				
Additions - acquired separately	-	12,127	-	-	207,851	283,479	503,457				
Reclassifications (Note)	691,811	379,787	( 25,421)	912,736	-	( 2,100,982)	( 142,069)				
Amortisation	( 213,735)	( 111,290)	-	( 1,080,990)	( 306,428)	( 491,174)	( 2,203,617)				
Net exchange differences	57,229	56,968	328,762	372,004	88,378	( 266,372)	636,969				
<u>Closing net book amount</u>	<u>\$ 2,841,192</u>	<u>\$ 438,742</u>	<u>\$ 19,980,296</u>	<u>\$ 5,425,761</u>	<u>\$ 2,927,099</u>	<u>\$ 1,015,298</u>	<u>\$ 32,628,388</u>				
<u>At December 31, 2018</u>											
Cost	\$ 3,677,160	\$ 1,587,354	\$ 19,987,587	\$ 11,055,632	\$ 4,010,083	\$ 3,220,854	\$ 43,538,670				
Accumulated amortisation and impairment	( 835,968)	( 1,148,612)	( 7,291)	( 5,629,871)	( 1,082,984)	( 2,205,556)	( 10,910,282)				
	<u>\$ 2,841,192</u>	<u>\$ 438,742</u>	<u>\$ 19,980,296</u>	<u>\$ 5,425,761</u>	<u>\$ 2,927,099</u>	<u>\$ 1,015,298</u>	<u>\$ 32,628,388</u>				

(Note) The reclassifications resulted from the reallocation of the purchase price relative to the acquisition of Vivotek Inc.

	At January 1, 2017		Customer		Technical		Total
	Trademarks	Patents	Goodwill	Relationship	Skill	Others	
Cost	\$ 3,089,441	\$ 1,127,285	\$ 16,851,610	\$ 10,070,984	\$ 3,985,745	\$ 2,620,949	\$ 37,746,014
Accumulated amortisation and impairment	( 407,175)	( 1,021,597)	( 7,291)	( 3,570,182)	( 478,762)	( 1,342,151)	( 6,827,158)
	<u>\$ 2,682,266</u>	<u>\$ 105,688</u>	<u>\$ 16,844,319</u>	<u>\$ 6,500,802</u>	<u>\$ 3,506,983</u>	<u>\$ 1,278,798</u>	<u>\$ 30,918,856</u>
<u>2017</u>							
Opening net book amount	\$ 2,682,266	\$ 105,688	\$ 16,844,319	\$ 6,500,802	\$ 3,506,983	\$ 1,278,798	\$ 30,918,856
Additions - acquired separately	-	11,187	-	-	-	347,392	358,579
Additions - acquired through business combinations	-	-	3,791,065	76,551	-	2,430,116	6,297,732
Effect of decrease in consolidated entities	-	-	( 224,856)	-	-	( 1,770)	( 226,626)
Amortisation	( 215,058)	( 15,725)	-	( 978,698)	( 297,794)	( 372,231)	( 1,879,506)
Impairment loss	-	-	( 718)	-	-	-	( 718)
Net exchange differences	( 161,321)	-	( 732,855)	( 376,644)	( 271,891)	( 91,958)	( 1,634,669)
Closing net book amount	<u>\$ 2,305,887</u>	<u>\$ 101,150</u>	<u>\$ 19,676,955</u>	<u>\$ 5,222,011</u>	<u>\$ 2,937,298</u>	<u>\$ 3,590,347</u>	<u>\$ 33,833,648</u>
<u>At December 31, 2017</u>							
Cost	\$ 2,928,120	\$ 1,138,472	\$ 19,684,246	\$ 9,770,892	\$ 3,713,854	\$ 5,304,729	\$ 42,540,313
Accumulated amortisation and impairment	( 622,233)	( 1,037,322)	( 7,291)	( 4,548,881)	( 776,556)	( 1,714,382)	( 8,706,665)
	<u>\$ 2,305,887</u>	<u>\$ 101,150</u>	<u>\$ 19,676,955</u>	<u>\$ 5,222,011</u>	<u>\$ 2,937,298</u>	<u>\$ 3,590,347</u>	<u>\$ 33,833,648</u>

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2018	2017
Operating costs	\$ 12,506	\$ 9,253
Selling expenses	1,301,728	1,226,062
Administrative expenses	206,226	125,848
Research and development expenses	683,157	518,343
	<u>\$ 2,203,617</u>	<u>\$ 1,879,506</u>

B. The Group acquired registered or under-application trademark rights such as  VIVOTEK,  QUMI,  vivitek, VIVITEK, 麗訊,  丽讯,  ELTEK and  Delta. Trademarks are assessed to have finite useful lives. The remaining trademarks which have indefinite useful lives shall not be amortised but are tested for impairment annually.

C. Goodwill and trademarks with indefinite useful lives are allocated as follows to the Group's cash-generating units identified according to operating segment:

	December 31, 2018	December 31, 2017
Goodwill:		
Eltek	\$ 5,292,098	\$ 5,127,578
Cyntec and its subsidiaries	5,146,053	5,146,053
Vivotek Inc.	3,232,954	3,258,375
DCI	2,548,263	2,487,777
DGC	1,780,775	1,725,415
Loy Tec	1,420,680	1,376,514
Others	559,473	555,243
	<u>\$ 19,980,296</u>	<u>\$ 19,676,955</u>
Trademarks:		
Automation business	\$ 691,811	\$ -
Power electronics business (It belonged to smart green life business before the first quarter of 2017)	386,823	386,823
	<u>\$ 1,078,634</u>	<u>\$ 386,823</u>

Acquisition prices in business combination are calculated based on the price of acquisition and direct costs for related acquisition. The amount of goodwill recognised is the difference of the acquisition prices less net fair value of identifiable assets acquired. The amortisation duration of acquisition price may not exceed one year after the acquisition.

D. As of December 31, 2018, the Group's goodwill arose from business combinations amounting to \$19,980,296 in order to improve benefit comprising of potential customer relations and operating revenue in the location of acquired companies. Based on IAS 36, goodwill acquired in a business combination should be tested at least annually for impairment. For the impairment

testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Each company may be a cash-generating unit which can generate independent cash flows and the impairment of goodwill is calculated based on value in use and carrying amount of net assets of each company.

For the calculated value of share right based on the analysis report issued by experts hired by the merged company when the business combination occurred, the analyzed information of value in use of each company was evaluated based on financial projections of operating revenue by product for each company. The consolidated financial statements would indicate how much of the projected revenues had been achieved based on the financial statements for the comparative period in 2018 and 2017.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are operating profit margin growth rate and discount rate.

Management determined budgeted operating profit margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.



(12) Other non-current assets

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Long-term prepaid rent	\$ 1,052,797	\$ 1,085,468
Prepayments for business facilities	605,154	759,459
Guarantee deposits paid	314,517	262,902
Prepayments for long-term investments	90,833	131,193
Cash surrender value of life insurance	60,780	69,195
Others	421,234	438,933
	<u>\$ 2,545,315</u>	<u>\$ 2,747,150</u>

(13) Short-term borrowings

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Unsecured bank loans	\$ 6,259,062	\$ 17,463,509
Credit lines	\$ 78,523,480	\$ 95,092,313
Interest rate range	<u>0.40%~7.13%</u>	<u>0.40%~10.00%</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Credit loans	\$ 25,013,145	\$ 11,081,754
Collateral loans	393,342	185,934
Less: Current portion (shown as other current liabilities)	( 173,700)	( 48,752)
	<u>\$ 25,232,787</u>	<u>\$ 11,218,936</u>
Credit lines	\$ 72,776,669	\$ 46,106,721
Interest rate range	<u>0.37%~6.23%</u>	<u>0.35%~6.23%</u>

As of December 31, 2018, the revolving loans of \$24,523,880 can be drawn down during the period from May 1, 2018 to October 25, 2020 and are payable before the due date under the agreement.

Information in relation to the assets pledged to others as collateral for bank borrowings is provided in Note 8.

(15) Pensions

A. Defined benefit plans

(a) The Group has a defined benefit pension plan as follows:

The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law.

Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

Certain subsidiaries located in Mainland China maintain defined benefit retirement (resignation) plans with relative contribution scheme. The employees and the subsidiaries contribute an amount relatively based on a certain percentage of the monthly basic salary depending on the employee's position. When an employee retires or resigns, the total contribution from the employee is reimbursed based on the accumulated contribution (without interest) less withdrawals made by the employee in advance during the service period. The employee is also entitled to receive benefits calculated based on the accumulated contribution (without interest) from the related subsidiary multiplied by the approved benefit percentage for the employee's service years less withdrawals made by the employee in advance during the service period. The scheme mentioned above ceased on August 1, 2004. The amount contributed before was archived, and the payment scheme was not changed.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Present value of defined benefit obligations	(\$ 4,176,649)	(\$ 4,213,525)
Fair value of plan assets	<u>1,603,757</u>	<u>1,360,130</u>
Net defined benefit liability	<u>(\$ 2,572,892)</u>	<u>(\$ 2,853,395)</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2018</u>			
Balance at January 1	(\$ 4,213,525)	\$ 1,360,130	(\$ 2,853,395)
Current service cost	( 36,684)	-	( 36,684)
Interest (expense) revenue	( 58,972)	16,740	( 42,232)
Profit arising from plan amendment	( 6,557)	-	( 6,557)
Profit arising from plan curtailment	4,854	-	4,854
	<u>( 4,310,884)</u>	<u>1,376,870</u>	<u>( 2,934,014)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	39,382	39,382
Change in demographic assumptions	( 5,541)	-	( 5,541)
Change in financial assumptions	( 121,114)	-	( 121,114)
Experience adjustments	1,986	-	1,986
	<u>( 124,669)</u>	<u>39,382</u>	<u>( 85,287)</u>
Pension fund contribution	-	384,691	384,691
Paid pension	253,601	( 197,186)	56,415
Exchange difference	5,303	-	5,303
Effect of business combination	-	-	-
Balance at December 31	<u>(\$ 4,176,649)</u>	<u>\$ 1,603,757</u>	<u>(\$ 2,572,892)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2017</u>			
Balance at January 1	(\$ 4,162,664)	\$ 1,260,045	(\$ 2,902,619)
Current service cost	( 38,942)	-	( 38,942)
Interest (expense) revenue	( 67,609)	18,939	( 48,670)
Profit arising from plan curtailment	16,949	-	16,949
	<u>( 4,252,266)</u>	<u>1,278,984</u>	<u>( 2,973,282)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 8,625)	( 8,625)
Change in demographic assumptions	( 4,754)	-	( 4,754)
Change in financial assumptions	( 93,355)	-	( 93,355)
Experience adjustments	( 61,142)	-	( 61,142)
	<u>( 159,251)</u>	<u>( 8,625)</u>	<u>( 167,876)</u>
Pension fund contribution	-	219,368	219,368
Paid pension	212,522	( 154,017)	58,505
Exchange difference	40,888	-	40,888
Effect of business combination	( 55,418)	24,420	( 30,998)
Balance at December 31	<u>(\$ 4,213,525)</u>	<u>\$ 1,360,130</u>	<u>(\$ 2,853,395)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2018	2017
Discount rate	1%~3.5%	1.25%~4.25%
Future salary increases	3%~3.5%	3%~3.5%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	(\$ 119,638)	\$ 124,611	\$ 115,753	(\$ 111,798)
<u>December 31, 2017</u>				
Effect on present value of defined benefit obligation	(\$ 124,600)	\$ 129,898	\$ 119,042	(\$ 114,864)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amount to \$54,112.
- (g) As of December 31, 2018, the weighted average duration of that retirement plan is 11~18 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	131,570
1-2 year(s)		148,893
2-5 years		599,284
Over 5 years		4,478,979
	<u>\$</u>	<u>5,358,726</u>

#### B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company and its domestic subsidiaries for the years ended December 31, 2018 and 2017 were \$416,363 and \$351,193, respectively.
- (b) Other overseas companies have defined contribution plans in accordance with the local regulations.

#### (16) Share capital

- A. In accordance with the Company’s Articles of Incorporation, the total authorized common stock is 4 billion shares (including 100 million shares for stock warrants conversion). As of December 31, 2018, the total issued and outstanding common stock was 2,597,543 thousand shares with par value of \$10 (in dollars) per share.
- B. On December 20, 2004, the Board of Directors of the Company adopted a resolution that allowed certain stockholders to issue 16 million units of global depository receipts (GDRs), represented by 80 million shares of common stock (Deposited Shares), with one unit of GDR representing 5 shares of common stock. After obtaining approval from SFB, these GDRs were listed on the Securities Exchange of Luxembourg, with total proceeds of US\$134,666 thousand. The issuance of GDRs was represented by outstanding shares, therefore, there is no dilutive effect on the common shares’ equity. The main terms and conditions of the GDRs are as follows:
- (a) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(b) Redemption of GDRs

For sales and redemption of the underlying common shares represented by the GDRs when the holders of the GDRs request the Depositary to redeem the GDRs in accordance with the relevant R.O.C. regulations and the provisions in the Depositary Agreement, the Depositary may (i) deliver the underlying common shares represented by the GDRs to the GDR holders, or (ii) sell the underlying common shares represented by the GDRs in the R.O.C. stock market on behalf of the GDR holder. The payment of proceeds from such sale shall be made subject to the relevant R.O.C. laws and regulations and the provisions in the Depositary Agreement.

(c) Distribution of dividends, preemptive rights and other rights

Distribution of dividends, preemptive rights and other rights and interests of GDR units bear the same rights as common shares.

(d) After considering the stock dividend distribution year by year, as of December 31, 2018, there were 709 thousand units outstanding, representing 3,543 thousand common shares of the Company's common stock.

(17) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. Under the Company's Articles of Incorporation approved by the shareholders on June 8, 2016, the current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues.
- (b) Offset against prior years' operating losses, if any.
- (c) Set aside 10% of the remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorized capital of the Company.
- (d) Setting aside or reversing a special reserve according to relevant regulations when necessary.
- (e) The remainder along with beginning unappropriated earnings shall be stockholders' bonus. The appropriation of earnings shall be proposed by the Board of Directors and resolved by the shareholders. As the Company is in the growth stage, and taking into consideration the shareholders' benefits, financial health and business development, the amount of bonus distributed to shareholders shall be no less than 60% of the distributable earnings for the current period. Cash dividends shall be at least 15% of the bonus distributed to shareholders.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their

share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriations of 2017 and 2016 earnings had been approved by the shareholders during their meeting on June 11, 2018 and June 13, 2017, respectively. Details are summarised below:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 1,838,056		\$ 1,879,780	
Special reserve appropriated	4,320,394		2,240,193	
Cash dividends	12,987,717	\$ 5.0	12,987,717	\$ 5.0

Information about the distribution of earnings by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- E. The appropriations of 2018 earnings had been proposed by the Board of Directors on March 11, 2019. Details are summarised below:

	2018	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 1,819,309	
Special reserve appropriated	472,889	
Cash dividends	12,987,717	\$ 5.0

As of March 11, 2019, the abovementioned 2018 earnings appropriation has not yet been approved by the stockholders.

- F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(25).



(19) Non-controlling interest

	Years ended December 31,	
	2018	2017
At January 1	\$ 9,216,505	\$ 4,894,440
Share attributable to non-controlling interest:		
Profit for the year	455,491	376,400
Currency translation differences	( 18,709)	( 205,798)
Dividends paid to minority interest	( 369,183)	( 315,485)
Increase in non-controlling interest (Note 1)	-	4,466,948
Decrease in non-controlling interest (Note 2)	( 94,355)	-
At December 31	<u>\$ 9,189,749</u>	<u>\$ 9,216,505</u>

(Note 1) The increase in non-controlling interest is mainly due to the acquisitions of share capital of DES, Delta Greentech Electronics Industry LLC and Vivotek Inc. in 2017.

(Note 2) The decrease in non-controlling interest is mainly due to the acquisition of additional equity interest in Vivotek Inc.

(20) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	<u>\$ 237,017,809</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business:

	Year ended December 31, 2018				
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	<u>\$ 118,917,634</u>	<u>\$ 37,553,644</u>	<u>\$ 79,039,894</u>	<u>\$ 1,506,637</u>	<u>\$ 237,017,809</u>
Timing of revenue recognition					
At a point in time	117,296,972	32,415,861	73,717,092	1,456,724	224,886,649
Over time	<u>1,620,662</u>	<u>5,137,783</u>	<u>5,322,802</u>	<u>49,913</u>	<u>12,131,160</u>
	<u>\$ 118,917,634</u>	<u>\$ 37,553,644</u>	<u>\$ 79,039,894</u>	<u>\$ 1,506,637</u>	<u>\$ 237,017,809</u>

B. Contract assets and liabilities

The Group has recognised the revenue-related contract assets primarily from automation equipment contracts and resolution of communication equipment power resource system; contract liabilities primarily pertain to advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.

Revenue recognised that was included in the contract liability balance at the beginning of the year is as follows:

	Year ended December 31, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the year	
Advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.	\$ 1,693,773

C. Related disclosures for 2017 operating revenue are provided in Note 12(5) B.

(21) Other income

	Years ended December 31,	
	2018	2017
Interest income:		
Interest income from bank deposits	\$ 851,185	\$ 632,353
Rental income	114,844	92,768
Dividend income	181,942	152,687
Others	3,225,620	3,006,694
	<u>\$ 4,373,591</u>	<u>\$ 3,884,502</u>

(22) Other gains and losses

	Years ended December 31,	
	2018	2017
Gain on disposal of property, plant and equipment	\$ 274,921	\$ 100,584
Gain on disposal of investments	-	338,087
Net currency exchange gain (loss)	534,511	( 21,904)
(Loss) gain on financial assets / liabilities at fair value through profit or loss	( 202,545)	255,740
Impairment loss	-	( 663,183)
Miscellaneous disbursements	( 741,459)	( 578,430)
Gain on disposal of non-current assets classified as held for sale	-	373,138
	<u>(\$ 134,572)</u>	<u>(\$ 195,968)</u>

(23) Finance costs

	Years ended December 31,	
	2018	2017
Interest expense	\$ 545,804	\$ 378,861
Losses on hedging instruments	2,900	-
	<u>\$ 548,704</u>	<u>\$ 378,861</u>

(24) Expenses by nature

	Years ended December 31,	
	2018	2017
Employee benefit expense	\$ 47,419,926	\$ 41,085,372
Depreciation charges on property, plant and equipment	8,792,182	8,130,124
Amortisation charges on intangible assets	2,203,617	1,879,506
	<u>\$ 58,415,725</u>	<u>\$ 51,095,002</u>

(25) Employee benefit expense

	Years ended December 31,	
	2018	2017
Post-employment benefits		
Defined contribution plans	\$ 737,060	\$ 593,874
Defined benefit plans	80,619	70,663
	<u>817,679</u>	<u>664,537</u>
Other employee benefits	46,602,247	40,420,835
	<u>\$ 47,419,926</u>	<u>\$ 41,085,372</u>

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 1% for directors' remuneration.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at \$2,297,672 and \$2,277,777, respectively; while directors' remuneration was accrued at \$45,376 and \$35,400, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2018, the employees' compensation and directors' remuneration were estimated and accrued based on profit of current year distributable as of the end of reporting period as prescribed by the Company's Articles of Incorporation.

The employees' compensation of \$1,728,344 and directors' remuneration of \$29,400 for 2018 were resolved by the Board of Directors on March 11, 2019.

The employees' compensation of \$1,746,152 and directors' remuneration of \$35,400 for 2017 were resolved by the Board of Directors on March 8, 2018 and were in agreement with those amounts recognised in the 2017 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2018	2017
Current tax:		
Current tax on profits for the year	\$ 4,663,669	\$ 5,160,782
Effect from Alternative Minimum Tax	612	9,502
Prior year income tax underestimation (overestimation)	448,246 (	336,403)
Tax on undistributed surplus earnings	3,349	178,342
Total current tax	<u>5,115,876</u>	<u>5,012,223</u>
Deferred tax:		
Origination and reversal of temporary differences	( 1,579,877)	788
Impact of change in tax rate	<u>616,445</u>	<u>28,317</u>
Total deferred tax	<u>( 963,432)</u>	<u>29,105</u>
	<u>\$ 4,152,444</u>	<u>\$ 5,041,328</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2018	2017
Currency translation differences	(\$ 186,751)	\$ 528,003
Cash flow hedges	10,625 (	5,486)
Remeasurement of defined benefit obligations	17,833	25,631
Unrealised gain or loss on financial assets at fair value through other comprehensive income	( 86,244)	-
Impact of change in tax rate	<u>226,071</u>	<u>-</u>
	<u>(\$ 18,466)</u>	<u>\$ 548,148</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2018	2017
Tax calculated based on profit before tax and statutory tax rate	\$ 6,392,592	\$ 6,934,002
Effect from items disallowed by tax regulation (	2,861,011)	( 1,277,281)
Effect from investment tax credits (	449,194)	( 499,411)
Effect from taxable loss (	41,921)	32,577
Prior year income tax underestimation (overestimation)	448,246	( 336,403)
Change in assessment of realisation of deferred tax assets	43,326	-
Effect from Alternative Minimum Tax	612	9,502
Tax on undistributed earnings	3,349	178,342
Impact of change in tax rate	616,445	-
Tax expenses	<u>\$ 4,152,444</u>	<u>\$ 5,041,328</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2018				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for inventory obsolescence	\$ 559,686	\$ 12,231	\$ -	\$ -	\$ 571,917
Pension liability	414,995	8,209	22,196	-	445,400
Assets impairment	307,330	( 106,587)	-	-	200,743
Tax losses	486,280	( 180,192)	-	-	306,088
Depreciation difference between tax and financial basis	1,648,197	( 257,029)	-	-	1,391,168
Others	2,420,107	844,062	-	-	3,264,169
	<u>\$ 5,836,595</u>	<u>\$ 320,694</u>	<u>\$ 22,196</u>	<u>\$ -</u>	<u>\$ 6,179,485</u>
Deferred tax liabilities:					
-Temporary differences:					
Long-term equity investments	(\$ 10,010,951)	\$ 759,137	\$ 39,315	(\$ 68,109)	(\$ 9,280,608)
Land revaluation increment tax	( 119,862)	-	-	-	( 119,862)
Others	( 1,972,586)	( 116,399)	( 79,977)	-	( 2,168,962)
	<u>(\$ 12,103,399)</u>	<u>\$ 642,738</u>	<u>(\$ 40,662)</u>	<u>(\$ 68,109)</u>	<u>(\$ 11,569,432)</u>
	<u>(\$ 6,266,804)</u>	<u>\$ 963,432</u>	<u>(\$ 18,466)</u>	<u>(\$ 68,109)</u>	<u>(\$ 5,389,947)</u>

2017

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Business combination	December 31
Deferred tax assets:						
-Temporary differences:						
Allowance for inventory obsolescence	\$ 484,560	\$ 60,583	\$ -	\$ -	\$ 14,543	\$ 559,686
Pension liability	448,589	( 64,704)	25,631	-	5,479	414,995
Assets impairment	214,612	92,718	-	-	-	307,330
Tax losses	574,196	( 244,075)	-	-	156,159	486,280
Depreciation difference between tax and financial basis	1,703,525	( 55,328)	-	-	-	1,648,197
Others	1,908,556	443,866	-	-	67,685	2,420,107
	<u>\$ 5,334,038</u>	<u>\$ 233,060</u>	<u>\$ 25,631</u>	<u>\$ -</u>	<u>\$ 243,866</u>	<u>\$ 5,836,595</u>
Deferred tax liabilities:						
-Temporary differences:						
Long-term equity investments	(\$ 10,053,509)	\$ 484,429	\$ 528,003	(\$ 666)	(\$ 350)	(\$ 10,010,951)
Land revaluation increment tax	( 119,862)	-	-	-	-	( 119,862)
Others	( 2,213,288)	250,581	( 5,486)	-	( 4,393)	( 1,972,586)
	<u>(\$ 12,386,659)</u>	<u>(\$ 233,848)</u>	<u>\$ 522,517</u>	<u>(\$ 666)</u>	<u>(\$ 4,743)</u>	<u>(\$ 12,103,399)</u>
	<u>(\$ 7,052,621)</u>	<u>(\$ 788)</u>	<u>\$ 548,148</u>	<u>(\$ 666)</u>	<u>\$ 239,123</u>	<u>(\$ 6,266,804)</u>



D. Expiration dates of unused net operating loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2018				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2003-2018	\$ 6,450,211	\$ 6,146,359	\$ 3,836,320	2028
2006-2014	\$ 580,924	\$ 580,924	\$ 87,996	indefinitely usable

December 31, 2017				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2003-2017	\$ 7,588,856	\$ 7,549,488	\$ 7,542,130	2028
2006-2014	\$ 1,456,859	\$ 1,438,841	\$ 680,142	indefinitely usable

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2018	December 31, 2017
Deductible temporary differences	\$ 180,764	\$ 443,831

F. The Group has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2018 and 2017, the amounts of temporary differences unrecognised as deferred tax liabilities were \$6,365,357 and \$6,929,342, respectively.

G. The status of the Company and its domestic subsidiaries' assessed and approved income tax returns are as follows:

	Latest year assessed by Tax Authority
NEM	2015
The Company, AMT, Delta Capital, DelBio, Vivotek Inc., Vatics Inc., Realwin Investment Inc., Otus Imaging. Inc., Aetek Inc., Cyntec, DNIT, UNICOM SYSTEM ENG CORP. and Power Forest Technology Corporation Lidlight Inc.	2016
	It was newly established in 2017, which has not yet been assessed by the Tax Authority.

H. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February 7, 2018, the Company's applicable income tax rate was raised

from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(27) Earnings per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,193,093	2,597,543	\$ 7.00
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,193,093	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	15,964	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 18,193,093	2,613,507	\$ 6.96

Year ended December 31, 2017

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,380,552	2,597,543	\$ 7.08
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,380,552	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	20,412	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 18,380,552	2,617,955	\$ 7.02

(28) Business combinations

A. Business combinations of the Group for the year ended December 31, 2017 are as follows:

- (a) In January 2017, the Group acquired 100% share ownership of UNICOM SYSTEM ENG. CORP. for cash of \$351,014. In the third quarter, the acquisition price decreased by \$9,320 based on the adjustment rule in the contract.
- (b) In April 2017, the Group acquired 51% equity interest of DES, 100% of DGB, 51% of Delta Greentech Electronics Industry LLC and 100% of DGA by cash in the amount of \$755,090 (USD 24,850 thousand).
- (c) On October 2, 2017, the Group acquired 49.22% of Vivotek Inc. through a tender offer for cash of \$3,945,583, and the allocation of acquisition price was completed in the first quarter of 2018.

B. Consideration paid for acquisition of the abovementioned subsidiaries and fair value information of assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

	Final allocation of acquisition price	December 31, 2017
Purchase consideration		
Cash	\$ 5,042,367	\$ 5,042,367
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>4,467,620</u>	<u>4,466,948</u>
	<u>9,509,987</u>	<u>9,509,315</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash	1,984,105	1,984,105
Other current assets	3,916,309	3,916,309
Investments accounted for using equity method	1,196	1,196
Property, plant and equipment	852,313	709,572
Intangible assets	2,390,019	2,506,667
Deferred income tax assets	243,866	243,866
Other non-current assets	97,720	97,720
Current liabilities	( 3,187,761)	( 3,187,761)
Non-current liabilities	( 443,243)	( 443,243)
Deferred tax liabilities	( 4,743)	( 4,743)
Minority interest	( 105,438)	( 105,438)
Total identifiable net assets	<u>5,744,343</u>	<u>5,718,250</u>
Goodwill	<u>\$ 3,765,644</u>	<u>\$ 3,791,065</u>

- C. Starting from the acquisition of share ownership in the abovementioned subsidiaries, the operating revenue and profit before income tax included in the consolidated statements contributed by those companies amounted to \$6,657,181 and \$305,832 for the year ended December 31, 2017, respectively. Had those companies been consolidated from January 1, 2017, the consolidated statement of comprehensive income would show operating revenue and profit before income tax of \$229,220,959 and \$24,132,567, respectively.

(29) Share-based payment

A. For the years ended December 31, 2018 and 2017, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Power Forest - Employee stock options	2017.3.3	1,000,000	6 years	1 year's service: 40% vested 2 years' service: 70% vested 3 years' service: 100% vested
"	2018.3.30	500,000	6 years	1 year's service: 40% vested 2 years' service: 70% vested 3 years' service: 100% vested
Vatics Inc. - Employee stock options	2016.11.8	2,116,000	3 years	1~3 years' service
Vivotek Inc. - Plan of restricted stocks to	2017.11.20	700,000	2 years	1~2 years' performance

B. Details of the share-based payment arrangements are as follows:

(a) Employee share options

	<u>2018</u>		<u>2017</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding opening balance at January 1	2,742,000	\$ 15.95	-	\$ -
Acquired through business combinations	-	\$ -	1,838,000	16.50
Options granted	500,000	15.00	1,000,000	15.00
Options forfeited	( 241,000)	15.00	( 96,000)	14.51
Options exercised	( 242,000)	15.00	-	-
Options expired	( 799,000)	16.50	-	-
Options outstanding at December 31	<u>1,960,000</u>	<u>\$ 15.72</u>	<u>2,742,000</u>	<u>\$ 15.95</u>
Options exercisable at December 31	<u>807,250</u>	<u>16.31</u>	<u>871,000</u>	<u>16.50</u>

(b) Restricted stocks to employees

	<u>2018</u>	<u>2017</u>
	<u>No. of shares</u>	<u>No. of shares</u>
January 1	\$ 700,000	\$ -
Vested during the year	( 280,412)	700,000
Expired during the year	( 74,088)	-
December 31	<u>\$ 345,500</u>	<u>\$ 700,000</u>

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		<u>December 31, 2018</u>	
<u>Issue date approved</u>	<u>Expiry date</u>	<u>No. of shares</u>	<u>Exercise price (in dollars)</u>
November 8, 2016	November 7, 2019	943,000	\$ 16.50
March 3, 2017	March 3, 2023	577,000	15.00
March 30, 2018	March 29, 2024	440,000	15.00

		<u>December 31, 2017</u>	
<u>Issue date approved</u>	<u>Expiry date</u>	<u>No. of shares</u>	<u>Exercise price (in dollars)</u>
November 8, 2016	November 7, 2019	1,742,000	\$ 16.50
March 3, 2017	March 2, 2023	1,000,000	15.00

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price volatility</u>	<u>Expected option life (years)</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit (in dollars)</u>
Power Forest- Employee stock options	2017.3.3	\$ 18.38	\$ 15.00	32.08%~ 33.22% (Note)	3.5~4.5	5%	0.79%~ 0.88%	\$ 4.0053~ 4.0960
"	2018.3.30	16.42	15.00	32.43%~ 33.08% (Note)	3.5~4.5	5%	0.63%~ 0.68%	3.0262~ 3.0767
Vatics Inc.- Employee stock options	2016.11.8	14.60	16.50	36.37%~ 37.25% (Note)	2.5~3.5	Not applicable	0.57%~ 0.67%	2.7995~ 3.3727
Vivotek Inc.- Plan of restricted stocks to employees	2017.11.20	97.20	-	Not applicable	1~2	Not applicable	Not applicable	97.2000

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E. Expenses incurred on share-based payment transactions are shown below:

	<u>Years ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Equity-settled	<u>(\$ 5,282)</u>	<u>\$ 32,599</u>



(30) Supplemental cash flow information

The Group sold 100% of shares in the subsidiary – Eltek s.r.o on April 1, 2017 and therefore lost control over the subsidiary. The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	<u>April 1, 2017</u>
Consideration received	
Cash	\$ 668,490
Total consideration	<u>668,490</u>
Carrying amount of the assets and liabilities of the subsidiary - Eltek s.r.o.	
Cash	35,480
Accounts receivable	22,882
Accounts receivable - related parties	98,412
Inventories	195,628
Prepayments	161,308
Other current assets	114
Deferred income tax assets	76,806
Property, plant and equipment	468,448
Intangible assets	226,626
Other non-current assets	2,523
Accounts payable	( 143,383)
Accounts payable - related parties	( 69,612)
Other payables	( 431,753)
Current income tax liabilities	( 244)
Other current liabilities	( 3,992)
Deferred income tax liabilities	( 86,267)
Total net assets	<u>\$ 552,976</u>

Gain on disposal of subsidiary, Eltek s.r.o, was deferred based on comprehensive shareholding ratio of 20.01%.

(31) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion)</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2018	\$ 17,463,509	\$ 11,267,688	\$ 28,731,197
Changes in cash flow from financing activities	( 11,204,447)	14,138,799	2,934,352
At December 31, 2018	<u>\$ 6,259,062</u>	<u>\$ 25,406,487</u>	<u>\$ 31,665,549</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names and relationship of related parties

Names and relationship of related parties	Relationship with the Group
Delta Electronics (Thailand) Public Company Limited	Associate
Delta Power Solutions (India) Pvt Ltd.	"
Delta Electronics (Slovakia) s.r.o.	"
Delta Electronics India Pvt Ltd.	"
Delta Energy Systems (Singapore) PTE. LTD.	"
Delta Energy Systems (Australia) Pty Ltd	"
Digital Projection Ltd.	"
Digital Projection Inc.	"
Delta Greentech (Netherlands) B.V.	"
Infani Technology Inc.	It became an associate since October 2, 2017.
Eltek s.r.o.	It was a subsidiary before April 1, 2017, and became an associate since April 1, 2017.
Delta Electronics (Switzerland) AG	It was an associate before April 1, 2017, and became a subsidiary since April 1, 2017.
Delta Greentech Electronics Industry LLC	"
Delta Greentech (Brasil) S.A.	"
Delta Greentech (USA) Corporation	It was an associate before April 1, 2017, and became a subsidiary since April 1, 2017. On May 1, 2018, it merged with DELTA ELECTRONICS (USA) INC.

### (2) Significant transactions and balances with related parties

#### A. Operating revenue

	Years ended December 31,	
	2018	2017
Sales of goods:		
Associates	\$ 4,631,945	\$ 4,602,859
Sales of services:		
Associates	1,672,968	1,145,194
	<u>\$ 6,304,913</u>	<u>\$ 5,748,053</u>

The sales terms, including prices and collections, were negotiated based on cost, market, competitors and other factors. Sales of services are negotiated with related parties on a cost-plus basis.

B. Purchases of goods

	Years ended December 31,	
	<u>2018</u>	<u>2017</u>
Purchases of goods:		
Associates	<u>\$ 7,004,953</u>	<u>\$ 4,894,669</u>

The purchase terms, including prices and payments, were negotiated based on cost, market, competitors and other factors.

C. Period-end balances arising from sales of goods

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Receivables from related parties:		
Associates	<u>\$ 1,722,114</u>	<u>\$ 1,319,469</u>

The receivables from related parties arise mainly from sales transactions. The receivables are due 75 days after the date of sale. The receivables are unsecured in nature and bear no interest.

D. Period-end balances arising from purchases of goods

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Payables to related parties:		
Associates	<u>\$ 1,484,335</u>	<u>\$ 1,206,197</u>

The payables to related parties arise mainly from purchase transactions and are due 70 days after the date of purchase. The payables bear no interest.

E. Period-end balances arising from other transactions

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Other receivables-related parties		
Associates	<u>\$ 99,389</u>	<u>\$ 70,181</u>

The above pertain mainly to payments on behalf of others.

F. Property transactions:

(a) Acquisition of financial assets:

				Year ended December 31, 2017
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Consideration</u>
Delta Greentech (Netherlands) B.V.	Investments accounted for using equity method	10,200	Delta Electronics (Switzerland) AG	\$ 388,940
"	"	4,315,657	Delta Greentech (Brasil) S.A.	216,044
"	"	15,708	Delta Greentech Electronics Industry LLC	24,309
"	"	1,500,000	Delta Greentech (USA) Corporation	<u>125,797</u>
Total				<u>\$ 755,090</u>

The Group has not acquired financial assets from related parties for the year ended December 31, 2018.

(b) Disposal of financial assets:

				Year ended December 31, 2017	
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Proceeds</u>	<u>Gain/(loss)</u>
Delta Greentech (Netherlands) B.V.	Investments accounted for using equity method	-	Eltek s.r.o.	\$ 668,490	\$ 115,514

A. As of December 31, 2017, all proceeds have been collected, and gains on disposal of financial assets are deferred based on shareholding ratio.

B. For the year ended December 31, 2018, the Group has not disposed financial assets to related parties.

(c) Acquisition of equipment

	Years ended December 31,	
	2018	2017
Associates	\$ -	\$ 2,300

(b) Disposal of equipment:

		Year ended December 31, 2018	
	<u>Items</u>	<u>Proceeds</u>	<u>Gain/(loss)</u>
Associates	Other equipments	\$ 53,048	\$ 17,465

For the year ended December 31, 2017, the Group has not disposed equipment to related parties.

(3) Key management compensation

	Years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	\$ 453,760	\$ 434,245

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged assets</u>	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>Pledge purpose</u>
Demand deposits (shown as other current assets)	\$ 127,251	\$ 96,349	Performance bonds
Time deposits (shown as other current assets)	147,901	183,623	Performance bonds, customs deposits and other guarantee deposits
Property, plant and equipment	588,052	399,957	Long-term borrowings and credit line
	<u>\$ 863,204</u>	<u>\$ 679,929</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Property, plant and equipment	\$ 2,482,368	\$ 352,348
Costs of computer software	\$ 285,000	\$ -

## B. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Not later than one year	\$ 618,968	\$ 342,577
Later than one year but not later than five years	784,091	600,593
Later than five years	455,322	115,309
	<u>\$ 1,858,381</u>	<u>\$ 1,058,479</u>

C. The subsidiary, Delta Electronics Int'l (Singapore) Pte. Ltd., plans to acquire associate, Delta Electronics (Thailand) Public Co., Ltd., through a conditional voluntary tender offer. The expected acquisition period is February 26, 2019 to April 1, 2019. The offer price is expected to be THB 71 per share.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. Information about the appropriations of 2018 earnings of the Company is provided in Note 6(18)E.

B. The Company's subsidiary, Delta Electronics (Netherlands) B.V., acquired 100% equity of Amerlux, LLC from The Unicorn Group, Inc. for USD 90,000,000, as resolved by the Board of Directors on March 8, 2019. In addition, the contingent consideration will be paid after operating revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) for the year ended December 31, 2019 meet certain conditions as stipulated in the earn out agreement.

## 12. OTHERS

### (1) Capital risk management

The Group's objectives (including disposal groups held for sale) when managing capital are to maintain an integrity credit rating and good capital structure to support operating and maximum stockholders' equity.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 3,392,915	\$ -
Financial assets held for trading	-	114,748
	<u>\$ 3,392,915</u>	<u>\$ 114,748</u>
Financial assets at fair value through other comprehensive income		
Selected designated investments in equity instruments	\$ 2,977,994	\$ -
Available-for-sale financial assets		
Available-for-sale financial assets	\$ -	\$ 5,861,758
Financial assets at cost	-	1,147,672
	<u>\$ -</u>	<u>\$ 7,009,430</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 59,618,697	\$ 57,366,617
Notes receivable	4,091,231	4,010,445
Accounts receivable	53,775,610	50,702,682
Other receivables	856,397	784,737
	<u>\$ 118,341,935</u>	<u>\$ 112,864,481</u>
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	\$ 8,544	\$ 9,746
Financial liabilities at amortised cost		
Short-term borrowings	\$ 6,259,062	\$ 17,463,509
Notes payable	7,955	9,792
Accounts payable	40,501,108	37,915,021
Other accounts payable	24,786,588	25,209,483
Long-term borrowings (including current portion)	25,406,487	11,267,688
	<u>\$ 96,961,200</u>	<u>\$ 91,865,493</u>

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Note 6(2)).



## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, RMB and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, foreign exchange swap contracts and options, transacted with Group treasury.
- iii. The Group adopts the derivative financial instruments like forward exchange contracts / forward exchange transactions, etc. to hedge the fair value risk and cash flow risk due to foreign exchange rate fluctuations. The Group monitors at any time and pre-sets a “stop loss” amount to limit its foreign exchange risk.
- iv. The Group’s businesses involve some non-functional currency operations (the Company’s and certain subsidiaries’ functional currency: NTD; other certain subsidiaries’ functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2018

	December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,392,537	0.1456	\$ 6,228,957
USD:RMB (Note)	340,946	6.8666	10,472,156
USD:NTD	97,782	30.7150	3,003,374
EUR:NOK (Note)	42,704	10.0329	1,503,181
EUR:USD (Note)	62,091	1.1460	2,185,603
<u>Non-monetary items</u>			
USD:NTD	\$ 4,178,234	30.7150	\$ 128,334,451
RMB:USD (Note)	6,716,680	0.1456	30,044,381
NOK:USD (Note)	3,479,516	0.1142	12,207,741
THB:USD (Note)	6,908,111	0.0310	6,584,811
EUR:USD (Note)	61,261	1.1460	2,156,379
THB:NTD	1,647,048	0.9532	1,569,966
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,938,334	0.1456	\$ 8,670,362
USD:RMB (Note)	273,578	6.8666	8,402,948
USD:NTD	1,170,089	30.7150	35,939,284
EUR:NOK (Note)	48,333	10.0329	1,701,322
EUR:NTD	30,378	35.2000	1,069,306
EUR:USD (Note)	38,062	1.1460	1,339,782

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

	December 31, 2017		
(Foreign currency: functional currency)	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,306,689	0.1536	\$ 5,972,706
USD:RMB (Note)	374,463	6.5108	11,144,019
USD:NTD	366,890	29.7600	10,918,646
USD: NOK (Note)	55,435	8.2224	1,649,746
EUR:NOK (Note)	52,568	9.8276	1,869,844
EUR:USD (Note)	39,844	1.1952	1,417,251
<u>Non-monetary items</u>			
USD:NTD	\$ 3,639,718	29.7600	\$ 108,318,012
THB:NTD	9,486,456	0.9170	8,704,772
RMB:USD (Note)	6,575,994	0.1536	30,058,012
THB:USD (Note)	( 1,401,926)	0.0308	( 1,286,407)
EUR:USD (Note)	58,244	1.1952	2,071,730
NOK:USD (Note)	4,146,750	0.1216	15,008,748
CAD:USD (Note)	104,037	0.7967	2,446,714
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,866,439	0.1536	\$ 8,531,250
USD:RMB (Note)	313,273	6.5108	9,323,004
USD:NTD	286,275	29.7600	8,519,544
USD:CAD (Note)	98,108	1.2552	2,919,694
USD: NOK (Note)	91,127	8.2224	2,711,940
EUR:NOK (Note)	41,218	9.8276	1,466,124

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

- v. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017 amounted to \$534,511 and (\$21,904), respectively.

Year ended December 31, 2018			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB : USD (Note)	1%	\$ 62,290	\$ -
USD : RMB (Note)	1%	104,722	-
USD : NTD	1%	30,034	-
EUR : NOK (Note)	1%	15,032	-
EUR : USD (Note)	1%	21,856	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB : USD (Note)	1%	\$ 86,704	\$ -
USD : RMB (Note)	1%	84,029	-
USD : NTD	1%	359,393	-
EUR : NOK (Note)	1%	17,013	-
EUR : NTD	1%	10,693	-
EUR : USD (Note)	1%	13,398	-

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

(Foreign currency: functional currency)	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB : USD (Note)	1%	\$ 59,727	\$ -
USD : RMB (Note)	1%	111,440	-
USD : NTD	1%	109,186	-
USD : NOK (Note)	1%	16,497	-
EUR : NOK (Note)	1%	18,698	-
EUR : USD (Note)	1%	14,173	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB : USD (Note)	1%	\$ 85,313	\$ -
USD : RMB (Note)	1%	93,230	-
USD : NTD	1%	85,195	-
USD : CAD (Note)	1%	29,197	-
USD : NOK (Note)	1%	27,119	-
EUR : NOK (Note)	1%	14,661	-

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2018 and 2017 would have increased/decreased by \$32,328 and \$309, respectively, as a result of gain/loss on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$29,780 and \$57,902, respectively, as a result of other comprehensive income classified equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at

variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings mainly bear fixed and variable interest rate. During 2018 and 2017, the Group's borrowings at variable rate were denominated in NTD, USD and JPY.

- ii. If the interest rate increases by 0.25%, with all other variables held constant, profit, net of tax for the years ended December 31, 2018 and 2017 would have decreased by \$50,811 and \$1,435, respectively. The main factor is that changes in interest expense result from floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments which were settled in accordance with trading conditions.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit controller. The utilisation of credit limits is regularly monitored.
- iv. For banks and financial institutions, only well rated parties are accepted.
- v. The Group adopts the assumption under IFRS 9, that if the contract payments are past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group adopts the assumption under IFRS 9, that the default occurs when the contract payments are not expected to be recovered and are transferred to overdue receivables.
- vii. The Group classifies customer's accounts receivable and contract assets in accordance with customer types. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- viii. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On December 31, 2018, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At December 31, 2018</u>			
Expected loss rate	0.00%	1.15%	23.39%
Total book value	\$ 46,402,866	\$ 5,331,599	\$ 298,633
Loss allowance	\$ 424	\$ 61,260	\$ 69,837
		<u>Over</u>	
	<u>181-365 days past due</u>	<u>365 days past due</u>	<u>Total</u>
Expected loss rate	49.81%	96.38%	
Total book value	\$ 249,925	\$ 731,317	\$ 53,014,340
Loss allowance	\$ 124,497	\$ 704,826	\$ 960,844

- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable, accounts receivable, contract assets and overdue receivables are as follows:

	<u>Year ended December 31, 2018</u>				
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Overdue receivables</u>	<u>Total</u>
At January 1_IAS 39	\$ -	\$ 1,166,495	\$ -	\$ 238,283	\$ 1,404,778
Adjustments under new standards	-	-	-	-	-
At January 1_IFRS 9	-	1,166,495	-	238,283	1,404,778
(Reversal of) provision for impairment loss	-	( 166,297)	-	27,808	( 138,489)
Effect of exchange rate changes	-	( 39,354)	-	5,348	( 34,006)
At December 31	\$ -	\$ 960,844	\$ -	\$ 271,439	\$ 1,232,283

For provisioned loss in 2018, the reversal gain of impairment arising from customers' contracts amounted to \$138,489.

- x. Credit risk information of 2017 is provided in Note 12(4).

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities (including non-current disposal group classified as held for sale) and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities:



Non-derivative financial liabilities:

<u>December 31, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 6,259,062	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	40,509,063	-	-	-
Other payables	24,786,588	-	-	-
Long-term borrowings (including current portion)	173,700	24,585,550	116,969	530,268

<u>December 31, 2017</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 17,463,509	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	37,924,813	-	-	-
Other payables	25,209,483	-	-	-
Long-term borrowings (including current portion)	48,752	10,730,741	102,195	386,000

Derivative financial liabilities:

As of December 31, 2018 and 2017, the Group's derivative financial liabilities are due within 1 year.

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. Financial instruments not measured at fair value, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion), current portion are approximate to their fair values.

- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1,390,101	\$ -	\$ 1,842,693	\$ 3,232,794
Hybrid instruments	54,000	-	69,074	123,074
Derivative instruments	-	37,047	-	37,047
Financial assets at fair value through other comprehensive income				
Equity instruments	1,632,492	-	1,345,502	2,977,994
	<u>\$ 3,076,593</u>	<u>\$ 37,047</u>	<u>\$ 3,257,269</u>	<u>\$ 6,370,909</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 8,544</u>	<u>\$ -</u>	<u>\$ 8,544</u>
<u>December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 30,911	\$ -	\$ -	\$ 30,911
Derivative instruments	-	83,837	-	83,837
Available-for-sale financial assets				
Equity instruments	4,209,730	-	1,580,428	5,790,158
Hybrid instruments	71,600	-	-	71,600
Derivative financial assets for hedging	-	7,061	-	7,061
	<u>\$ 4,312,241</u>	<u>\$ 90,898</u>	<u>\$ 1,580,428</u>	<u>\$ 5,983,567</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 9,746</u>	<u>\$ -</u>	<u>\$ 9,746</u>

D. The methods and assumptions that the Group used to measure fair value are as follows:

- (a) The instruments that the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Market quoted price	<u>Listed shares</u>	<u>Convertible (exchangeable) bond</u>
	Closing price	Closing price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques that are approved for financial management.
- (c) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using the valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty.

E. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2018 and 2017:

	2018		
	<u>Hybrid instruments</u>	<u>Equity instruments</u>	<u>Total</u>
At January 1	\$ -	\$ 1,580,428	\$ 1,580,428
Transfers in from prepayments for investment	-	58,869	58,869
Effect of IFRS 9 adjustment	-	1,147,672	1,147,672
Losses recognised in profit or loss	- (	14,215)	( 14,215)
Profits recognised in other comprehensive income	-	337,414	337,414
Acquired during the year	69,074	419,585	488,659
Proceeds from capital reduction	- (	12,930)	( 12,930)
Disposals during the year	- (	353,201)	( 353,201)
Net exchange differences	-	24,573	24,573
At December 31	<u>\$ 69,074</u>	<u>\$ 3,188,195</u>	<u>\$ 3,257,269</u>

	2017		
	<u>Hybrid instruments</u>	<u>Equity instruments</u>	<u>Total</u>
At January 1	\$ -	\$ 1,582,140	\$ 1,582,140
Losses recognised in profit or loss	- (	20,569)	( 20,569)
Acquired during the year	-	502,639	502,639
Proceeds from capital reduction	- (	95,733)	( 95,733)
Disposals during the year	- (	49,500)	( 49,500)
Transfers out from level 3	- (	314,776)	( 314,776)
Net exchange differences	- (	23,773)	( 23,773)
At December 31	<u>\$ -</u>	<u>\$ 1,580,428</u>	<u>\$ 1,580,428</u>

G. During the year ended December 31, 2018, certain Level 3 equity securities became listed on the exchange or as emerging stock, resulting in the availability of sufficient observable market information for these securities. These equity securities were transferred from Level 3 into Level 1 at the end of the month in which they were listed.

H. Investment department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodical review. Investment property is evaluated regularly by the Group's financial treasury based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau.

The capital department establishes valuation policies, valuation processes and ensures compliance with the related requirements in IFRS. The related valuation results are reported to the management monthly. The management is responsible for managing and reviewing valuation processes.

- I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 3,188,195	Most recent non-active market	Not applicable	-	Not applicable
Hybrid instruments:					
Convertible bonds	\$ 69,074	Market comparable companies	Enterprise value to EBITDA  Discount for lack of Marketability	9.02  30%	The higher the multiple, the higher the fair value  The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 1,580,428	Most recent non-active	Not applicable	-	Not applicable

- J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Most recent non-active market price	± 1%	\$ 18,427	(\$ 18,427)	\$ 13,455	(\$ 13,455)
Hybrid instruments	Enterprise value to EBITDA	± 1%	\$ 691	(\$ 691)	\$ -	\$ -
	Discount for lack of marketability	± 1%	\$ 691	(\$ 691)	\$ -	\$ -
			December 31, 2017			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Most recent non-active market price	± 1%	\$ -	\$ -	\$ 15,804	(\$ 15,804)

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

(a) Financial assets at fair value through profit or loss

- i. They are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:
  - (i) Hybrid (combined) contracts; or
  - (ii) They eliminate or significantly reduce a measurement or recognition inconsistency; or
  - (iii) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- ii. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- iii. Financial liabilities at fair value through profit or loss are initially recognised at fair

value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets at cost'.

(b) Available-for-sale financial assets

- i. They are non-derivatives that are either designated in this category or not classified in any of the other categories.
- ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- iii. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets at cost'.

(c) Notes receivable, accounts receivable and other receivables

Notes receivable and accounts receivable are claims resulting from the sale of goods or services. Other receivables are those arising from transactions other than the sale of goods or services. Notes receivable, accounts receivable and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, for short-term accounts receivable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(d) Impairment of financial assets

- i. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- ii. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
  - (i) Significant financial difficulty of the issuer or debtor;
  - (ii) A breach of contract, such as a default or delinquency in interest or principal payments;



- (iii) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
  - (iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
  - (v) The disappearance of an active market for that financial asset because of financial difficulties;
  - (vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
  - (vii) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
  - (viii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- iii. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:
- (i) Financial assets at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.
  - (ii) Financial assets at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at

current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(iii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(e) Derivative financial instruments and hedging activities

- i. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.
- ii. The Group designates certain derivatives as either:
  - (i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
  - (ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
  - (iii) Hedges of a net investment in a foreign operation (net investment hedge).
- iii. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.
- iv. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

- v. Fair value hedge
  - (i) Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
  - (ii) If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.
- vi. Cash flow hedge
  - (i) For fair value changes in derivative instruments that designated as and meet with cash flow hedges, the effective portion is recognised in other comprehensive income; the gain or loss relating to the ineffective portion is recognised in the statement of comprehensive income within 'other gains and losses'.
  - (ii) When a hedging instrument expires, or is sold, cancelled or executed, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income. When a forecast transaction occurs or is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is transferred to profit or loss in the periods when the hedged forecast cash flow affects profit or loss.
- vii. Net investment hedge
  - (i) Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.
  - (ii) Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.
  - (iii) Gains and losses accumulated in other comprehensive income are included in profit or loss when the foreign operation is disposed of or sold.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, are as follows:

	IAS 39	Available- for-sale-equity	Available- for-sale-liability	Measured at cost	Effects	
					Retained earnings	Other equity
<b>IFRS 9</b>						
Transferred into and measured at fair value through profit or loss		\$ 3,126,535	\$ 71,600	\$ 434,369	\$ -	\$ -
Transferred into and measured at fair value through other comprehensive income						
-equity		2,663,623	-	713,303	-	-
Impairment loss adjustment		-	-	-	626,735	( 626,735)
Fair value adjustment		-	-	-	492,181	( 492,181)

- (a) Under IAS 39, as the cash flows of debt instruments which were classified as available-for-sale financial assets without active market, amounting to \$71,600, do not meet the condition that it is intended to settle the principal and interest on the outstanding principal balance, they were reclassified as "financial assets at fair value through profit or loss", which resulted to an increase in retained earnings and decrease in other equity interest in the amounts of \$6,600 and \$6,600 on initial application of IFRS 9, respectively.
- (b) Under IAS 39, as the equity instruments which were classified as available-for-sale financial assets and financial assets at cost, amounting to \$2,663,623 and \$713,303, respectively, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)", which resulted to an increase in retained earnings and decrease in other equity interest in the amounts of \$626,735 and \$626,735 on initial application of IFRS 9, respectively.
- (c) Under IAS 39, the equity instruments, which were classified as available-for-sale financial assets and financial assets at cost, amounting to \$3,126,535 and \$434,369, respectively, were reclassified as "financial assets at fair value through profit or loss (equity instruments)", which resulted to an increase in retained earnings and decrease in other equity interest in the amounts of \$485,581 and \$485,581 under IFRS 9, respectively.

C. The significant accounts as of December 31, 2017 and the year ended December 31, 2017 are as follows:

(a) Financial assets at fair value through profit or loss

<u>Items</u>	<u>December 31, 2017</u>
Current items:	
Financial assets held for trading	
Listed stocks	\$ 29,341
Convertible bonds	-
Valuation adjustment	<u>85,407</u>
	<u>114,748</u>
Non-current items:	
Convertible bonds	94,512
Valuation adjustment	( <u>94,512</u> )
	<u>-</u>
	<u>\$ 114,748</u>

- i. The Group recognised net gain amounting to \$45,266 on financial assets held for trading for the year ended December 31, 2017, respectively. No net profit was recognised on financial assets at fair value through profit or loss for the year ended December 31, 2017.
- ii. The counterparties of the Group's private placement of convertible bonds are mostly listed companies in Taiwan and overseas. The Group expects that the counterparties of the private placement of convertible bonds that it invested in are not likely to default.

iii. The non-hedging derivative instruments transaction and contract information are as follows:

December 31, 2017			
Financial instruments	Contract amount (thousands)		Contract period
Forward exchange contracts			
- Sell AUD / buy NOK	AUD	3,000	2017.11.28~2018.02.05
- Sell AUD / buy USD	AUD	2,500	2017.08.25~2018.05.29
- Sell BRL / buy USD	BRL	5,716	2017.11.28~2018.02.05
- Sell EUR / buy NOK	EUR	8,000	2017.11.16~2018.04.05
- Sell EUR / buy USD	EUR	22,800	2017.08.25~2018.05.29
- Sell INR / buy USD	INR	130,241	2017.11.28~2018.02.05
- Sell JPY / buy USD	JPY	834,001	2017.08.25~2018.04.26
- Sell THB / buy SGD	THB	131,018	2017.12.20~2018.01.22
- Sell THB / buy USD	THB	28,500	2017.12.20~2018.01.22
- Sell USD / buy RMB	USD	110,571	2017.10.25~2018.02.09
- Sell USD / buy JPY	USD	1,500	2017.11.06~2018.01.10
- Sell USD / buy NOK	USD	3,000	2017.12.04~2018.03.05
- Sell USD / buy SGD	USD	25,200	2017.01.25~2018.11.02
- Sell USD / buy NTD	USD	3,000	2017.10.25~2018.01.03
- Sell USD / buy EUR	USD	5,934	2017.11.15~2018.02.02
- Sell USD / buy HKD	USD	6,200	2017.11.03~2018.02.02
- Sell USD / buy CZK	USD	350	2017.12.08~2018.01.23
- Sell RMB / buy USD	RMB	31,000	2017.11.06~2018.02.09

The Group entered into forward foreign exchange contracts to sell (buy) to hedge exchange rate risk of (import) export proceeds. However, these forward foreign exchange contracts did not meet with the condition of hedge accounting and were not accounted for under hedge accounting.

iv. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

(b) Available-for-sale financial assets

<u>Items</u>	<u>December 31, 2017</u>
Current items:	
Listed stocks	\$ 1,197,724
Emerging stocks	58,943
Convertible bonds	<u>65,000</u>
	1,321,667
Valuation adjustment	446,768
Accumulated impairment	( <u>626,735</u> )
	<u>\$ 1,141,700</u>
Non-current items:	
Listed stocks	\$ 4,468,722
Emerging stocks	585,308
Unlisted shares	<u>1,593,527</u>
	6,647,557
Valuation adjustment	( 1,695,776)
Accumulated impairment	( <u>231,723</u> )
	<u>\$ 4,720,058</u>

- i. The Group recognised gain of \$258,085 in other comprehensive income for fair value change and reclassified \$237,375 from equity to profit or loss for the year ended December 31, 2017, respectively.
- ii. At period end, there was a significant decline in the net value of stock investment held by the Group below its original cost. For the year ended December 31, 2017, the Group recognised impairment loss of \$647,304 based on assessment.
- iii. The Group has no available-for-sale financial assets pledged to others as collateral.

(c) Financial assets at cost

<u>Items</u>	<u>December 31, 2017</u>
Non-current items:	
Unlisted shares	\$ 1,181,036
Accumulated impairment	( <u>33,364</u> )
	<u>\$ 1,147,672</u>

- i. According to the Group's intention, its investment in stocks should be classified as 'available-for-sale financial assets'. However, as stocks are not traded in active market, and no sufficient industry information of companies cannot be obtained, the fair value of the investment cannot be measured reliably. The Group classified those stocks as 'financial assets at cost'.
- ii. At period end, there was a significant decline in the net value of stock investment held by



the Group below its original cost. For the year ended December 31, 2017, the Group recognised impairment loss of \$15,161.

(d) Hedge accounting

Items	December 31, 2017
	Assets (Liabilities), net
Current items:	
Cash flow hedges - forward exchange contracts	\$ <u>7,061</u>

i. The Group entered into derivative financial instruments contracts with financial institutions with good credit quality.

ii. Cash flow hedges

	Hedged items	Derivative instruments designated as hedges	Fair value designated as hedging instruments	Period of anticipated cash flow	Period of gain (loss) expected to be recognised in profit or loss
December 31, 2017	Accounts payable in foreign currency	Forward foreign exchange contracts	\$ <u>7,061</u>	2017.9.30 ~2018.3.31	2017.9.30 ~2018.3.31

(i) The hedged highly probable forecast transactions denominated in foreign currency are expected to occur during the next 12 months. Amounts accumulated in other comprehensive income as of December 31, 2017 are recycled into profit or loss in the period or periods when the hedged item affects profit or loss.

(ii)

Items	Year ended December 31, 2017
Amount of gain or loss adjusted in other comprehensive income	(\$ <u>647</u> )

iv. Hedges of net investments in foreign operations

Hedged items	Designated as hedging instruments	
	Derivative instruments designated as hedges	Fair value December 31, 2017
Net investments in foreign operations	Borrowings in US dollars	\$ 1,339,199
"	Borrowings in Euro	<u>426,840</u>
		\$ <u>1,766,039</u>

As of December 31, 2017, the Group designated borrowings in USD and EUR as hedges of a net investment in a foreign operation in the amount of \$1,339,199 (USD 45 million) and \$426,840 (EUR 12 million), respectively. The fair value of this portion of borrowings

at December 31, 2017 was \$1,766,039. The foreign exchange gain of \$32,917 on translation of this portion of borrowing to NTD currency for the year ended December 31, 2017 was recognised in other comprehensive income.

(e) Accounts receivable and overdue receivables

Movements in the provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	\$ 256,516	\$ 907,072	\$ 1,163,588
Acquired from business combinations	50,626	63,288	113,914
Provision for (reversal of) impairment	( 13,227)	388,392	375,165
Write-offs during the period	( 21,948)	( 162,675)	( 184,623)
Effects of foreign exchange	( 33,684)	( 29,582)	( 63,266)
At December 31	<u>\$ 238,283</u>	<u>\$ 1,166,495</u>	<u>\$ 1,404,778</u>

D. Credit risk information on December 31, 2017 and the year ended December 31, 2017 are as follows:

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations as described below:

- i. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- ii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the manager of credit control. The utilisation of credit limits is regularly monitored.
- iii. For banks and financial institutions, only well rated parties are accepted.
- iv. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transaction.

(b) For the year ended December 31, 2017, the management does not expect any significant losses from non-performance by these counterparties.

(c) The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's credit quality control policy:

	<u>December 31, 2017</u>
Group 1	\$ 22,112,811
Group 2	<u>23,203,271</u>
	<u>\$ 45,316,082</u>

Group 1: Medium to low risk customers: These customers include large enterprise groups which are operating well, and in which financial transparency is high and approved by the headquarters' credit controller as well as government and educational institutions.

Group 2: Normal risk customers: Customers other than the medium to low risk customers.

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below:

(a) Sales of goods

The Group is mainly engaged in manufacturing and sales of information, electric machinery, power supply, industrial automation, networking and communication equipment and components and its related products. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(b) Sales of services

The Group provides installation of certain software and module and energy technology services. Revenue is recognised if all of the following conditions are met and the cost incurred shall be recognised as the cost in the current period. If loss is expected to incur on the transaction, loss shall be recognised immediately.

- i. The amount of the revenue can be measured reliably;
- ii. It is probable that the economic benefits related to the transaction will flow to the enterprise;
- iii. The costs incurred and to be incurred associated with the transaction can be measured reliably; and

iv The degree of completion of the transaction can be measured reliably at the balance sheet date.

B. The revenue recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

	Year ended December 31, 2017
Sales revenue	\$ 217,443,508
Service revenue	3,018,173
Other operating income	<u>3,115,833</u>
	<u>\$ 223,577,514</u>

C. The effects and description on current balance sheet and comprehensive income statement if the Group continues adopting above accounting policies are as follows:

	December 31, 2018		
<u>Balance sheet items</u>	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Accounts receivable, net	\$ 52,053,496	\$ 53,015,705	(\$ 962,209)
Contract assets-current	1,708,291	-	1,708,291
Contract assets-non-current	495,875	-	495,875
Other non-current assets	2,545,315	3,041,190	( 495,875)
Contract liabilities-current	( 2,643,318)	-	( 2,643,318)
Other current liabilities	( 3,710,299)	( 5,607,535)	1,897,236

There is no effect on comprehensive income.

(a) Customer contracts where services were rendered but not yet billed, were previously presented as accounts receivable in the balance sheet, and are recognised as contract assets in accordance with IFRS 15 ‘Revenue from contracts with customers’.

(b) Expected sales discounts and allowances were previously presented as accounts receivable - allowance, and reclassified as refund liabilities (shown as ‘other current liabilities’) under IFRS 15 ‘Revenue from contracts with customers’.

(c) Advance sales receipts in relation to customer contracts under IFRS 15 ‘Revenue from contracts with customers’ are recognised as contract liabilities.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(4), 12(2) and 12(4).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 6, 7 and 8 for significant transactions of purchases, sales, receivables and payables of investee companies in the Mainland China, and transactions between the Company indirectly through investees in a third area, Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cyntec International Ltd. (CIL-Labuan), with investee companies in the Mainland China, for the year ended December 31, 2018.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group's management has determined the reportable segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group considers the business from a product perspective. The Group's business is segregated into power electronics business, automation business and infrastructure business. Breakdown of the revenue from all sources is as follows:

- A. Power electronics: Component, Embedded Power, Fans and Thermal Management, Automotive Electronics, Merchant & Mobile Power and Vivitek Projectors.
- B. Automation: Industrial Automation and Building Automation.

C. Infrastructure: ICT Infrastructure and Energy Infrastructure.

Because of the change of product classification, the Group's internal business segment restructured accordingly. The prior period information was restated for comparison.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2018			
	Power electronics business	Automation business	Infrastructure business	Total
Revenue from external customers	\$ 118,917,634	\$ 37,553,644	\$ 79,039,894	\$ 235,511,172
Segment income (Note)	\$ 11,342,498	\$ 4,378,245	\$ 7,050,336	\$ 22,771,079
	Year ended December 31, 2017			
	Power electronics business	Automation business	Infrastructure business	Total
Revenue from external customers	\$ 118,192,885	\$ 33,108,834	\$ 70,728,482	\$ 222,030,201
Segment income (Note)	\$ 13,375,698	\$ 5,450,078	\$ 5,550,516	\$ 24,376,292

Note: Segment income represents income after eliminating inter-segment transactions.

(4) Reconciliation information for segment income (loss)

- A. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that of the statement of comprehensive income.
- B. A reconciliation of reportable segments income or loss to income (loss) before tax from continuing operations for the years ended December 31, 2018 and 2017 is provided as follows:

	Years ended December 31,	
	2018	2017
Reportable segments income	\$ 22,771,079	\$ 24,376,292
Other segments' loss	( 4,604,356)	( 4,602,504)
Non-operating income and expenses	4,634,305	4,024,492
Income before tax from continuing operations	<u>\$ 22,801,028</u>	<u>\$ 23,798,280</u>

(5) Information on products and services

As the Group considered the business from a product perspective, the reportable segments were based on different products and services. Revenues from external customers are the same as in Note 14(3).

(6) Geographical information

Information about geographic areas for the years ended December 31, 2018 and 2017 were as follows:

	Years ended December 31,			
	2018		2017	
	Revenue	Non-current assets	Revenue	Non-current assets
Mainland China	\$ 129,527,991	\$ 27,608,438	\$ 123,318,752	\$ 29,197,097
U.S.A.	31,582,755	2,879,059	34,617,660	2,721,513
Taiwan	7,387,094	31,566,486	7,029,237	28,919,089
Others	68,519,969	21,193,322	58,611,865	21,858,138
	<u>\$ 237,017,809</u>	<u>\$ 83,247,305</u>	<u>\$ 223,577,514</u>	<u>\$ 82,695,837</u>

(7) Major customer information

There are no customers accounting for more than 10% of the Group's operating revenues for the years ended December 31, 2018 and 2017.



Delta Electronics, Inc. and Subsidiaries  
Loans to others

Year ended December 31, 2018

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2018 (Note 2)	Balance at December 31, 2018	Actual amount drawn down	Interest rate	Nature of loan (Note 7)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
1	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	\$ 7,678,750	\$ 7,678,750	\$ 7,678,750	0.50%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 29,845,320	\$ 29,845,320	Note 5
1	Fairview Assets Ltd.	Delta Controls Inc.	Other receivables - related parties	Yes	3,992,950	3,317,220	2,303,625	0.50%	2	-	Additional operating capital	-	None	-	29,845,320	29,845,320	Note 5
2	Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	6,757,300	6,757,300	6,757,300	0.50%	2	-	Additional operating capital	-	None	-	9,712,781	9,712,781	Note 5
3	Delta Electronics (H.K.) Ltd.	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	860,020	860,020	860,020	0.50%	2	-	Additional operating capital	-	None	-	13,784,695	13,784,695	Note 4
4	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	3,040,785	3,040,785	3,040,785	0.50%	2	-	Additional operating capital	-	None	-	28,809,856	28,809,856	Note 4
5	ELTEK AS	Eitek Italia S.r.l.	Other receivables - related parties	Yes	28,160	28,160	28,056	1.90%	2	-	Additional operating capital	-	None	-	1,407,307	1,407,307	Note 5
6	Delta Electronics (Wuhu) Co. Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	1,373,242	178,924	-	4.35%	2	-	Additional operating capital	-	None	-	1,823,184	1,823,184	Note 4
7	Delta Electronics Components (Wujang) Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	581,503	-	-	0.00%	2	-	Additional operating capital	-	None	-	2,834,380	2,834,380	Note 4
8	Vivotek Inc.	Vates Inc.	Other receivables - related parties	Yes	200,000	200,000	101,966	1.34%	2	-	Additional operating capital	-	None	-	278,837	557,674	Note 6
8	Vivotek Inc.	LIDLIGHT INC.	Other receivables - related parties	Yes	10,000	10,000	-	1.34%	2	-	Additional operating capital	-	None	-	20,000	557,674	Note 6
9	Grandview Holding Limited	Cyntec Holding (HK) Limited	Other receivables - related parties	Yes	3,072	3,072	3,072	0.50%	2	-	Additional operating capital	-	None	-	10,484,939	10,484,939	Note 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Maximum outstanding balance during the current period was translated into New Taiwan dollars using the exchange rate at December 31, 2018, which the Company reported to the Securities and Futures Bureau.

Note 3: Limit on loans granted by the Company to a single party is 20% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 4: Limit on loans granted by subsidiaries to a single party is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements.

Note 5: Limit on loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares is the lender's net assets based on the latest audited or reviewed financial statements, and limit on total loans is the lender's net assets based on the latest audited or reviewed financial statements.

Note 6: The calculation and amount on ceiling of loans of Vivotek Inc. are as follows:

(1) The ceiling on total amount of loans to others shall not exceed 20% of Vivotek Inc.'s net assets value in the latest financial statement which was reviewed or audited by independent accountant.

(2) For the short-term financing, the limit on loans granted to a single party shall not exceed 10% of the borrower's paid-in capital and Vivotek Inc.'s net assets value in the latest financial statement which was reviewed or audited by independent accountant.

Note 7: Nature of loans:

(1) Business transaction: 1.

(2) Short-term financing: 2.

Delta Electronics, Inc. and Subsidiaries  
Provision of endorsements and guarantees to others  
Year ended December 31, 2018

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 2

Number (Note 1)	Endorser / guarantor	Party being endorsed/guaranteed		Relationship with the endorser / guarantor (Note 6)	Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/guarantee amount as of December 31, 2018	Outstanding endorsement/guarantee amount at December 31, 2018	Actual amount drawn down	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/guarantees provided	Provision of endorsements/guarantees by parent company to subsidiary	Provision of endorsements/guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China	Footnote
		Company name	Company name												
1	ELTEK AS	Elek Power Sweden AB		2	\$ 2,605,423	\$ 17,100	\$ 17,100	\$ 17,100	\$ -	0.01%	\$ 6,513,558	Y	N	N	Note 3
1	ELTEK AS	ELTEK MEA DMCC		2	2,605,423	71,651	71,651	71,651	-	0.06%	6,513,558	Y	N	N	Note 3
1	ELTEK AS	ELTEK AUSTRALIA PTY LIMITED		2	2,605,423	138,218	138,218	138,218	-	0.11%	6,513,558	Y	N	N	Note 3
2	Vivotek Inc.	Vatic Inc.		2	557,674	120,000	120,000	-	-	4.30%	1,115,347	Y	N	N	Note 5

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: In accordance with the Company's Procedures for Provision of Endorsements and Guarantees, "limit on total endorsements is 40% of the Company's net assets based on the latest audited or reviewed financial statements, limit on endorsements to a single company is 20% of the Company's net assets based on the latest audited or reviewed financial statements. Limit on total endorsements granted by the Company and subsidiaries is 50% of the Company's net assets based on the latest audited or reviewed financial statements, limit on total endorsements to a single party is 30% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 3: In accordance with Elek's "Procedures for Provision of Endorsements and Guarantees," limit on total endorsements is 5% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on endorsements to a single party is 2% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 4: The Company's net assets based on the latest audited or reviewed financial statements were \$130,271,159 thousand (2018/12/31).

Note 5: The limit on total endorsements/guarantees of Vivotek Inc. shall not exceed 40% of the company's net assets value in the latest financial statement which was reviewed or audited by independent accountant, and limit on endorsements to a single party is 20% of Vivotek Inc.'s net assets based on the latest audited or reviewed financial statements, period when endorsements and guarantees are incurred.

Note 6: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorser/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Delta Electronics, Inc. and Subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2018

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018			Footnote
				Number of shares	Book value	Ownership (%)	
Delta Electronics, Inc.	Swissray Global Healthcare Holding Limited common stock	None	Financial assets at fair value through other comprehensive income-current	7,963,600	\$ 57,656	18.72	\$ 57,656
Delta Electronics, Inc.	United Renewable Energy Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income-non-current	167,145,851	1,308,752	6.64	1,308,752
Delta Electronics, Inc.	Lanner Electronics Inc. common stock	None	Financial assets at fair value through other comprehensive income-current	6,026,820	266,084	5.57	266,084
Delta Electronics, Inc.	Others	None	-	-	228,201	-	228,201
Delta International Holding Limited	Solarflare Communications, Inc. preferred shares	None	Financial assets at fair value through profit or loss-non-current	9,547,235	293,243	3.46	293,243
Delta International Holding Limited	Mentis Technology, Inc., etc	None	Financial assets at fair value through profit or loss-non-current	-	92,145	-	92,145
Delta Electronics (Japan), Inc.	Macy (Cayman) Inc. common stock	None	Financial assets at fair value through other comprehensive income-non-current	74,000,000	34,547	19.79	34,547
Delta Electronics (Pingtan) Co., Ltd.	Pingtan Hi Tech Investment Development Shares Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	-	33,475	15.00	33,475
Delta Electronics Capital Company	Fusheng Precision Co., Ltd. common stock	None	Financial assets at fair value through profit or loss	1,800,000	287,100	1.37	287,100
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	Financial assets at fair value through profit or loss-non-current	2,374,000	255,205	1.44	255,205
Delta Electronics Capital Company	Nien Made Enterprise Co., Ltd. common stock	None	Financial assets at fair value through profit or loss-current	673,043	158,838	0.23	158,838
Delta Electronics Capital Company	Globalwafers Co., Ltd. common stock	None	Financial assets at fair value through profit or loss-current	495,650	139,030	0.11	139,030
Delta Electronics Capital Company	Buding Technology Limited preferred stock	None	Financial assets at fair value through profit or loss-non-current	1,059,047	148,075	2.95	148,075
Delta Electronics Capital Company	TaskEasy, Inc. common stock	None	Financial assets at fair value through profit or loss-non-current	2,633,872	141,008	7.76	141,008
Delta Electronics Capital Company	FineTek Co., Ltd. common stock, etc.	None	-	-	1,610,455	-	1,610,455

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018			Footnote	
				Number of shares	Book value	Ownership (%)		Fair value
Delta America Ltd.	VPT, Inc. common stock	None	Financial assets at fair value through other comprehensive income-non-current	-	\$ 5,375	-	\$ 5,375	
Cyntec Co., Ltd.	SUSUMU Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income-non-current	200,000	104,081	11.53	104,081	
Cyntec Co., Ltd.	LUXTERA, INC. preferred stock	None	Financial assets at fair value through other comprehensive income-non-current	55,029,284	673,609	3.29	673,609	
Cyntec Co., Ltd.	GaN Systems Inc. preferred stock	None	Financial assets at fair value through other comprehensive income-non-current	1,454,193	89,874	3.15	89,874	
Cyntec Co., Ltd.	Impact Clean Power Technology S. A. Convertible Bond	None	Financial assets at fair value through profit or loss-current	-	69,074	-	69,074	
Delta Electronics Int'l (Singapore) Pte. Ltd.	PBA International Pte. Ltd. common stock, etc.	None	-	-	129,532	-	129,532	
UNICOM SYSTEM ENG. CORP.	Digi-Hua System Co., Ltd. common stock, etc.	None	Financial assets at fair value through profit or loss-current	-	3,273	-	3,273	
Delta Electronics (Netherlands) B.V.	ZENTERA SYSTEMS, Inc. preferred stock	None	Financial assets at fair value through other comprehensive income-non-current	1,838,235	153,575	10.46	153,575	
Delta Electronics (Netherlands) B.V.	Noda RF Technologies Co., Ltd. common stock, etc.	None	Financial assets at fair value through other comprehensive income-non-current	-	56,268	-	56,268	

Delta Electronics, Inc. and Subsidiaries  
 Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
 Year ended December 31, 2018  
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investee	Balance as at January 1, 2018		Addition		Disposal				Balance as at December 31, 2018		Footnote
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
ELTEK AS	DELTA ELECTRONICS HOLDING (USA) INC.	Investments accounted for using equity method	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	-	\$ 1,464,014	-	(\$ 82,253) (Note 2)	-	\$ 1,989,285	\$ 1,381,761 (Note 2)	(Note 1)	-	\$ -	Note 3

Note 1: The transaction resulted from the Group's adjustment in investment structure. There was no gain or loss on disposal pursuant to related ordinances.

Note 2: It reflected the movement in the adjustments in the profit (loss) and net value of investments recognised in this period.

Note 3: Only sales transactions are disclosed.

Delta Electronics, Inc. and Subsidiaries

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2018

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Delta Electronics, Inc.	Land in Taoyuan	May 2, 2018 and June 5, 2018	\$ 2,049,970	Acquired by cash	Gi-Jin construction co. Ltd and natural persons	None	-	-	\$ -	Appraisal report	For development of future business	None	
Delta Electronics, Inc.	Land in Neihu	August 21, 2018	1,011,684	Acquired by cash	9 natural persons	None	-	-	-	Appraisal report	For development of future	None	
Vivotek Inc.	Land, Buildings, Parking space in Zhonghe	December 14, 2018	314,968	Acquired by cash	Honeywell International Inc.	None	-	-	-	Appraisal report	Offices for research departments and production	None	

Delta Electronics, Inc. and Subsidiaries  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
Year ended December 31, 2018  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales) and other operating revenue	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Sales and other operating revenue	\$ 12,028,774	30.84	70 days	\$ -	-	-	\$ 1,413,904	15.54	
Delta Electronics, Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	Sales	939,514	2.41	70 days	-	-	-	67,503	0.74	
Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	Sales	771,955	1.98	70 days	-	-	-	415,714	4.57	
Delta Electronics, Inc.	UNICOM SYSTEM ENG. CORP.	Subsidiary	Other operating revenue	204,938	0.53	70 days	-	-	-	47,498	0.52	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Associate	Sales and other operating revenue	1,162,646	2.98	70 days	-	-	-	537,616	5.91	
Delta Electronics, Inc.	Delta Energy Systems (Singapore) PTE. LTD	Associate	Sales and other operating revenue	284,680	0.73	70 days	-	-	-	69,385	0.76	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales and other operating revenue	16,644,687	7.24	70 days	-	-	-	6,917,806	12.35	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	6,621,533	2.88	70 days	-	-	-	1,385,587	2.47	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	15,491,526	6.74	70 days	-	-	-	3,479,420	6.21	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales	17,224,048	7.49	70 days	-	-	-	1,737,118	3.10	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	12,622,383	5.49	70 days	-	-	-	1,212,337	2.16	



Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term				Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)			
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales	\$ 4,007,691	1.74	70 days	\$ -	-	-	\$ 454,690	0.81		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	5,414,962	2.36	70 days	-	-	-	871,229	1.56		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	2,824,635	1.23	70 days	-	-	-	676,560	1.21		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	Affiliated enterprise	Sales	314,669	0.14	70 days	-	-	-	61,257	0.11		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	2,962,803	1.29	70 days	-	-	-	828,883	1.48		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Korea), Inc.	Affiliated enterprise	Sales	251,652	0.11	70 days	-	-	-	66,169	0.12		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Mexico SA de CV	Affiliated enterprise	Sales	161,950	0.07	70 days	-	-	-	47,885	0.09		
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	20,432,336	8.89	70 days	-	-	-	6,915,889	12.35		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vivitek Corporation	Affiliated enterprise	Sales	356,691	0.16	70 days	-	-	-	133,920	0.24		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales	17,675,206	7.69	70 days	-	-	-	4,149,136	7.41		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	Sales	557,644	0.24	70 days	-	-	-	127,372	0.23		
Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	Affiliated enterprise	Sales	10,405,777	4.53	70 days	-	-	-	3,257,057	5.82		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AUSTRALIA PTY LIMITED	Affiliated enterprise	Sales	\$ 753,650	0.33	70 days	\$ -	-	-	\$ 382,702	0.68	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	Sales	227,306	0.10	70 days	-	-	-	164,433	0.29	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics ( Switzerland ) AG	Affiliated enterprise	Sales	1,083,596	0.47	70 days	-	-	-	590,298	1.05	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS SOLUTIONS (SPAIN) SL	Affiliated enterprise	Sales	138,091	0.06	70 days	-	-	-	68,161	0.12	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales	2,878,053	1.25	70 days	-	-	-	661,974	1.18	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	Sales	1,415,466	0.62	70 days	-	-	-	248,641	0.44	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Affiliated enterprise	Sales	649,997	0.28	70 days	-	-	-	285,156	0.51	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	3,039,014	1.32	70 days	-	-	-	874,282	1.56	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales	2,573,942	1.12	70 days	-	-	-	1,007,343	1.80	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Australia) Pty Ltd	Associate	Sales	219,028	0.10	70 days	-	-	-	28,493	0.05	

	Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
				Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Ltd	Associate	Sales	\$ 244,074	0.11	70 days	\$ -	-	-	\$ 65,975	0.12		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Power Solutions (India) Pvt Ltd.	Associate	Sales	880,972	0.38	70 days	-	-	-	163,748	0.29		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt Ltd	Associate	Sales	964,008	0.42	70 days	-	-	-	277,526	0.50		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Associate	Sales	388,036	0.17	70 days	-	-	-	89,399	0.16		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Sales	362,900	0.16	70 days	-	-	-	144,493	0.26		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc	Associate	Sales	378,923	0.16	70 days	-	-	-	130,640	0.23		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Associate	Purchases	1,188,244	0.58	70 days	-	-	-	( 491,949)	( 1.31)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	334,177	0.16	70 days	-	-	-	( 96,336)	( 0.26)		
Delta Networks, Inc. (Taiwan)	Delta Electronics, Inc.	Ultimate parent company	Sales	1,141,671	13.75	70 days	-	-	-	366,783	22.17		
Delta Networks, Inc. (Taiwan)	DNI Logistics (USA) Co.	Affiliated enterprise	Sales	3,216,249	44.51	70 days	-	-	-	945,063	57.13		
Delta Networks, Inc. (Taiwan)	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	463,974	6.42	70 days	-	-	-	268,895	16.25		
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	20,612,149	90.24	70 days	-	-	-	3,282,175	95.01		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	\$ 8,502,023	77.49	70 days	\$ -	-	-	\$ 1,488,552	67.74	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,250,865	11.40	70 days	-	-	-	282,255	12.85	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	165,375	0.74	70 days	-	-	-	55,347	1.44	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	19,806,398	88.19	70 days	-	-	-	2,974,200	77.29	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,802,140	8.02	70 days	-	-	-	544,298	14.14	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	5,676,629	13.34	70 days	-	-	-	1,046,346	21.76	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	35,974,798	84.56	70 days	-	-	-	3,571,974	74.29	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	465,734	1.09	70 days	-	-	-	103,097	2.14	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	11,009,619	41.34	70 days	-	-	-	3,147,521	64.86	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	15,188,334	57.03	70 days	-	-	-	1,266,143	26.09	
Delta Electronics Components (Wujiang) Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales	105,482	0.40	70 days	-	-	-	60,074	1.24	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	103,698	0.39	70 days	-	-	-	58,638	1.21	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	\$ 2,385,284	35.41	70 days	\$ -	-	-	\$ 831,848	61.04	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	3,801,613	56.43	70 days	-	-	-	339,049	24.88	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	9,851,207	98.14	70 days	-	-	-	2,348,771	98.60	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	186,111	1.85	70 days	-	-	-	33,332	1.40	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	4,315,740	89.36	70 days	-	-	-	631,332	91.24	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	514,050	10.64	70 days	-	-	-	60,619	8.76	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	1,804,035	72.52	70 days	-	-	-	409,670	73.09	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	482,828	19.41	70 days	-	-	-	85,206	15.20	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	160,462	6.45	70 days	-	-	-	33,930	6.05	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	14,003,779	48.06	70 days	-	-	-	2,978,442	41.13	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	Sales	1,786,854	6.13	70 days	-	-	-	447,091	6.17	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Other operating revenue	781,987	2.68	70 days	-	-	-	226,873	3.13	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	\$ 1,094,432	6.22	70 days	\$ -	-	-	(\$ 175,032)	( 2.85)	
Cyntec Co., Ltd.	Cyntec International Ltd-Labuan	Affiliated enterprise	Sales and other operating revenue	844,042	25.34	Note 1	Note 1			55,745	7.27	
Cyntec Co., Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	275,650	8.50	Note 2	Note 2			39,868	5.20	
Cyntec Co., Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales and other operating revenue	957,008	29.51	Note 2	Note 2			296,311	38.62	
Cyntec Electronics(Suzhou) Co., Ltd.	Cyntec International Ltd-Labuan	Affiliated enterprise	Sales	4,264,022	38.95	Note 3	Note 3			323,005	21.34	
Cyntec Electronics(Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	6,684,561	61.05	Note 4	Note 4			1,190,286	78.60	
Cyntec International Ltd - Labuan	Cyntec Co., Ltd.	Affiliated enterprise	Sales	1,092,626	16.07	Note 1	Note 1			190,505	7.08	
Cyntec International Ltd - Labuan	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	124,065	1.84	Note 2	Note 2			17,469	0.65	
Delta Electronics (Japan) Inc.	Delta Electronics, Inc.	Ultimate parent company	Sales	250,052	0.05	70 days	-			89,311	0.07	
Delta Electronics (Japan) Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	774,952	0.15	70 days	-			209,845	0.17	
Delta Electronics (Japan) Inc.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	260,818	0.06	70 days	-			( 81,721)	( 0.07)	
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	Sales	616,676	12.93	90 days	-			139,079	17.78	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Vivotek Inc.	AETEK INC.	Affiliated enterprise	Purchases	\$ 121,836	3.49	30 days	\$ -	-	-	(\$ 25,663)	( 3.93)	
PreOptix (Jiang Su) Co. Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	244,421	76.56	70 days	-	-	-	-	-	
ELTEK AS	Eltek s.r.o.	Associate	Sales	569,017	4.08	70 days	-	-	-	128,665	6.97	
ELTEK AS	Eltek s.r.o.	Associate	Purchases	2,502,869	21.20	70 days	-	-	-	( 164,243)	( 15.55)	
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales	1,034,530	13.67	70 days	-	-	-	138,007	7.47	
Delta Electronics (Switzerland) AG	Delta Electronics (Slovakia) s.r.o.	Associate	Purchases	364,108	18.52	70 days	-	-	-	( 2,016)	( 0.27)	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	Sales	326,783	7.02	70 days	-	-	-	179,374	18.51	
Delta Electronics (Netherlands) B.V.	Delta Electronics (Italy) S.r.l.	Affiliated enterprise	Sales	235,739	5.66	70 days	-	-	-	71,718	7.40	
Delta Electronics (Americas) Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	657,499	16.99	70 days	-	-	-	( 156,048)	( 13.70)	

Note 1: Selling price was the same with the third parties. The credit term to related parties is 60-90 days after monthly billings, while 30-120 days after monthly billings for the third parties.

Note 2: Sales price was available to third party, the collection term for related parties is 75 days from next month, the credit terms to the third parties is 30-120 days after monthly billings.

Note 3: For the sales transactions, the amount is calculated by adding costs, fees and all necessary processing costs. The credit term to related parties is 60-90 days after monthly billings, while 30-120 days after monthly billings for the third parties.

Note 4: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.



Delta Electronics, Inc. and Subsidiaries  
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
 December 31, 2018

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	\$ 1,843,513	7.49	\$ -		\$ 1,843,513	
Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	415,714	3.25	-		415,714	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Associate	537,616	4.14	-		504,690	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	7,164,354	2.43	-		3,406,050	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	1,385,587	4.66	493,317		1,059,668	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	3,479,420	5.09	1,172,950		2,856,495	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,737,118	11.77	-		220,939	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	1,212,337	10.45	-		61,395	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	454,690	8.34	-		328,205	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	871,229	6.00	-		7,311	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	676,560	3.94	468,760		505,932	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	828,883	3.56	-		529,054	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	6,915,889	3.08	1,044,271		3,552,578	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Co., Ltd.	Affiliated enterprise	4,149,136	4.42	641,687		3,132,930	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	127,372	2.97	-		79,051	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	Affiliated enterprise	3,257,057	3.61	-		1,834,051	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	164,433	1.43	-		75,307	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	661,974	4.46	69		352,278	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	248,641	5.66	-		187,293	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	874,282	4.36	465		607,600	

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	\$ 590,298	3.38	\$ -		\$ 440,508	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Affiliated enterprise	285,156	3.08	-		117,976	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	1,007,343	5.08	2,868		425,844	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vivitek Corporation	Affiliated enterprise	133,920	2.73	-		98,634	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AUSTRALIA PTY LIMITED	Affiliated enterprise	382,702	3.61	-		134,369	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Power Solutions (India) Pvt Ltd.	Associate	163,748	4.23	15		130,536	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt Ltd	Associate	277,526	3.23	1,267		169,167	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc	Associate	130,640	2.40	27,956		92,782	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	144,493	3.33	241		62,326	
Delta Networks, Inc. (Taiwan)	DNI Logistics (USA) Co.	Affiliated enterprise	945,063	1.78	-		689,305	
Delta Networks, Inc. (Taiwan)	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	268,895	3.05	-		268,895	
Delta Networks, Inc. (Taiwan)	Delta Electronics, Inc.	Ultimate parent company	366,783	10.61	-		964	
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,282,175	6.42	-		3,282,175	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,488,552	4.55	-		1,488,552	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	282,255	3.62	-		197,992	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,974,200	6.90	-		2,974,200	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	544,298	3.33	-		349,382	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	1,046,346	11.82	-		849,889	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,571,974	3.24	-		-	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	103,097	8.18	-		68,496	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	3,147,521	6.80	-		1,929,278	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,266,143	23.57	-		-	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	831,848	5.64	-		592,297	

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	\$ 339,049	20.56	\$ -		\$ 339,049	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,348,771	4.59	-		850,172	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	631,332	6.85	-		-	
Chenzhou Delta Technology Co. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	409,670	1.04	-		409,670	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	2,978,442	4.11	-		1,583,133	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Phngtan) Co., Ltd.	Affiliated enterprise	447,091	3.68	4,216		-	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	226,873	6.89	-		59,394	
Cyntec Co., Ltd.	Delta Electronics, Inc.	Ultimate parent company	296,311	3.54	-		188,089	
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd. - Labuan	Affiliated enterprise	323,005	10.47	-		323,005	
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,190,286	6.99	-		1,190,286	
Cyntec International Ltd. - Labuan	Cyntec Co., Ltd.	Affiliated enterprise	190,505	5.41	-		102,052	
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	209,845	3.78	-		209,845	
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	139,079	4.44	-		60,963	
ELTEK AS	Eltek s.r.o.	Associate	128,665	5.91	-		-	
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	138,007	8.60	-		-	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	179,374	1.25	-		-	
Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	7,678,750	-	-		9,812	
Fairview Assets Ltd.	Delta Controls Inc.	Affiliated enterprise	2,303,625	-	-		-	
Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	6,757,300	-	-		-	

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics (H.K.) Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	\$ 860,020	-	\$ -		\$ -	
Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	3,040,785	-	-		-	
Vivotek Inc.	VATICS INC.	Affiliated enterprise	101,966	-	-		-	

Note 1: Including other receivables in excess of \$100,000.

Note 2: The amount represents collections subsequent to December 31, 2018 up to March 11, 2019.

Delta Electronics, Inc. and Subsidiaries  
 Significant inter-company transactions during the reporting period  
 Year ended December 31, 2018  
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 8

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction				Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account Sales and other operating revenue	Amount	Transaction terms (Note 4)		
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Sales and other operating revenue	\$ 12,028,774	(Note 4)		5.08
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Sales	16,644,687	(Note 4)		7.02
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Sales	6,621,533	(Note 4)		2.79
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Sales	15,491,526	(Note 4)		6.54
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	17,224,048	(Note 4)		7.27
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Sales	12,622,383	(Note 4)		5.33
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Sales	4,007,691	(Note 4)		1.69
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	5,414,962	(Note 4)		2.28
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	2,824,635	(Note 4)		1.19
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Sales	2,962,803	(Note 4)		1.25
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	3	Sales	20,432,336	(Note 4)		8.62
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	17,675,206	(Note 4)		7.46
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	3	Sales	10,405,777	(Note 4)		4.39
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	3	Sales	2,878,053	(Note 4)		1.21
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	3	Sales	3,039,014	(Note 4)		1.28

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms (Note 4)	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	3	Sales	\$ 2,573,942	(Note 4)	1.09
2	Delta Networks, Inc. (Taiwan)	DNI Logistics (USA) Co.	3	Sales	3,216,249	(Note 4)	1.36
3	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	20,612,149	(Note 4)	8.70
4	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	8,502,023	(Note 4)	3.59
5	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	19,806,398	(Note 4)	8.36
6	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	5,676,629	(Note 4)	2.40
6	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	35,974,798	(Note 4)	15.18
7	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	11,009,619	(Note 4)	4.65
7	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	15,188,334	(Note 4)	6.41
8	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	2,385,284	(Note 4)	1.01
8	Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	3,801,613	(Note 4)	1.60
9	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	9,851,207	(Note 4)	4.16
10	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	4,315,740	(Note 4)	1.82
11	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales and other operating revenue	14,003,779	(Note 4)	5.91
12	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd. - Labuan	3	Sales	4,264,022	(Note 6)	1.80
12	Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	6,684,561	(Note 7)	2.82
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Accounts receivable	7,164,354	(Note 4)	2.74

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms (Note 4)	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Accounts receivable	\$ 3,479,420	(Note 4)	1.33
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	3	Accounts receivable	6,915,889	(Note 4)	2.64
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	4,149,136	(Note 4)	1.58
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	3	Accounts receivable	3,257,057	(Note 4)	1.24
3	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	3,282,175	(Note 4)	1.25
5	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	2,974,200	(Note 4)	1.14
6	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	3,571,974	(Note 4)	1.36
7	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Accounts receivable	3,147,521	(Note 4)	1.20
11	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	2,978,442	(Note 4)	1.14
13	Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	3	Other receivables	6,757,300	(Note 5)	2.58
14	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	3	Other receivables	7,678,750	(Note 5)	2.93
15	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	3	Other receivables	3,040,785	(Note 5)	1.16

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 70 days.

Note 5: Lending of capital

Note 6: Selling price was calculated based on the cost plus handling charges and necessary processing costs. The credit term to related parties is 60--90 days after monthly billings, while 30--120 days after monthly billings for the third parties.

Note 7: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Note 8: The disclosure requirement for the above disclosed amounts is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.

Delta Electronics, Inc. and Subsidiaries  
Information on investees  
Year ended December 31, 2018  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 9

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017						
Delta Electronics, Inc.	Delta International Holding Limited	Cayman Islands	Equity investments	\$ 8,922,118	\$ 8,922,118	67,680,000	94.00	\$ 67,413,894	\$ 6,010,827	\$ 5,565,747	(Note 6)
Delta Electronics, Inc.	Delta Networks Holding Limited	Cayman Islands	Equity investments	29,581	29,581	83,800,000	100.00	9,803,866	485,811	551,507	(Note 6)
Delta Electronics, Inc.	PreOptix (Hong Kong) Co. Ltd.	Hong Kong	Equity investments	162,376	162,376	5,250,000	39.62	170,071	( 119,728)	( 47,436)	
Delta Electronics, Inc.	Cyntec Co., Ltd.	Taiwan	Research, development, manufacturing and sales of film optic-electronic devices	12,067,931	12,067,931	2,232,290,862	100.00	34,933,488	2,480,257	2,210,357	(Note 6)
Delta Electronics, Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	3,253,241	2,900,000	350,000,000	100.00	3,919,861	( 90,948)	( 90,948)	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Singapore	Sales of electronic products	7,270	7,270	300,000	100.00	15,143,815	7,776,685	7,453,219	(Note 6)
Delta Electronics, Inc.	DelBro Inc.	Taiwan	Manufacturing, wholesale and retail of medical equipment	900,000	900,000	90,000,000	100.00	207,288	15,108	15,060	(Note 6)
Delta Electronics, Inc.	Allied Material Technology Corp.	Taiwan	Lease services, etc.	2,113,978	2,113,978	211,400,909	99.97	1,869,817	( 115,602)	( 115,567)	
Delta Electronics, Inc.	UNICOM SYSTEM ENG. CORP.	Taiwan	Design and sales of computer, peripheral and information system	341,695	341,695	570,000	100.00	438,733	54,417	52,384	
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc.	Taiwan	Designing and experimenting on integrated circuits and information software services	462,442	462,442	14,313,530	98.17	45,762	18	18	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Co., Ltd	Thailand	Manufacturing and sales of electronic products	114,615	114,615	69,128,140	5.54	1,569,966	4,764,946	257,672	(Notes 6 and 13)
Delta Electronics, Inc.	Delta Electronics (Netherlands) B.V.	Netherlands	Trading of equipment, components and materials of telecom and computer systems	4,247,073	4,247,073	120,219,545	100.00	4,728,327	( 15,019)	37,310	(Note 6)
Delta Electronics, Inc.	Delta Green Life Co., Ltd.	Taiwan	Providing installation and construction of lighting equipment	-	135,083	-	-	-	( 27,657)	( 27,666)	(Notes 6 and 15)



Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017				
Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan)	Taiwan	Main business activities Research, development, design, manufacturing and sales of networking system and peripherals	\$ 2,490,390	\$ 2,490,390	50,040,838	\$ 279,479	\$ 245,506	(Note 6)
Delta Electronics, Inc.	Delta America Ltd.	U.S.A.	Equity investments	103,065	103,065	2,100,000	155,975	36,489	(Notes 6 and 9)
Delta Electronics, Inc.	Vivotek Inc.	Taiwan	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	4,039,937	3,945,583	42,345,423	329,577	66,816	
Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments, operations management and engineering services	10,086,717	10,086,717	2,549,297,600	3,852,639	3,842,512	(Note 1)
Delta International Holding Limited	DAC Holding (Cayman) Ltd.	Cayman Islands	Equity investments	495,748	495,748	22,200,000	157,947	157,947	(Note 1)
Delta International Holding Limited	Delta Electronics (Japan), Inc.	Japan	Sales of power products, display solution products, electronic components, industrial automation products and their materials	87,813	87,813	5,600	92,066	92,066	(Note 1)
Delta International Holding Limited	Digital Projection International Ltd.	Britain	Equity investments	351,390	351,390	19,249,667	46,796	19,186	(Note 1)
Delta International Holding Limited	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	245,720	245,720	8,000,000	(119,728)	73,227	(Note 1)
Delta International Holding Limited	DEI Logistics (USA) Corp.	U.S.A.	Warehousing and logistics services	15,358	15,358	500,000	(18,660)	(18,660)	(Note 1)
Delta International Holding Limited	Ace Pillar Holding Co., Ltd.	Samoa	Equity investments	419,428	419,428	2,858,718	28,645	16,132	(Note 1)
Delta International Holding Limited	Drake Investment (H.K.) Ltd.	Hong Kong	Equity investments	5,286,553	5,286,553	304,504,306	362,640	203,318	(Note 1)
Delta International Holding Limited	Delta Electronics International Mexico SA DE CV.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	-	-	1	(15,099)	-	(Note 1)
Delta International Holding Limited	Vivitek Corporation	U.S.A.	Sales of projector products and their materials	46,073	46,073	9,000,000	30,111	30,111	(Note 1)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017	Number of shares	Ownership (%)	Book value			
Delta International Holding Limited	Delta Greentech SGP Pte Ltd.	Singapore	Equity investments	\$ 857,890	\$ 857,890	12,175,470	100.00	\$ 689,968	\$ 23,930	(Note 1)	
Delta International Holding Limited	Delta Electronics Europe Ltd.	Britain	Repair centre and providing support service	112,417	112,417	500,000	100.00	53,099	8,042	(Note 1)	
Delta International Holding Limited	Boom Treasure Limited	Hong Kong	Equity investments	2,675,918	2,675,918	1	100.00	2,097,208	189,256	(Note 1)	
Delta International Holding Limited	Apex Investment (HK) Limited	Hong Kong	Equity investments	3,880,663	3,880,663	2,000,001	100.00	1,681,150	242,034	(Note 1)	
Delta International Holding Limited	Galaxy Star Investment (HK) Limited	Hong Kong	Equity investments	3,880,663	3,880,663	2,000,001	100.00	1,681,150	242,034	(Note 1)	
Delta International Holding Limited	Jade investment (HK) Limited	Hong Kong	Equity investments	3,880,663	3,880,663	2,000,001	100.00	1,681,150	242,034	(Note 1)	
Delta International Holding Limited	Delta Electronics (Thailand) Public Co., Ltd.	Thailand	Manufacturing and sales of electronic products	4,396,927	4,396,927	191,984,450	15.39	6,584,811	4,764,946	(Note 13)	
Delta Electronics (H.K.) Ltd.	Delta Electronics International Mexico SA DE C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	185,826	32,251	252,002	100.00	146,196	(15,099)	(Note 2)	
Delta Electronics (Netherlands) B.V.	ELTEK AS	Norway	Research, development and sales of power supplies and others	15,270,499	15,270,499	93,531,101	100.00	12,207,741	2,057,587	(Note 8)	
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS HOLDING (USA) INC.	U.S.A.	Equity investments	2,097,525	-	1,000,000	100.00	1,930,218	274,516	(Note 8)	
Delta Electronics (Netherlands) B.V.	Delta America Ltd.	U.S.A.	Equity investments	705,938	705,938	8,179,182	39.95	904,777	155,975	(Notes 8 and 9)	
Delta Electronics (Netherlands) B.V.	Optovue, Inc.	U.S.A.	Research, development, design, manufacturing and sales of medical equipment	1,136,455	921,450	5,190,330	29.50	959,816	(174,064)		
Delta Electronics (Netherlands) B.V.	Delta Controls Inc.	Canada	Provide resolution of building management and control	2,303,625	2,303,625	75,000,000	100.00	2,618,320	89,827	(Note 8)	
Delta Electronics (Netherlands) B.V.	Energy Dragon Global Limited	British Virgin Islands	Equity investments	149,314	149,314	10,001	100.00	200,258	13,594	(Notes 8 and 9)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017	Number of shares	Ownership (%)	Book value			
Delta Electronics (Netherlands) B.V.	Castle Horizon Limited	Republic of Seychelles	Equity investments	\$ 696,382	\$ 696,382	471,800	100.00	\$ 934,081	\$ 63,407	63,407	(Notes 8 and 9)
Delta Electronics (Netherlands) B.V.	Delta Electronics (Switzerland) AG	Switzerland	Equity investments, research, development and sales of electronic products	235,412	393,152	5,100	51.00	382,335	94,687	45,123	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Turkey	Marketing and sales of electronic products	118,560	24,572	479,750	51.00	81,593	7,906	3,767	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech (Brasil) S.A.	Brazil	Manufacturing and sales of electronic products	218,384	218,384	4,315,657	100.00	111,193	( 55,202)	55,202	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech (USA) Corporation	U.S.A.	Sales of electronic products	-	127,160	-	-	-	14,077	13,312	(Notes 8 and 16)
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS BRASIL LTDA	Brazil	Manufacturing and sales of electronic products	340,441	242,649	37,000,000	100.00	265,817	( 16,477)	16,477	(Note 8)
Delta America Ltd.	Delta Electronics (Americas) Ltd.	U.S.A.	Sales of electronic components	232,030	232,030	250,000	100.00	1,054,560	117,080	117,080	
Delta America Ltd.	Delta Solar Solutions LLC	U.S.A.	Equity investments	69,723	69,723	-	100.00	62,260	( 1,201)	1,201	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Loy Tec electronics GmbH	Austria	Consulting service of building management and control solutions	2,122,644	2,122,644	-	85.00	2,156,379	111,694	48,507	(Note 7)
Loy Tec electronics GmbH	LOYTEC Americas, Inc	U.S.A.	Consulting service of building management and control solutions	306	306	9,978	100.00	8,883	1,876	1,876	
Delta Networks Holding Limited	Delta Networks, Inc.	Cayman Islands	Equity investments	5,462,938	5,462,938	1,196,886,000	100.00	2,803,471	448,659	448,659	(Note 3)
Delta Networks, Inc.	Delta Networks (H.K.) Limited	Hong Kong	Equity investments	1,075,025	1,075,025	35,000,000	100.00	2,699,609	432,961	432,961	(Note 4)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017				
Delta Networks, Inc.	DNI Logistics (USA) Co.	U.S.A.	Trading of networking system and peripherals	\$ 17,079	\$ 17,079	500,000	100.00	\$ 71,194	(Note 4)
Cyntec Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	1,116,521	1,116,521	32,740,062	100.00	29,845,320	(Note 5)
Cyntec Co., Ltd.	Power Forest Technology Corporation	Taiwan	IC design of power management	179,161	179,161	8,702,934	59.03	171,880	(Note 5)
Vivotek Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	305,651	216,738	20,243,849	50.53	47,747	(Note 11)
Vivotek Inc.	Vivotek Holdings, Inc.	U.S.A.	Holding company	31,555	31,555	1,050	100.00	190,196	(Note 11)
Vivotek Inc.	Realwin Investment Inc.	Taiwan	Investment in the network communications industry	173,696	200,000	17,369,633	100.00	70,533	(Note 11)
Vivotek Inc.	Vivotek Netherlands B.V.	Netherlands	Sales service	11,418	11,418	3,000	100.00	9,391	(Note 11)
Vivotek Inc.	Otus Imaging, Inc.	Taiwan	Sales of webcams and related components	44,294	17,991	6,000,000	100.00	13,683	(Note 11)
Vivotek Inc.	Vivotek (Japan) Inc.	Japan	Sales service	17,939	-	7,000	100.00	18,011	(Note 11)
Vivotek Holdings, Inc.	Vivotek USA, Inc.	U.S.A.	Sales of webcams and related components	30,715	30,715	10,000,000	100.00	276,693	(Note 10)
Realwin Investment Inc.	Skywatek INC.	Taiwan	Wholesale of electronic equipment	6,211	6,211	412,070	13.64	-	(Note 12)
Realwin Investment Inc.	Wellstates Investment, LLC	U.S.A.	Investment and commercial lease of real estate	34,859	34,859	-	100.00	46,797	(Note 12)
Realwin Investment Inc.	Aetek Inc.	Taiwan	Sales of webcams and related components	34,045	34,045	3,372,500	56.21	30,854	(Note 12)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017	Number of shares	Ownership (%)	Book value			
Realwin Investment Inc.	Vivotek Middle East FZCO	United Arab Emirates	Sales of webcams and related components	\$ 11,242	\$ 11,242	1,322	89.99	(\$ 20,655)	(\$ 9,316)	8,384	(Note 12)
Realwin Investment Inc.	Aicasa Incorporated	Cayman Islands	Venture capital company	-	10,275	-	-	-	65	229	(Notes 12 and 14)
Realwin Investment Inc.	Lidlight Inc.	Taiwan	Sales of lighting equipment	10,200	10,200	1,020,000	51.00	2,626	8,106	4,134	(Note 12)
Realwin Investment Inc.	Vaties Inc.	Taiwan	Designing and sales of multimedia integrated circuits	31,123	-	1,556,142	3.88	5,666	143,688	5,581	(Note 12)

Note 1: Investment income / loss recognised by Delta International Holding Limited

Note 2: Investment income / loss recognised by Delta Electronics (H.K.) Ltd.

Note 3: Investment income / loss recognised by Delta Networks Holding Limited

Note 4: Investment income / loss recognised by Delta Networks, Inc.

Note 5: Investment income / loss recognised by Cymtec Co., Ltd.

Note 6: The investment income / loss is net of the elimination of intercompany transactions.

Note 7: Investment income / loss and adjustments in net value recognized by Delta Electronics Int'l (Singapore) Pte. Ltd.

Note 8: Investment income / loss recognised by Delta Electronics (Netherlands) B.V.

Note 9: The Company indirectly acquired 39.95% and 49.79% equity shares of Delta America Ltd. through Delta Electronics (Netherlands) B.V. and its subsidiaries, Castle Horizon Limited and Energy Dragon Global Limited, respectively, considering 10.26% equity shares of DAL held by the Company, the total ownership are 100%.

Note 10: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Vivotek Holdings, Inc.

Note 11: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Vivotek Inc.

Note 12: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Realwin Investment Inc.

Note 13: The weighted average combined ownership percentage of 20.01%.

Note 14: In May 2018, Aicasa Incorporated dissolved as permitted. However, the liquidation is still in process.

Note 15: The investee merged with the Company on August 1, 2018.

Note 16: The investee merged with DELTA ELECTRONICS (USA) INC. in May 2018.

Delta Electronics, Inc. and Subsidiaries  
Information on investments in Mainland China  
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Table 10

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2018		Net income of investee for the year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 27)	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan						
Delta Electronics (Dongguan) Co., Ltd.	Manufacturing and sales of transformer and thermal products	\$ 3,004,234	Invested by DHK	\$ 2,065,000	-	\$ -	\$ 119,691	94.00	\$ 84,463	\$ 3,564,385	\$ 296,707	(Notes 3 and 19)
Delta Electronics Power (Dongguan) Co., Ltd.	Manufacturing and sales of transformer and power supplies	1,293,102	Invested by DHK	519,698	-	-	545,120	94.00	511,962	2,528,226	412,686	(Notes 6 and 19)
Delta Electronics (Shanghai) Co., Ltd.	Product design, management consulting service and distribution of electronic products.	3,547,929	Invested by DHK	-	-	-	2,101,904	94.00	1,973,871	5,856,352	-	(Notes 9 and 19)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing and sales of LED light source, power supplies and others.	4,115,810	Invested by DHK	173,233	-	-	261,289	94.00	245,397	4,292,682	-	(Notes 10 and 19)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing and sales of transformers	1,935,045	Invested by DHK	-	-	-	511,336	94.00	48,567	1,797,012	-	(Notes 12 and 19)
Delta Electronics (Jiangsu) Ltd.	Manufacturing and sales of power supplies and transformers	1,228,600	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	4,109,250	-	-	376,846	94.00	354,075	2,503,892	-	(Note 25)
Delta Electronics Components (Wujiang) Ltd.	Manufacturing and sales of new-type electronic components, variable-frequency drive and others.	3,618,534	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	6,506,395	-	-	1,168,969	94.00	1,124,791	6,833,047	54,189	(Notes 7 and 25)
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	890,735	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	1,363,389	-	-	67,745	94.00	82,623	1,263,621	-	(Notes 8 and 25)
Delta Electronics (Wujiang) Trading Co., Ltd.	Installation, consulting and trading of electronic products	61,430	Invested by DHK	11,549	-	-	-	94.00	-	97,882	-	(Notes 15 and 19)
Delta Green (Tianjin) Industries Co., Ltd.	Manufacturing and sales of transformers	695,695	Invested by DHK	953,713	-	-	( 271,115)	94.00	( 25,488)	573,247	-	(Notes 14 and 19)
Delta Electronics (Pingtan) Co., Ltd.	Wholesale and retail of electronic products and energy-saving equipment	134,193	Invested by DHK	144,361	-	-	46,040	94.00	43,278	184,380	-	(Note 19)
PreOptux (Jiang Su) Co., Ltd.	Manufacturing and sales of lenses and optical engines for projectors	406,974	Invested by PHK	392,231	-	-	( 121,277)	96.38	( 97,771)	264,796	-	(Notes 13 and 22)
Wuhu Delta Technology Co., Ltd.	Manufacturing and sales of transformers	131,956	Invested by DWH	-	-	-	( 1,013)	94.00	( 953)	137,968	-	(Note 17)
Chenzhou Delta Technology Co., Ltd.	Manufacturing and sales of transformers	114,064	Invested by DCZ	-	-	-	52,560	94.00	49,424	190,943	-	(Note 17)
Delta Energy Technology (Dongguan) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc	134,193	Invested by DPEC and DDG	-	-	-	4,124	94.00	3,919	153,218	-	(Note 17)
Delta Energy Technology (Shanghai) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc	44,731	Invested by DPEC and DGC	-	-	-	(1,306)	90.54	(1,228)	37,124	-	(Note 17)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 27)	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote (Notes 4 and 18)
					Remitted to Mainland China	Remitted back to Taiwan							
Investee in Mainland China Delta Greentech (China) Co., Ltd.	Main business activities Manufacturing and sales of uninterruptible power systems	\$ 2,540,721	Invested by DIH, Ace, Boom, Drake and DGSG	\$ 8,966,444	-	-	\$ 8,966,444	\$ 623,009	90.16	\$ 733,237	\$ 5,108,530	\$ -	(Notes 4 and 18)
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	447	Invested by DET-SH	-	-	-	-	4,238	90.54	3,837	6,622	-	(Note 17)
Cyntec Electronics (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products	6,218,632	Invested by CHK	6,095,772	-	-	6,095,772	320,833	100.00	320,833	7,112,615	-	(Note 21)
Delta Networks (Dongguan) Ltd.	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	1,075,025	Invested by DNHK	1,373,155	-	-	1,373,155	439,983	100.00	439,983	2,180,885	675,730	(Notes 5 and 20)
Delta Networks (Xiamen) Ltd.	Operation of radio transmission apparatus, and automatic data processing, reception, conversion and transmission or regeneration of voice, images or other data of the machine, including switches and routers, with a special program to control a computer or word processor with memory business	65,971	Invested by DNHK	21,501	-	-	21,501	( 24,343)	30.00	( 7,417)	12,679	-	(Note 20)
Eletek Energy Technology (Dongguan) Ltd.	Development, manufacturing and sales of intelligent power equipment and system for supporting access networking system, and manufacturing and sale of intelligent power equipment for supporting renewable energy	227,291	Invested by Eletek CV1 LIMITED	1,151,212	-	-	1,151,212	( 58,014)	100.00	( 58,014)	207,921	-	(Note 24)
DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	122,860	Invested by DelBio	122,860	-	-	122,860	24,661	100.00	24,661	149,045	-	(Note 23)
Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	223,655	Invested by DHK	-	-	-	-	( 27,140)	94.00	( 25,393)	171,884	-	(Notes 16 and 19)
Delta Electronics (Xian) Co., Ltd.	Sales of computer, peripheral equipment and software	246,021	Invested by DHK	241,167	-	-	241,167	( 6,002)	94.00	( 5,642)	227,333	-	(Note 19)
Beijing Industrial Foresight Technology Co., Ltd.	Computer system services and data process	29,075	Invested by Delta Electronics (Beijing) Co., Ltd.	-	-	-	-	( 28,965)	75.20	( 22,629)	16,079	-	(Note 17)
Unicom (Nanjing) System Eng. Corp	Design and sales of computer, peripheral and information system (software and hardware)	9,215	Invested by UNICOM SYSTEM ENG. CORP.	9,215	-	-	9,215	27,071	100.00	27,071	62,049	-	(Note 11)

Note 1: The capital was translated based on the capital certified report of the investee companies into New Taiwan Dollars at the average exchange rate of RMB 6.8666 to US\$1 and NTD 4.4731 to RMB\$1.

Note 2: The accumulated remittance as of January 1, 2018, remitted or collected this period, accumulated remittance as of December 31, 2018 and investment income remitted back as of December 31, 2018 was translated into New Taiwan Dollars at the average exchange rate of NTD 30.7150 to US\$1 at the balance sheet date.

Note 3: Except for the facility of US\$67,231 thousand permitted by Investment Commission, the capitalization of earnings of US\$27,081 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 4: Except for the facility of US\$291,924 thousand permitted by Investment Commission, the capitalization of earnings of US\$980 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 5: Except for the facility of US\$44,706 thousand permitted by Investment Commission, the capitalization of earnings of US\$11,312 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 6: Except for the facility of US\$16,920 thousand permitted by Investment Commission, the capitalization of earnings of US\$22,654 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.  
 Note 7: Except for the facility of US\$211,831 thousand permitted by Investment Commission, the capitalization of earnings of US\$27,303 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.  
 Note 8: Except for the facility of US\$44,388 thousand permitted by Investment Commission, the capitalization of earnings of US\$8,272 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.  
 Note 9: The capitalization of earnings of US\$110,401 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.  
 Note 10: Except for the facility of US\$5,640 thousand permitted by Investment Commission, the capitalization of earnings of US\$120,320 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 11: Indirect investment through UNICOM SYSTEM ENG. CORP.  
 Note 12: The earnings transferred to investment in Delta Electronics (Chenzhou) Co., Ltd. is US\$59,220 thousand approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is not included in the Company's investments in Mainland China.

Note 13: Except for the facility of US\$7,520 thousand permitted by Investment Commission, the investment of US\$5,250 thousand by PreOptix Co., Ltd. was permitted by Investment Commission.  
 Note 14: Except for the facility of US\$31,050 thousand permitted by Investment Commission, the capitalization of earnings of US\$265 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.  
 Note 15: Except for the facility of US\$376 thousand permitted by Investment Commission, the capitalization of earnings of US\$1,504 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.  
 Note 16: The capitalization of earnings of US\$7,268 thousand permitted by Investment Commission, is excluded from the Company's amount of investment in Mainland China.

Note 17: According to the regulations of the Investment Commission, the reinvestment of the investee companies in Mainland China is not required to obtain the approval of the Investment Commission; thus the investment amounts are excluded from the calculation of the Company's ceiling of investment amount in Mainland China.

Note 18: Jointly invested through Delta International Holding Limited, Ace Pillar Holding Co., Ltd., Drake Investment (H.K.) Ltd., Delta Greentech SGP Pte Ltd and Boom Treasure Limited.

Note 19: Invest through Delta Electronics (H.K.) Ltd.

Note 20: Invest through Delta Networks (H.K.) Limited

Note 21: Invest through Cyntec Holding (H.K.) Ltd.

Note 22: Invest through PreOptix (Hong Kong) Co., Ltd.

Note 23: Invest through DelBio Inc.

Note 24: Invest through Delta Electronics (Netherlands) B.V.

Note 25: Invest through Delta Electronics (H.K.) Ltd., and Delta International Holding Limited

Note 26: The Company recognised investment income / loss based on the audited financial statement.

Company name	Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Delta Electronics, Inc. (Note 2 and 3)	\$ 26,729,037	\$ 27,284,825	\$ -
Cyntec Co., Ltd.	6,095,772	6,095,772	17,629,953
DelBio Inc. (Note 4)	122,860	122,860	124,418
UNICOM SYSTEM ENG. CORP. (Note 5)	9,215	9,215	80,000

Note 1: The accumulated amount remitted out of Taiwan to Mainland China and investment amount approved by the investment commission was translated into New Taiwan Dollars at the average exchange rate of NTD 30.715 to US\$1 at the balance sheet date.

Note 2: The investment income of US\$22,000 thousand, US\$18,000 thousand, US\$10,509 thousand and US\$14,351 thousand were remitted back on March 11, 2011, June 27, 2012, August 14, 2012, June 24, 2009 and December 29, 2005, respectively, from the investee companies in Mainland China and was permitted by Investment Commission on August 3, 2012, August 28, 2012, July 17, 2009 and January 6, 2006, respectively, which are deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.

Note 3: According to "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", the Company obtained the approval of operation headquarters from Industrial Development Bureau of Ministry of Economic Affairs. There is no ceiling of investment amount.

Note 4: The ceiling is calculated based on DelBio Inc.'s 60% of net assets as of December 31, 2018.

Note 5: The limitation pursuant to the regulations is NT \$80 million or 60% of net value or consolidated net assets, whichever is higher.

The significant purchases, sales, accounts payable and accounts receivable that the Company directly conducted with investee companies in Mainland China as well as those that the Company indirectly conducted with investee companies in Mainland China through Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cyntec International Ltd. (CIL-Labuan) for the year ended December 31, 2018 are shown in Table 6 and 7.



## ■ 7.2 A parent company only financial statement for the most recent fiscal year

### 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. (the “Company”) as at December 31, 2018 and 2017, 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 parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants as described in the Other Matter - Scope of the Audit section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2018 and 2017, and its parent company only financial performance and its parent company only 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 Parent Company Only 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 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 parent company only financial statements for the year 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

### **Investments accounted for under equity method**

#### Description

In October 2017, the Company publicly acquired 49.22% of VIVOTEK INC. through a tender offer. The allocation of acquisition price was completed in the first quarter of 2018.

As the net fair value of identifiable assets and liabilities and the allocation of goodwill are based on management's estimation and involves accounting estimations and assumptions, we consider this equity price allocation 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 review 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 Company. 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 return of similar assets.

### **Impairment assessment of investments accounted for under equity method**

#### Description

As of December 31, 2018, the recognised goodwill as a result of investment of Cyntec Co., Ltd., VIVOTEK INC., Eltek AS, Delta Controls Inc., Loy Tec electronics GmbH and Delta Greentech (China) Co., Ltd. are material. Refer to Notes 5 for accounting estimates of impairment assessment of investments accounted for under equity method and the uncertainty of assumptions.

As the balance of investment accounted for under equity method 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 investment 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. Assessing whether the valuation models adopted by the Company are reasonable for the industry, environment and the valued assets of the Company;
- 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 and operating margin with historical data, economic and industrial forecast documents; and
  - (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rates of return of similar assets.

***Other matter – Scope of the Audit***

We did not audit the financial statements of certain investments accounted for under the equity method and information on investees disclosed in Note 13. These investments accounted for under equity method amounted to NT\$14,483,106 thousand and NT\$13,517,165 thousand, constituting 8.18% and 8.29% of total assets as of December 31, 2018 and 2017, respectively, and the share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method was NT\$454,932 thousand and NT\$1,036,192 thousand, constituting 2.42% and 7.72% 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 is based solely on the audit reports of the other independent accountants.

### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only 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 the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only financial statements. We are responsible for the direction, supervision and performance of the Company 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 parent company only financial statements of the current year 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.

The parent company only financial statements of Delta Electronics, Inc. for the year ended December 31, 2018 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$30.715 to US\$1.00 at December 31, 2018. This basis of translation is not in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Lin, Yu-Kuan      Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2019

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The accompanying parent company only 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 parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars		New Taiwan Dollars	
		December 31, 2018	December 31, 2018	December 31, 2018	December 31, 2017
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$ 7,811	\$ 239,908	\$ 2,548,015	
Financial assets at fair value through profit or loss - current	6(2)	728	22,360	-	
Financial assets at fair value through other comprehensive income - current	6(3)	1,877	57,656	-	
Available-for-sale financial assets - current	12(4)	-	-	336,906	
Contract assets - current	6(15) and 12(5)	28,669	880,554	-	
Notes receivable, net	6(4)	2,267	69,639	221,128	
Accounts receivable, net	6(4)	174,477	5,359,056	5,712,895	
Accounts receivable - related parties	7	90,808	2,789,163	2,050,988	
Other receivables		5,474	168,173	55,971	
Other receivables - related parties	7	20,742	637,076	719,292	
Inventories	6(5)	54,229	1,665,641	1,327,331	
Prepayments		26,136	802,753	710,039	
Other current assets	8	3,103	95,328	140,358	
<b>Total current assets</b>		<u>416,321</u>	<u>12,787,307</u>	<u>13,822,923</u>	
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss - non-current	6(2)	1,701	52,231	-	
Financial assets at fair value through other comprehensive income - non-current	6(3)	56,274	1,728,446	-	
Available-for-sale financial assets - non-current	12(4)	-	-	2,470,983	
Financial assets carried at cost - non-current	12(4)	-	-	59,358	
Investments accounted for under equity method	6(6)	4,747,252	145,811,850	133,396,710	
Property, plant and equipment	6(7)	478,157	14,686,584	11,834,121	
Intangible assets	6(8)	30,748	944,431	801,261	
Deferred income tax assets	6(21)	15,572	478,295	498,662	
Other non-current assets	6(9)	17,680	543,054	245,535	
<b>Total non-current assets</b>		<u>5,347,384</u>	<u>164,244,891</u>	<u>149,306,630</u>	
<b>Total assets</b>		<u>\$ 5,763,705</u>	<u>\$ 177,032,198</u>	<u>\$ 163,129,553</u>	

(Continued)

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS)

Liabilities and Equity	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2018	December 31, 2018	December 31, 2017
<b>Current liabilities</b>				
Contract liabilities - current	6(15) and 12(5)	\$ 13,895	\$ 426,796	\$ -
Accounts payable		36,430	1,118,938	889,241
Accounts payable - related parties	7	248,824	7,642,622	6,556,938
Other payables		289,434	8,889,975	8,777,715
Other payables - related parties	7	10,599	325,534	383,745
Current income tax liabilities		30,728	943,811	269,478
Other current liabilities	12(5)	20,972	644,159	1,010,849
<b>Total current liabilities</b>		<u>650,882</u>	<u>19,991,835</u>	<u>17,887,966</u>
<b>Non-current liabilities</b>				
Long-term borrowings	6(10)	566,433	17,398,000	10,576,000
Deferred income tax liabilities	6(21)	240,237	7,378,875	8,096,464
Other non-current liabilities	6(11)	64,865	1,992,329	2,012,154
<b>Total non-current liabilities</b>		<u>871,535</u>	<u>26,769,204</u>	<u>20,684,618</u>
<b>Total liabilities</b>		<u>1,522,417</u>	<u>46,761,039</u>	<u>38,572,584</u>
<b>Equity</b>				
<b>Share capital</b>				
Share capital - common stock	6(12)	845,692	25,975,433	25,975,433
<b>Capital surplus</b>	6(13)			
Capital surplus		1,575,682	48,397,067	48,446,318
<b>Retained earnings</b>	6(14)			
Legal reserve		755,704	23,211,444	21,373,388
Special reserve		230,771	7,088,143	2,767,749
Unappropriated retained earnings		1,079,606	33,160,104	33,082,224
<b>Other equity interest</b>				
Other equity interest		( 246,167)	( 7,561,032)	( 7,088,143)
<b>Total equity</b>		<u>4,241,288</u>	<u>130,271,159</u>	<u>124,556,969</u>
<b>Significant contingent liabilities and unrecorded contract commitments</b>	9			
<b>Significant subsequent events</b>	11			
<b>Total liabilities and equity</b>		<u>\$ 5,763,705</u>	<u>\$ 177,032,198</u>	<u>\$ 163,129,553</u>

The accompanying notes are an integral part of these parent company only financial statements.



DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars	New Taiwan Dollars	
		2018	2018	2017
<b>Sales revenue</b>	6(15) and 7	\$ 1,268,073	\$ 38,948,885	\$ 38,577,747
<b>Operating costs</b>	6(5)(19)(20) and 7	( 859,941)	( 26,413,103)	( 34,059,965)
<b>Gross profit</b>		<u>408,132</u>	<u>12,535,782</u>	<u>4,517,782</u>
<b>Operating expenses</b>	6(19)(20)			
Selling expenses		( 22,151)	( 680,375)	( 692,610)
General and administrative expenses		( 65,275)	( 2,004,916)	( 1,327,397)
Research and development expenses		( 273,892)	( 8,412,595)	( 165,447)
<b>Total operating expenses</b>		<u>( 361,318)</u>	<u>( 11,097,886)</u>	<u>( 2,185,454)</u>
<b>Operating profit</b>		<u>46,814</u>	<u>1,437,896</u>	<u>2,332,328</u>
<b>Non-operating income and expenses</b>				
Other income	6(16)	24,510	752,831	648,259
Other gains and losses	6(17)	1,766	54,240	( 578,638)
Finance costs	6(18)	( 2,730)	( 83,854)	( 76,933)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method, net	6(6)	<u>527,770</u>	<u>16,210,468</u>	<u>17,679,180</u>
<b>Total non-operating income and     expenses</b>		<u>551,316</u>	<u>16,933,685</u>	<u>17,671,868</u>
<b>Profit before income tax</b>		598,130	18,371,581	20,004,196
Income tax expense	6(21)	( 5,811)	( 178,488)	( 1,623,644)
<b>Profit for the year</b>		<u>\$ 592,319</u>	<u>\$ 18,193,093</u>	<u>\$ 18,380,552</u>

(Continued)

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars 2018	New Taiwan Dollars	
			2018	2017
<b>Other comprehensive income (loss)</b>				
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
Gain (loss) on remeasurements of defined benefit plans	6(11)	(\$ 2,643)	(\$ 81,177)	(\$ 147,085)
Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income		( 37,692)	( 1,157,722)	-
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss		12,386	380,450	19,459
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	( 1,994)	( 61,235)	25,631
<b>Other comprehensive loss that will not be reclassified to profit or loss</b>		( 29,943)	( 919,684)	( 101,995)
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
Financial statements translation differences of foreign operations		106,950	3,284,960	( 8,118,122)
Unrealised gain (loss) on valuation of available-for-sale financial assets		-	-	( 159,868)
Share of other comprehensive income of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		( 58,190)	( 1,787,299)	2,907,524
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)	1,392	42,768	522,517
<b>Other comprehensive income (loss) that will be reclassified to profit or loss</b>		50,152	1,540,429	( 4,847,949)
<b>Other comprehensive income (loss) for the year</b>		\$ 20,209	\$ 620,745	(\$ 4,949,944)
<b>Total comprehensive income for the year</b>		\$ 612,528	\$ 18,813,838	\$ 13,430,608
<b>Earnings per share</b>				
	6(22)			
<b>Basic earnings per share</b>		\$ 0.23	\$ 7.00	\$ 7.08
<b>Diluted earnings per share</b>		\$ 0.23	\$ 6.96	\$ 7.02

The accompanying note are an integral part of these parent company only financial statements.

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS)

Items	Notes	Retained Earnings				Other Equity Interest				Total equity		
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets		Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments
<b>2017 New Taiwan Dollars</b>												
Balance at January 1, 2017		\$ 25,975,433	\$ 48,442,451	\$ 19,493,608	\$ 527,556	\$ 31,915,572	\$ 1,016,396	\$ -	\$ 1,277,551	\$ 53,753	\$ -	\$ 124,114,426
Profit for the year		-	-	-	-	18,380,552	-	-	-	-	-	18,380,552
Other comprehensive income (loss) for the year		-	-	-	-	(101,995)	(4,895,443)	-	20,710	26,784	-	(4,949,944)
Comprehensive income (loss) for the year		-	-	-	-	18,278,557	(4,895,443)	-	20,710	26,784	-	13,430,608
Distribution of 2016 earnings (Note 1)		-	-	-	-	-	-	-	-	-	-	-
Legal reserve	6(14)	-	-	1,879,780	-	(1,879,780)	-	-	-	-	-	-
Special reserve	6(14)	-	-	2,240,193	2,240,193	(2,240,193)	-	-	-	-	-	-
Cash dividends	6(14)	-	-	-	-	(12,987,717)	-	-	-	-	-	(12,987,717)
Change in ownership interests in subsidiaries		-	3,867	-	-	(4,215)	-	-	-	-	-	(348)
Balance at December 31, 2017		\$ 25,975,433	\$ 48,446,318	\$ 21,373,388	\$ 2,767,749	\$ 33,082,224	\$ 5,911,839	\$ -	\$ 1,256,841	\$ 80,537	\$ -	\$ 124,556,969
<b>2018 New Taiwan Dollars</b>												
Balance at January 1, 2018		\$ 25,975,433	\$ 48,446,318	\$ 21,373,388	\$ 2,767,749	\$ 33,082,224	\$ 5,911,839	\$ -	\$ 1,256,841	\$ 80,537	\$ -	\$ 124,556,969
Effects of retrospective application and restatement		-	-	-	-	1,118,916	-	(2,375,757)	1,256,841	(80,537)	-	-
Balance after retrospective restatement at January 1, 2018	3 and 12(4)	25,975,433	48,446,318	21,373,388	2,767,749	34,201,140	(5,911,839)	(2,375,757)	-	80,537	-	124,556,969
Profit for the year		-	-	-	-	18,193,093	-	-	-	-	-	18,193,093
Other comprehensive income (loss) for the year		-	-	-	-	(15,946)	1,489,814	(903,738)	-	-	50,615	620,745
Comprehensive income (loss) for the year		-	-	-	-	18,177,147	1,489,814	(903,738)	-	-	50,615	18,813,838
Distribution of 2017 earnings (Note 2)		-	-	-	-	-	-	-	-	-	-	-
Legal reserve	6(14)	-	-	1,838,056	-	(1,838,056)	-	-	-	-	-	-
Special reserve	6(14)	-	-	4,320,394	4,320,394	(4,320,394)	-	-	-	-	-	-
Cash dividends	6(14)	-	-	-	-	(12,987,717)	-	-	-	-	-	(12,987,717)
Change in ownership interests in subsidiaries		-	(49,251)	-	-	(62,680)	-	-	-	-	-	(111,931)
Disposal of equity investment valued at fair value through other comprehensive income		-	-	-	-	(9,336)	-	9,336	-	-	-	-
Balance at December 31, 2018	6(3)	\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	\$ 4,422,025	\$ 3,270,159	\$ -	\$ 131,152	\$ -	\$ 130,271,159

(Continued)

Note 1: Directors' remuneration amounting to \$32,904 and employees' bonus amounting to \$2,100,371 had been deducted from the Statement of Comprehensive Income in 2016.  
Note 2: Directors' remuneration amounting to \$35,400 and employees' bonus amounting to \$1,746,152 had been deducted from the Statement of Comprehensive Income in 2017.

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS)

Items	Notes	Retained Earnings				Other Equity Interest					Total equity	
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges		Gain (loss) on hedging instruments
<b>2018 US Dollars</b>												
Balance at January 1, 2018		\$ 845,692	\$ 1,577,285	\$ 695,862	\$ 90,111	\$ 1,077,071	\$ 192,474	\$ -	\$ 40,919	\$ 2,622	\$ -	\$ 4,055,250
Effects of retrospective application and retrospective restatement	3 and 12(4)	-	-	-	-	36,429	-	( 77,348)	40,919	( 2,622)	2,622	-
Balance after retrospective restatement at January 1, 2018		845,692	1,577,285	695,862	90,111	1,113,500	( 192,474)	( 77,348)	-	-	2,622	4,055,250
Profit for the year		-	-	-	-	592,319	-	-	-	-	-	592,319
Other comprehensive income (loss) for the year		-	-	-	-	( 520)	48,504	( 29,423)	-	-	1,648	20,209
Comprehensive income (loss) for the year		-	-	-	-	591,799	48,504	( 29,423)	-	-	1,648	612,528
Distribution of 2017 earnings (Note 1)		-	-	-	-	-	-	-	-	-	-	-
Legal reserve	6(14)	-	-	59,842	-	( 59,842)	-	-	-	-	-	-
Special reserve	6(14)	-	-	-	140,660	( 140,660)	-	-	-	-	-	-
Cash dividends	6(14)	-	-	-	-	( 422,846)	-	-	-	-	-	( 422,846)
Change in ownership interests in subsidiaries		-	( 1,603)	-	-	( 2,041)	-	-	-	-	-	( 3,644)
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	( 304)	-	304	-	-	-	-
Balance at December 31, 2018		\$ 845,692	\$ 1,575,682	\$ 755,704	\$ 230,771	\$ 1,079,606	\$ 143,970	\$ 106,467	\$ -	\$ -	\$ 4,270	\$ 4,241,288

Note 1: Directors' remuneration amounting to \$1,153 and employees' bonus amounting to \$56,850 had been deducted from the Statement of Comprehensive Income in 2017.

The accompanying notes are an integral part of these parent company only financial statements.

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		2018	2018	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Profit before tax for the year		\$ 598,130	\$ 18,371,581	\$ 20,004,196	
Adjustments to reconcile net income to net cash generated from operating activities					
Income and expenses having no effect on cash flows					
Depreciation	6(7)(19)	31,808	976,968	790,192	
Amortisation	6(8)(19)	8,974	275,642	152,722	
Reversal of provision for bad debts	12(4)	-	-	(25,390)	
Interest expense	6(18)	2,730	83,854	76,933	
Interest income	6(16)	(530)	(16,269)	(19,062)	
Dividend income	6(16)	(2,419)	(74,305)	(48,792)	
Share of profit of subsidiaries, associates accounted for under the equity method	6(6)	(527,770)	(16,210,468)	(17,679,180)	
Net loss on financial assets or liabilities at fair value through profit or loss	6(17)	456	14,014	-	
Gain on disposal of property, plant and equipment	6(17)	(544)	(16,705)	(605)	
Gain on disposal of investments	6(17)	-	-	(92,679)	
Impairment loss on financial assets	6(17) and 12(4)	-	-	632,304	
Changes in assets/liabilities relating to operating activities					
Net changes in assets relating to operating activities					
Financial assets mandatorily measured at fair value through profit or loss		1,812	55,662	-	
Contract assets - current		9,545	293,169	-	
Notes receivable, net		4,932	151,489	(44,383)	
Accounts receivable		(25,395)	(780,022)	764,705	
Accounts receivable - related parties		(24,033)	(738,175)	115,184	
Other receivables		(3,658)	(112,342)	7,454	
Other receivables - related parties		2,677	82,216	(287,489)	
Inventories		(11,014)	(338,308)	(248,236)	
Prepayments		(3,019)	(92,714)	295,238	
Other current assets		1,475	45,302	(3,968)	
Other non-current assets		(4,041)	(124,105)	(29,931)	
Net changes in operating liabilities		-	-	-	
Contract liabilities - current		(2,979)	(91,513)	-	
Accounts payable		7,241	222,411	122,945	
Accounts payable - related parties		35,347	1,085,684	(478,090)	
Other payables		2,374	72,932	181,877	
Other payables - related parties		(1,895)	(58,211)	21,689	
Other current liabilities		4,508	138,452	219,434	
Other non-current liabilities		(3,297)	(101,279)	(183,409)	
Cash generated from operations		101,415	3,114,960	4,243,659	
Interest received		534	16,408	19,033	
Dividends received		131,761	4,047,045	15,001,684	
Interest paid		(2,608)	(80,093)	(76,111)	
Income taxes paid		(7,177)	(220,470)	(730,282)	
Net cash provided by operating activities		223,925	6,877,850	18,457,983	

(Continued)

DELTA ELECTRONICS, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		2018	2018	2018	2017
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Acquisition of available-for-sale financial assets		\$ -	\$ -	(\$ 56,501)	
Proceeds from disposal of available-for-sale financial assets		-	-	351,501	
Proceeds from capital reduction of available-for-sale financial assets		-	-	95,733	
Acquisition of financial asset at fair value through other comprehensive income		( 7,988)	( 245,356)	-	
Disposal of financial assets at fair value through other comprehensive income		24	733	-	
Acquisition of investments accounted for under equity method		( 14,573)	( 447,595)	( 4,689,117)	
Proceeds from disposal of investments accounted for under equity method		-	-	813	
Proceeds from capital reduction of investments accounted for under equity method		68,594	2,106,870	-	
Decrease in cash surrender value of life insurance		274	8,415	5,086	
Decrease (increase) in prepayments for business facilities		( 6,295)	( 193,344)	82,691	
Acquisition of property, plant and equipment	6(7)	( 131,582)	( 4,041,549)	( 1,413,573)	
Proceeds from disposal of property, plant and equipment		7,455	228,995	43,778	
Acquisition of intangible assets	6(8)	( 13,635)	( 418,812)	( 315,376)	
(Increase) decrease in refundable deposits		661	20,298	( 3,394)	
Cash inflow due to business combinations	6(23)	199	6,105	-	
Net cash flows used in investing activities		( 96,866)	( 2,975,240)	( 5,898,359)	
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>					
Decrease in short-term loans	6(24)	( 1,465)	( 45,000)	-	
Proceeds from long-term debt	6(24)	222,106	6,822,000	2,552,435	
Cash dividends paid	6(14)	( 422,846)	( 12,987,717)	( 12,987,717)	
Increase in guarantee deposits received		-	-	2,635	
Net cash flows used in financing activities		( 202,205)	( 6,210,717)	( 10,432,647)	
(Decrease) increase in cash and cash equivalents		( 75,146)	( 2,308,107)	2,126,977	
Cash and cash equivalents at beginning of year		82,957	2,548,015	421,038	
Cash and cash equivalents at end of year		\$ 7,811	\$ 239,908	\$ 2,548,015	

The accompanying notes are an integral part of these parent company only financial statements.

DELTA ELECTRONICS, INC.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,  
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Delta Electronics, Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company are global leaders in power and thermal management solutions and are primarily engaged in the research and development, design, manufacturing and sale of electronic control systems, DC brushless fans, thermal system, and miniaturization key component, industrial automation products, digital display products, communication products, consumer electronics products, energy-saving lighting application, renewable energy applications, EV charging, energy technology services and consulting services of building management and control solutions, etc. The Company’s mission statement, to provide innovative, clean and energy-efficient solutions for a better tomorrow, focuses on addressing key environmental issues such as global climate change. With the concern for the environment, the Company continues to develop innovative energy-efficient products and solutions. In recent years, the Company has transformed from a product provider towards a solution provider and the Company’s business is segregated into power electronics business, automation business, and infrastructure business.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 11, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, ‘Classification and measurement of share-based payment transactions’	January 1, 2018
Amendments to IFRS 4, ‘Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts’	January 1, 2018
IFRS 9, ‘Financial instruments’	January 1, 2018
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018
Amendments to IFRS 15, ‘Clarifications to IFRS 15, Revenue from contracts with customers’	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

A. IFRS 9, 'Financial instruments'

- (a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.
- (b) The Company has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4)B.

B. IFRS 15, 'Revenue from contracts with customers' and amendments

- (a) IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)



Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

(b) The Company has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

i. Presentation of assets and liabilities in relation to contracts with customers

In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

(i) Under IFRS 15, customer contracts whereby services have been rendered but not yet billed are recognised as contract assets, but were previously presented as part of accounts receivable in the balance sheet. As of January 1, 2018, the balance amounted to \$1,150,521.

(ii) Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as refund liabilities (shown as other current liabilities), but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet. As of January 1, 2018, the balance amounted to \$2,583.

(iii) Under IFRS 15, liabilities in relation to customer contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of January 1, 2018, the balance amounted to \$505,466.

ii. Please refer to Note 12(5) for other disclosures in relation to the first application of IFRS 15.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Company expects to recognise the lease contract of lessees in line with IFRS 16. However, the Company does not intend to restate the financial statements of prior period (referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that both 'right-of-use asset' and lease liability will be increased by \$464,525. Further, both investments accounted for under equity method and retained earnings will be increased by \$1,943 due to effect from subsidiaries.

(3) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

##### (2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets/liabilities at fair value through other comprehensive income and available-for-sale financial assets measured of fair value.
- (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- (d) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Company has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 11 ('IAS 11'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

##### (3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of

the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

#### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

#### B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Group still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former

joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.

- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within 12 months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within 12 months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Company's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant

financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are recorded at standard cost. The cost of finished goods and work in process comprises raw materials, direct labour, other director costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities controlled by the Company (including structured entries). The Company controls and entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains or losses on transactions between the Company and subsidiaries have been eliminated. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss.



All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost. The Company's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.
- G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistent with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.



- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- N. Pursuant to the “Rules Governing the Preparation of Financial Statements by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) Cash surrender value of life insurance

Premium paid for life insurance with saving nature belonging to cash surrender value is recognised as a deduction to insurance premium expense in current period and is added to the carrying amount of cash surrender value.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives (lease allocates its cost over contractual period). Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a

change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are 2~15 years except for buildings, the estimated life of which is 5~55 years.

(14) Intangible assets

A. Trademarks

(a) Separately acquired trademarks with finite useful lives are stated at acquisition cost and are amortised on a straight-line basis over their estimated useful lives.

(b) Certain trademarks which are assessed to generate net cash inflows and have indefinite useful lives are recorded at actual cost. These are not amortised and instead, are tested for impairment annually.

B. Intangible assets other than goodwill and trademarks, mainly computer software, patents, customer relationship and technology authorization fees, are amortised on a straight-line basis over their estimated useful lives of 2~12 years.

(15) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of intangible assets with an indefinite useful life and intangible assets that have not yet been available for use should be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(16) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial, they are measured subsequently at original invoice amount.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved

amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity

investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities;

(24) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells computers, information technology, electrical machines, power supply and related components products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue is recognised based on the price specified in the contract, net of the estimated discounts and allowances. The revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the control was transferred with a credit term of 30 to 90 days, which is consistent with market practice.
- (c) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the control of goods are transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Installation of software and module services

- (a) The Company provides installation of some software and module services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a

contract liability is recognised.

- (b) Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Company are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification.
- (c) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

#### C. Revenue from licencing intellectual property

The Company is entitled to collect usage-based royalty in return for licencing patented technologies and intellectual property rights to subsidiaries and associates under agreements. The Company recognises revenue when the performance obligation has been satisfied and the subsequent usage occurs.

#### D. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

#### (25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate or Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

#### 5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

##### Critical accounting estimates and assumptions

The Company makes estimates and assumptions based on the expectation of future events that are

believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Company's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash on hand and revolving funds	\$ 2,160	\$ 2,343
Checking accounts and demand deposits	237,748	2,545,672
	<u>\$ 239,908</u>	<u>\$ 2,548,015</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Company's cash pledged to others as collateral are provided in Note 8.

(2) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2018</u>
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	\$ 15,854
Valuation adjustment	6,506
	<u>\$ 22,360</u>
Non-current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	\$ 30,843
Unlisted stocks	45,363
	76,206
Valuation adjustment	(23,975)
	<u>\$ 52,231</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:



Year ended  
December 31, 2018

Financial assets mandatorily measured at fair value through profit or loss	
Equity instruments	(\$ <u>14,014</u> )

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk is provided in Note 12(2) .

(3) Financial assets at fair value through other comprehensive income

Items	<u>December 31, 2018</u>
Current items:	
Equity instruments	
Listed stocks	\$ 871,492
Valuation adjustment	( <u>813,836</u> )
	<u>\$ 57,656</u>
Non-current items:	
Equity instruments	
Listed stocks	\$ 4,301,090
Unlisted stocks	<u>153,610</u>
	4,454,700
Valuation adjustment	( <u>2,726,254</u> )
	<u>\$ 1,728,446</u>

A. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,786,102 as at December 31, 2018.

B. For the year ended December 31, 2018, the Company sold listed stocks whose fair value was \$733 to adjust the stock position, resulting to an accumulated loss on disposal of \$9,336.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Year ended  
December 31, 2018

<u>Equity instruments at fair value through other comprehensive income</u>	
Fair value change recognised in other comprehensive income	(\$ <u>1,181,503</u> )
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ <u>9,336</u> )

D. As at December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was



\$1,786,102.

- E. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).
- G. The information on available-for-sale financial assets and financial assets at cost as of December 31, 2017 is provided in Note 12(4).

(4) Notes and accounts receivable

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Notes receivable	\$ 69,639	\$ 221,128
Accounts receivable	\$ 5,422,863	\$ 5,764,041
Less: Allowance for uncollectible accounts	( 63,807)	( 51,146)
	<u>\$ 5,359,056</u>	<u>\$ 5,712,895</u>

- A. The ageing analysis of accounts receivable is as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Not past due	\$ 4,997,972	\$ 5,488,440
1 to 90 days	322,024	215,165
91 to 180 days	34,514	9,290
181 to 365 days	4,546	-
Over 365 days	-	-
	<u>\$ 5,359,056</u>	<u>\$ 5,712,895</u>

The above aging analysis was based on past due date.

- B. As of December 31, 2018 and 2017, there was no notes receivable past due.
- C. The Company has no notes receivable and accounts receivable pledged to others as collateral.
- D. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$69,639 and \$221,128, and accounts receivable were \$5,359,056 and \$5,712,895, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 818,473	(\$ 213,476)	\$ 604,997
Work in progress	159,169	-	159,169
Finished goods	983,795	( 137,141)	846,654
Inventory in transit	54,821	-	54,821
	<u>\$ 2,016,258</u>	<u>(\$ 350,617)</u>	<u>\$ 1,665,641</u>

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 546,328	(\$ 155,036)	\$ 391,292
Work in progress	120,064	-	120,064
Finished goods	873,495	( 134,940)	738,555
Inventory in transit	77,420	-	77,420
	<u>\$ 1,617,307</u>	<u>(\$ 289,976)</u>	<u>\$ 1,327,331</u>

The cost of inventories recognised as expense for the year:

	2018	2017
Cost of goods sold	\$ 20,785,103	\$ 21,339,621
Loss on market value decline and obsolete and slow-moving inventories	41,600	15,483
Others	( 3,857)	( 4,464)
	<u>\$ 20,822,846</u>	<u>\$ 21,350,640</u>

(6) Investments accounted for under the equity method

A. Details of investments accounted for under the equity method are set forth below:

Investee	December 31, 2018		December 31, 2017	
	Ownership (%)	Book value	Ownership (%)	Book value
Subsidiaries:				
Delta International Holding Ltd. (DIH)	94.00	\$ 67,413,894	94.00	\$ 57,087,661
Cyntec Co., Ltd. (Cyntec)	100.00	34,933,488	100.00	32,297,074
Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	100.00	15,143,815	100.00	7,305,059
Delta Networks Holding Ltd. (DNH)	100.00	9,803,866	100.00	11,017,200
Delta Electronics (Netherlands) B.V. (DEN)	100.00	4,728,327	100.00	4,670,180
Vivotek Inc. (Vivo)	50.13	3,965,274	48.80	3,983,116
Delta Electronics Capital Company (DECC)	100.00	3,919,861	100.00	3,657,569
Allied Material Technology Corp. (AMT)	99.97	1,869,817	99.97	1,985,384
Delta Networks, Inc. (Taiwan) (DNIT)	99.98	1,283,132	99.98	1,597,444
UNICOM SYSTEM ENG. CORP. (UNICOM)	100.00	438,733	100.00	378,504
Delta America Ltd. (DAL)(Note 1)	10.26	318,556	10.26	273,393
DelBio Inc. (DelBio)	100.00	207,288	100.00	195,124
PreOptix (Hong Kong) Co. Ltd. (PHK)	39.62	170,071	39.62	216,922
Others		45,762		27,308
Associates:				
Delta Electronics (Thailand) Public Co., Ltd. (DET)(Note 2)	5.54	1,569,966	5.54	8,704,772
		<u>\$ 145,811,850</u>		<u>\$ 133,396,710</u>

Note 1: DAL was accounted for under equity method given 100% of consolidated ownership. The Company previously owned 10.26% equity of DAL. On October 3, 2016 and July 2, 2015, the Company acquired directly an additional 49.79% and 39.95% equity of DAL, respectively, through DEN and its subsidiaries, Castle Horizon Limited and Energy Dragon Global Limited.

Note 2: DET was accounted for under equity method since over 20% shares with voting right of DET were held collectively by the Company and the subsidiary, DIH.

B. Share of profit/(loss) of subsidiaries and associates accounted for under equity method is shown as follows:

Investee	2018	2017
DEIL-SG	\$ 7,453,219	\$ 8,655,833
DIH	5,565,747	4,676,624
CYNTEC	2,210,357	1,949,899
DNH	551,507	706,300
DNIT	245,506	603,679
DECC	( 90,948)	128,185
DEN	37,310	198,602
AMT	( 115,567)	( 134,430)
DET	257,672	817,150
Others	95,665	77,338
	\$ 16,210,468	\$ 17,679,180

C. The financial statements of investments using equity method were reviewed by other independent accountants. Share of other comprehensive income of associates was \$454,932 and \$1,036,192 for the years ended December 31, 2018 and 2017, respectively, and investments accounted for under equity method was \$14,483,106 and \$13,517,165 as of December 31, 2018 and 2017, respectively

D. Information about subsidiaries of the Company is provided in Note 4(3) in the 2018 consolidated financial statements.

E. The summarised financial information on the primary associates of the Company is shown as follows:

Company name	Principal place of business	Shareholding ratio (Note)		Nature of relationship	Method of measurement
		December 31, 2018	December 31, 2017		
Delta Electronics (Thailand) Public Co., Ltd. (DET)	Thailand	20.93%	20.93%	Holds more than 20% of voting rights	Equity method

Note: The shareholding ratio in associates represent the ratio of common shares held by the Company and its subsidiaries.

<u>Balance sheet</u>	DET	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Current assets	\$ 36,209,901	\$ 33,541,968
Non-current assets	9,734,999	8,809,093
Current liabilities	( 11,779,439)	( 10,860,891)
Non-current liabilities	( 1,812,976)	( 1,692,283)
Total net assets	<u>\$ 32,352,485</u>	<u>\$ 29,797,887</u>
Share in associate's net assets	\$ 1,792,328	\$ 1,650,803
Unrealised upstream and sidestream transactions	( 8,719)	( 110,193)
Others	( 213,643)	7,164,162
Carrying amount of the associate	<u>\$ 1,569,966</u>	<u>\$ 8,704,772</u>

<u>Statement of comprehensive income</u>	DET	
	<u>2018</u>	<u>2017</u>
Revenue	\$ 50,003,204	\$ 44,900,209
Profit for the year from continuing operations	\$ 4,767,009	\$ 4,398,990
Profit attributable to non-controlling interests	( 9,827)	( 1,912)
Other comprehensive (loss) income, net of tax	( 849,094)	341,519
Total comprehensive income	<u>\$ 3,908,088</u>	<u>\$ 4,738,597</u>
Dividends received from associates	<u>\$ 532,089</u>	<u>\$ 684,591</u>

F. The Company's investments in DET and Vivotek Inc. had quoted market prices. As at December 31, 2018 and 2017, fair values in proportion to the Company's ownership are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Delta Electronics (Thailand) Public Co., Ltd. (DET) (Note 1)	\$ 4,579,560	\$ 4,646,393
Vivotek Inc. (Vivo) (Note 2)	<u>3,988,939</u>	<u>3,893,243</u>
	<u>\$ 8,568,499</u>	<u>\$ 8,539,636</u>

Note : Had the fair value been calculated based on consolidated ownership, it would have been \$17,298,030 and \$17,550,474, respectively

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2018</u>							
Cost	\$ 4,730,899	\$ 7,296,137	\$ 1,068,206	\$ 2,287,056	\$ 1,909,507	\$ 238,672	\$ 17,530,477
Accumulated depreciation and impairment	-	( 2,007,607)	( 676,090)	( 1,925,295)	( 1,087,364)	-	( 5,696,356)
	<u>\$ 4,730,899</u>	<u>\$ 5,288,530</u>	<u>\$ 392,116</u>	<u>\$ 361,761</u>	<u>\$ 822,143</u>	<u>\$ 238,672</u>	<u>\$ 11,834,121</u>
<u>2018</u>							
Opening net book amount	\$ 4,730,899	\$ 5,288,530	\$ 392,116	\$ 361,761	\$ 822,143	\$ 238,672	\$ 11,834,121
Additions	3,061,654	81,215	139,042	300,355	226,597	232,686	4,041,549
Acquired through business combination	-	-	-	-	172	-	172
Disposal	( 124,396)	( 46,717)	( 5,197)	( 104)	( 35,876)	-	( 212,290)
Transfer	-	266,196	22,724	18,839	3,570	( 311,329)	-
Depreciation charge	-	( 242,818)	( 143,626)	( 224,143)	( 366,381)	-	( 976,968)
Closing net book amount	<u>\$ 7,668,157</u>	<u>\$ 5,346,406</u>	<u>\$ 405,059</u>	<u>\$ 456,708</u>	<u>\$ 650,225</u>	<u>\$ 160,029</u>	<u>\$ 14,686,584</u>
<u>At December 31, 2018</u>							
Cost	\$ 7,668,157	\$ 7,557,523	\$ 1,206,465	\$ 2,529,730	\$ 2,067,825	\$ 160,029	\$ 21,189,729
Accumulated depreciation and impairment	-	( 2,211,117)	( 801,406)	( 2,073,022)	( 1,417,600)	-	( 6,503,145)
	<u>\$ 7,668,157</u>	<u>\$ 5,346,406</u>	<u>\$ 405,059</u>	<u>\$ 456,708</u>	<u>\$ 650,225</u>	<u>\$ 160,029</u>	<u>\$ 14,686,584</u>

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2017</u>							
Cost	\$ 4,730,899	\$ 7,172,836	\$ 982,602	\$ 2,241,576	\$ 1,221,138	\$ 151,508	\$ 16,500,559
Accumulated depreciation and impairment	-	( 1,756,123)	( 608,682)	( 1,929,354)	( 952,487)	-	( 5,246,646)
	<u>\$ 4,730,899</u>	<u>\$ 5,416,713</u>	<u>\$ 373,920</u>	<u>\$ 312,222</u>	<u>\$ 268,651</u>	<u>\$ 151,508</u>	<u>\$ 11,253,913</u>
<u>2017</u>							
Opening net book amount	\$ 4,730,899	\$ 5,416,713	\$ 373,920	\$ 312,222	\$ 268,651	\$ 151,508	\$ 11,253,913
Additions	-	93,816	124,230	257,454	670,161	267,912	1,413,573
Disposals	-	( 197)	( 5,056)	( 33,960)	( 3,960)	-	( 43,173)
Transfer	-	29,689	25,878	34,009	91,172	( 180,748)	-
Depreciation charge	-	( 251,491)	( 126,856)	( 207,964)	( 203,881)	-	( 790,192)
Closing net book amount	<u>\$ 4,730,899</u>	<u>\$ 5,288,530</u>	<u>\$ 392,116</u>	<u>\$ 361,761</u>	<u>\$ 822,143</u>	<u>\$ 238,672</u>	<u>\$ 11,834,121</u>
<u>At December 31, 2017</u>							
Cost	\$ 4,730,899	\$ 7,296,137	\$ 1,068,206	\$ 2,287,056	\$ 1,909,507	\$ 238,672	\$ 17,530,477
Accumulated depreciation and impairment	-	( 2,007,607)	( 676,090)	( 1,925,295)	( 1,087,364)	-	( 5,696,356)
	<u>\$ 4,730,899</u>	<u>\$ 5,288,530</u>	<u>\$ 392,116</u>	<u>\$ 361,761</u>	<u>\$ 822,143</u>	<u>\$ 238,672</u>	<u>\$ 11,834,121</u>




(8) Intangible assets

<u>At January 1, 2018</u>	<u>Trademarks</u>	<u>Patents</u>	<u>Others</u>	<u>Total</u>
Cost	\$ 413,164	\$ 101,569	\$ 1,412,260	\$ 1,926,993
Accumulated amortisation and impairment	( 16,737)	( 67,864)	( 1,041,131)	( 1,125,732)
	<u>\$ 396,427</u>	<u>\$ 33,705</u>	<u>\$ 371,129</u>	<u>\$ 801,261</u>
<u>2018</u>				
Opening net book amount	\$ 396,427	\$ 33,705	\$ 371,129	\$ 801,261
Additions	-	12,127	406,685	418,812
Amortisation	( 3,293)	( 7,913)	( 264,436)	( 275,642)
Closing net book amount	<u>\$ 393,134</u>	<u>\$ 37,919</u>	<u>\$ 513,378</u>	<u>\$ 944,431</u>
<u>At December 31, 2018</u>				
Cost	\$ 413,164	\$ 113,696	\$ 1,818,945	\$ 2,345,805
Accumulated amortisation and impairment	( 20,030)	( 75,777)	( 1,305,567)	( 1,401,374)
	<u>\$ 393,134</u>	<u>\$ 37,919</u>	<u>\$ 513,378</u>	<u>\$ 944,431</u>
<u>At January 1, 2017</u>	<u>Trademarks</u>	<u>Patents</u>	<u>Others</u>	<u>Total</u>
Cost	\$ 413,164	\$ 90,382	\$ 1,108,071	\$ 1,611,617
Accumulated amortisation and impairment	( 13,445)	( 60,570)	( 898,995)	( 973,010)
	<u>\$ 399,719</u>	<u>\$ 29,812</u>	<u>\$ 209,076</u>	<u>\$ 638,607</u>
<u>2017</u>				
Opening net book amount	\$ 399,719	\$ 29,812	\$ 209,076	\$ 638,607
Additions	-	11,187	304,189	315,376
Amortisation	( 3,292)	( 7,294)	( 142,136)	( 152,722)
Closing net book amount	<u>\$ 396,427</u>	<u>\$ 33,705</u>	<u>\$ 371,129</u>	<u>\$ 801,261</u>
<u>At December 31, 2017</u>				
Cost	\$ 413,164	\$ 101,569	\$ 1,412,260	\$ 1,926,993
Accumulated amortisation and impairment	( 16,737)	( 67,864)	( 1,041,131)	( 1,125,732)
	<u>\$ 396,427</u>	<u>\$ 33,705</u>	<u>\$ 371,129</u>	<u>\$ 801,261</u>



A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2018	2017
Operating costs	\$ 287	\$ 83
Selling expenses	4,649	3,055
Administrative expenses	144,431	102,658
Research and development expenses	126,275	46,926
	<u>\$ 275,642</u>	<u>\$ 152,722</u>

B. The Company acquired registered or under-application trademark rights such as , , VIVITEK, 麗訊 and . The Company's trademarks are assessed to have finite useful lives. The remaining trademarks which have indefinite useful lives shall not be amortised but are tested for impairment annually.

C. Trademarks with indefinite useful lives are allocated as follows to the Company's cash-generating units identified according to operating segment:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Trademarks:		
Power electronics business (It belonged to smart green life business before the first quarter of 2017)	<u>\$ 386,823</u>	<u>\$ 386,823</u>

D. Goodwill and trademarks with indefinite useful lives are allocated to the Company's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount calculated using the value-in-use exceeded their carrying amount, so trademark rights with indefinite useful lives were not impaired. Value-in-use calculations take into account net operating income, growth rate and discount rate.

Management determined budgeted operating profit margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

(9) Other non-current assets

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Prepayments for business facilities	\$ 241,425	\$ 48,081
Cash surrender value of life insurance	60,780	69,195
Guarantee deposits paid	34,220	13,922
Others	206,629	114,337
	<u>\$ 543,054</u>	<u>\$ 245,535</u>

(10) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Credit loans	\$ 17,398,000	\$ 10,576,000
Credit lines	\$ 50,375,825	\$ 45,404,000
Interest rate range	<u>0.53%~0.59%</u>	<u>0.53%</u>

As of December 31, 2018, the revolving loans can be drawn down during the period from May 1, 2018 to October 25, 2020 and are payable before the due date under the agreement.

(11) Pensions

A. Defined benefit plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Present value of defined benefit obligations	(\$ 3,072,318)	(\$ 3,089,147)
Fair value of plan assets	1,182,795	1,090,620
Net defined benefit liability	<u>(\$ 1,889,523)</u>	<u>(\$ 1,998,527)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2018			
Balance at January 1	(\$ 3,089,147)	\$ 1,090,620	(\$ 1,998,527)
Current service cost	( 30,605)	-	( 30,605)
Interest (expense) income	( 38,125)	13,354	( 24,771)
Past service cost	( 6,557)	-	( 6,557)
Effect of plan amendment	( 1,703)	-	( 1,703)
Remeasurements:	( 3,166,137)	1,103,974	( 2,062,163)
Return on plan assets (excluding amounts included in interest income or expense)	-	31,884	31,884
Change in financial assumptions	( 85,462)	-	( 85,462)
Change in demographic assumptions	( 2,839)	-	( 2,839)
Experience adjustments	( 24,760)	-	( 24,760)
	( 113,061)	31,884	( 81,177)
Pension fund contribution	-	211,463	211,463
Paid pension	206,880	( 164,526)	42,354
Balance at December 31	<u>(\$ 3,072,318)</u>	<u>\$ 1,182,795</u>	<u>(\$ 1,889,523)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	(\$ 3,054,272)	\$ 1,028,142	(\$ 2,026,130)
Current service cost	( 31,812)	-	( 31,812)
Interest (expense) income	( 45,379)	15,237	( 30,142)
Effect of plan amendment	47,483	-	47,483
	<u>( 3,083,980)</u>	<u>1,043,379</u>	<u>( 2,040,601)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 7,216)	( 7,216)
Change in financial assumptions	( 88,303)	-	( 88,303)
Change in demographic assumptions	( 3,061)	-	( 3,061)
Experience adjustments	( 60,175)	-	( 60,175)
	<u>( 151,539)</u>	<u>( 7,216)</u>	<u>( 158,755)</u>
Pension fund contribution	-	176,742	176,742
Paid pension	146,372	( 122,285)	24,087
Balance at December 31	<u>(\$ 3,089,147)</u>	<u>\$ 1,090,620</u>	<u>(\$ 1,998,527)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2018	2017
Discount rate	1%	1.25%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	(\$ 86,255)	\$ 89,737	\$ 87,743	(\$ 84,785)
December 31, 2017				
Effect on present value of defined benefit obligation	(\$ 87,952)	\$ 91,610	\$ 89,799	(\$ 86,694)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once.

The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2109 amount to \$34,647.

(g) As of December 31, 2018, the weighted average duration of the retirement plan is 11 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	77,204
1-2 year(s)		91,012
2-5 years		400,647
Over 5 years		2,808,803
	\$	<u>3,377,666</u>

## B. Defined contribution plans

Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the

Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2018 and 2017 were \$285,136 and \$258,359, respectively.

(12) Share capital

A. In accordance with the Company's Articles of Incorporation, the total authorized common stock is 4 billion shares (including 100 million shares for stock warrants conversion). As of December 31, 2018, the total issued and outstanding common stock was 2,597,543 thousand shares with par value of \$10 (in dollars) per share.

B. On December 20, 2004, the Board of Directors of the Company adopted a resolution that allowed certain stockholders to issue 16 million units of global depository receipts (GDRs), represented by 80 million shares of common stock (Deposited Shares), with one unit of GDR representing 5 shares of common stock. After obtaining approval from SFB, these GDRs were listed on the Securities Exchange of Luxembourg on March 29, 2005, with total proceeds of US\$134,666 thousand. The issuance of GDRs was represented by outstanding shares, therefore, there is no dilutive effect on the common shares' equity. The main terms and conditions of the GDRs are as follows:

(a) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(b) Redemption of GDRs

For sales and redemption of the underlying common shares represented by the GDRs when the holders of the GDRs request the Depositary to redeem the GDRs in accordance with the relevant R.O.C. regulations and the provisions in the Depositary Agreement, the Depositary may (i) deliver the underlying common shares represented by the GDRs to the GDR holders, or (ii) sell the underlying common shares represented by the GDRs in the R.O.C. stock market on behalf of the GDR holder. The payment of proceeds from such sale shall be made subject to the relevant R.O.C. laws and regulations and the provisions in the Depositary Agreement.

(c) Distribution of dividends, preemptive rights and other rights

Distribution of dividends, preemptive rights and other rights and interests of GDR units bear the same rights as common shares.

(d) After considering the stock dividend distribution year by year, as of December 31, 2018, there were 709 thousand units outstanding, representing 3,543 thousand common shares of the Company's common stock.

(13) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par

value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

- A. Under the Company's Articles of Incorporation approved by the shareholders on June 8, 2016, the current year's earnings, if any, shall be distributed in the following order:
- (a) Payment of all taxes and dues.
  - (b) Offset against prior years' operating losses, if any.
  - (c) Set aside 10% of the remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorized capital of the Company.
  - (d) Setting aside or reversing a special reserve according to relevant regulations when necessary.
  - (e) The remainder along with beginning unappropriated earnings shall be stockholders' bonus. The appropriation of earnings shall be proposed by the Board of Directors and resolved by the shareholders. As the Company is in the growth stage, and taking into consideration the shareholders' benefits, financial health and business development, the amount of bonus distributed to shareholders shall be no less than 60% of the distributable earnings for the current period. Cash dividends shall be at least 15% of the bonus distributed to shareholders.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriations of 2017 and 2016 earnings had been approved by the shareholders during their meeting on June 11, 2018 and June 13, 2017, respectively. Details are summarised below:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 1,838,056		\$ 1,879,780	
Special reserve appropriated	4,320,394		2,240,193	
Cash dividends	12,987,717	\$ 5.0	12,987,717	\$ 5.0

Information about the distribution of 2017 earnings by the Company as resolved by the stockholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

- E. The appropriations of 2018 earnings had been proposed by the Board of Directors on March 11, 2019. Details are summarised below:

	2018	
	Amount	Dividends per share (in dollars)
Appropriation for legal reserve	\$ 1,819,309	
Appropriation for special reserve	472,889	
Cash dividends	12,987,717	\$ 5.0

As of March 11, 2019, the abovementioned 2018 earnings appropriation has not yet been approved by the stockholders.

- F. For the information relating to employees’ compensation and directors’ remuneration, please refer to Note 6(20).

(15) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	\$ 38,948,885

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major business:



	Year ended December 31, 2018				
	Power				
	<u>electronics</u>	<u>Automation</u>	<u>Infrastructure</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 13,560,390</u>	<u>\$ 6,056,439</u>	<u>\$ 6,773,670</u>	<u>\$ 12,558,386</u>	<u>\$ 38,948,885</u>
Timing of revenue recognition					
At a point in time	12,826,674	5,941,291	6,102,404	754,924	25,625,293
Over time	<u>733,716</u>	<u>115,148</u>	<u>671,266</u>	<u>11,803,462</u>	<u>13,323,592</u>
	<u>\$ 13,560,390</u>	<u>\$ 6,056,439</u>	<u>\$ 6,773,670</u>	<u>\$ 12,558,386</u>	<u>\$ 38,948,885</u>

B. Contract assets and liabilities

The Company has recognised the revenue-related contract assets primarily from automation equipment contracts and resolution of communication equipment power resource system; contract liabilities primarily pertain to advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.

Revenue recognised that was included in the contract liability balance at the beginning of the year is as follows:

	Year ended December 31, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	
Advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.	<u>\$ 505,466</u>

C. Related disclosures for 2017 operating revenue are provided in Note 12(5) B.

(16) Other income

	Years ended December 31,	
	<u>2018</u>	<u>2017</u>
Interest income:		
Interest income from bank deposits	\$ 16,269	\$ 19,062
Rental income	84,689	81,146
Dividend income	74,305	48,792
Others	<u>577,568</u>	<u>499,259</u>
	<u>\$ 752,831</u>	<u>\$ 648,259</u>

(17) Other gains and losses

	Years ended December 31,	
	2018	2017
Gain on disposal of property, plant and equipment	\$ 16,705	\$ 605
Gain on disposal of investments	-	92,679
Net currency exchange gain	50,170	( 19,583)
Loss on financial assets at fair value through profit or loss	( 14,014)	-
Impairment loss on financial assets	-	( 632,304)
Miscellaneous disbursements	1,379	( 20,035)
	<u>\$ 54,240</u>	<u>(\$ 578,638)</u>

(18) Finance costs

	Years ended December 31,	
	2018	2017
Interest expense	<u>\$ 83,854</u>	<u>\$ 76,933</u>

(19) Expenses by nature

	Years ended December 31,	
	2018	2017
Employee benefit expense	\$ 9,261,432	\$ 5,920,260
Depreciation charges on property, plant and equipment	976,968	790,192
Amortisation charges on intangible assets	275,642	152,722
	<u>\$ 10,514,042</u>	<u>\$ 6,863,174</u>

(20) Employee benefit expense

	Years ended December 31,	
	2018	2017
Post-employment benefits		
Defined contribution plans	\$ 285,136	\$ 258,359
Defined benefit plans	63,636	14,471
	<u>348,772</u>	<u>272,830</u>
Other employee benefits	8,912,660	5,647,430
	<u>\$ 9,261,432</u>	<u>\$ 5,920,260</u>

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 1% for directors' remuneration.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at

\$1,358,121 and \$1,360,897, respectively; while directors' remuneration was accrued at \$39,144 and \$35,400, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2018, the employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as prescribed by the Company's Articles of Incorporation.

The employees' compensation of \$1,728,344 and directors' remuneration of \$29,400 for 2018 were resolved by the Board of Directors on March 11, 2019.

The employees' compensation of \$1,746,152 and directors' remuneration of \$35,400 for 2017 were resolved by the Board of Directors on March 8, 2018, and were in agreement with those amounts recognised in the 2017 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and approved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2018	2017
Current tax:		
Current tax on profits for the year	\$ 962,286	\$ 988,363
Prior year income tax overestimation	-	( 50,909)
Total current tax	962,286	937,454
Deferred tax:		
Origination and reversal of temporary differences	( 978,754)	686,190
Impact of change in tax rate	194,956	-
Income tax expense	\$ 178,488	\$ 1,623,644

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2018	2017
Remeasurment of defined benefit plan	\$ 17,833	\$ 25,631
Gain (loss) on hedging instruments	10,625	-
Cash flow hedges	-	( 5,486)
Unrealised gain or loss on financial assets at fair value through other comprehensive income	( 86,245)	-
Currency translation differences	( 186,751)	528,003
Impact of change in tax rate	226,071	-
	<u>(\$ 18,467)</u>	<u>\$ 548,148</u>

B. Reconciliation between income tax expense and accounting profit

	2018	2017
Tax calculated based on profit before tax and statutory tax rate	\$ 3,674,316	\$ 3,400,713
Effects from items disallowed by tax regulation	( 3,112,978)	( 1,473,194)
Effect from investment tax credits	( 382,850)	( 421,532)
Prior year income tax overestimation	-	( 50,909)
Additional 10% tax on undistributed earnings	-	168,566
	<u>\$ 178,488</u>	<u>\$ 1,623,644</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

2018

	January 1	Recognised in profit or loss	Recognised in other income	Recognised in equity	December 31
Deferred tax assets:					
- Temporary differences:					
Loss allowance on excess inventories	\$ 56,283	\$ 18,142	\$ -	\$ -	\$ 74,425
Pension expense payable	266,059	16,780	22,196	-	305,035
Impairment of assets	115,537	( 102,990)	-	-	12,547
Others	60,783	25,505	-	-	86,288
	<u>498,662</u>	<u>( 42,563)</u>	<u>22,196</u>	<u>-</u>	<u>478,295</u>
-Deferred tax liabilities:					
Land value increment tax	( 119,862)	-	-	-	( 119,862)
Long-term equity investments	( 7,409,749)	967,123	39,315	68,109	( 6,471,420)
Others	( 566,853)	( 140,762)	( 79,978)	-	( 787,593)
	<u>( 8,096,464)</u>	<u>826,361</u>	<u>( 40,663)</u>	<u>68,109</u>	<u>( 7,378,875)</u>
	<u>(\$ 7,597,802)</u>	<u>\$ 783,798</u>	<u>(\$ 18,467)</u>	<u>(\$ 68,109)</u>	<u>(\$ 6,900,580)</u>

2017

	January 1	Recognised in profit or loss	Recognised in other income	Recognised in equity	December 31
Deferred tax assets:					
- Temporary differences:					
Loss allowance on excess inventories	\$ 55,933	\$ 350	\$ -	\$ -	\$ 56,283
Pension expense payable	272,110	( 31,682)	25,631	-	266,059
Impairment of assets	17,785	97,752	-	-	115,537
Others	68,423	( 7,640)	-	-	60,783
	<u>414,251</u>	<u>58,780</u>	<u>25,631</u>	<u>-</u>	<u>498,662</u>
-Deferred tax liabilities:					
Land value increment tax	( 119,862)	-	-	-	( 119,862)
Long-term equity investments	( 7,655,652)	( 281,434)	528,003	( 666)	( 7,409,749)
Others	( 97,831)	( 463,536)	( 5,486)	-	( 566,853)
	<u>( 7,873,345)</u>	<u>( 744,970)</u>	<u>522,517</u>	<u>( 666)</u>	<u>( 8,096,464)</u>
	<u>(\$ 7,459,094)</u>	<u>(\$ 686,190)</u>	<u>\$ 548,148</u>	<u>(\$ 666)</u>	<u>(\$ 7,597,802)</u>

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2018 and 2017, the amounts of temporary differences unrecognised as deferred tax liabilities were \$6,306,164 and \$4,896,367, respectively.

E. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

(22) Earnings per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,193,093	2,597,543	\$ 7.00
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 18,193,093	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	15,964	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 18,193,093	2,613,507	\$ 6.96

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,380,552	2,597,543	\$ 7.08
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 18,380,552	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	20,412	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 18,380,552	2,617,955	\$ 7.02

(23) Business combinations

A. Based on the resolution of Board of Directors on April 30, 2018, the Company consummated a short-form merger with the subsidiary, Delta Green Life Co, Ltd., pursuant to Article 19 of Enterprises Mergers and Acquisitions Act. The merger became effective on August 1, 2018. The Company was the surviving entity in the merger.

B. The book value of Delta Green Life Co., Ltd on the acquisition date is shown as follows:



	<u>August 1, 2018</u>
Contract asset - current	\$ 23,202
Accounts receivable	16,659
Inventories	2
Other current assets	272
Contract asset - non current	6,867
Property, plant and equipment	172
Other non-current assets	1,916
Short-term borrowings	( 45,000)
Contract liabilities - current	( 12,843)
Accounts payable	( 7,286)
Other payables	( 35,567)
Other current liabilities	( 324)
Other non-current liabilities	( 277)
Cash inflow arising from business combination	<u>6,105</u>
	<u><u>(\$ 46,102)</u></u>

(24) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2018	\$ -	\$ 10,576,000	\$ 10,576,000
Acquired in a business combination	45,000	-	45,000
Changes in cash flow from financing activities	( 45,000)	6,822,000	6,777,000
At December 31, 2018	<u>\$ -</u>	<u>\$ 17,398,000</u>	<u>\$ 17,398,000</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names and relationship of related parties

Names and relationship of related parties	Relationship with the Company
Delta Electronics Int'l (Singapore) (DEIL-SG)	Subsidiary
DEI Logistics (USA) Corp. (ALI)	"
CYNTEC ELECTRONICS (SUZHOU) CO., LTD	"
Delta Networks, Inc. (Taiwan) (DNIT)	"
Cyntec Co., Ltd. (Cyntec)	"
Delta Electronics (Thailand) Public Co., Ltd. (DET)	Associate
Delta Power Solutions (India) Pvt Ltd.	"
Delta Electronics (Slovakia) s.r.o.	"
Delta Electronics India Pvt Ltd.	"
Delta Energy Systems (Singapore) PTE. LTD.	"
Delta Electronics (Australia) Pty Ltd	"
Digital Projection Ltd.	"
Digital Projection Inc.	"
Delta Greentech (Brasil) S.A.	It was an associate before April 1, 2017, and became a subsidiary since April 1,
Delta Greentech (USA) Corporation	It was an associate before April 1, 2017, and became a subsidiary since April 1, 2017. On May 1, 2018, it merged with DELTA ELECTRONICS (USA) INC.

### (2) Significant transactions and balances with related parties

#### A. Sales

	Years ended December 31,	
	2018	2017
Sales of goods:		
Subsidiaries	\$ 2,474,393	\$ 1,041,488
Associates	388,887	315,849
	<u>\$ 2,863,280</u>	<u>\$ 1,357,337</u>
	Years ended December 31,	
	2018	2017
Sales of services:		
Subsidiaries		
DEIL-SG	\$ 11,705,723	\$ 11,868,873
Others	229,758	180,696
Associates	1,157,863	385,575
	<u>\$ 13,093,344</u>	<u>\$ 12,435,144</u>

The sales terms, including prices and collections, were negotiated based on cost, market, competitors and other factors.

B. Purchases

	<u>Years ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Purchases of goods:		
Subsidiaries		
DEIL-SG	\$ 16,338,432	\$ 17,775,588
Others	282,081	185,799
Associates	17,852	17,611
Purchases of services:		
Subsidiaries		
DNIT	1,077,761	954,024
Others	956,622	659,957
	<u>\$ 18,672,748</u>	<u>\$ 19,592,979</u>

The purchase terms, including prices and payments, were negotiated based on cost, market, competitors and other factors.

C. Period-end balances arising from sales of goods and services

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Receivables from related parties:		
Subsidiaries		
DEIL-SG	\$ 1,413,904	\$ 1,796,651
Others	747,011	147,281
Associates	628,248	107,056
	<u>\$ 2,789,163</u>	<u>\$ 2,050,988</u>

The receivables from related parties arise mainly from sales transactions of goods and services. The receivables are due 75 days after the date of sale. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

D. Period-end balances arising from purchases of goods

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Payables to related parties:		
Subsidiaries		
DEIL-SG	\$ 6,917,806	\$ 6,232,192
Others	720,867	316,460
Associates	3,949	8,286
	<u>\$ 7,642,622</u>	<u>\$ 6,556,938</u>

The payables to related parties arise mainly from purchase transactions and are due 70 days after the date of purchase. The payables bear no interest.

E. Period-end balances arising from other transactions

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Other receivables-related parties		
Subsidiaries		
DEIL-SG	\$ 429,608	\$ 598,568
ALI	97,863	7,951
Others	30,619	70,471
Associates	<u>78,986</u>	<u>42,302</u>
	<u>\$ 637,076</u>	<u>\$ 719,292</u>

The above pertain mainly to collections or payments on behalf of others.

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Other payables-related parties		
Subsidiaries		
DEIL-SG	\$ 246,548	\$ 77,269
Others	69,790	302,182
Associates	<u>9,196</u>	<u>4,294</u>
	<u>\$ 325,534</u>	<u>\$ 383,745</u>

The above pertain mainly to triangular trade collections on behalf of others and so on.

F. Disposal of equipment:

	<u>Year ended December 31, 2018</u>	
Items	<u>Disposal proceeds</u>	<u>disposal</u>
Associates	Other equipments \$ 53,048	\$ 17,465

For the year ended December 31, 2017, the Company has not disposed equipments to related parties.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Salaries and other short-term employee benefits	\$ 264,992	\$ 281,149

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	<u>Book value</u>		
<u>Pledged assets</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Pledge purpose</u>
Time deposits (shown as other current assets)	<u>\$ 85,881</u>	<u>\$ 137,085</u>	Warranty

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Costs of computer software	\$ 285,000	\$ -
Property, plant and equipment	2,100,000	-
	<u>\$ 2,385,000</u>	<u>\$ -</u>

B. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Not later than one year	\$ 34,037	\$ 9,124
Later than one year but not later than five years	82,637	35,175
Later than five years	167,452	6,480
	<u>\$ 284,126</u>	<u>\$ 50,779</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Information about the appropriation of 2018 earnings of the Company is provided in Note 6(14)E.

12. OTHERS

(1) Capital management

The Company's objectives (including disposal Companys held for sale) when managing capital are to maintain an integrity credit rating and good capital structure to support operating and maximum stockholders' equity.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 74,591	\$ -
Financial assets at fair value through other comprehensive income		
Selected designated investments in equity instruments	\$ 1,786,102	\$ -
Available-for-sale financial assets		
Available-for-sale financial assets	\$ -	\$ 2,807,889
Financial assets at cost	-	59,358
	<u>\$ -</u>	<u>\$ 2,867,247</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 239,908	\$ 2,548,015
Notes receivable	69,639	221,128
Accounts receivable	8,148,219	7,763,883
Other receivables	805,249	775,263
	<u>\$ 9,263,015</u>	<u>\$ 11,308,289</u>
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	8,761,560	7,446,179
Other accounts payable	9,215,509	9,161,460
Long-term borrowings (including current portion)	17,398,000	10,576,000
	<u>\$ 35,375,069</u>	<u>\$ 27,183,639</u>

B. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, RMB and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require the Group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company uses forward foreign exchange contracts, foreign exchange swap contracts and options, transacted with Group treasury.
- iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 251,346	30.715	\$ 7,720,092
<u>Non-monetary items</u>			
USD:NTD	\$ 3,176,901	30.715	\$ 97,578,529
THB:NTD	1,647,048	0.9532	1,569,966
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 241,065	30.715	\$ 7,404,311

	December 31, 2017		
Foreign currency	amount	Exchange	Book value
(Foreign currency: functional currency)	(in thousands)	rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 274,345	29.760	\$ 8,164,507
<u>Non-monetary items</u>			
USD:NTD	\$ 2,707,339	29.760	\$ 80,570,415
THB:NTD	9,487,456	0.9176	8,704,772
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 219,021	29.760	\$ 6,518,065

- iv. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2018 and 2017 amounted to \$50,170 and (\$19,583), respectively.

	Year ended December 31, 2018		
(Foreign currency: functional currency)	Sensitivity analysis		
Financial assets	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Monetary items</u>			
USD : NTD	1%	\$ 77,201	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 74,043	-

	Year ended December 31, 2017		
(Foreign currency: functional currency)	Sensitivity analysis		
Financial assets	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Monetary items</u>			
USD : NTD	1%	\$ 81,645	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 65,181	-



### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2018 and 2017 would have increased/decreased by \$746 and \$0, respectively, as a result of gain/loss on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$17,861 and \$28,079, respectively, as a result of other comprehensive income classified equity investment at fair value through other comprehensive income.

### Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings mainly bear fixed and variable rate. During 2018 and 2017, the Company's borrowings at variable rate were denominated in NTD.
- ii. If the interest rate increases by 0.25%, with all other variables held constant, profit, net of tax for the years ended December 31, 2018 and 2017 would have decreased by \$34,796 and \$0, respectively. The main factor is that changes in interest expense result from floating-rate borrowings.

### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments which were settled in accordance with trading conditions.
- ii. According to the Company's credit policy, the Company managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit controller. The utilisation of credit limits is regularly monitored.

- iv. For banks and financial institutions, only well rated parties are accepted.
- v. The Company adopts the assumption under IFRS 9, that if the contract payments are past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Company adopts the assumption under IFRS 9, that the default occurs when the contract payments are not expected to be recovered and are transferred to overdue receivables.
- vii. The Company classifies customer's accounts receivable and contract assets in accordance with customer types. The Company applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- viii. The Company uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On December 31, 2018, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At December 31, 2018</u>			
Expected loss rate	0.00%	1.58%	25.01%
Total book value	\$ 4,997,972	\$ 327,189	\$ 46,022
Loss allowance	\$ -	\$ 5,165	\$ 11,508
	<u>181-365 days past due</u>	<u>Over 365 days past due</u>	<u>Total</u>
Expected loss rate	50.01%	100.00%	
Total book value	\$ 9,093	\$ 42,587	\$ 5,422,863
Loss allowance	\$ 4,547	\$ 42,587	\$ 63,807

- ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes receivable, accounts receivable, contract assets and overdue receivables are as follows:

	<u>Year ended December 31, 2018</u>				
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Overdue receivables</u>	<u>Total</u>
At January 1_IAS 39	\$ -	\$ 51,146	\$ -	\$ -	\$ 51,146
Adjustments under new standards	-	-	-	-	-
At January 1_IFRS 9	-	51,146	-	-	51,146
Acquired through business combinations	-	12,661	-	-	12,661
At December 31	\$ -	\$ 63,807	\$ -	\$ -	\$ 63,807

For provisioned loss in 2018, the reversal gain of impairment arising from customers' contracts amounted to \$0.

- x. Credit risk information of 2017 is provided in Note 12(4).

(c) Liquidity risk

- i. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities:

Non-derivative financial liabilities:

<u>December 31, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Notes and accounts payable (including related parties)	\$ 8,761,560	\$ -	\$ -	\$ -
Other payables	9,215,509	-	-	-
Long-term borrowings	-	17,398,000	-	-

<u>December 31, 2017</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Notes and accounts payable (including related parties)	\$ 7,446,179	\$ -	\$ -	\$ -
Other payables	9,161,460	-	-	-
Long-term borrowings	-	10,576,000	-	-

- iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. Financial instruments not measured at fair value, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable, other payables and long-term borrowings (including current portion), current portion are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 46,895	\$ -	\$ 27,696	\$ 74,591
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,632,492</u>	<u>-</u>	<u>153,610</u>	<u>1,786,102</u>
	<u>\$ 1,679,387</u>	<u>\$ -</u>	<u>\$ 181,306</u>	<u>\$ 1,860,693</u>
<u>December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Available-for-sale financial assets				
Equity securities	<u>\$ 2,676,305</u>	<u>\$ -</u>	<u>\$ 131,584</u>	<u>\$ 2,807,889</u>

D. The methods and assumptions that the Company used to measure fair value are as follows:

- (a) The instruments that the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques that are approved for financial management.
- (c) When assessing non-standard and low-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using the valuation model is adjusted accordingly with additional inputs. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent

the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- (e) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty.
- E. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
	Equity securities	Equity securities
At January 1	\$ 131,584	\$ 192,917
Effect of IFRS 9 adjustment	59,358	-
Acquired in the year	1,429	39,969
Gains or losses recognised in profit or loss	1,865	( 5,569)
Proceeds from capital reduction	( 12,930)	( 95,733)
At December 31	<u>\$ 181,306</u>	<u>\$ 131,584</u>

- G. Investment department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodical review.

The capital department establishes valuation policies, valuation processes and ensures compliance with the related requirements in IFRS. The related valuation results are reported to the management monthly. The management is responsible for managing and reviewing valuation processes.

- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2018</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 181,306	Most recent non-active market price	Not applicable	-	Not applicable

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 131,584	Most recent non-active market price	Not applicable	-	Not applicable

- I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2018				
		Recognised in profit or loss		Recognised in other comprehensive income		
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Most recent non-active market price	± 1%	\$ 277	(\$ 277)	\$ 1,536	(\$ 1,536)
			December 31, 2017			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Most recent non-active market price	± 1%	\$ -	\$ -	\$ 1,316	(\$ 1,316)

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

(a) Available-for-sale financial assets

- i. They are non-derivatives that are either designated in this category or not classified in

any of the other categories.

- ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- iii. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets at cost'.

(b) Loans and receivables

Accounts receivable

Notes receivable and accounts receivable are claims resulting from the sale of goods or services. Other receivables are those arising from transactions other than the sale of goods or services. Notes receivable, accounts receivable and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, for short-term accounts receivable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(c) Impairment of financial assets

- i. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.
- ii. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:
  - (i) Significant financial difficulty of the issuer or debtor;
  - (ii) A breach of contract, such as a default or delinquency in interest or principal payments;
  - (iii) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
  - (iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
  - (v) The disappearance of an active market for that financial asset because of financial

difficulties;

- (vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
  - (vii) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
  - (viii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- iii. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(i) Financial assets at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(ii) Financial assets at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(iii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's



acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, are as follows:

	IAS 39	Available- for-sale-equity	Available- for-sale-liability	Measured at cost	Effects	
					Retained earnings	Other equity
<b>IFRS 9</b>						
Transferred into and measured at fair value through profit or loss	\$	144,266	\$ -	\$ -	\$ -	\$ -
Transferred into and measured at fair value through other comprehensive income		2,663,623	-	59,358	-	-
Impairment loss adjustment		-	-	-	626,735	( 626,735)
Fair value adjustment		-	-	-	492,181	( 492,181)

Under IAS 39, as the equity instruments which were classified as available-for-sale financial assets and financial assets at cost, amounting to \$2,807,889 and \$59,358, respectively, were reclassified as "financial assets at fair value through profit or loss" and "financial assets at fair value through other comprehensive income", which resulted to an increase in retained earnings and decrease in other equity interest in the amounts of \$1,118,916 and \$1,118,916 under IFRS 9, respectively.

C. The significant accounts as of December 31, 2017 and for the year ended December 31, 2017 are as follows:

(a) Available-for-sale financial assets

Items	December 31, 2017
Current items:	
Listed stocks	\$ 927,903
Valuation adjustment	35,738
Accumulated impairment	( 626,735)
	<u>\$ 336,906</u>
Non-current items:	
Listed stocks	\$ 4,088,005
Unlisted shares	<u>252,306</u>
	4,340,311
Valuation adjustment	( 1,768,138)
Accumulated impairment	( 101,190)
	<u>\$ 2,470,983</u>

- i. The Company recognised loss of \$159,868 in other comprehensive income for fair value change and reclassified \$92,679 from equity to profit or loss for the year ended December 31, 2017.
- ii. At period end, there was a significant decline in the net value of equity investment held by the Company below its original cost. For the year ended December 31, 2017, the Company recognised impairment loss of \$632,304.
- iii. The Company has no available-for-sale financial assets pledged to others as collateral.

(b) Financial assets at cost

Items	December 31, 2017
Non-current items:	
Unlisted shares	<u>\$ 59,358</u>

According to the Company's intention, its investment in stocks should be classified as 'available-for-sale financial assets'. However, as stocks are not traded in active market, and no sufficient industry information of companies cannot be obtained, the fair value of the investment cannot be measured reliably. The Company classified those stocks as 'financial assets at cost'.

(c) Accounts receivable and overdue receivables

Movements in the provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	\$ 230	\$ 76,306	\$ 76,536
Reversal of impairment	( 230)	( 25,160)	( 25,390)
At December 31	<u>\$ -</u>	<u>\$ 51,146</u>	<u>\$ 51,146</u>

D. Credit risk information on December 31, 2017 and for the year ended December 31, 2017 are as follows:

- (a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations as described below:
- i. According to the Company's credit policy, the Company managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
  - ii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the manager of credit control. The utilisation of credit limits is regularly monitored.
  - iii. For banks and financial institutions, only well-rated parties are accepted.
  - iv. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transaction.
- (b) For the year ended December 31, 2017, the management does not expect any significant losses from non-performance by these counterparties.
- (c) The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Company's credit quality control policy:

	<u>December 31, 2017</u>
Group 1	\$ 3,377,861
Group 2	<u>2,083,815</u>
	<u>\$ 5,461,676</u>

Company 1: Medium to low risk customers: These customers include large enterprise which are operating well, and in which financial transparency is high and approved by the headquarters' credit controller as well as government and educational institutions.

Company 2: Normal risk customers: Customers other than the medium to low risk customers.

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below:

(a) Sales of goods

The Company is mainly engaged in manufacturing and sales of information, electric machinery, power supply, industrial automation, networking and communication equipment and components and its related products. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(b) Sales of services

The Company provides installation of certain software and module and energy technology services. Revenue is recognised if all of the following conditions are met and the cost incurred shall be recognised as the cost in the current period. If loss is expected to incur on the transaction, loss shall be recognised immediately.

- i. The amount of the revenue can be measured reliably;
- ii. It is probable that the economic benefits related to the transaction will flow to the enterprise;
- iii. The costs incurred and to be incurred associated with the transaction can be measured reliably; and
- iv. The degree of completion of the transaction can be measured reliably at the balance sheet date.

B. The revenue recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

	Year ended December 31, 2018
Sales revenue	\$ 24,739,768
Service revenue	12,463,691
Other operating income	<u>1,374,288</u>
	<u>\$ 38,577,747</u>

C. The effects and description on current balance sheet and comprehensive income statement if the Company continues adopting above accounting policies are as follows:

	December 31, 2018		
<u>Balance sheet items</u>	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Accounts receivable, net	\$ 5,359,056	\$ 6,239,610	(\$ 880,554)
Contract assets - current	880,554	-	880,554
Contract liabilities - current	( 426,796)	-	( 426,796)
Other current liabilities	( 644,159)	( 1,070,955)	426,796

There is no effect on comprehensive income.

- (a) Customer contracts where services were rendered but not yet billed, were previously presented as accounts receivable in the balance sheet, and are recognised as contract assets in accordance with IFRS 15 'Revenue from contracts with customers'.
- (b) Expected sales discounts and allowances were previously presented as accounts receivable - allowance, and reclassified as refund liabilities (shown as 'other current liabilities') under IFRS 15 'Revenue from contracts with customers'.
- (c) Advance sales receipts in relation to customer contracts under IFRS 15 'Revenue from contracts with customers' are recognised as contract liabilities.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods:None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 6, 7 and 8 for significant transactions of purchases, sales, receivables and payables of investee companies in the Mainland China, and transactions between the Company indirectly through investees in a third area, Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cyntec International Ltd. (CIL-Labuan), with investee companies in the Mainland China, for the year ended December 31, 2018.

14. OPERATING SEGMENT INFORMATION

Not applicable.

DELTA ELECTRONICS, INC.  
DETAILS OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Petty cash/revolving funds		\$ 2,160	
Demand Deposits		65,020	
Foreign exchange deposits	(USD 3,621 thousand, exchange rate: 30.715)	111,227	
	(JPY 201,468 thousand, exchange rate: 0.2782)	56,048	
	(EUR 153 thousand, exchange rate: 35.200)	5,381	
	(RMB 10 thousand, exchange rate: 4.4731)	45	
Checking accounts deposits		<u>27</u>	
		<u>\$ 239,908</u>	

DELTA ELECTRONICS, INC.  
DETAILS OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
A Company		\$ 848,322	
B Company		416,318	
C Company		369,821	
D Company		271,846	
Others		3,516,556	The balance of each customer has not exceeded 5% of the accounts receivable.
Less: Allowance for bad debts		5,422,863	
		( 63,807)	
		\$ 5,359,056	

Note : The company has confidential agreement, therefore, won't reveal name of the above client.



DELTA ELECTRONICS, INC.  
DETAILS OF INVENTORIES  
DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Amount		Note
	Cost	Market value	
Raw materials	\$ 818,473	\$ 831,419	The net realisable value is the net market value.
Work in progress	159,169	159,170	"
Finished goods	983,795	1,250,908	"
Inventory in transit	<u>54,821</u>	<u>54,821</u>	"
	<u>\$ 2,016,258</u>	<u>\$ 2,296,318</u>	

Note : As of December 31,2018, the amount of loss on market value decline and obsolete and inventories is \$350,617.

**DELTA ELECTRONICS, INC.**  
**MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**  
**YEAR ENDED DECEMBER 31, 2018**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

Investee	Opening balance		Additions		Reductions		Ending balance		Market price or value per share		For Collateralize and pledge	Footnote
	Number of shares (Note 1)	Amount	Number of shares (Note 1)	Amount	Number of shares (Note 1)	Amount	Number of shares (Note 1)	Ownership (%)	Amount	Price (in NTD)		
Delta International Holding Limited	67,680	\$ 57,087,661	-	\$ 10,326,233	-	\$ -	67,680	94.00	\$ 67,413,894	996.07	67,413,894	None
Cyntec Co., Ltd.	2,062,258	32,297,074	170,033	2,636,414	-	-	2,232,291	100.00	34,933,488	15.65	34,933,488	"
Delta Networks Holding Limited	83,800	11,017,200	-	-	-	( 1,213,334)	83,800	100.00	9,803,866	116.99	9,803,866	"
Delta Electronics Int'l (Singapore) Pte. Ltd.	300	7,305,059	-	7,838,756	-	-	300	100.00	15,143,815	50,479.38	15,143,815	"
Delta Electronics (Thailand) Public Co., Ltd.	69,128	8,704,772	-	-	-	( 7,134,806)	69,128	5.54	1,569,966	66.25	4,579,560	"
Allied Material Technology Corp	211,401	1,985,384	-	-	-	( 115,567)	211,401	99.97	1,869,817	8.84	1,869,817	"
Delta Electronics Capital Company	306,254	3,657,569	43,746	262,292	-	-	350,000	100.00	3,919,861	11.20	3,919,861	"
Delta Electronics (Netherlands) B.V.	120,220	4,670,180	-	58,147	-	-	120,220	100.00	4,728,327	39.33	4,728,327	"
PreOptix (Hong Kong) Co., Ltd.	5,250	216,922	-	-	-	( 46,851)	5,250	39.62	170,071	32.39	170,071	"
DelBio Inc.	90,000	195,124	-	12,164	-	-	90,000	100.00	207,288	2.30	207,288	"
Delta America Ltd.	2,100	273,393	-	45,163	-	-	2,100	10.26	318,556	151.69	318,556	"
Delta Networks, Inc. (Taiwan)	50,041	1,597,444	-	-	-	( 314,312)	50,041	99.98	1,283,132	25.64	1,283,132	"
UNICOM SYSTEM ENG. CORP.	570	378,504	-	60,229	-	-	570	100.00	438,733	769.71	438,733	"
Vivotec Inc.	40,261	3,983,116	2,084	93,355	-	( 111,197)	42,345	50.13	3,965,274	94.20	3,988,939	"
Others	-	27,308	-	18,454	-	-	-	-	45,762	-	45,762	"
Total		\$ 133,396,710		\$ 21,351,207		\$ (8,936,067)			\$ 145,811,850		\$ 148,845,109	

Note 1: Per thousand share.

Note 2: The book value was the initial investment cost plus gains on investment evaluated based on the weighted average comprehensive shareholding ratio of 20.01%. Market value of \$4,579,560 was calculated in proportion to the Company's ownership. The market value shall be \$17,298,030 if it was calculated by the weighted average comprehensive shareholding ratio of 20.01% at the end of the year.

DELTA ELECTRONICS, INC.  
MOVEMENT SUMMARY OF PROPERTY, PLANT AND EQUIPMENT  
AND ACCUMULATED DEPRECIATION  
YEAR ENDED DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Please refer to the Note 6(7) disclosure.

DELTA ELECTRONICS, INC.  
DETAILS OF ACCOUNTS PAYABLE  
DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Vendor name</u>	<u>Amount</u>	<u>Note</u>
Taiwan Yuasa Battery Co., Ltd.	\$ 113,517	
Others	<u>1,005,421</u>	The balance of each vender has not exceeded 5% of the accounts payable.
	<u>\$ 1,118,938</u>	

DELTA ELECTRONICS, INC.  
DETAILS OF LONG-TERM BORROWINGS  
DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Creditor	Summary	Ending balance	Contract period	Interest Rate	Collateralize or pledge
Mizuho Bank LTD, Taipei Branch	Credit Loans	\$ 5,090,000	2018.07.01~2020.07.01	0.59%	None
Sumitomo Mitsui Banking Corporation Taipei Branch	"	7,733,000	2018.10.25~2020.10.25	0.53%	"
HSBC Bank Limited (Taiwan)	"	1,905,000	2018.07.05~2020.07.05	0.53%	"
CTBC Bank	"	1,000,000	2018.09.30~2020.09.30	0.57%	"
The Hongkong and Shanghai Banking Corporation Limited Taipei Branch	"	<u>1,670,000</u>	2018.07.05~2020.07.05	0.53%	"
		<u>\$ 17,398,000</u>			

DELTA ELECTRONICS, INC.  
DETAILS OF OPERATING REVENUE  
YEAR ENDED DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Amount</u>	<u>Note</u>
Power electronics	\$ 12,826,674	
Automation	5,611,078	
Infrastructure	5,492,551	
Others	<u>754,924</u>	
Sales revenue	24,685,227	
Service revenue	13,323,592	
Other operating revenue	<u>940,066</u>	
Total operating revenue	<u>\$ 38,948,885</u>	

DELTA ELECTRONICS, INC.  
DETAILS OF OPERATING COST  
YEAR ENDED DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Amount
Raw materials at beginning	\$ 547,978
Add: material purchased for the period	3,611,763
Less: Raw materials at the end	( 818,473)
Raw materials in transit	( 1,701)
Cost of raw material sales	( 153,192)
Scrapped raw material	( 249)
Transferred to manufacturing or operating expenses	( 91,340)
Direct materials	3,094,786
Direct labor	239,734
Manufacturing overheads	821,117
Manufacturing cost for the period	4,155,637
Add: Work in progress at the beginning	120,064
Less: Work in progress at the end	( 159,169)
Cost of finished goods for the period	4,116,532
Add: Finished goods at the beginning	949,265
Finished goods purchases for the period	16,732,998
Less: Finished goods at the end	( 983,795)
Finished in transit	( 53,120)
Scrapped finished goods	( 304)
Transferred to manufacturing overheads or operating expenses	( 129,665)
Cost of goods manufactured and sold	20,631,911
Loss on market value decline and obsolete and slow-moving inventories	41,600
Others	( 3,857)
Cost of goods sold	20,669,654
Cost of raw material sales	153,192
Cost of service	4,848,621
Other operating costs	741,636
Operating costs	\$ 26,413,103

DELTA ELECTRONICS, INC.  
DETAILS OF MANUFACTURING EXPENSE  
YEAR ENDED DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Amount</u>	<u>Note</u>
Salaries and Wages	\$ 448,044	
Depreciation expense	224,165	
Others	<u>148,908</u>	The balance of each expense account has not exceeded 5% of the manufacturing expense.
Total	<u>\$ 821,117</u>	



DELTA ELECTRONICS, INC.  
DETAILS OF SELLING EXPENSES  
YEAR ENDED DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Amount	Note
Wages and Salaries	\$ 401,588	
Promotion expense	35,632	
Employees' compensation	46,055	
Others	<u>197,100</u>	The balance of each expense account has not exceeded 5% of the selling expense.
Total	<u>\$ 680,375</u>	

DELTA ELECTRONICS, INC.  
DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES  
YEAR ENDED DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Amount</u>	<u>Note</u>
Salaries and Wages	\$ 949,689	
Employees' compensation	219,469	
Depreciation expense	138,452	
Others	<u>697,306</u>	The balance of each expense account has not exceeded 5% of the general and administrature expenses.
Total	<u>\$ 2,004,916</u>	

DELTA ELECTRONICS, INC.  
DETAILS OF RESEARCH AND DEVELOPMENT EXPENSES  
YEAR ENDED DECEMBER 31, 2018  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Amount	Note
Salaries and Wages	\$ 4,558,946	
Others	<u>3,853,649</u>	The balance of each expense account has not exceeded 5% of the research and development expense.
Total	<u>\$ 8,412,595</u>	

DELTA ELECTRONICS, INC.  
DETAILS OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Nature	Funtion	2018			2017		
		Classified as Cost of Sale	Classified as Operating expense	Total	Classified as Operating cost	Classified as Operating expense	Total
Employee benefit expense (Note)							
Salaries and Wages		703,457	7,401,903	8,105,360	3,645,614	1,257,116	4,902,730
Labor and Health insurance		101,826	402,389	504,215	367,794	99,442	467,236
Pension		36,380	312,392	348,772	28,405	244,425	272,830
Directors' remuneration		-	39,400	39,400	-	35,400	35,400
Others		77,995	185,690	263,685	193,098	48,966	242,064
Depreciation		439,484	537,484	976,968	687,562	102,628	790,190
Amortisation		148	275,494	275,642	83	152,639	152,722

Note: As of December 31, 2018 and 2017, the number of the Company's employees were 6,604 and 5,932 (Excepted of oversea employees), including 5 and 7 non-employee directors, respectively.

Delta Electronics, Inc.  
Loans to others

Year ended December 31, 2018

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2018 (Note 2)	Balance at December 31, 2018	Actual amount drawn down	Interest rate	Nature of loan (Note 7)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					\$	\$	\$			\$		\$	Item	\$	\$	
1	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	7,678,750	7,678,750	7,678,750	0.50%	2	-	Additional operating capital	-	None	29,845,320	29,845,320	Note 5
1	Fairview Assets Ltd.	Delta Controls Inc.	Other receivables - related parties	Yes	3,992,950	3,317,220	2,303,625	0.50%	2	-	Additional operating capital	-	None	29,845,320	29,845,320	Note 5
2	Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	6,757,300	6,757,300	6,757,300	0.50%	2	-	Additional operating capital	-	None	9,712,781	9,712,781	Note 5
3	Delta Electronics (H.K.) Ltd.	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	860,020	860,020	860,020	0.50%	2	-	Additional operating capital	-	None	13,784,695	13,784,695	Note 4
4	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	3,040,785	3,040,785	3,040,785	0.50%	2	-	Additional operating capital	-	None	28,809,856	28,809,856	Note 4
5	ELTEK AS	Elekt Italia S.r.l.	Other receivables - related parties	Yes	28,160	28,160	28,056	1.90%	2	-	Additional operating capital	-	None	1,407,307	1,407,307	Note 5
6	Delta Electronics (Wuhu) Co. Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	1,373,242	178,924	-	4.35%	2	-	Additional operating capital	-	None	1,823,184	1,823,184	Note 4
7	Delta Electronics Components (Wujiang) Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	581,503	-	-	0.00%	2	-	Additional operating capital	-	None	2,834,380	2,834,380	Note 4
8	Vivotek Inc.	Vates Inc.	Other receivables - related parties	Yes	200,000	200,000	101,966	1.34%	2	-	Additional operating capital	-	None	278,837	557,674	Note 6
8	Vivotek Inc.	LIDLIGHT INC.	Other receivables - related parties	Yes	10,000	10,000	-	1.34%	2	-	Additional operating capital	-	None	20,000	557,674	Note 6
9	Grandview Holding Limited	Cyntec Holding (HK) Limited	Other receivables - related parties	Yes	3,072	3,072	3,072	0.50%	2	-	Additional operating capital	-	None	10,484,939	10,484,939	Note 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Maximum outstanding balance during the current period was translated into New Taiwan dollars using the exchange rate at December 31, 2018, which the Company reported to the Securities and Futures Bureau.

Note 3: Limit on loans granted by the Company to a single party is 20% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 4: Limit on loans granted by subsidiaries to a single party is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements.

Note 5: Limit on loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares is the lender's net assets based on the latest audited or reviewed financial statements, and limit on total loans is the lender's net assets based on the latest audited or reviewed financial statements.

Note 6: The calculation and amount on ceiling of loans of Vivotek Inc. are as follows:

(1) The ceiling on total amount of loans to others shall not exceed 20% of Vivotek Inc.'s net assets value in the latest financial statement which was reviewed or audited by independent accountant.

(2) For the short-term financing, the limit on loans granted to a single party shall not exceed 10% of the borrower's paid-in capital and Vivotek Inc.'s net assets value in the latest financial statement which was reviewed or audited by independent accountant.

Note 7: Nature of loans:

(1) Business transaction: 1.

(2) Short-term financing: 2.

Delta Electronics, Inc.  
Provision of endorsements and guarantees to others  
Year ended December 31, 2018

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 2

Number (Note 1)	Endorser / guarantor	Party being endorsed/guaranteed		Limit on endorsements / guarantees provided for a single party	Maximum outstanding endorsement / guarantee amount as of December 31, 2018	Outstanding endorsement / guarantee amount at December 31, 2018	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement / guarantee amount to net asset value of the endorser / guarantor company	Ceiling on total amount of endorsements / guarantees provided	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser / guarantor (Note 6)											
1	ELTEK AS	Eltek Power Sweden AB	2	\$ 2,605,423	\$ 17,100	\$ 17,100	\$ 17,100	\$ -	0.01%	\$ 6,513,558	Y	N	N	Note 3
1	ELTEK AS	ELTEK MEA DMCC	2	2,605,423	71,651	71,651	71,651	-	0.06%	6,513,558	Y	N	N	Note 3
1	ELTEK AS	ELTEK ALISTRALLA PTY LIMITED	2	2,605,423	138,218	138,218	138,218	-	0.11%	6,513,558	Y	N	N	Note 3
2	Vivotek Inc.	Vartes Inc.	2	557,674	120,000	120,000	-	-	4.30%	1,115,347	Y	N	N	Note 5

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: In accordance with the Company's Procedures for Provision of Endorsements and Guarantees, "limit on total endorsements is 40% of the Company's net assets based on the latest audited or reviewed financial statements, limit on endorsements to a single company is 20% of the Company's net assets based on the latest audited or reviewed financial statements. Limit on total endorsements granted by the Company and subsidiaries is 50% of the Company's net assets based on the latest audited or reviewed financial statements, limit on total endorsements to a single party is 30% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 3: In accordance with Eltek's "Procedures for Provision of Endorsements and Guarantees," limit on total endorsements is 5% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on endorsements to a single party is 2% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 4: The Company's net assets based on the latest audited or reviewed financial statements were \$130,271,159 thousand (2018/12/31).

Note 5: The limit on total endorsements/guarantees of Vivotek Inc. shall not exceed 40% of the company's net assets value in the latest financial statement which was reviewed or audited by independent accountant, and limit on endorsements to a single party is 20% of Vivotek Inc.'s net assets based on the latest audited or reviewed financial statements. period when endorsements and guarantees are incurred.

Note 6: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Delta Electronics, Inc.  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2018  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018			Footnote
				Number of shares	Book value	Ownership (%)	
Delta Electronics, Inc.	Swissray Global Healthcare Holding Limited common stock	None	Financial assets at fair value through other comprehensive income-current	7,963,600	\$ 57,656	18.72	\$ 57,656
Delta Electronics, Inc.	United Renewable Energy Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income-non-current	167,145,851	1,308,752	6.64	1,308,752
Delta Electronics, Inc.	Lanner Electronics Inc. common stock	None	Financial assets at fair value through other comprehensive income-non-current	6,026,820	266,084	5.57	266,084
Delta Electronics, Inc.	Others	None	-	-	228,201	-	228,201
Delta International Holding Limited	Solarflare Communications, Inc. preferred shares	None	Financial assets at fair value through profit or loss-non-current	9,547,235	293,243	3.46	293,243
Delta International Holding Limited	Mentis Technology, Inc., etc	None	Financial assets at fair value through profit or loss-non-current	-	92,145	-	92,145
Delta Electronics (Japan), Inc.	Macy (Cayman) Inc. common stock	None	Financial assets at fair value through other comprehensive income-non-current	74,000,000	34,547	19.79	34,547
Delta Electronics (Pingtan) Co., Ltd.	Pingtan Hi Tech Investment Development Shares Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	-	33,475	15.00	33,475
Delta Electronics Capital Company	Fusheng Precision Co., Ltd. common stock	None	Financial assets at fair value through profit or loss	1,800,000	287,100	1.37	287,100
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	Financial assets at fair value through profit or loss-non-current	2,374,000	255,205	1.44	255,205
Delta Electronics Capital Company	Nien Made Enterprise Co., Ltd. common stock	None	Financial assets at fair value through profit or loss-current	673,043	158,838	0.23	158,838
Delta Electronics Capital Company	Globalwafers Co., Ltd. common stock	None	Financial assets at fair value through profit or loss-current	495,650	139,030	0.11	139,030
Delta Electronics Capital Company	Buding Technology Limited preferred stock	None	Financial assets at fair value through profit or loss-non-current	1,059,047	148,075	2.95	148,075
Delta Electronics Capital Company	TaskEasy, Inc. common stock	None	Financial assets at fair value through profit or loss-non-current	2,633,872	141,008	7.76	141,008
Delta Electronics Capital Company	FineTek Co., Ltd. common stock, etc.	None	-	-	1,610,455	-	1,610,455

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018			Footnote	
				Number of shares	Book value	Ownership (%)		Fair value
Delta America Ltd.	VPT, Inc. common stock	None	Financial assets at fair value through other comprehensive income-non-current	-	\$ 5,375	-	\$ 5,375	
Cyntec Co., Ltd.	SUSUMU Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income-non-current	200,000	104,081	11.53	104,081	
Cyntec Co., Ltd.	LUXTERA, INC. preferred stock	None	Financial assets at fair value through other comprehensive income-non-current	55,029,284	673,609	3.29	673,609	
Cyntec Co., Ltd.	GaN Systems Inc. preferred stock	None	Financial assets at fair value through other comprehensive income-non-current	1,454,193	89,874	3.15	89,874	
Cyntec Co., Ltd.	Impact Clean Power Technology S. A. Convertible Bond	None	Financial assets at fair value through profit or loss-current	-	69,074	-	69,074	
Delta Electronics Int'l (Singapore) Pte. Ltd.	PBA International Pte. Ltd. common stock, etc.	None	-	-	129,532	-	129,532	
UNICOM SYSTEM ENG. CORP.	Digi-Hua System Co., Ltd. common stock, etc.	None	Financial assets at fair value through profit or loss-non-current	-	3,273	-	3,273	
Delta Electronics (Netherlands) B.V.	ZENTERA SYSTEMS, Inc. preferred stock	None	Financial assets at fair value through other comprehensive income-non-current	1,838,235	153,575	10.46	153,575	
Delta Electronics (Netherlands) B.V.	Noda RF Technologies Co., Ltd. common stock, etc.	None	Financial assets at fair value through other comprehensive income-non-current	-	56,268	-	56,268	



Delta Electronics, Inc.  
 Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
 Year ended December 31, 2018  
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investee	Balance as at January 1, 2018		Addition		Disposal				Balance as at December 31, 2018		Footnote
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
ELTEK AS	DELTA ELECTRONICS HOLDING (USA) INC.	Investments accounted for using equity method	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	-	\$ 1,464,014	-	(\$ 82,253) (Note 2)	-	\$ 1,989,285	\$ 1,381,761 (Note 2)	(Note 1)	-	\$ -	Note 3

Note 1: The transaction resulted from the Group's adjustment in investment structure. There was no gain or loss on disposal pursuant to related ordinances.

Note 2: It reflected the movement in the adjustments in the profit (loss) and net value of investments recognised in this period.

Note 3: Only sales transactions are disclosed.

Delta Electronics, Inc.

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2018

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Delta Electronics, Inc.	Land in Taoyuan	May 2, 2018 and June 5, 2018	\$ 2,049,970	Acquired by cash	Gi-Jin construction co. Ltd and 9 natural persons	None	-	-	\$ -	Appraisal report	For development of future business	None	
Delta Electronics, Inc.	Land in Neihu	August 21, 2018	1,011,684	Acquired by cash	9 natural persons	None	-	-	-	Appraisal report	For development of future	None	
Vivotek Inc.	Land, Buildings, Parking space in Zhonghe	December 14, 2018	314,968	Acquired by cash	Honeywell International Inc.	None	-	-	-	Appraisal report	Offices for research departments and production	None	

Delta Electronics, Inc.  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
Year ended December 31, 2018  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 6

	Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
				Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics, Inc.	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Sales and other operating revenue	\$ 12,028,774	30.84	70 days	\$ -	-	-	\$ 1,413,904	15.54	
Delta Electronics, Inc.	Delta Electronics, Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	Sales	939,514	2.41	70 days	-	-	-	67,503	0.74	
Delta Electronics, Inc.	Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	Sales	771,955	1.98	70 days	-	-	-	415,714	4.57	
Delta Electronics, Inc.	Delta Electronics, Inc.	UNICOM SYSTEM ENG. CORP.	Subsidiary	Other operating revenue	204,938	0.53	70 days	-	-	-	47,498	0.52	
Delta Electronics, Inc.	Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Associate	Sales and other operating revenue	1,162,646	2.98	70 days	-	-	-	537,616	5.91	
Delta Electronics, Inc.	Delta Electronics, Inc.	Delta Energy Systems (Singapore) PTE. LTD	Associate	Sales and other operating revenue	284,680	0.73	70 days	-	-	-	69,385	0.76	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales and other operating revenue	16,644,687	7.24	70 days	-	-	-	6,917,806	12.35	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	6,621,533	2.88	70 days	-	-	-	1,385,587	2.47	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	15,491,526	6.74	70 days	-	-	-	3,479,420	6.21	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales	17,224,048	7.49	70 days	-	-	-	1,737,118	3.10	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	12,622,383	5.49	70 days	-	-	-	1,212,337	2.16	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales	\$ 4,007,691	1.74	70 days	\$ -	-	-	\$ 454,690	0.81	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	5,414,962	2.36	70 days	-	-	-	871,229	1.56	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	2,824,635	1.23	70 days	-	-	-	676,560	1.21	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	Affiliated enterprise	Sales	314,669	0.14	70 days	-	-	-	61,257	0.11	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	2,962,803	1.29	70 days	-	-	-	828,883	1.48	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Korea), Inc.	Affiliated enterprise	Sales	251,652	0.11	70 days	-	-	-	66,169	0.12	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Mexico SA de CV	Affiliated enterprise	Sales	161,950	0.07	70 days	-	-	-	47,885	0.09	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	20,432,336	8.89	70 days	-	-	-	6,915,889	12.35	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vivitek Corporation	Affiliated enterprise	Sales	356,691	0.16	70 days	-	-	-	133,920	0.24	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales	17,675,206	7.69	70 days	-	-	-	4,149,136	7.41	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	Sales	557,644	0.24	70 days	-	-	-	127,372	0.23	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	Affiliated enterprise	Sales	10,405,777	4.53	70 days	-	-	-	3,257,057	5.82	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AUSTRALIA PTY LIMITED	Affiliated enterprise	Sales	\$ 753,650	0.33	70 days	\$ -	-	-	\$ 382,702	0.68	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	Sales	227,306	0.10	70 days	-	-	-	164,433	0.29	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	Sales	1,083,596	0.47	70 days	-	-	-	590,298	1.05	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS SOLUTIONS (SPAIN) SL	Affiliated enterprise	Sales	138,091	0.06	70 days	-	-	-	68,161	0.12	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales	2,878,053	1.25	70 days	-	-	-	661,974	1.18	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	Sales	1,415,466	0.62	70 days	-	-	-	248,641	0.44	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Affiliated enterprise	Sales	649,997	0.28	70 days	-	-	-	285,156	0.51	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	3,039,014	1.32	70 days	-	-	-	874,282	1.56	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales	2,573,942	1.12	70 days	-	-	-	1,007,343	1.80	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Australia) Pty Ltd	Associate	Sales	219,028	0.10	70 days	-	-	-	28,493	0.05	

	Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
				Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Ltd	Associate	Sales	\$ 244,074	0.11	70 days	\$ -	-	-	65,975	0.12		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Power Solutions (India) Pvt.Ltd.	Associate	Sales	880,972	0.38	70 days	-	-	-	163,748	0.29		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt Ltd	Associate	Sales	964,008	0.42	70 days	-	-	-	277,526	0.50		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Associate	Sales	388,036	0.17	70 days	-	-	-	89,399	0.16		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Sales	362,900	0.16	70 days	-	-	-	144,493	0.26		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc	Associate	Sales	378,923	0.16	70 days	-	-	-	130,640	0.23		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Associate	Purchases	1,188,244	0.58	70 days	-	-	-	( 491,949)	( 1.31)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	334,177	0.16	70 days	-	-	-	( 96,336)	( 0.26)		
Delta Networks, Inc. (Taiwan)	Delta Electronics, Inc.	Ultimate parent company	Sales	1,141,671	13.75	70 days	-	-	-	366,783	22.17		
Delta Networks, Inc. (Taiwan)	DNI Logistics (USA) Co.	Affiliated enterprise	Sales	3,216,249	44.51	70 days	-	-	-	945,063	57.13		
Delta Networks, Inc. (Taiwan)	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	463,974	6.42	70 days	-	-	-	268,895	16.25		
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	20,612,149	90.24	70 days	-	-	-	3,282,175	95.01		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	\$ 8,502,023	77.49	70 days	\$ -	-	-	\$ 1,488,552	67.74	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,250,865	11.40	70 days	-	-	-	282,255	12.85	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	165,375	0.74	70 days	-	-	-	55,347	1.44	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	19,806,398	88.19	70 days	-	-	-	2,974,200	77.29	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,802,140	8.02	70 days	-	-	-	544,298	14.14	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	5,676,629	13.34	70 days	-	-	-	1,046,346	21.76	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	35,974,798	84.56	70 days	-	-	-	3,571,974	74.29	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	465,734	1.09	70 days	-	-	-	103,097	2.14	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	11,009,619	41.34	70 days	-	-	-	3,147,521	64.86	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	15,188,334	57.03	70 days	-	-	-	1,266,143	26.09	
Delta Electronics Components (Wujiang) Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales	105,482	0.40	70 days	-	-	-	60,074	1.24	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	103,698	0.39	70 days	-	-	-	58,638	1.21	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction					Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)			
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	\$ 2,385,284	35.41	70 days	\$ -	-	-	\$ 831,848	61.04		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	3,801,613	56.43	70 days	-	-	-	339,049	24.88		
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	9,851,207	98.14	70 days	-	-	-	2,348,771	98.60		
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	186,111	1.85	70 days	-	-	-	33,332	1.40		
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	4,315,740	89.36	70 days	-	-	-	631,332	91.24		
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	514,050	10.64	70 days	-	-	-	60,619	8.76		
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	1,804,035	72.52	70 days	-	-	-	409,670	73.09		
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	482,828	19.41	70 days	-	-	-	85,206	15.20		
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	160,462	6.45	70 days	-	-	-	33,930	6.05		
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	14,003,779	48.06	70 days	-	-	-	2,978,442	41.13		
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	Sales	1,786,854	6.13	70 days	-	-	-	447,091	6.17		
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Other operating revenue	781,987	2.68	70 days	-	-	-	226,873	3.13		



	Purchaser/seller	Counterparty	Relationship with the counterparty	1 transaction				Differences in transaction term			Notes/accounts receivable		Footnote
				Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	\$ 1,094,432	6.22	70 days	\$ -	-	-	(\$ 175,032)	( 2.85)		
Cyntec Co., Ltd.	Cyntec International Ltd-Labuan	Affiliated enterprise	Sales and other operating revenue	844,042	25.34	Note 1	Note 1			55,745	7.27		
Cyntec Co., Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	275,650	8.50	Note 2	Note 2			39,868	5.20		
Cyntec Co., Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales and other operating revenue	957,008	29.51	Note 2	Note 2			296,311	38.62		
Cyntec Electronics(Suzhou) Co., Ltd.	Cyntec International Ltd-Labuan	Affiliated enterprise	Sales	4,264,022	38.95	Note 3	Note 3			323,005	21.34		
Cyntec Electronics(Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	6,684,561	61.05	Note 4	Note 4			1,190,286	78.60		
Cyntec International Ltd - Labuan	Cyntec Co., Ltd.	Affiliated enterprise	Sales	1,092,626	16.07	Note 1	Note 1			190,505	7.08		
Cyntec International Ltd - Labuan	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	124,065	1.84	Note 2	Note 2			17,469	0.65		
Delta Electronics (Japan) Inc.	Delta Electronics, Inc.	Ultimate parent company	Sales	250,052	0.05	70 days	-			89,311	0.07		
Delta Electronics (Japan) Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	774,952	0.15	70 days	-			209,845	0.17		
Delta Electronics (Japan) Inc.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	260,818	0.06	70 days	-			( 81,721)	( 0.07)		
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	Sales	616,676	12.93	90 days	-			139,079	17.78		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term			Notes/accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Vivotek Inc.	AETEK INC.	Affiliated enterprise	Purchases	\$ 121,836	3.49	30 days	\$ -	-	-	25,663	( 3.93)	
PreOptix (Jiang Su) Co. Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	244,421	76.56	70 days	-	-	-	-	-	
ELTEK AS	Eltek s.r.o.	Associate	Sales	569,017	4.08	70 days	-	-	-	128,665	6.97	
ELTEK AS	Eltek s.r.o.	Associate	Purchases	2,502,869	21.20	70 days	-	-	-	( 164,243)	( 15.55)	
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales	1,034,530	13.67	70 days	-	-	-	138,007	7.47	
Delta Electronics (Switzerland) AG	Delta Electronics (Slovakia) s.r.o.	Associate	Purchases	364,108	18.52	70 days	-	-	-	( 2,016)	( 0.27)	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	Sales	326,783	7.02	70 days	-	-	-	179,374	18.51	
Delta Electronics (Netherlands) B.V.	Delta Electronics (Italy) S.r.l.	Affiliated enterprise	Sales	235,739	5.66	70 days	-	-	-	71,718	7.40	
Delta Electronics (Americas) Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	657,499	16.99	70 days	-	-	-	( 156,048)	( 13.70)	

Note 1: Selling price was the same with the third parties. The credit term to related parties is 60-90 days after monthly billings, while 30-120 days after monthly billings for the third parties.

Note 2: Sales price was available to third party, the collection term for related parties is 75 days from next month, the credit terms to the third parties is 30-120 days after monthly billings.

Note 3: For the sales transactions, the amount is calculated by adding costs, fees and all necessary processing costs. The credit term to related parties is 60-90 days after monthly billings, while 30-120 days after monthly billings for the third parties.

Note 4: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Delta Electronics, Inc.  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
December 31, 2018

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	\$ 1,843,513	7.49	\$ -		\$ 1,843,513	
Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	415,714	3.25	-		415,714	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Associate	537,616	4.14	-		504,690	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	7,164,354	2.43	-		3,406,050	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	1,385,587	4.66	493,317		1,059,668	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	3,479,420	5.09	1,172,950		2,856,495	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,737,118	11.77	-		220,939	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	1,212,337	10.45	-		61,395	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	454,690	8.34	-		328,205	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	871,229	6.00	-		7,311	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	676,560	3.94	468,760		505,932	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	828,883	3.56	-		529,054	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	6,915,889	3.08	1,044,271		3,552,578	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Co., Ltd.	Affiliated enterprise	4,149,136	4.42	641,687		3,132,930	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	127,372	2.97	-		79,051	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	Affiliated enterprise	3,257,057	3.61	-		1,834,051	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	164,433	1.43	-		75,307	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	661,974	4.46	69		352,278	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	248,641	5.66	-		187,293	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	874,282	4.36	465		607,600	

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	\$ 590,298	3.38	\$ -		\$ 440,508	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Affiliated enterprise	285,156	3.08	-		117,976	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	1,007,343	5.08	2,868		425,844	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vivitek Corporation	Affiliated enterprise	133,920	2.73	-		98,634	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AUSTRALIA PTY LIMITED	Affiliated enterprise	382,702	3.61	-		134,369	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Power Solutions (India) Pvt Ltd.	Associate	163,748	4.23	15		130,536	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt Ltd	Associate	277,526	3.23	1,267		169,167	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc	Associate	130,640	2.40	27,956		92,782	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	144,493	3.33	241		62,326	
Delta Networks, Inc. (Taiwan)	DNI Logistics (USA) Co.	Affiliated enterprise	945,063	1.78	-		689,305	
Delta Networks, Inc. (Taiwan)	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	268,895	3.05	-		268,895	
Delta Networks, Inc. (Taiwan)	Delta Electronics, Inc.	Ultimate parent company	366,783	10.61	-		964	
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,282,175	6.42	-		3,282,175	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,488,552	4.55	-		1,488,552	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	282,255	3.62	-		197,992	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,974,200	6.90	-		2,974,200	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	544,298	3.33	-		349,382	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	1,046,346	11.82	-		849,889	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,571,974	3.24	-		-	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	103,097	8.18	-		68,496	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	3,147,521	6.80	-		1,929,278	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,266,143	23.57	-		-	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	831,848	5.64	-		592,297	

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	\$ 339,049	20.56	\$ -		\$ 339,049	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,348,771	4.59	-		850,172	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	631,332	6.85	-		-	
Chenzhou Delta Technology Co. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	409,670	1.04	-		409,670	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	2,978,442	4.11	-		1,583,133	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Phngtam) Co., Ltd.	Affiliated enterprise	447,091	3.68	4,216		-	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	226,873	6.89	-		59,394	
Cyntec Co., Ltd.	Delta Electronics, Inc.	Ultimate parent company	296,311	3.54	-		188,089	
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd. - Labuan	Affiliated enterprise	323,005	10.47	-		323,005	
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,190,286	6.99	-		1,190,286	
Cyntec International Ltd. - Labuan	Cyntec Co., Ltd.	Affiliated enterprise	190,505	5.41	-		102,052	
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	209,845	3.78	-		209,845	
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	139,079	4.44	-		60,963	
ELTEK AS	Eltek s.r.o.	Associate	128,665	5.91	-		-	
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	138,007	8.60	-		-	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	179,374	1.25	-		-	
Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	7,678,750	-	-		9,812	
Fairview Assets Ltd.	Delta Controls Inc.	Affiliated enterprise	2,303,625	-	-		-	
Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	6,757,300	-	-		-	

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics (H.K.) Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	\$ 860,020	-	\$ -	-	\$ -	-
Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	3,040,785	-	-	-	-	-
Vivotek Inc.	VATICS INC.	Affiliated enterprise	101,966	-	-	-	-	-

Note 1: Including other receivables in excess of \$100,000.

Note 2: The amount represents collections subsequent to December 31, 2018 up to March 11, 2019.

Delta Electronics, Inc.  
 Significant inter-company transactions during the reporting period  
 Year ended December 31, 2018  
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 8

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account Sales and other operating revenue	Amount	Transaction terms (Note 4)	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Sales and other operating revenue	\$ 12,028,774	(Note 4)	5.08
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Sales	16,644,687	(Note 4)	7.02
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Sales	6,621,533	(Note 4)	2.79
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Sales	15,491,526	(Note 4)	6.54
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	17,224,048	(Note 4)	7.27
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Sales	12,622,383	(Note 4)	5.33
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Sales	4,007,691	(Note 4)	1.69
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	5,414,962	(Note 4)	2.28
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	2,824,635	(Note 4)	1.19
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Sales	2,962,803	(Note 4)	1.25
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	3	Sales	20,432,336	(Note 4)	8.62
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	17,675,206	(Note 4)	7.46
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	3	Sales	10,405,777	(Note 4)	4.39
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	3	Sales	2,878,053	(Note 4)	1.21
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	3	Sales	3,039,014	(Note 4)	1.28

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	3	Sales	\$ 2,573,942	(Note 4)	1.09
2	Delta Networks, Inc. (Taiwan)	DNI Logistics (USA) Co.	3	Sales	3,216,249	(Note 4)	1.36
3	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	20,612,149	(Note 4)	8.70
4	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	8,502,023	(Note 4)	3.59
5	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	19,806,398	(Note 4)	8.36
6	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	5,676,629	(Note 4)	2.40
6	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	35,974,798	(Note 4)	15.18
7	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	11,009,619	(Note 4)	4.65
7	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	15,188,334	(Note 4)	6.41
8	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	2,385,284	(Note 4)	1.01
8	Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	3,801,613	(Note 4)	1.60
9	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	9,851,207	(Note 4)	4.16
10	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	4,315,740	(Note 4)	1.82
11	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales and other operating revenue	14,003,779	(Note 4)	5.91
12	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd. - Labuan	3	Sales	4,264,022	(Note 6)	1.80
12	Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	6,684,561	(Note 7)	2.82
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Accounts receivable	7,164,354	(Note 4)	2.74



Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms (Note 4)	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Accounts receivable	\$ 3,479,420	(Note 4)	1.33
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	3	Accounts receivable	6,915,889	(Note 4)	2.64
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	4,149,136	(Note 4)	1.58
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	3	Accounts receivable	3,257,057	(Note 4)	1.24
3	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	3,282,175	(Note 4)	1.25
5	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	2,974,200	(Note 4)	1.14
6	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	3,571,974	(Note 4)	1.36
7	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Accounts receivable	3,147,521	(Note 4)	1.20
11	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	2,978,442	(Note 4)	1.14
13	Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	3	Other receivables	6,757,300	(Note 5)	2.58
14	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	3	Other receivables	7,678,750	(Note 5)	2.93
15	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	3	Other receivables	3,040,785	(Note 5)	1.16

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 70 days.

Note 5: Lending of capital

Note 6: Selling price was calculated based on the cost plus handling charges and necessary processing costs. The credit term to related parties is 60--90 days after monthly billings, while 30--120 days after monthly billings for the third parties.

Note 7: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Note 8: The disclosure requirement for the above disclosed amounts is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.

Delta Electronics, Inc.  
Information on investees  
Year ended December 31, 2018  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 9

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta International Holding Limited	Cayman Islands	Equity investments	\$ 8,922,118	\$ 8,922,118	67,680,000	94.00	\$ 67,413,894	\$ 6,010,827	5,565,747	(Note 6)
Delta Electronics, Inc.	Delta Networks Holding Limited	Cayman Islands	Equity investments	29,581	29,581	83,800,000	100.00	9,803,866	485,811	551,507	(Note 6)
Delta Electronics, Inc.	PreOptix (Hong Kong) Co. Ltd.	Hong Kong	Equity investments	162,376	162,376	5,250,000	39.62	170,071	( 119,728)	( 47,436)	
Delta Electronics, Inc.	Cyntec Co., Ltd.	Taiwan	Research, development, manufacturing and sales of film optic-electronic devices	12,067,931	12,067,931	2,232,290,862	100.00	34,933,488	2,480,257	2,210,357	(Note 6)
Delta Electronics, Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	3,253,241	2,900,000	350,000,000	100.00	3,919,861	( 90,948)	( 90,948)	
Delta Electronics, Inc.	Delta Electronics Intl (Singapore) Pte. Ltd.	Singapore	Sales of electronic products	7,270	7,270	300,000	100.00	15,143,815	7,776,685	7,453,219	(Note 6)
Delta Electronics, Inc.	DelBio Inc.	Taiwan	Manufacturing, wholesale and retail of medical equipment	900,000	900,000	90,000,000	100.00	207,288	15,108	15,060	(Note 6)
Delta Electronics, Inc.	Allied Material Technology Corp.	Taiwan	Lease services, etc.	2,113,978	2,113,978	211,400,909	99.97	1,869,817	( 115,602)	( 115,567)	
Delta Electronics, Inc.	UNICOM SYSTEM ENG. CORP.	Taiwan	Design and sales of computer, peripheral and information system	341,695	341,695	570,000	100.00	438,733	54,417	52,384	
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc.	Taiwan	Designing and experimenting on integrated circuits and information software services	462,442	462,442	14,313,530	98.17	45,762	18	18	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Co., Ltd	Thailand	Manufacturing and sales of electronic products	114,615	114,615	69,128,140	5.54	1,569,966	4,764,946	257,672	(Notes 6 and 13)
Delta Electronics, Inc.	Delta Electronics (Netherlands) B.V.	Netherlands	Trading of equipment, components and materials of telecom and computer systems	4,247,073	4,247,073	120,219,545	100.00	4,728,327	( 15,019)	37,310	(Note 6)
Delta Electronics, Inc.	Delta Green Life Co., Ltd.	Taiwan	Providing installation and construction of lighting equipment	-	135,083	-	-	-	( 27,657)	( 27,666)	(Notes 6 and 15)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan)	Taiwan	Research, development, design, manufacturing and sales of networking system and peripherals	\$ 2,490,390	\$ 2,490,390	50,040,838	99.98	\$ 1,283,132	\$ 279,479	245,506 (Note 6)	
Delta Electronics, Inc.	Delta America Ltd.	U.S.A.	Equity investments	103,065	103,065	2,100,000	10.26	318,536	155,975	36,489 (Notes 6 and 9)	
Delta Electronics, Inc.	Vivitek Inc.	Taiwan	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	4,039,937	3,945,583	42,345,423	50.13	3,965,274	329,577	66,816	
Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments, operations management and engineering services	10,086,717	10,086,717	2,549,297,600	100.00	34,439,573	3,852,639	3,842,512 (Note 1)	
Delta International Holding Limited	DAC Holding (Cayman) Ltd.	Cayman Islands	Equity investments	495,748	495,748	22,200,000	100.00	466,764	157,947	157,947 (Note 1)	
Delta International Holding Limited	Delta Electronics (Japan), Inc.	Japan	Sales of power products, display solution products, electronic components, industrial automation products and their materials	87,813	87,813	5,600	100.00	520,576	92,066	92,066 (Note 1)	
Delta International Holding Limited	Digital Projection International Ltd.	Britain	Equity investments	351,390	351,390	19,249,667	41.00	241,333	46,796	19,186 (Note 1)	
Delta International Holding Limited	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	245,720	245,720	8,000,000	60.38	242,640	( 119,728)	( 73,227) (Note 1)	
Delta International Holding Limited	DEI Logistics (USA) Corp.	U.S.A.	Warehousing and logistics services	15,358	15,358	500,000	100.00	155,685	( 18,660)	( 18,660) (Note 1)	
Delta International Holding Limited	Ace Pillar Holding Co., Ltd.	Samoa	Equity investments	419,428	419,428	2,858,718	100.00	382,486	28,645	16,132 (Note 1)	
Delta International Holding Limited	Drake Investment (H.K.) Ltd.	Hong Kong	Equity investments	5,286,553	5,286,553	304,504,306	100.00	4,732,893	362,640	203,318 (Note 1)	
Delta International Holding Limited	Delta Electronics International Mexico SA DE C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	-	-	1	-	-	( 15,099)	- (Note 1)	
Delta International Holding Limited	Vivitek Corporation	U.S.A.	Sales of projector products and their materials	46,073	46,073	9,000,000	100.00	100,390	30,111	30,111 (Note 1)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017	Number of shares	Ownership (%)	Book value			
Delta International Holding Limited	Delta Greentech SCP Pte Ltd.	Singapore	Equity investments	\$ 857,890	\$ 857,890	12,175,470	100.00	\$ 689,968	\$ 23,930	(Note 1)	
Delta International Holding Limited	Delta Electronics Europe Ltd.	Britain	Repair centre and providing support service	112,417	112,417	500,000	100.00	53,099	8,042	(Note 1)	
Delta International Holding Limited	Booni Treasure Limited	Hong Kong	Equity investments	2,675,918	2,675,918	1	100.00	2,097,208	65,273	(Note 1)	
Delta International Holding Limited	Apex Investment (HK) Limited	Hong Kong	Equity investments	3,880,663	3,880,663	2,000,001	100.00	1,681,150	221,921	(Note 1)	
Delta International Holding Limited	Galaxy Star Investment (HK) Limited	Hong Kong	Equity investments	3,880,663	3,880,663	2,000,001	100.00	1,681,150	221,921	(Note 1)	
Delta International Holding Limited	Jade Investment (HK) Limited	Hong Kong	Equity investments	3,880,663	3,880,663	2,000,001	100.00	1,681,150	221,921	(Note 1)	
Delta International Holding Limited	Delta Electronics (Thailand) Public Co., Ltd.	Thailand	Manufacturing and sales of electronic products	4,396,927	4,396,927	191,984,450	15.39	6,584,811	734,064	(Note 13)	
Delta Electronics (H.K.) Ltd.	Delta Electronics International Mexico SA DE C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	185,826	32,251	252,002	100.00	146,196	15,099	(Note 2)	
Delta Electronics (Netherlands) B.V.	ELTEK AS	Norway	Research, development and sales of power supplies and others	15,270,499	15,270,499	93,531,101	100.00	12,207,741	423,615	(Note 8)	
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS HOLDING (USA) INC.	U.S.A.	Equity investments	2,097,525	-	1,000,000	100.00	1,930,218	272,986	(Note 8)	
Delta Electronics (Netherlands) B.V.	Delta America Ltd.	U.S.A.	Equity investments	705,938	705,938	8,179,182	39.95	904,777	61,293	(Notes 8 and 9)	
Delta Electronics (Netherlands) B.V.	Optovue, Inc.	U.S.A.	Research, development, design, manufacturing and sales of medical equipment	1,136,455	921,450	5,190,330	29.50	959,816	56,173		
Delta Electronics (Netherlands) B.V.	Delta Controls Inc.	Canada	Provide resolution of building management and control	2,303,625	2,303,625	75,000,000	100.00	2,618,320	89,827	(Note 8)	
Delta Electronics (Netherlands) B.V.	Energy Dragon Global Limited	British Virgin Islands	Equity investments	149,314	149,314	10,001	100.00	200,258	13,594	(Notes 8 and 9)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017	Number of shares	Ownership (%)	Book value			
Delta Electronics (Netherlands) B.V.	Castle Horizon Limited	Republic of Seychelles	Equity investments	\$ 696,382	\$ 696,382	471,800	100.00	\$ 934,081	\$ 63,407	63,407 (Notes 8 and 9)	
Delta Electronics (Netherlands) B.V.	Delta Electronics (Switzerland) AG	Switzerland	Equity investments, research, development and sales of electronic products	235,412	393,152	5,100	51.00	382,335	94,687	45,123 (Note 8)	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Turkey	Marketing and sales of electronic products	118,560	24,572	479,750	51.00	81,593	7,906	3,767 (Note 8)	
Delta Electronics (Netherlands) B.V.	Delta Greentech (Brasil) S.A.	Brazil	Manufacturing and sales of electronic products	218,384	218,384	4,315,657	100.00	111,193	( 55,202)	( 55,202) (Note 8)	
Delta Electronics (Netherlands) B.V.	Delta Greentech (USA) Corporation	U.S.A.	Sales of electronic products	-	127,160	-	-	-	14,077	13,312 (Notes 8 and 16)	
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS BRASIL LTDA	Brazil	Manufacturing and sales of electronic products	340,441	242,649	37,000,000	100.00	265,817	( 16,477)	( 16,477) (Note 8)	
Delta America Ltd.	Delta Electronics (Americas) Ltd.	U.S.A.	Sales of electronic components	232,030	232,030	250,000	100.00	1,054,560	117,080	117,080	
Delta America Ltd.	Delta Solar Solutions LLC	U.S.A.	Equity investments	69,723	69,723	-	100.00	62,260	( 1,201)	( 1,201)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Loy Tec electronics GmbH	Austria	Consulting service of building management and control solutions	2,122,644	2,122,644	-	85.00	2,156,379	111,694	48,507 (Note 7)	
Loy Tec electronics GmbH	LOYTEC Americas, Inc	U.S.A.	Consulting service of building management and control solutions	306	306	9,978	100.00	8,883	1,876	1,876	
Delta Networks Holding Limited	Delta Networks, Inc.	Cayman Islands	Equity investments	5,462,938	5,462,938	1,196,886,000	100.00	2,803,471	448,659	448,659 (Note 3)	
Delta Networks, Inc.	Delta Networks (H.K.) Limited	Hong Kong	Equity investments	1,075,025	1,075,025	35,000,000	100.00	2,699,609	432,961	432,961 (Note 4)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018 (\$)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (\$)	Footnote
				December 31, 2018	December 31, 2017	Number of shares	Ownership (%)	Book value			
Delta Networks, Inc.	DNI Logistics (USA) Co.	U.S.A.	Main business activities Trading of networking system and peripherals	\$ 17,079	\$ 17,079	500,000	100.00	\$ 71,194	(3,782)	(Note 4)	
Cyntec Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	1,116,521	1,116,521	32,740,062	100.00	29,845,320	2,173,623	(Note 5)	
Cyntec Co., Ltd.	Power Forest Technology Corporation	Taiwan	IC design of power management	179,161	179,161	8,702,934	59.03	171,880	7,217	(Note 5)	
Vivotek Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	305,651	216,738	20,243,849	50.53	47,747	(143,688)	(Note 11)	
Vivotek Inc.	Vivotek Holdings, Inc.	U.S.A.	Holding company	31,555	31,555	1,050	100.00	190,196	15,457	(Note 11)	
Vivotek Inc.	Realwin Investment Inc.	Taiwan	Investment in the network communications industry	173,696	200,000	17,369,635	100.00	70,533	(13,073)	(Note 11)	
Vivotek Inc.	Vivotek Netherlands B.V.	Netherlands	Sales service	11,418	11,418	3,000	100.00	9,391	824	(Note 11)	
Vivotek Inc.	Otus Imaging, Inc.	Taiwan	Sales of webcams and related components	44,294	17,991	6,000,000	100.00	13,683	(21,975)	(Note 11)	
Vivotek Inc.	Vivotek (Japan) Inc.	Japan	Sales service	17,939	-	7,000	100.00	18,011	(344)	(Note 11)	
Vivotek Holdings, Inc.	Vivotek USA, Inc.	U.S.A.	Sales of webcams and related components	30,715	30,715	10,000,000	100.00	276,693	15,463	(Note 10)	
Realwin Investment Inc.	Skywatek INC.	Taiwan	Wholesale of electronic equipment	6,211	6,211	412,070	13.64	-	1,971	(Note 12)	
Realwin Investment Inc.	Wellstates Investment, LLC	U.S.A.	Investment and commercial lease of real estate	34,859	34,859	-	100.00	46,797	2,047	(Note 12)	
Realwin Investment Inc.	Aetek Inc.	Taiwan	Sales of webcams and related components	34,045	34,045	3,372,500	56.21	30,854	5,880	(Note 12)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018		Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				December 31, 2018	December 31, 2017	Number of shares	Ownership (%)			
Realwin Investment Inc.	Vivotek Middle East FZCO	United Arab Emirates	Sales of webcams and related components	\$ 11,242	\$ 11,242	1,322	89.99	(\$ 20,655)	8,384	(Note 12)
Realwin Investment Inc.	Aicasa Incorporated	Cayman Islands	Venture capital company	-	10,275	-	-	(655)	229	(Notes 12 and 14)
Realwin Investment Inc.	Lidlight Inc.	Taiwan	Sales of lighting equipment	10,200	10,200	1,020,000	51.00	(8,106)	4,134	(Note 12)
Realwin Investment Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	31,123	-	1,556,142	3.88	(143,688)	5,581	(Note 12)

Note 1: Investment income / loss recognised by Delta International Holding Limited

Note 2: Investment income / loss recognised by Delta Electronics (H.K.) Ltd.

Note 3: Investment income / loss recognised by Delta Networks Holding Limited

Note 4: Investment income / loss recognised by Delta Networks, Inc.

Note 5: Investment income / loss recognised by Cymtec Co., Ltd.

Note 6: The investment income / loss is net of the elimination of intercompany transactions.

Note 7: Investment income / loss and adjustments in net value recognized by Delta Electronics Int'l (Singapore) Pte. Ltd.

Note 8: Investment income / loss recognised by Delta Electronics (Netherlands) B.V.

Note 9: The Company indirectly acquired 39.95% and 49.79% equity shares of Delta America Ltd. through Delta Electronics (Netherlands) B.V. and its subsidiaries, Castle Horizon Limited and Energy Dragon Global Limited, respectively, considering 10.26% equity shares of DAL held by the Company, the total ownership are 100%.

Note 10: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Vivotek Holdings, Inc.

Note 11: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Vivotek Inc.

Note 12: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Realwin Investment Inc.

Note 13: The weighted average combined ownership percentage of 20.01%.

Note 14: In May 2018, Aicasa Incorporated dissolved as permitted. However, the liquidation is still in process.

Note 15: The investee merged with the Company on August 1, 2018.

Note 16: The investee merged with DELTA ELECTRONICS (USA) INC. in May 2018.

Delta Electronics, Inc.  
Information on investments in Mainland China  
Year ended December 31, 2018  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 10

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 27)	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Electronics (Dongguan) Co., Ltd.	Manufacturing and sales of transformer and thermal products	\$ 3,004,234	Invested by DHK	\$ 2,065,000	-	\$ -	\$ 2,065,000	\$ 119,691	94.00	\$ 84,463	\$ 3,564,385	\$ 296,707	(Notes 3 and 19)
Delta Electronics Power (Dongguan) Co., Ltd.	Manufacturing and sales of transformer and power supplies	1,293,102	Invested by DHK	519,698	-	-	519,698	545,120	94.00	511,962	2,528,226	412,686	(Notes 6 and 19)
Delta Electronics (Shanghai) Co., Ltd.	Product design, management consulting service and distribution of electronic products.	3,547,929	Invested by DHK	-	-	-	-	2,101,904	94.00	1,973,871	5,856,352	-	(Notes 9 and 19)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing and sales of LED light source, power supplies and others.	4,115,810	Invested by DHK	173,233	-	-	173,233	261,289	94.00	245,397	4,292,682	-	(Notes 10 and 19)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing and sales of transformers	1,935,045	Invested by DHK	-	-	-	-	51,336	94.00	48,567	1,797,012	-	(Notes 12 and 19)
Delta Electronics (Jiangsu) Ltd.	Manufacturing and sales of power supplies and transformers	1,228,600	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	4,109,250	-	-	4,109,250	376,846	94.00	354,075	2,503,892	-	(Note 25)
Delta Electronics Components (Wujiang) Ltd.	Manufacturing and sales of new-type electronic components, variable-frequency drive and others.	3,618,534	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	6,506,395	-	-	6,506,395	1,168,969	94.00	1,124,791	6,833,047	54,189	(Notes 7 and 25)
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	890,735	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	1,363,389	-	-	1,363,389	67,745	94.00	82,623	1,265,621	-	(Notes 8 and 25)
Delta Electronics (Wujiang) Trading Co., Ltd.	Installation, consulting and trading of electronic products	61,430	Invested by DHK	11,549	-	-	11,549	-	94.00	-	97,882	-	(Notes 15 and 19)
Delta Green (Tianjin) Industries Co., Ltd.	Manufacturing and sales of transformers	695,695	Invested by DHK	953,713	-	-	953,713	( 27,115)	94.00	( 25,488)	573,247	-	(Notes 14 and 19)
Delta Electronics (Pingtan) Co., Ltd.	Wholesale and retail of electronic products and energy-saving equipment	134,193	Invested by DHK	144,361	-	-	144,361	46,040	94.00	43,278	184,380	-	(Note 19)
PreOptix (Jiang Su) Co., Ltd.	Manufacturing and sales of lenses and optical engines for projectors	406,974	Invested by PHK	392,231	-	-	392,231	( 121,277)	96.38	( 97,771)	264,796	-	(Notes 13 and 22)
Wuhu Delta Technology Co., Ltd.	Manufacturing and sales of transformers	131,956	Invested by DWH	-	-	-	-	( 1,013)	94.00	( 953)	137,968	-	(Note 17)
Chenzhou Delta Technology Co., Ltd.	Manufacturing and sales of transformers	114,064	Invested by DCZ	-	-	-	-	52,560	94.00	49,424	190,943	-	(Note 17)
Delta Energy Technology (Dongguan) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc	134,193	Invested by DPEC and DDG	-	-	-	-	4,124	94.00	3,919	153,218	-	(Note 17)
Delta Energy Technology (Shanghai) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc	44,731	Invested by DPEC and DGC	-	-	-	-	(1,306)	90.54	(1,228)	37,124	-	(Note 17)



Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by Company (direct or indirect)	Investment income (loss) recognised by the Company for December 31, 2018 (Note 27)	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Investee in Mainland China Delta Greentech (China) Co., Ltd.	Main business activities Manufacturing and sales of uninterruptible power systems	\$ 2,540,721	Invested by DIH, Ace, Boon, Drake and DGSG	\$ 8,966,444	-	-	\$ 8,966,444	\$ 629,009	90.16	\$ 733,237	\$ 5,108,530	\$ -	(Notes 4 and 18)
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	447	Invested by DET-SH	-	-	-	-	4,238	90.54	3,837	6,622	-	(Note 17)
Cyntec Electronics (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products	6,218,632	Invested by CHK	6,095,772	-	-	6,095,772	320,833	100.00	320,833	7,112,615	-	(Note 21)
Delta Networks (Dongguan) Ltd.	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	1,075,025	Invested by DNHK	1,373,155	-	-	1,373,155	439,983	100.00	439,983	2,180,885	675,730	(Notes 5 and 20)
Delta Networks (Xiamen) Ltd.	Operation of radio transmission apparatus, and automatic data processing, reception, conversion and transmission or regeneration of voice, images or other data of the machine, including switches and routers, with a special program to control a computer or word processor with memory business	65,971	Invested by DNHK	21,501	-	-	21,501	( 24,343)	30.00	( 7,417)	12,679	-	(Note 20)
Elek Energy Technology (Dongguan) Ltd.	Development, manufacturing and sales of intelligent power equipment and system for supporting access networking system, and manufacturing and sale of intelligent power equipment for supporting renewable energy	227,291	Invested by Elek CVI LIMITED	1,151,212	-	-	1,151,212	( 58,014)	100.00	( 58,014)	207,921	-	(Note 24)
DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	122,860	Invested by DelBio	122,860	-	-	122,860	24,661	100.00	24,661	149,045	-	(Note 23)
Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	223,655	Invested by DHK	-	-	-	-	( 27,140)	94.00	( 25,393)	171,884	-	(Notes 16 and 19)
Delta Electronics (Xi'an) Co., Ltd.	Sales of computer, peripheral equipment and software	246,021	Invested by DHK	241,167	-	-	241,167	( 6,002)	94.00	( 5,642)	227,333	-	(Note 19)
Beijing Industrial Foresight Technology Co., Ltd.	Computer system services and data process	29,075	Invested by Delta Electronics (Beijing) Co., Ltd.	-	-	-	-	( 28,965)	75.20	( 22,629)	16,079	-	(Note 17)
Unicom (Nanjing) System Eng. Corp	Design and sales of computer, peripheral and information system (software and hardware)	9,215	Invested by UNICOM SYSTEM ENG. CORP.	9,215	-	-	9,215	27,071	100.00	27,071	62,049	-	(Note 11)

Note 1: The capital was translated based on the capital certified report of the investee companies into New Taiwan Dollars at the average exchange rate of RMB 6.8666 to US\$1 and NTD 4.4731 to RMB\$1.

Note 2: The accumulated remittance as of January 1, 2018, remitted or collected this period, accumulated remittance as of December 31, 2018 and investment income remitted back as of December 31, 2018 was translated into New Taiwan Dollars; at the average exchange rate of NTD 30.7150 to US\$1 at the balance sheet date.

Note 3: Except for the facility of US\$67,231 thousand permitted by Investment Commission, the capitalization of earnings of US\$27,081 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 4: Except for the facility of US\$291,924 thousand permitted by Investment Commission, the capitalization of earnings of US\$980 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 5: Except for the facility of US\$44,706 thousand permitted by Investment Commission, the capitalization of earnings of US\$11,312 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 6: Except for the facility of US\$16,920 thousand permitted by Investment Commission, the capitalization of earnings of US\$22,654 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 7: Except for the facility of US\$21,831 thousand permitted by Investment Commission, the capitalization of earnings of US\$27,303 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 8: Except for the facility of US\$44,388 thousand permitted by Investment Commission, the capitalization of earnings of US\$8,272 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 9: The capitalization of earnings of US\$110,401 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 10: Except for the facility of US\$5,640 thousand permitted by Investment Commission, the capitalization of earnings of US\$120,320 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 11: Indirect investment through UNICOM SYSTEM ENG. CORP.

Note 12: The earnings transferred to investment in Delta Electronics (Chenzhou) Co., Ltd. is US\$59,220 thousand approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is not included in the Company's investments in Mainland China.

Note 13: Except for the facility of US\$7,520 thousand permitted by Investment Commission, the investment of US\$5,250 thousand by PreOptix Co., Ltd. was permitted by Investment Commission.

Note 14: Except for the facility of US\$31,050 thousand permitted by Investment Commission, the capitalization of earnings of US\$2,65 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 15: Except for the facility of US\$376 thousand permitted by Investment Commission, the capitalization of earnings of US\$1,504 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 16: The capitalization of earnings of US\$7,268 thousand permitted by Investment Commission, is excluded from the Company's amount of investment in Mainland China.

Note 17: According to the regulations of the Investment Commission, the reinvestment of the investee companies in Mainland China is not required to obtain the approval of the Investment Commission; thus the investment amounts are excluded from the calculation of the Company's ceiling of investment amount in Mainland China.

Note 18: Jointly invested through Delta International Holding Limited, Ace Pillar Holding Co., Ltd., Drake Investment (H.K.) Ltd., Delta Greentech SGP Pte Ltd and Boom Treasure Limited.

Note 19: Invest through Delta Electronics (H.K.) Ltd.

Note 20: Invest through Delta Networks (H.K.) Limited

Note 21: Invest through Cyntec Holding (H.K.) Ltd.

Note 22: Invest through PreOptix (Hong Kong) Co., Ltd.

Note 23: Invest through DelBio Inc.

Note 24: Invest through Delta Electronics (Netherlands) B.V..

Note 25: Invest through Delta Electronics (H.K.) Ltd., and Delta International Holding Limited

Note 26: The Company recognised investment income / loss based on the audited financial statement.

Company name	Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Delta Electronics, Inc. (Note 2 and 3)	\$ 26,729,037	\$ 27,284,825	\$ -
Cyntec Co., Ltd.	6,095,772	6,095,772	17,629,953
DelBio Inc. (Note 4)	122,860	122,860	124,418
UNICOM SYSTEM ENG. CORP. (Note 5)	9,215	9,215	80,000

Note 1: The accumulated amount remitted out of Taiwan to Mainland China and investment amount approved by the investment commission was translated into New Taiwan Dollars at the average exchange rate of NTD 30.715 to US\$1 at the balance sheet date.

Note 2: The investment income of US\$22,000 thousand, US\$18,000 thousand, US\$10,509 thousand and US\$14,351 thousand were remitted back on March 11, 2011, June 27, 2012, August 14, 2012, June 24, 2009 and December 29, 2005, respectively, from the investee companies in Mainland China and was permitted by Investment Commission on August 3, 2012, August 28, 2012, July 17, 2009 and January 6, 2006, respectively, which are deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.

Note 3: According to "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", the Company obtained the approval of operation headquarters from Industrial Development Bureau of Ministry of Economic Affairs. There is no ceiling of investment amount.

Note 4: The ceiling is calculated based on DelBio Inc.'s 60% of net assets as of December 31, 2018.

Note 5: The limitation pursuant to the regulations is NT \$80 million or 60% of net value or consolidated net assets, whichever is higher.

The significant purchases, sales, accounts payable and accounts receivable that the Company directly conducted with investee companies in Mainland China as well as those that the Company indirectly conducted with investee companies in Mainland China through Delta Electronics Intl (Singapore) Pte. Ltd. (DEIL-SG) and Cyntec International Ltd. (CIL-Labuan) for the year ended December 31, 2018 are shown in Table 6 and 7.

### ► 7.3 Audit committee's report for the most recent year's financial statement

#### Audit Committee's Review Report

Attention: Annual General Shareholders' Meeting of Delta Electronics, Inc. 2019

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 2018 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

Handwritten signature of Yung-Chin Chen in black ink.

Date: March 11, 2019

## ► 7.4 Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

### 7.4.1 Condensed Balance Sheet – Consolidated (Based on IFRSs)

Unit: NT\$1,000

Item	Year	Financial information for the most recent five years (Note 1)					Current year to March 31, 2019 (Note 3)
		2014	2015	2016	2017	2018	
Current Assets		\$147,832,156	\$132,153,481	\$138,401,698	\$147,703,878	\$157,305,906	\$157,832,920
Property, Plants and Equipment (Note 2)		36,814,759	41,891,417	40,558,137	44,338,628	46,428,874	48,534,301
Intangible Assets		11,706,015	25,424,926	30,918,856	33,833,648	32,628,388	32,331,655
Other Assets (Note 2)		24,079,880	26,806,112	25,235,979	24,662,405	25,572,256	26,627,865
Total Assets		220,432,810	226,275,936	235,114,670	250,538,559	261,935,424	265,326,741
Current Liabilities	Before Distribution	64,624,362	76,352,296	81,263,637	89,221,147	80,628,980	74,707,556
	After Distribution	80,955,902	89,340,013	94,251,354	102,208,864	(Note 4)	(Note 4)
Non-Current Liabilities		40,140,091	20,370,831	24,842,167	27,543,938	41,845,536	45,909,915
Total Liabilities	Before Distribution	104,764,453	96,723,127	106,105,804	116,765,085	122,474,516	120,617,471
	After Distribution	121,095,993	109,710,844	119,093,521	129,752,802	(Note 4)	(Note 4)
Equity attributable to owners of the parent		102,921,397	124,370,187	124,114,426	124,556,969	130,271,159	134,922,342
Share Capital-Common Stock		24,375,433	25,975,433	25,975,433	25,975,433	25,975,433	25,975,433
Capital Surplus		25,822,764	48,344,161	48,442,451	48,446,318	48,397,067	48,396,770
Retained Earnings	Before Distribution	49,659,115	46,131,086	51,936,736	57,223,361	63,459,691	66,725,478
	After Distribution	33,327,575	33,143,369	38,949,019	44,235,644	(Note 4)	(Note 4)
Other Equity		3,064,085	3,919,507	(2,240,194)	(7,088,143)	(7,561,032)	(6,175,339)
Treasury Stock (Note 5)		-	-	-	-	-	-
Non-controlling interest		12,746,960	5,182,622	4,894,440	9,216,505	9,189,749	9,786,928
Total Equity	Before Distribution	115,668,357	129,552,809	129,008,866	133,773,474	139,460,908	144,709,270
	After Distribution	99,336,817	116,565,092	116,021,149	120,785,757	(Note 4)	(Note 4)

Note 1: All financials from 2014 to 2018 are audited by the CPA.

Note 2: No asset revaluation was conducted in these stated annual years.

Note 3: The latest financial data reviewed by the CPA on the printing date of this annual report April 29, 2019 is the financials as of March 31, 2019.

Note 4: The earnings distribution for 2018 has not been approved by the shareholders meeting, therefore the figure after distribution is not listed.

Note 5: Not applicable

## 7.4.2 Condensed Income Statements - Consolidated (Based on IFRSs)

Unit: NT\$1,000 (EPS=NT\$)

Item \ Year	Financial information for the most recent five years (Note 1)					Current year to March 31, 2019 (Note 2)
	2014	2015	2016	2017	2018	
Sales Revenue	\$190,635,120	\$203,451,661	\$214,355,571	\$223,577,514	\$237,017,809	\$54,102,227
Gross Profit	51,494,538	55,368,665	59,493,731	60,768,274	63,554,387	14,247,553
Operating Profit	22,818,567	20,498,914	20,825,671	19,773,788	18,166,723	3,138,532
Non-operating Income and Expenses	3,703,510	4,275,882	3,964,290	4,024,492	4,634,305	809,387
Profit before Income Tax	26,522,077	24,774,796	24,789,961	23,798,280	22,801,028	3,947,919
Profit from Continued Operations	22,319,246	19,882,374	19,259,982	18,756,952	18,648,584	3,459,161
Gain (Loss) from Discontinued Operations (Note 3)	-	-	-	-	-	-
Profit for the Year	22,319,246	19,882,374	19,259,982	18,756,952	18,648,584	3,459,161
Other Comprehensive Income (Loss) for the Year	2,616,436	566,477	(6,407,491)	(5,155,742)	602,036	1,787,555
Total Comprehensive Income for the Year	24,935,682	20,448,851	12,852,491	13,601,210	19,250,620	5,246,716
Profit Attributable to Owners of the Parent	20,704,476	18,714,623	18,797,799	18,380,552	18,193,093	3,372,420
Profit Attributable to Non-controlling Interest	1,614,770	1,167,751	462,183	376,400	455,491	86,741
Comprehensive Income Attributable to Owners of the Parent	23,458,908	19,248,822	12,633,666	13,430,608	18,813,838	4,649,537
Comprehensive Income Attributable to Non-controlling Interest	1,476,774	1,200,029	218,825	170,602	436,782	597,179
Earnings Per Share	8.49	7.67	7.24	7.08	7.00	1.30

Note 1: All financials from 2014 to 2018 are audited by the CPA.

Note 2: The latest financial data reviewed by the CPA on the printing date of this annual report, April 29, 2019 is the financials as of March 31, 2019.

Note 3: The gain (loss) from discontinued operations are the net amount after deducting income tax

### 7.4.3 Condensed Balance Sheet – Parent Company Only (Based on IFRSs)

Unit: NT\$1,000

Item	Year	Financial information for the most recent five years (Note 1)					Current year to March 31, 2019 (Note 2)
		2014	2015	2016	2017	2018	
Current Assets		\$18,809,570	\$11,947,543	\$12,037,506	\$13,822,923	\$12,787,307	NA
Property, Plants and Equipment (Note 3)		10,040,068	11,174,713	11,253,913	11,834,121	14,686,584	
Intangible Assets		634,267	551,907	638,607	801,261	944,431	
Other Assets (Note 3)		127,029,277	131,752,554	135,727,597	136,671,248	148,613,876	
Total Assets		156,513,182	155,426,717	159,657,623	163,129,553	177,032,198	
Current Liabilities	Before Distribution	17,864,702	16,855,386	17,612,117	17,887,966	19,991,835	
	After Distribution	34,196,242	29,843,103	30,599,834	30,875,683	(Note 4)	
Non-Current Liabilities		35,727,083	14,201,144	17,931,080	20,684,618	26,769,204	
Total Liabilities	Before Distribution	53,591,785	31,056,530	35,543,197	38,572,584	46,761,039	
	After Distribution	69,923,325	44,044,247	48,530,914	51,560,301	(Note 4)	
Equity attributable to owners of the parent		-	-	-	-	-	
Share Capital-Common Stock		24,375,433	25,975,433	25,975,433	25,975,433	25,975,433	
Capital Surplus		25,822,764	48,344,161	48,442,451	48,446,318	48,397,067	
Retained Earnings	Before Distribution	49,659,115	46,131,086	51,936,736	57,223,361	63,459,691	
	After Distribution	33,327,575	33,143,369	38,949,019	44,235,644	(Note 4)	
Other Equity		3,064,085	3,919,507	(2,240,194)	(7,088,143)	(7,561,032)	
Treasury Stock (Note 5)		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total Equity	Before Distribution	102,921,397	124,370,187	124,114,426	124,556,969	130,271,159	
	After Distribution	86,589,857	111,382,470	111,126,709	111,569,252	(Note 4)	

Note 1: All financials from 2014 to 2018 are audited by the CPA.

Note 2: The latest financial data reviewed by the CPA on the printing date of this annual report (April 29, 2019) is the financials as of March 31, 2019. For further details please see "7.4.1 Condensed Balance Sheet – Consolidated (Based on IFRSs)".

Note 3: No asset revaluation was conducted in these stated annual years.

Note 4: The earnings distribution for 2018 had not yet been approved by the shareholders' meeting, therefore the figure after distribution is not listed

Note 5: Not applicable.

#### 7.4.4 Condensed Income Statements – Parent Company Only (Based on IFRSs)

Unit: NT\$1,000 (EPS=NT\$)

Item \ Year	Financial information for the most recent five years (Note 1)					Current year to March 31, 2019 (Note 2)
	2014	2015	2016	2017	2018	
Sales Revenue	\$38,607,643	\$37,892,526	\$38,547,696	\$38,577,747	\$38,948,885	NA
Gross Profit	4,288,715	4,308,296	4,529,028	4,517,782	12,535,782	
Operating Profit	1,915,519	1,928,788	1,943,726	2,332,328	1,437,896	
Non-operating Income and Expenses	20,269,663	18,382,303	18,392,397	17,671,868	16,933,685	
Profit before Income Tax	22,185,182	20,311,091	20,336,123	20,004,196	18,371,581	
Profit from Continued Operations	20,704,476	18,714,623	18,797,799	18,380,552	18,193,093	
Gain (Loss) from Discontinued Operations (Note 3)	-	-	-	-	-	
Profit for the Year	20,704,476	18,714,623	18,797,799	18,380,552	18,193,093	
Other Comprehensive Income (Loss) for the Year	2,754,432	534,199	(6,164,133)	(4,949,944)	620,745	
Total Comprehensive Income for the Year	23,458,908	19,248,822	12,633,666	13,430,608	18,813,838	
Profit Attributable to Owners of the Parent	-	-	-	-	-	
Profit Attributable to Non-controlling Interest	-	-	-	-	-	
Comprehensive Income Attributable to Owners of the Parent	-	-	-	-	-	
Comprehensive Income Attributable to Non-controlling Interest	-	-	-	-	-	
Earnings Per Share	8.49	7.67	7.24	7.08	7.00	

Note 1: All financials from 2014 to 2018 are audited by the CPA.

Note 2: The latest financial data reviewed by the CPA on the printing date of this annual report (April 29, 2019) is the financials as of March 31, 2019. For further details please see "7.4.2 Condensed Income Statements - Consolidated (Based on IFRSs)"

Note 3: The gain (loss) from discontinued operations are the net amount after deducting income tax.

#### 7.4.5 Names and opinions of external auditors over the past five years

Item \ Year	Names and opinions of external auditors over the past five years				
	2014 (Note)	2015	2016	2017 (Note)	2018
Names of the CPA	LIANG, HUA-LING	LIANG, HUA-LING	LIANG, HUA-LING	Lin, Yu-Kuan	Lin, Yu-Kuan
	TSENG, HUI-CHIN	TSENG, HUI-CHIN	TSENG, HUI-CHIN	Chou, Chien-Hung	Chou, Chien-Hung
Audit Opinion	Modified Unqualified Opinion	Modified Unqualified Opinion	Modified Unqualified Opinion	Unqualified Opinion	Unqualified Opinion

Note: The main reason for the change of CPA in 2014 and 2017 is due to the internal organizational adjustment by the CPA firm.

## ► 7.5 Financial analyses for the past 5 fiscal years

### 7.5.1 Consolidated Financial Analysis – Based on IFRSs

Analysis Items (Note 3)		Year(Note 1)	Financial Analysis for the Last Five Years					Analysis of financial ratio difference exceeding 20% for the last two years	Current year to March 31, 2019 (Note 2)
		2014	2015	2016	2017	2018			
Financial Structure (%)	Debt Ratio	47.53	42.75	45.13	46.61	46.76	NA	45.46	
	Ratio of Long-term Capital to Property, Plant and Equipment	388.60	345.51	367.27	343.04	370.71	NA	372.59	
Solvency (%)	Current Ratio	228.76	173.08	170.31	165.55	195.10	NA	211.27	
	Quick Ratio	188.14	136.57	134.95	129.06	151.13	NA	164.37	
	Interest Coverage Ratio	16,423.29	5,532.64	6,561.66	6,381.53	4,277.51	Analysis 1	2,573.57	
Operating Performance	Accounts Receivable Turnover (Times)	4.18	4.15	4.13	4.12	4.13	NA	3.97	
	Average Collection Days	87.32	87.95	88.38	88.59	88.38	NA	91.94	
	Inventory Turnover (Times)	6.59	5.99	5.59	5.15	4.76	NA	4.16	
	Accounts Payable Turnover(Times)	4.18	4.25	4.22	4.32	4.42	NA	4.31	
	Average Days in Sales	55.39	60.93	65.30	70.87	76.68	NA	87.74	
	Property, plant and equipment (Times)	5.15	5.17	5.20	5.27	5.22	NA	4.56	
	Total Assets Turnover (Times)	0.91	0.91	0.93	0.92	0.92	NA	0.82	
Profit Ability	Return on Total Assets (%)	9.98	8.55	8.29	7.70	7.27	NA	5.31	
	Return on Stockholder's Equity (%)	21.07	16.47	15.13	14.78	14.28	NA	10.17	
	Pre-tax Income to Paid-in Capital (%) (Note 7)	108.81	95.38	95.44	91.62	87.78	NA	60.79	
	Profit Ratio(%)	10.86	9.20	8.77	8.22	7.68	NA	6.23	
	Earnings Per Share(NT\$)	8.49	7.67	7.24	7.08	7.00	NA	1.30	
Cash Flow	Cash Flow Ratio (%)	43.07	40.68	38.02	30.23	29.36	NA	34.28	
	Cash Flow Adequacy Ratio (%)	93.34	98.90	115.40	107.66	103.11	NA	120.01	
	Cash Reinvestment Ratio (%)	7.53	8.61	10.62	7.92	5.27	Analysis 2	11.85	
Leverage	Operating Leverage	2.15	2.60	2.81	3.04	3.14	NA	4.42	
	Financial Leverage	1.01	1.02	1.02	1.02	1.03	NA	1.05	

Analysis of financial ratio difference exceeding 20% for the last two years:

Analysis 1: The decrease in the interest coverage ratio was mainly due to the increase in the current interest expenses.

Analysis 2: The decrease in the cash reinvestment ratio was mainly due to the increase in the current working capital.

Note 1: The financial analysis figures from 2014 to 2018 are audited by CPA.

Note 2: The latest financial reports reviewed by the CPA up to the printing date of the annual report on April 29, 2019 is the financial reports on March 31, 2019 and it is included in the analysis.

Note 3: The calculation formulas of the analysis items are as below.

1. Financial Structure:

(1) Debt Ratio = Total liabilities / Total assets

(2) Ratio of Long-term Capital to Property, plant and equipment = (Stockholders' equity + non-current liabilities) / net worth of Property, plant and equipment

2. Solvency:

(1) Current Ratio = Current assets / Current liabilities

(2) Quick Ratio = (Current assets – inventories – prepaid expenses) / Current liabilities

(3) Interest Coverage Ratio = Income before tax and interest expenses / Current Interest expenses



3. Operating Performance:

- (1) Receivable (included trade receivables and operating notes receivable) Turnover = Net sales / Average receivables for each period (included trade receivables and operating notes receivable)
- (2) Average Collection Period Turnover Days = 365 / Receivable turnover
- (3) Inventory Turnover = Cost of sales / Average inventories
- (4) Payables (included trade payables and operating notes payable) Turnover = Cost of sales / Average payables for each period (included trade payables and operating notes payable)
- (5) Average Days in Sales = 365 / Inventory turnover
- (6) Property, Plant and Equipment Turnover = Net sales / Average of property, plant and equipment, net
- (7) Total Assets Turnover = Net sales / Average of total assets

4. Profitability:

- (1) Return on Total Assets = [ Net income after tax + interest expense × (1 - tax rate) ] / Average of total assets
- (2) Return on Stockholders' equity = Net income after tax / Average of stockholders' equity
- (3) Profit Ratio = Net income after tax / Net sales
- (4) Earnings (loss) Per Share = Net income attributable to owners - stock dividend - preferred / Weighted average of outstanding shares

5. Cash Flow:

- (1) Cash Flow Ratio = Net cash provided by operating activities / Current liabilities
- (2) Cash Flow Adequacy Ratio = Net cash provided by operating activities in recently five years / Recently five years of ( capital expenses + increase of inventories + cash dividend)
- (3) Cash Reinvestment Ratio = (Net cash provided by operating activities - cash dividend) / (Property, plant and equipment, gross + long-term investment + other non-current assets + working capital)

6. Leverage:

- (1) Operating Leverage = (Net sales - variable operating cost and expense) / Operating income
- (2) Financial Leverage = Operating income / (Operating income - interest expense)

Note 4: The calculation formula of the above earnings per share shall consider the following items for evaluation:

1. The evaluation shall be based on the weighted average number of ordinary shares instead of the number of shares outstanding at the end of the year.
2. Capital increase by cash or treasury stocks transaction shall be based on the outstanding period of the shares and calculate the weighted average number of shares.
3. Increase of capital by transferring from retained earnings or by capital surplus shall be based on the proportion of capital increase when calculating the annual or the semi-annual earnings per share of the previous year, excluding the shares outstanding period for capital increase.
4. If the preference share is a non-convertible accumulative preference share, its annual dividend (whether or not paid) shall be deducted from the net income after tax, or increase the net loss after tax. If the preference share is non-cumulative, in the case of net profit after tax, the special stock dividend shall be deducted from the net profit after tax. It shall not be adjusted in the case if there is a loss.

Note 5: The cash flow analysis shall consider the following items for evaluation:

1. Net cash from operating activities refers to the net cash inflows from operating activities in the cash flow statement.
2. Capital expense refers to the number of cash outflows per year of capital investment.
3. The increase in inventory is only included when the ending balance is greater than the opening balance. If the inventory is decreased at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and preference shares.
5. The gross property, plant and equipment value refers to the total amount of real property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer shall classify various operating costs and operating expenses into fixed and variable items. Any estimation or subjective judgment shall consider the reasonableness and consistency.

Note 7: If the company issues shares without a par value or the face value the shares is not NT\$10, the above calculation of the proportion of the paid-up capital shall be based on the interests attributable to parent company in the balance sheet.

## 7.5.2 Parent Only Financial Analysis – Based on IFRSs

Analysis Items(Note 3)		Financial Analysis for the Last Five Years					Analysis of financial ratio difference exceeding 20% for the last two years	Current year to March 31, 2019 (Note 2)
		2014	2015	2016	2017	2018		
Financial Structure (%)	Debt Ratio	34.24	19.98	22.26	23.65	26.41	NA	NA
	Ratio of Long-term Capital to Property, Plant and Equipment	1,380.95	1,240.04	1,262.19	1,227.31	1,069.28	NA	
Solvency (%)	Current Ratio	105.29	70.88	68.35	77.27	63.96	NA	
	Quick Ratio	95.82	62.95	56.51	65.89	51.62	Analysis 1	
	Interest Coverage Ratio	19,707.22	10,152.61	38,850.97	26,102.10	22,009.01	NA	
Operating Performance	Accounts Receivable Turnover(Times)	4.53	4.95	4.70	4.56	4.77	NA	
	Average Collection Days	80.57	73.74	77.66	80.04	76.52	NA	
	Inventory Turnover(Times)	35.48	31.11	27.85	23.09	14.54	Analysis 2	
	Accounts Payable Turnover(Times)	3.76	4.21	4.55	4.47	3.26	Analysis 3	
	Average Days in Sales	10.29	11.73	13.11	15.81	25.10	Analysis 2	
	Property, plant and equipment(Times)	3.94	3.57	3.44	3.34	2.94	NA	
	Total Assets Turnover(Times)	0.26	0.24	0.24	0.24	0.23	NA	
Profit Ability	Return on Total Assets(%)	14.16	12.11	11.96	11.43	10.74	NA	
	Return on Stockholders' Equity(%)	21.07	16.47	15.13	14.78	14.28	NA	
	Pre-tax Income to Paid-in Capital(%) (Note 4)	91.01	78.19	78.29	77.01	70.73	NA	
	Profit Ratio(%)	53.63	49.39	48.77	47.65	46.71	NA	
	Earnings Per Share(NT\$)	8.49	7.67	7.24	7.08	7.00	NA	
Cash Flow	Cash Flow Ratio(%)	61.01	67.78	66.84	103.19	34.40	Analysis 4	
	Cash Flow Adequacy Ratio(%)	78.05	72.77	72.73	72.91	65.45	NA	
	Cash Reinvestment Ratio(%)	-2.29	-3.45	-0.83	3.66	-3.77	Analysis 4	
Leverage	Operating Leverage	2.55	2.56	2.64	2.28	8.60	Analysis 5	
	Financial Leverage	1.06	1.12	1.03	1.03	1.06	NA	

Analysis of financial ratio difference exceeding 20% for the last two years:

Analysis 1: The decrease in the quick ratio was mainly due to the increase in current liabilities.

Analysis 2: The decrease in inventory turnover rate and the increase in average days in sales were mainly due to the decrease in current operating costs.

Analysis 3: The decrease in payables turnover rate was mainly due to the decrease in operating costs during the period.

Analysis 4: The decrease in cash flow ratio and cash reinvestment ratio was mainly due to the decrease in the current net cash flow from operating activities during the period.

Analysis 5: The increase in operating leverage was mainly due to the increase in operating costs.

Note 1: The financial analysis figures from 2014 to 2018 are audited by CPA.

Note 2: With regard to the financial statements audited by CPA up to one quarter before the date of publication of the annual report on April 29, 2019, please refer to 7.5.1 Consolidated Financial Analysis – Based on IFRS.

Note 3: The calculation formulas are based on the descriptions in the Note 3 in 7.5.1 Consolidated Financial Analysis – Based on IFRS.

Note 4: If the company issues shares without a par value or the face value the shares is not NT\$10, the calculation of the proportion of the paid-up capital shall be based on the interests attributable to parent company in the balance sheet.

## ► 7.6 The financial situation of the company and its affiliates

The Company and its affiliated companies have not incurred any financial or cash flow difficulties in last year and as of the date of this Annual Report.

# 8. Review and Analysis of Financial Position and Financial Performance, and Risks Assessment

## ► 8.1 Financial position

Unit: NT\$1,000

Item	Year	December 31, 2018	December 31, 2017	Difference		Comment (Note)
				Amount	%	
Current assets		\$157,305,906	\$147,703,878	\$9,602,028	7	NA
Property, plant and equipment		46,428,874	44,338,628	2,090,246	5	NA
Intangible assets		32,628,388	33,833,648	(1,205,260)	(4)	NA
Other assets		25,572,256	24,662,405	909,851	4	NA
Total assets		261,935,424	250,538,559	11,396,865	5	NA
Current liabilities		80,628,980	89,221,147	(8,592,167)	(10)	NA
Non-current liabilities		41,845,536	27,543,938	14,301,598	52	Comment 1
Total liabilities		122,474,516	116,765,085	5,709,431	5	NA
Share capital		25,975,433	25,975,433	-	-	NA
Capital surplus		48,397,067	48,446,318	(49,251)	-	NA
Retained earnings		63,459,691	57,223,361	6,236,330	11	NA
Other equity interest		(7,561,032)	(7,088,143)	(472,889)	(7)	NA
Non-controlling interest		9,189,749	9,216,505	(26,756)	-	NA
Total equity		139,460,908	133,773,474	5,687,434	4	NA

Note: detailed analysis is not required when difference in the rate of variance does not exceed 20% or the indicated amount does not exceed NTD 10 million.

Comment 1: the increase of non-current liabilities is resulted from an increase in long-term loans.

## ► 8.2 Financial performance

Item \ Year	2018	2017	Increased (Decreased) Amount	Rate of Variance (%)	Comment on the difference analysis for the rate of variance(Note)
Sales revenue	\$237,017,809	\$223,577,514	\$13,440,295	6	NA
Operating costs	173,463,422	162,809,240	10,654,182	7	NA
Gross profit	63,554,387	60,768,274	2,786,113	5	NA
Operating expenses	45,387,664	40,994,486	4,393,178	11	NA
Operating profit	18,166,723	19,773,788	(1,607,065)	(8)	NA
Non-operating income and expenses	4,634,305	4,024,492	609,813	15	NA
Profit before income tax	22,801,028	23,798,280	(997,252)	(4)	NA
Income tax expense	4,152,444	5,041,328	(888,884)	(18)	NA
Gain (Loss) from Discontinued Operations	-	-	-	-	NA
Profit for the year	18,648,584	18,756,952	(108,368)	(1)	NA
Other comprehensive income (loss) for the year	602,036	(5,155,742)	5,757,778	112	Comment 1
Total comprehensive income for the year	19,250,620	13,601,210	5,649,410	42	Comment 1

Note: detailed analysis is not required when difference in the rate of variance does not exceed 20% or the indicated amount does not exceed NTD 10 million.

Comment 1: The increments of other comprehensive income (after-tax) and total comprehensive income are the result of the increase of financial statements translation differences of foreign operation.

### Sales volume forecast and the basis therefor, and the effect upon the company's financial operations as well as measures to be taken in response:

Delta's products range from power electronics to integrated solutions, the selling prices of various product lines are largely different (varying from USD1/pc below to millions) therefore sales volume is not an appropriate measurement basis. From the perspective of Delta's entire sales, we're aiming to increase the production capacity and the yield rate along with new product development to meet the rising demand. Moreover, Delta is devoted to driving energy conservation and environmental protection as our mission and will continuously develop more valuable, more efficient and more environment-friendly products to fulfill the customers' requirements.

## ► 8.3 Cash flow

### 8.3.1 Cash Flow Analysis for the Latest 2 Years

Item \ Year	December 31, 2018	December 31, 2017	Variance (%)
Cash flow ratio	29.36%	30.23%	(3)
Cash flow adequacy ratio	103.11%	107.66%	(4)
Cash reinvestment ratio	5.27%	7.92%	(34)

Analysis of change in cash flow in the current year: (It is not applicable when the percentage of change is under 20%)

#### 1. Cash reinvestment ratio

Variance of cash reinvestment ratio decreased due to the increase of working capital.

### 8.3.2 Remedy for Cash Deficit and Liquidity Analysis: Not applicable.

### 8.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$1,000

Estimated Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow	Estimated Cash Surplus (Deficit)	Estimated Remedy for Cash Deficit	
				Investment Plans	Financing Plans
\$59,618,697	\$31,169,600	\$54,854,800	\$35,933,497	\$-	\$-

#### 1. Cash Flow Analysis for the Coming Year

##### (1) Estimated Net Cash Flow from Operating Activities

The Company reduces production costs through process improvement and automation and manages the balance of inventory and accounts receivable; therefore, the net cash flow is estimated to be grown steadily.

##### (2) Estimated Cash Outflow

Estimated cash outflow is described as follows focusing on investing activities and financing activities

##### a. Investing Activities

The Company continues looking for targets for merging and researching, developing and applying technology in intelligent and environment protection industries as well as focusing on capital expenditure and capacity expansion on its own products and automatic equipment.

##### b. Financing Activities

The Company estimates to distribute cash dividends, so the cash flow from financing activities will cause a large outflow for the current year.

#### 2. Estimated Remedy for Cash Deficit and Analysis in Cash Flow: Not applicable.

## ► 8.4 The effect upon financial operations of any major capital expenditures during the most recent fiscal year.

### 8.4.1 Utilization of major capital expenditures and sources of funds

Unit: NT\$1,000

Project	Actual or expected financial sources	Actual or expected date of project completion	Required amount	Actual or expected use of finances		
				2017	2018	2019
Procurements of self-use machinery and equipment (Note)	Own funds	2019. 12.31	26,915,098	\$8,997,048	\$5,139,999	\$12,778,051
Investments in domestic companies	Own funds	2019. 12.31	5,425,139	4,731,464	654,524	39,151
Investments in foreign companies	Own funds	2019. 12.31	42,302,871	1,099,918	698,179	40,504,774
Procurement (or Construction) of factories and office buildings (Note)	Own funds	2019. 12.31	13,144,207	1,979,439	5,046,948	6,117,820

Note: Includes construction works in progress and machineries that require acceptance.

### 8.4.2 Estimated benefits

8.4.2.1 The procured machinery and equipment are primarily utilized for research, development, manufacturing and testing. These are not only used for the development of new products, but can also assist in the improvement of product quality and business operations. Delta dedicates its effort in enhancing energy saving, environmental protection and product development techniques in the hope of keeping environmental integrity while making a progress in technological development.

8.4.2.2 Investments in domestic and foreign companies are utilized in obtaining high-tech information, enhancing manufacturing facilities and reducing labor costs to diversify company's business operations. The long-term benefits are generated through the technical collaboration between Delta and its peers and companies of different industries, where enhancement of core technologies of the Company and the development of energy saving and environmental protection products are involved. Such collaboration can also result in a mid-term benefit of an increment in company's return on investments.

## ► 8.5 The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

The Company's investment policy in the latest year involves coordinating with internal business units to pursue strategic investment objectives as well as handle noncore investments. The major factor for the profits of investments in recent years is attributable to the economies of scale reached by the investment business operations and the solid implementation of a management system. The Company continues to assist new and unprofitable subsidiaries, enabling them to rapidly reduce losses and reach their profitability targets.

## ► 8.6 The section on risks during the most recent fiscal year and as they stood on the date of publication of the annual report

### 8.6.1 The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

#### 8.6.1.1 Effects of interest rate fluctuations on company's profits (losses) and countermeasures to be taken in the future

Up to the date of the publication of the annual report (April 29<sup>th</sup>, 2019), the short-term and long-term loans held by the company can continue to perform as revolving funds in accordance with the loan contracts. Under the condition that financial structures are improved, the supplement of middle-to-long term operational funds and the reduction of risks in changes of interest rates will take place, the Company may regularly evaluate the financial conditions of the markets and bank rates to make careful decisions on funding options and aim to obtain better lending rates. Therefore, the projected interest rate fluctuations are considered to have minimal influence on the company.

#### 8.6.1.2 Effects of currency exchange rate fluctuations on Company's profits (losses) and countermeasures to be taken in the future

Majority of the revenue, account receivables and payables of the Company are noted in U.S dollars. The holding of foreign currency evens out the company's foreign debt and significantly decreases the risk of currency exchange fluctuations, therefore naturally achieving the hedging functions. Furthermore, the Company had engaged in several transactions that deal with financial derivatives. The Company suffers from low market risks as the effect that currency exchange rate has on the fair value are offset by the hedging items.

#### 8.6.1.3 Effects of changes in inflation rate on Company's profits (losses) and countermeasures to be taken in the future

The CPI is 101.98 in the year 2018 with a 1.35% increase annually. However, the risk of inflation is still considered to fall within the acceptable range. In addition, the changes in inflation rate have no significant effects on the industry this Company belongs to therefore translates to very minimal impact on the operations of the Company.

### 8.6.2 The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

#### 8.6.2.1 Delta mainly engages in R&D, manufacturing and sales activities where high-risk investments, highly leveraged investments are not involved.

#### 8.6.2.2 All loans to other parties, endorsement and guarantees are strictly handled under the company's regulations stated in the "Standard Procedures for loans to other parties" and "Standard Procedures for endorsements and guarantees".

#### 8.6.2.3 All derivatives transactions follow the Company's regulations stated in the "Standard Procedures for the processing of asset receipt and discharge". The derivatives transactions engaged in by Delta are mainly for hedging purposes. The transactions on forward exchange agreement (FXA) and swap agreement are used to hedge the influence that the changes of currency exchange pose towards the Company's assets and liabilities. The relative calculations of the fair value are provided based on the assessment done by the banks; the fair value represents the projected amount received or the payment that shall be paid by the Company if the Company is to terminate the contract on the day of the publication of the financial report, including the unrealized profit and loss occurring from outstanding contracts.

### **8.6.3 Research and development work to be carried out in the future, and further expenditures expected for research and development work**

Delta has prioritized the satisfaction of customer needs and implementing environment-friendly measures, including the research and development of energy efficient products. Delta has succeeded in the research and development of a variety of new technologies and products in recent years. Delta will persist in R&D work on fields involving computers, servers, communication, network, new energy/storages, smart home appliances, consumer electronics, vehicle-based electronics, industrial products, medical devices and instruments, and so on. Delta follows up the progress of all R&D plans on a regular basis and maintains strict control over it.

The main factors to the success of R&D include cultivation of R&D personnel, mastering of core technology, maintaining the stability of human resources, accumulation of experience and technology, and adequate funding for R&D. Delta is a company passing ISO9001, 14001, ISO13485 and GMP certifications. It has launched a variety of comprehensive trainings for its R&D personnel and keeps the system under control.

So far, Delta has thousands of R&D Engineers, which is sufficient. There has been a 6-8% turnover appropriated stably as the budget for R&D work every year. Take the year 2018 as an example. Including bonuses for its employees, Delta has appropriated a budget of about 19.3 billion New Taiwan Dollars for R&D work, accounting for about 8.1% of consolidated revenue. Delta R&D centers in the Headquarter and overseas sites will keep going on, reinforce R&D work in frontier core technology and create cooperative plan with domestic and overseas research institution; hence, Delta is predicted to master those main factors to the success of R&D work, develop new niche-based products constantly.

Main R&D products are Data center application 400GbE, Chokes applied in 48V converters of mild hybrid vehicles, High-power reactors (boost chokes) applied in hybrid electric vehicles, 32KW high efficiency DC generator, 15KW natural gas DC generator, High brightness ultra-short throw projection 4K home theater projector, BLE 5.0 Mesh Wireless-Control LED driver, 4~6KW Single Phase inverter with JET Certificate, 6-22kW V2G/V2H Charger, 2.5MW PCS for energy storage system, Optical Coherence Tomography, Human medical use portable digital X-ray radiography image capture system, Optical measuring type non-invasive continues blood glucose monitoring system, Handheld and high precision blood typing micro mixer,

AOI lighting controller/ Visual images do automatic identification system required relevant planning...etc.



#### **8.6.4 Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response**

The United States recently announced Section 301 Tariffs on China. The Company's sales revenues directly affected by the raise of tariffs are immaterial and its production bases are located worldwide and is able to have flexible deployment of global production resources. The implementation of the Section did not have significant impact on the Company.

#### **8.6.5 Effect of developments in science and technology as well as industrial change on the Company's financial operations, and measures to be taken in response**

In terms of technology, the power supply industry continues to focus on smaller size, efficiency, and functional enhancements. In terms of manufacturing, the trend is to switch from labor-intensive production lines in the past to highly automated production lines. Delta is already leading the industry in terms of technology, combined with its continuous investments in research and development, Delta will gain an even larger competitive advantage which will be reflected in its stable revenue and profit rate. Delta's continuous efforts to research and develop high value-added products are expected to expand Delta's market share in high-end markets.

#### **8.6.6 Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response**

Delta continues to strengthen corporate management by setting up independent director positions in the Board of Directors and establish functional committees such as Compensation Committee and Audit Committee. This is done to ensure the improvement of compensation structures while setting the rightful performance goals for the Board of Directors and managers. The Company also effectively promotes internal control and risk management to cope with potential corporate challenges. In addition, Delta has been disclosing material information to stakeholders according to the regulations instantly to ensure information transparency and symmetry.

Delta, as a corporate member of the community, focuses not only on business development, but also carries the weight of investing and implementing corporate social responsibility. Such effort has been widely recognized and nearly around 70 percent of Delta's shares are held by foreign institutional shareholders, which suggest a general appreciation of the methods Delta partakes in approaching corporate social responsibility.

In emergency or extraordinary events, Delta initiates its emergency contingency mechanism. The CEO of Delta acts as the chief commander of the emergency contingency team and calls to assemble managers from the legal, finance, sales, human resources and corporate communications. The contingency team is then set up according to each function in order to swiftly provide impact assessments on business development, financial situations and other aspects of company operation based on the emergency event encountered. Moreover, the Company will deliver information and important messages to potential stakeholders of the events, such as government agencies, institutions, clients, dealers and employees, to ensure information transparency and immediacy.

#### **8.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken**

The Company's subsidiary, Delta Electronics Int'l (Singapore) Pte. Ltd., has acquired 534,479,306 ordinary shares (approximately 42.85% of the total issued and paid-up shares) of Delta Electronics (Thailand) Public Company Limited ("DET") at the offer price of THB 71.00 per share, for a total monetary amount of the transaction of THB 37,948 million. This transaction is the result of the Conditional Voluntary Tender Offer ("CVTO") launched on February 26, 2019 to acquire the ordinary shares of DET. The offer period of such CVTO has concluded on April 1, 2019. After the CVTO, Delta Electronics, Inc. and its subsidiaries aggregately hold a stake of 63.78% of the total issued and paid-up shares of DET.

DET, listed in the Stock Exchange of Thailand since 1995, is an electronics manufacturing company in Thailand focused on the production of switching power supplies, power systems, automotive electronics and related products. The company has sales offices in South East Asia, India, Australia and Europe as well as manufacturing facilities in Thailand, India and Slovakia. DET possesses excellent manufacturing competencies that shall enhance our capability to reduce the risks of international trade. Moreover, the transaction allows Delta to sharpen its sales platforms to better serve customers in the region.

### 8.6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

For the growth of revenue and profitability, Delta puts in more investment on expanding plants and equipments to increase production capacity and efficiency based on requirements in order to enlarge market share and to explore new markets. The possible risks include the global economic recession, demand mitigation from end users, below- expectation of IT market demand and postponement of research and development schedule. Delta's strategies for the possible risks are to strive for larger market share and outsourcing ratio of customers through product innovation and competitive cost. Therefore, even the market demand becomes slow, Delta can still grow steadily for market share expansion. As for the speed of new product development, Delta takes systematic approaches to plan, execute, monitor and supervise improvement. Moreover, the possible risks of impact should be avoided by means of Delta's long-standing accumulated technical advantages and the increased R&D team with great ability of flexible adjustments.

### 8.6.9 Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

The sources of procurement and sales of Delta and its subsidiaries are quite diversified. The procurement for single suppliers did not reach 10% of Delta consolidated net purchases and sales for single customers did not reach 10% of Delta consolidated net income therefore it is viewed as low risk.

### 8.6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

In 2018 as of the date of the publication of this report, there had been no significant transfer or replacement of shares.

### 8.6.11 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

There were no changes in the company's right to operate in 2018 as of the date of the publication of this report.

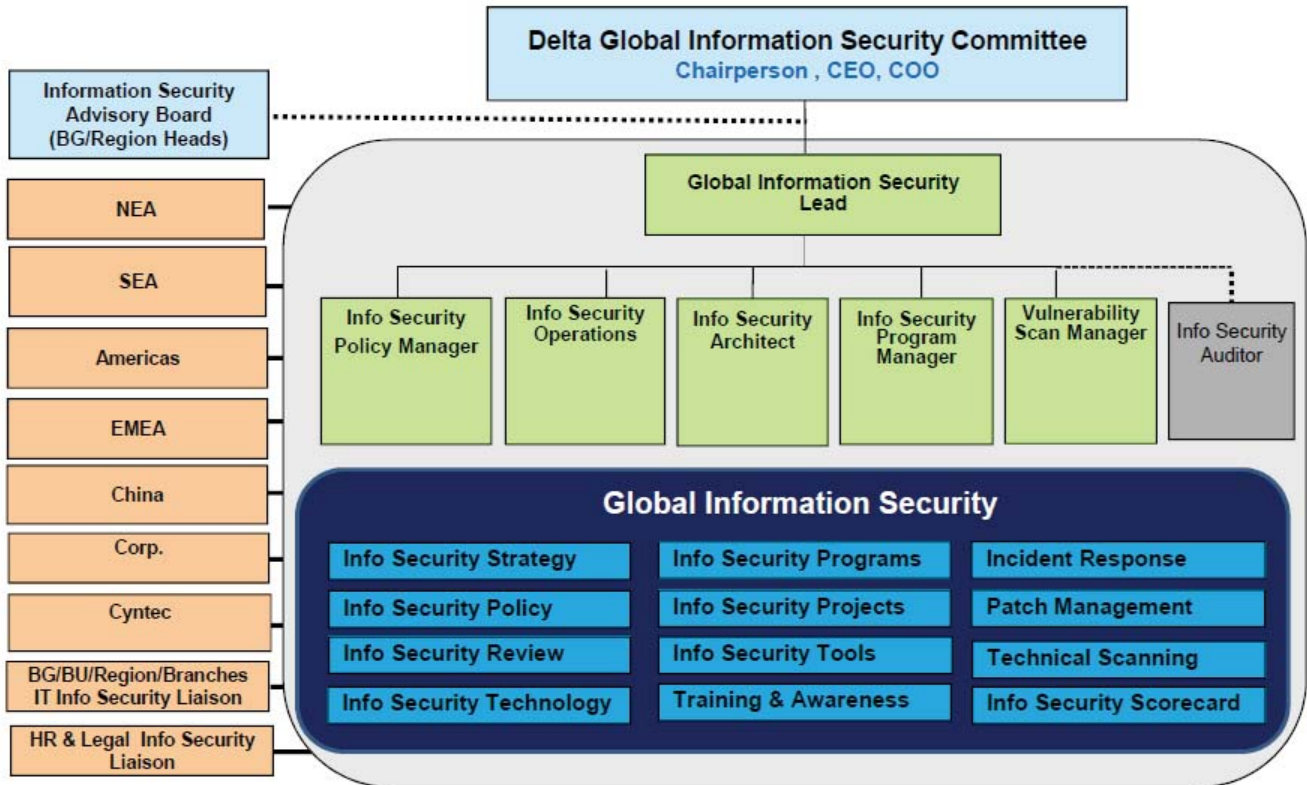
### 8.6.12 Litigious and non-litigious matters

Number	Plaintiff	Defendant	Case Number	Offense charged	Case summary
1	SAE Power Incorporated; SAE Power Company	Delta Electronics (Americas), Ltd.	SAE Power Inc., v. Avaya, Inc., et al. Docket No. ESX-L-1136-11	Misappropriation of trade secrets	Plaintiff filed a claim against the defendant for its misappropriation of trade secrets and requested USD40 million as compensation. The co-defendant of this case, Avaya, is currently under the process of filing for bankruptcy, the case is therefore ceased from further proceedings.
2	SAE Power Incorporated; SAE Power Company	Delta Electronics, Inc. etc.	SAE Power Incorporated et al. v. Delta Electronics (Thailand) Public Company Limited et al. Docket No. 5:16cv07197NC	Misappropriation of trade secrets	Plaintiff filed a claim against the defendant for misappropriation of trade secrets. Requests were made to the defendant in ceasing all production and sales activities of products related to the trade secrets owned by the plaintiff. Compensation for the damage and loss of interest is also requested by the plaintiff. This case is on hold at the moment.
3.	Barco N.V.	Delta Electronics, Inc., Delta Electronics (Netherlands) B.V.	Court of Appeal of the Hague, Case Number: - Cause-list Session of 25 July 2018	Patent infringement	Plaintiff filed a claim against the defendant for patent infringement. Requests were made to the defendant and its relative companies in ceasing all sales activities of the products in relation to the patent in the Netherlands. Compensation for the damage and loss of interests is also requested by the plaintiff. The Company had appointed a lawyer to make a plea towards the indictment and had proposed to the European Patent Office (EPO) to nullify the patent indicated in this case.

### 8.6.13 Other important risks, and mitigation measures being or to be taken:

#### Information security

##### 1. Organizational Chart of Delta Information Security



##### 2. Delta Information Security Policy

Delta Group’s global employees and contracted personnel shall observe the Delta Information Security Policy as follows:

- Internet user policy
- Corporate E-mail user policy
- Computer user policy
- Anti-virus/DLP arrangement and user policy
- Process and security principle of storage media
- Password principle
- Information backup and recovery policy
- Event management policy
- Acceptable use of mobile devices
- Encryption and its policy
- The use of device and countermeasures
- Mobile computation and remote work policy
- Remote access policy

### 3. Construction and risk assessment for information security management system

- In response to increasing demands on the outsourcing market for customers' information, Delta implemented the Information Security Management System in 2018 to identify, manage and continue improving the security needs of customers' information, which may be encountered internally and externally, based on information security management regulations set forth in ISO 27001:2013 published by the International Organization for Standardization (ISO) in order to ensure the confidentiality, completeness and availability of customers' information asset.
- Delta has stipulated assessment policy on information security risk, requesting all aspects of information security, including but not limited to physical objects, network, environment and constant operation to be in compliance with international security standards; besides, Delta also has set up an emergency response plan, including quick response to potential events, crisis process and disaster recovery, constant improvement, and high-risk event measures.

### 4. Validation of the Information Security Management System (ISMS)

- Date: 2018/9/5
- Scope: Delta introduces the Process of New Product Introduction (NPI), IT data center, network and Enterprise Resource Planning System (ERP).
- There was no non-compliance found by the independent validation institution, SGS, thereby obtaining the ISO27001:2013 Certificate.

### 5. The impact of historically severe information security events and countermeasures

- No severe information security events occurred in the latest year and as of the day that our Annual Report was printed and published.

## ► 8.7 Other important matters

The method and assumptions used for estimating the fair value of the financial products are as follows:

1. The book values of the financial tools that are not assessed in fair value, such as: cash, cash equivalents, bills receivable, accounts receivable, other receivables, short-term loan, bills payable, accounts payable, other payables and long-term loan (including the one with due date of one year or one operational fiscal year) are reasonable and similar to the figure of its proper fair value.
2. The financial tools that are assessed through fair value are first categorized based on the nature, characteristics, associated risks and fair value of the assets and liabilities. For further information on the fair value, please refer to the consolidated financial statements for the fiscal year of 2018 in Appendix 12-(3).
3. The fair value of derivatives is based on the assumption that the contracts are terminated on the date which indicated on the financial statements, and then the amount of fund that estimated to be received or be paid. Generally unrealized gains and losses on current unsettled contracts have to be included. The fair value on the derivatives contracts is based on the quotation provided by the counterparty. The Company also taking foreign exchange rates announced by the Reuters and government-owned banks into consideration. Please refer to the note 12 (3) in the 2018 consolidated financial statements and report for further information on fair value.
4. The interest rate for long-term liabilities is close to the market interest rate, so the discounted cash flow (fair value) is almost equivalent to the book value.

# 9. Affiliates Information and Other Special Items

## ► 9.1 Affiliates Information

### 9.1.1 Affiliated Companies of Delta Electronics, Inc





## 9.1.2 Affiliated Companies

FOR THE YEAR ENDED DECEMBER 31, 2018

Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies

Company	Date of Incorporation	Location	Capital Stock		Major Business Activities
			Currency	Amount	
Delta Electronics, Inc.	1971/4	Taoyuan City, Taiwan	TWD	25,975,433	Research and development, design, manufacturing and sale of electronic control systems, DC brushless fans, thermal system, and miniaturization key component, industrial automation products, digital display products, communication products, consumer electronics products, energy-saving lighting application, renewable energy applications, EV charging, energy technology services and consulting services of building management and control solutions, etc.
Delta Networks, Inc. (Taiwan)	1998/10	Taoyuan City, Taiwan	TWD	500,500	Manufacturing and sales of networking system and peripherals
Delta International Holding Limited	1993/6	Cayman Islands	TWD	2,211,480	Equity investments
			USD	72,000	
Delta Electronics (Japan), Inc.	1991/11	Tokyo, Japan	TWD	77,896	Sales of power products, display solution products, electronic components, industrial automation products and their materials
			JPY	280,000	
Delta Electronics (H.K.) Ltd.	1994/8	Hong Kong	TWD	9,995,796	Equity investments, operations management and engineering services
			HKD	2,549,298	
Delta Electronics (Dongguan) Co., Ltd.	1993/10	Dongguan City, Guangdong Province, China	TWD	3,004,234	Manufacturing and sales of transformer and thermal products
			USD	97,810	
Delta Networks (Dongguan) Ltd.	1998/10	Dongguan City, Guangdong Province, China	TWD	1,075,025	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system
			USD	35,000	
Delta Electronics Power (Dongguan) Co., Ltd.	1998/12	Dongguan City, Guangdong Province, China	TWD	1,293,102	Manufacturing and sales of transformer and power supplies
			USD	42,100	
Addtron Technology (Japan), Inc.	1998/3	Tokyo, Japan	TWD	10,015	Trading of networking system and peripherals
			JPY	36,000	
DEI Logistics (USA) Corp.	2000/1	CA, USA	TWD	15,358	Warehousing and logistics services
			USD	500	
Delta Electronics (Jiangsu) Ltd.	1999/12	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	1,228,600	Manufacturing and sales of power supplies and transformers
			USD	40,000	
Delta Electronics Components (Wujiang) Ltd.	2000/8	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	3,618,534	Manufacturing and sales of new-type electronic components, variable-frequency drive and others
			USD	117,810	
Delta Video Display System (Wujiang) Ltd.	2001/2	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	890,735	Manufacturing and sales of various projectors
			USD	29,000	
DNI Logistics (USA) Co.	2001/7	CA, USA	TWD	15,358	Trading of networking system and peripherals
			USD	500	
Delta Networks Holding Limited	2002/11	Cayman Islands	TWD	55,288	Equity investments
			USD	1,800	
Delta Networks Inc.	2002/11	Cayman Islands	TWD	1,838,118	Equity investments
			USD	59,844	
Delta Electronics (Shanghai) Co., Ltd.	2003/12	Shanghai, China	TWD	3,547,929	Product design, management consulting service and distribution of electronic products
			RMB	793,170	
Delta Electronics (Korea), Inc.	2004/3	Seoul, Korea	TWD	1,382	Sales of power products, display solution products electronic components, industrial automation products and their materials
			KRW	50,000	

Company	Date of Incorporation	Location	Capital Stock		Major Business Activities
			Currency	Amount	
DAC Holding (Cayman) Limited	1997/9	Cayman Islands	TWD	681,873	Equity investments
			USD	22,200	
Delta Electronics Mexico S.A. DE C.V.	1998/4	Mexico	TWD	78	Manufacturing and sales of electronic products
			MXN	50	
Delta Video Technology Limited	1998/6	British Virgin Islands	TWD	479,154	Sales of electronic products
			USD	15,600	
Delta Electronics (Netherlands) B.V.	2000/2	The Netherlands	TWD	4,061,798	Trading of equipment, components and materials of telecom and computer systems
			USD	132,241	
Delta Electronics (Wuhu) Co., Ltd.	2006/12	Wuhu Economic and Technological Development Area, Anhui Province, China	TWD	4,115,810	Manufacturing and sales of LED light source, power supplies and others
			USD	134,000	
Delta Electronics (Chenzhou) Co., Ltd.	2007/10	Suxian District, Chenzhou City, Hunan Province, China	TWD	1,935,045	Manufacturing and sales of transformers
			USD	63,000	
Delta Networks (H.K.) Limited	2007/10	Hong Kong	TWD	1,075,025	Equity investments
			USD	35,000	
PreOptix (Hong Kong) Co., Ltd.	2008/6	Hong Kong	TWD	406,974	Equity investments
			USD	13,250	
PreOptix (Jiang Su) Co., Ltd.	2008/7	Jurong Economic Development Zone, Jiangsu Province, China	TWD	406,974	Manufacturing and sales of lenses and optical engines for projectors
			USD	13,250	
NeoEnergy Microelectronics, Inc.	2008/7	Hsinchu County, Taiwan	TWD	145,804	Designing and experimenting on integrated circuit and information software services
Cyntec Co., Ltd.	1991/10	Hsinchu County, Taiwan	TWD	22,322,909	Research, development, manufacturing and sales of film optic-electronics devices
Fairview Assets Ltd.	2000/1	Cayman Islands	TWD	1,005,611	Equity investments
			USD	32,740	
Grandview Holding Ltd.	2006/7	Cayman Islands	TWD	6,367,220	Equity investments
			USD	207,300	
Cyntec Holding (H.K.) Ltd.	2007/11	Hong Kong	TWD	6,213,645	Equity investments
			USD	202,300	
Cyntec International Ltd.	2006/10	Labuan, Malaysia	TWD	153,575	Trading
			USD	5,000	
Cyntec Electronics (Suzhou) Co., Ltd.	2006/9	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	6,204,430	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products
			USD	202,000	
Wuhu Delta Technology Co., Ltd.	2010/3	Wuhu Economic and Technological Development Area, Anhui Province, China	TWD	131,956	Manufacturing and sales of transformers
			RMB	29,500	
Chenzhou Delta Technology Co., Ltd.	2010/4	Chenzhou City, Hunan Province, China	TWD	114,064	Manufacturing and sales of transformers
			RMB	25,500	
DelBio Inc.	2010/5	Taoyuan City, Taiwan	TWD	900,000	Manufacturing, wholesale and retail of medical equipment
Delta Electronics Capital Company	2010/9	Taipei City, Taiwan	TWD	3,500,000	Equity investments
Delta Electronics Int'l (Singapore) Pte. Ltd.	2010/8	Singapore	TWD	6,744	Sales of electronic products
			SGD	300	

Company	Date of Incorporation	Location	Capital Stock		Major Business Activities
			Currency	Amount	
Delta Electronics International Mexico S.A. DE C.V.	1997/4	Mexico	TWD	78	Sales of power management of industrial automation product and telecommunications equipment
			MXN	50	
Delta Electronics (Wujiang) Trading Co., Ltd.	2011/4	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	61,430	Installation, consulting and trading of electronic products
			USD	2,000	
Allied Material Technology Corp.	2000/5	Taoyuan City, Taiwan	TWD	2,114,580	Lease services, etc.
Delta Green (Tianjin) Industries Co., Ltd.	1998/11	Tianjin Port Free Trade Zone, China	TWD	695,695	Manufacturing and sales of transformers
			USD	22,650	
Ace Pillar Holding Co., Ltd.	2001/7	Samoa	TWD	87,806	Equity investments
			USD	2,859	
Drake Investment (HK) Limited	2007/10	Hong Kong	TWD	1,193,961	Equity investments
			HKD	304,504	
Delta Greentech (China) Co., Ltd.	1992/3	Shanghai, China	TWD	2,540,721	Manufacturing and sales of uninterruptible power systems
			RMB	568,000	
Delta Energy Technology (Shanghai) Co., Ltd.	2012/8	Shanghai, China	TWD	44,731	Wholesale and retail of electronic products and energy-saving equipment
			RMB	10,000	
Delta Energy Technology (Dongguan) Co., Ltd.	2012/9	Dongguan City, Guangdong Province, China	TWD	134,193	Wholesale and retail of electronic products and energy-saving equipment
			RMB	30,000	
Vivitek Corporation	2005/3	CA, USA	TWD	276,435	Sales of projector products and their materials
			USD	9,000	
DelBio (Wujiang) Co., Ltd.	2013/1	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	122,860	Manufacturing, wholesale and retail of medical equipment
			USD	4,000	
Delta Greentech SGP Pte. Ltd.	2007/11	Singapore	TWD	373,970	Equity investments
			USD	12,175	
Delta Electronics Europe Ltd.	1989/9	UK	TWD	19,440	Repair centre and providing support services
			GBP	500	
Boom Treasure Limited	2007/12	Hong Kong	TWD	0.00399	Equity investments
			USD	0.00013	
Delta Electronics (Pingtan) Co., Ltd.	2014/9	Pingtan, China	TWD	134,193	Wholesale and retail of electronic products and energy-saving equipment
			RMB	30,000	
Eltek AS	1997/5	Norway	TWD	164,075	Research and sales of power supplies and others
			NOK	46,766	
ELTEK PAKISTAN (PRIVATE) LIMITED	2001/4	ISLAMABAD, Pakistan	TWD	59,080	Sales of power supplies and others
			PKR	269,000	
Eltek Egypt for Power Supply S.A.E.	2007/1	Cairo, Egypt	TWD	47,481	Sales of power supplies and others
			EGP	27,690	
Eltek SGS Pvt Ltd.	1996/9	Haryana, India	TWD	3,926	Sales of power supplies and others and system installation
			INR	8,945	
Eltek SGS Mechanics Pvt Ltd.	2006/7	New Delhi, India	TWD	140,857	Sales of power supplies and others
			INR	320,918	
Eltek MEA DMCC	2010/3	Dubai, UAE	TWD	1,668	Sales of power supplies and others
			USD	54	



Company	Date of Incorporation	Location	Capital Stock		Major Business Activities
			Currency	Amount	
ELTEK KENYA LIMITED	2012/2	Nairobi, Kenya	TWD	3	Sales of power supplies
			KES	10	
ELTEK WEST AFRICA LIMITED	2012/3	Lagos, Nigeria	TWD	843	Sales of power supplies
			NGN	10,000	
Eltek Polska Sp. z o.o.	2001/7	Poland	TWD	1,960	Sales of power supplies and others and system installation
			PLN	240	
Eltek Italia S.r.l.	2008/11	Roma, Italy	TWD	4,048	Sales of power supplies and others
			EUR	115	
ELTEK POWER FRANCE SAS	1966/5	Tarbes, France	TWD	17,924	Sales of power supplies and others and system installation
			EUR	509	
Eltek Power (UK) Ltd.	1983/9	UK	TWD	20,304	Sales of power supplies
			GBP	522	
Eltek Power Sweden AB	1998/6	Sollentuna, Sweden	TWD	410	Sales of power supplies and others and equity investments
			SEK	120	
Eltek Power Oy	2005/2	ESPOO, FINLAND	TWD	7,040	Sales of power supplies and others
			EUR	200	
OOO Eltek	2001/4	St. Petersburg, Russia	TWD	64	Sales of power supplies and others and system installation
			RUB	144	
ELTEK ENERJI SISTEMLERI LIMITED SIRKETI	2012/1	Istanbul, Turkey	TWD	32,091	Sales of power supplies and others
			TRY	5,500	
Eltek Deutschland GmbH	2002/1	Frankfurt am Main, Germany	TWD	70,400	Sales of power supplies and others and system installation
			EUR	2,000	
Eltek Montage GmbH	1995/8	Frankfurt am Main, Germany	TWD	2,700	Installation and maintenance of power supplies
			EUR	77	
E.V.I Electronics Sp. z o.o.	1995/8	Poland	TWD	996	Trading and construction of power supply model
			PLN	122	
ELTEK LIMITED	1994/3	Hong Kong	TWD	3,921	Equity investments and trading
			HKD	1,000	
ELTEK CVI LIMITED	2000/4	British Virgin Islands	TWD	3,823	Equity investments
			HKD	975	
ELTEK AUSTRALIA PTY LIMITED	1996/2	Belrose, Australia	TWD	38,997	Sales of power supplies and others and system installation
			AUD	1,800	
ELTEK POWER PTE. LTD.	1997/1	Singapore	TWD	44,960	Sales of power supplies and others and system installation
			SGD	2,000	
ELTEK POWER INCORPORATED	2004/5	Ortigas Pasig City, Philippines	TWD	6,656	Sales of power supplies and others
			PHP	11,400	
ELTEK POWER CO., LTD.	2005/8	Bangkok, Thailand	TWD	3,813	Sales of power supplies and others
			THB	4,000	
ELTEK POWER (CAMBODIA) LTD.	2009/10	Phnom Penh, Cambodia	TWD	154	Sales of power supplies and others
			USD	5	
ELTEK POWER (MALAYSIA) SDN. BHD.	1997/2	Kuala Lumpur, Malaysia	TWD	2,217	Sales of power supplies and others
			MYR	300	

Company	Date of Incorporation	Location	Capital Stock		Major Business Activities
			Currency	Amount	
DELTA ELECTRONICS HOLDING (USA) INC.	2007/4	Plano, USA	TWD	326	Equity investments
			USD	11	
DELTA ELECTRONICS (USA) INC.	2001/1	Plano, USA	TWD	0.09774	Manufacturing and sales of power supplies
			USD	0.00318	
DELTA ELECTRONICS (ARGENTINA) S.R.L.	2010/4	Córdoba, Argentina	TWD	19,789	Sales of power supplies and others
			ARS	24,683	
Eltek Sistemas de Energia Industria e Comercio S.A.	2004/11	SÃO JOSÉ DOS CAMPOS, BRAZIL	TWD	604,761	Manufacturing and sales of power supplies
			BRL	76,269	
DELTA ELECTRONICS (PERU) INC. S.R.L.	2001/6	Lima, Peru	TWD	89,149	Sales of power supplies and others
			PEN	9,781	
DELTA ELECTRONICS (COLOMBIA) S.A.S	2011/6	Bogotá, Colombia	TWD	7,503	Sales of power supplies and others
			COP	801,614	
Eltekenergy Services, S.A. de C.V.	1997/4	Naucalpan, Mexico	TWD	540	Sales of power supplies and others
			MXN	346	
Eltekenergy International de Mexico, S. de R.L. de C.V.	1997/4	Naucalpan, Mexico	TWD	32,684	Sales of power supplies and others
			MXN	20,945	
Eltek Energy Technology (Dongguan) Ltd.	2000/10	Dongguan City, Guangdong Province, China	TWD	227,291	Development, manufacturing and sale of intelligent power equipment and system for supporting access networking system, and manufacturing and sale of intelligent power equipment for supporting renewable energy
			USD	7,400	
2009 PPA LLC	2009/11	CA, USA	TWD	9,215	Sales of power supplies
			USD	300	
DSS-CI LLC	2010/4	CA, USA	TWD	12,286	Rental of solar power systems
			USD	400	
DSS-USF LLC	2010/4	CA, USA	TWD	57,283	Rental of solar power systems
			USD	1,865	
Delta Solar Solutions LLC	2010/4	New Castle DE, USA	TWD	69,723	Equity investments
			USD	2,270	
Delta Electronics (Americas) Ltd.	1995/3	CA, USA	TWD	1,190	Sales of electronic components
			USD	39	
Delta America Ltd.	1988/9	Delaware, USA	TWD	629	Equity investments
			USD	20	
Apex Investment (HK) Limited	2007/10	Hong Kong	TWD	860,680	Equity investments
			USD	28,022	
Galaxy Star Investment (HK) Limited	2007/10	Hong Kong	TWD	860,680	Equity investments
			USD	28,022	
Jade Investment (HK) Limited	2007/10	Hong Kong	TWD	860,680	Equity investments
			USD	28,022	

Company	Date of Incorporation	Location	Capital Stock		Major Business Activities
			Currency	Amount	
Power Forest Technology Corporation	2009/11	Hsinchu County, Taiwan	TWD	147,420	Manufacturing of electronic components
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	2015/12	Shanghai, China	TWD	447	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment
			RMB	100	
Delta Controls Inc.	2016/4	British Columbia, Canada	TWD	2,188,849	Provide resolution of building management and control
			CAD	96,938	
Loy Tec electronics GmbH	1995/5	Vienna, Austria	TWD	1,232	Consulting service of building management and control solutions
			EUR	35	
LOYTEC Americas, Inc.	2003/10	Pewaukee, USA	TWD	306	Consulting service of building management and control solutions
			USD	10	
Castle Horizon Limited	2014/12	Republic of Seychelles.	TWD	724,567	Equity investments
			USD	23,590	
Energy Dragon Global Limited	2014/9	British Virgin Islands	TWD	155,357	Equity investments
			USD	5,058	
Delta Electronics (Xi'an) Co., Ltd.	2016/10	Xi'an, China	TWD	246,021	Sales of computer, peripheral and software
			RMB	55,000	
Delta Electronics (Beijing) Co., Ltd.	2016/7	Beijing, China	TWD	223,655	Installation of mechanic, electronic, telecommunication and circuit equipment
			RMB	50,000	
Beijing Industrial Foresight Technology Co., Ltd.	2016/11	Beijing, China	TWD	29,075	Computer system services and data process
			RMB	6,500	
UNICOM SYSTEM ENG. CORP.	1989/4	Taoyuan City, Taiwan	TWD	5,700	Design and sales of computer, peripheral and information system (software and hardware)
Unicom (Nanjing) System Eng. Corp	2011/9	Jianye District, Nanjing, China	TWD	11,014	Design and sales of computer, peripheral and information system (software and hardware)
			RMB	2,462	
Delta Electronics (Switzerland) AG	1992/12	Bern-Bümpliz, Switzerland	TWD	311,850	Equity investments research, development and sales of electronic products
			CHF	10,000	
Delta Electronics (Czech Republic), spol. s.r.o..	1991/8	Czech Republic	TWD	10,809	Sales of electronic products
			CZK	8,000	
Delta Solutions (Finland) Oy	1991/5	Espoo, Finland	TWD	4,736	Manufacturing and sales of electronic products
			EUR	135	
Delta Electronics (France) SA	1997/7	LISSES, France	TWD	35,200	Sales of electronic products
			EUR	1,000	
Delta Electronics (Italy) S.r.l.	1994/11	Roma, Italy	TWD	3,520	Sales of electronic products
			EUR	100	
Delta Electronics Solutions (Spain) S.L	2003/7	Spain	TWD	7,040	Sales of electronic products
			EUR	200	
Delta Energy Systems (Sweden) AB	1991/6	Sweden	TWD	6,874	Sales of electronic products
			SEK	2,010	
Delta Electronics (Poland) Sp. z o.o.	2004/8	Warsaw, Poland	TWD	20,414	Sales of electronic products
			PLN	2,500	
Delta Greentech (Brasil) S.A.	2000/6	Bairro Afonso, Brasil	TWD	303,744	Manufacturing and sales of electronic products
			BRL	38,306	

Company	Date of Incorporation	Location	Capital Stock		Major Business Activities
			Currency	Amount	
Delta Greentech Electronics Industry LLC	2008/4	Istanbul, Turkey	TWD	137,217	Marketing and sales of electronic products
			TRY	23,517	
DELTA ELECTRONICS BRASIL LTDA	2017/9	State of São Paulo, Brazil	TWD	293,385	Manufacturing and sales of electronic products
			BRL	37,000	
Vivotek Inc.	2000/2	New Taipei City, Taiwan	TWD	844,786	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components
Vatics Inc.	2007/9	New Taipei City, Taiwan	TWD	400,645	Designing and sales of multimedia integrated circuits
Vivotek Holding, Inc.	2008/1	CA, USA	TWD	32,251	Holding company
			USD	1,050	
Vivotek USA, Inc.	2008/1	CA, USA	TWD	30,715	Sales of webcams and related components
			USD	1,000	
Realwin Investment Inc.	2012/1	New Taipei City, Taiwan	TWD	173,696	Investment in the network communications industry
Wellstates Investment, LLC	2012/10	CA, USA	TWD	36,858	Investment and commercial lease of real estate
			USD	1,200	
Vivotek Netherlands B.V.	2012/9	The Netherlands	TWD	10,560	Sales service
			EUR	300	
Otus Imaging, Inc.	2014/1	New Taipei City, Taiwan	TWD	60,000	Sales of webcams and related components
Aetek Inc.	2015/3	New Taipei City, Taiwan	TWD	60,000	Sales of webcams and related components
Vivotek Middle East FZCO	2015/5	Dubai, United Arab Emirates	TWD	12,286	Sales of webcams and related components
			AED	1,469	
Lidlight Inc.	2017/2	New Taipei City, Taiwan	TWD	20,000	Sale of lighting equipment
Vivotek (Japan) Inc.	2018/10	Tokyo, Japan	TWD	18,361	Sales service
			JPY	66,000	

### 9.1.3 Shareholders in Common of the Company and Its Subsidiaries with deemed control and subordination:

The Reason for Presumption	Name (Note 1)	Shareholding (Note 2)		Date of Incorporation	Address	Capital Stock	Major Business Activities
		Shares	%				
None	None	None	None	None	None	None	None

Note 1: For common shareholder who is a juridical person, fill in the name of that juridical person; for common shareholder who is a natural person, fill in the name of that natural person. For shareholder who is a natural person, only fill in the reason for such presumption, name and shareholding.

Note 2: The shareholding of the shareholder in the controlling company should be listed in the shareholding column.

### 9.1.4 Business scope of subsidiaries

The overall coverage of our operations mainly includes Investing, research and development, design, manufacturing, sales, trading, shipping and warehousing of electronic products, operations management services and building management and control solutions.

Description of the state of cooperation between affiliated companies:

9.1.4.1. Delta Electronics, Inc. \ Cyntec Co., Ltd. \ Delta Networks, Inc. (Taiwan) \ Eltek AS and Vivotek Inc. also manufacture electronic products through the affiliates companies shown below :

- |   |   |
|---|---|
| (1) Delta Electronics (Dongguan) Co., Ltd.    | (2) Delta Electronics Power (Dongguan) Co., Ltd.          |
| (3) Delta Electronics (Jiangsu) Ltd.          | (4) Delta Electronics Components (Wujiang) Ltd.           |
| (5) Delta Video Display System (Wujiang) Ltd. | (6) Delta Electronics (Wuhu) Co., Ltd.                    |
| (7) Delta Electronics (Chenzhou) Co., Ltd.    | (8) DELTA ELECTRONICS BRASIL LTDA                         |
| (9) Delta Networks (Dongguan) Ltd             | (10) Cyntec Electronics (Suzhou) Co., Ltd.                |
| (11) DELTA ELECTRONICS (USA) INC.             | (12) Eltek Sistemas de Energia Industria. e Comercio S.A. |
| (13) Delta Greentech (Brasil) S.A.            | (14) Vatics Inc.  |

9.1.4.2. The affiliated companies listed below help the above (1) to (14) companies sale electronic products :

- Delta Electronics (Japan), Inc.
- Delta Electronics (Korea), Inc.
- Delta Video Technology Limited
- Delta Electronics (Netherlands) B.V.
- Delta Electronics Int'l (Singapore) Pte. Ltd.
- Delta Electronics International Mexico S.A. DE C.V.
- Delta Electronics (Americas) Ltd.
- Vivitek Corporation
- Delta Electronics Europe Limited
- Cyntec International Ltd.
- Delta Electronics (Wujiang) Trading Co., Ltd.
- Delta Greentech (China) Co., Ltd.
- Delta Electronics (Shanghai) Co., Ltd.
- Delta Electronics (Pingtan) Co., Ltd.
- Eltek AS and its subsidiaries
- Delta Electronics (Switzerland) AG and its subsidiaries
- Delta Greentech Electronics Industry LLC
- Vivotek Inc. and its subsidiaries

9.1.4.3. The affiliated companies listed below provides logistics and warehousing services overseas:

DEI Logistics (USA) Corp. and DNI Logistics (USA) Corp.

9.1.4.4. UNICOM SYSTEM ENG. CORP. and Unicom (Nanjing) System Eng. Corp provide intelligent solutions regarding manufacturing, Loy Tec electronics GmbH \ LOYTEC Americas, Inc. and Delta Controls Inc. on the other hand provide building management and control solutions.

## 9.1.5 Rosters of Directors, Supervisors, and Presidents of Affiliated Companies

FOR THE YEAR ENDED DECEMBER 31, 2018

Company	Title	Name	Shareholding	
			Shares	%
Delta Electronics, Inc.	Chairman	Yancey Hai	984,067	0.0379%
	Vice Chairman	Mark Ko	837,630	0.0322%
	Director/ CEO	Ping Cheng	55,090,093	2.1209%
	Director	Bruce CH Cheng	81,878,039	3.1521%
	Director	Albert Chang	1,104,917	0.0425%
	Director/General Manager and COO	Simon Chang	903,811	0.0348%
	Director	Victor Cheng	50,194,764	1.9324%
	Independent Director	Tsong-Pyng Perng	0	0.00%
	Independent Director	Yung-Chin Chen	0	0.00%
	Independent Director	George Chao	0	0.00%
	Independent Director	Ji-Ren Lee	0	0.00%
Delta Networks, Inc. (Taiwan)	Chairman	Victor Cheng	0	0.00%
	Director	Jeff Chen	0	0.00%
	Director	George Chen	0	0.00%
	Supervisor	Sabrina Lee	0	0.00%
Delta International Holding Limited	Director	Bruce CH Cheng	0	0.00%
	Director	Yancey Hai	0	0.00%
	Director	Mark Ko	0	0.00%
	Director	Ping Cheng	0	0.00%
	Director	Simon Chang	0	0.00%
Delta Electronics (Japan), Inc.	Representative Director	Bruce CH Cheng	0	0.00%
	Representative Director	CH Ko	0	0.00%
	Representative Director	RT Tsai	0	0.00%
	Director	Mark Ko	0	0.00%
	Supervisor	Judy Wang	0	0.00%
Delta Electronics (H.K.) Ltd.	Director	Bruce CH Cheng	0	0.00%
	Director	Ping Cheng	0	0.00%
	Director	Teresa Chen	0	0.00%
	Director	Jimmy Yiin	0	0.00%
	Director	Jess Lo	0	0.00%
Delta Electronics (Dongguan) Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Victor Cheng	NA	NA
	Supervisor	Jiashien Chen	NA	NA
Delta Networks (Dongguan) Ltd.	Chairman/General Manager	Victor Cheng	NA	NA
	Director	George Chen	NA	NA
	Director	Rock Huang	NA	NA
	Supervisor	Jiashien Chen	NA	NA
Delta Electronics Power (Dongguan) Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Yancey Hai	NA	NA
	Supervisor	Jiashien Chen	NA	NA
Addtron Technology (Japan), Inc.	Representative Director	CH Ko	0	0.00%
	Supervisor	Judy Wang	0	0.00%

Company	Title	Name	Shareholding	
			Shares	%
DEI Logistics (USA) Corp.	Director/General Manager	ChungHsiu Yao	0	0.00%
	Director	Judy Lee	0	0.00%
	Director	Judy Wang	0	0.00%
Delta Electronics (Jiangsu) Ltd.	Chairman	Bruce CH Cheng	NA	NA
	Director	Mark Ko	NA	NA
	Director	Ping Cheng	NA	NA
	Supervisor	Jiashien Chen	NA	NA
	General Manager	Ping Cheng	NA	NA
Delta Electronics Components (Wujiang) Ltd.	Chairman	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Director/General Manager	Ronald Chung	NA	NA
	Supervisor	Jiashien Chen	NA	NA
Delta Video Display System (Wujiang) Ltd.	Chairman	Bruce CH Cheng	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Jeff Fu	NA	NA
	Supervisor	Jiashien Chen	NA	NA
DNI Logistics (USA) Co.	Director	Victor Cheng	0	0.00%
	Director/General Manager	ChungHsiu Yao	0	0.00%
	Director	Judy Lee	0	0.00%
Delta Networks Holding Limited	Director	Bruce CH Cheng	0	0.00%
	Director	Ping Cheng	0	0.00%
	Director	Victor Cheng	0	0.00%
Delta Networks Inc.	Director	Victor Cheng	0	0.00%
	Director	Bruce CH Cheng	0	0.00%
	Director	Yancey Hai	0	0.00%
Delta Electronics (Shanghai) Co., Ltd.	Chairman	Bruce CH Cheng	NA	NA
	Director	Fred Lee	NA	NA
	Director	Yancey Hai	NA	NA
	Supervisor	Jiashien Chen	NA	NA
Delta Electronics (Korea), Inc.	Representative Director	Jeff Chang	0	0.00%
	Representative Director	CH Ko	0	0.00%
	Director	SY Hiramatsu	0	0.00%
	Director	Edwin Kung	0	0.00%
	Supervisor	Iris Chu	0	0.00%
DAC Holding (Cayman) Limited	Director	Bruce CH Cheng	0	0.00%
	Director	Yancey Hai	0	0.00%
	Director	CH Ko	0	0.00%
Delta Electronics Mexico S.A. DE C.V.	Director	Andy Yu	1	0.00%
Delta Video Technology Limited	Director	MS Huang	0	0.00%
	Director	CH Ko	0	0.00%
	Director	Judy Wang	0	0.00%
Delta Electronics (Netherlands) B.V.	Director	Ping Cheng	0	0.00%
	Director	Jackie Chang	0	0.00%
	Director	Simon Chang	0	0.00%

Company	Title	Name	Shareholding	
			Shares	%
Delta Electronics (Wuhu) Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Supervisor	Allen Wang	NA	NA
	General Manager	JP Wang	NA	NA
Delta Electronics (Chenzhou) Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Networks (H.K.) Limited	Director	Victor Cheng	0	0.00%
	Director	George Chen	0	0.00%
	Director	Teresa Chen	0	0.00%
	Director	Christine Jen	0	0.00%
	Director	Jess Lo	0	0.00%
PreOptix (Hong Kong) Co., Ltd.	Director	Jeff Fu	0	0.00%
	Director	Judy Wang	0	0.00%
PreOptix (Jiang Su) Co., Ltd.	Chairman	Ronald Chung	NA	NA
	Director	Jeff Fu	NA	NA
	Director	Binghai Liu	NA	NA
	Supervisor	Jiashien Chen	NA	NA
NeoEnergy Microelectronics, Inc.	Liquidator	Catherine Chen	0	0.00%
	Supervisor	Shalin Chen	0	0.00%
Cyntec Co., Ltd.	Chairman	Steven Liu (Representative of Delta Electronics, Inc.)	2,232,290,862	100%
	Director/ CEO	Ted Shyy (Representative of Delta Electronics, Inc.)		
	Director	Bruce CH Cheng (Representative of Delta Electronics, Inc.)		
	Supervisor	Shalin Chen (Representative of Delta Electronics, Inc.)		
Fairview Assets Ltd.	Director	Bruce CH Cheng	0	0%
	Director	Steven Liu	0	0%
	Director	Ted Shyy	0	0%
Grandview Holding Ltd.	Director	Steven Liu	0	0%
	Director	Ted Shyy	0	0%
Cyntec Holding (H.K.) Ltd.	Director	Steven Liu	0	0%
	Director	Ted Shyy	0	0%
Cyntec International Ltd.	Director	Ted Shyy	0	0%
	Director	Juichen Liao	0	0%
Cyntec Electronics (Suzhou) Co., Ltd.	Executive Director	Jason Chen	NA	NA
	Supervisor	Allen Wang	NA	NA
	General Manager	Victor Wang	NA	NA
Wuhu Delta Technology Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Supervisor	Jiashien Chen	NA	NA
	General Manager	JP Wang	NA	NA



Company	Title	Name	Shareholding	
			Shares	%
Chenzhou Delta Technology Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Supervisor	Allen Wang	NA	NA
DelBio Inc.	Chairman	Herbert Ho (Representative of Delta Electronics, Inc.)	90,000,000	100.00%
	Director	Richard Meng (Representative of Delta Electronics, Inc.)		
	Director	Kevin Liu (Representative of Delta Electronics, Inc.)		
	Supervisor	Rachel Hsieh (Representative of Delta Electronics, Inc.)		
Delta Electronics Capital Company	Chairman	Lanford Liu (Representative of Delta Electronics, Inc.)	350,000,000	100%
	Director	Bruce CH Cheng (Representative of Delta Electronics, Inc.)		
	Director	Yancey Hai (Representative of Delta Electronics, Inc.)		
	Director	Mark Ko (Representative of Delta Electronics, Inc.)		
	Director	Ryan Wang (Representative of Delta Electronics, Inc.)		
	Supervisor	Judy Wang (Representative of Delta Electronics, Inc.)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Director	Patrick Chang	0	0.00%
	Director	Ping Cheng	0	0.00%
	Director	Thomas Li	0	0.00%
	Director	Steven Liu	0	0.00%
	Director	Judy Wang	0	0.00%
Delta Electronics International Mexico S.A. DE C.V.	Chairman/General Manager	Andy Liu	0	0.00%
	Director	MS Huang	0	0.00%
Delta Electronics (Wujiang) Trading Co., Ltd.	Chairman	Bruce CH Cheng	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Mark Ko	NA	NA
	Director	Daryl Liao	NA	NA
	Supervisor	Amanda Wang	NA	NA
Allied Material Technology Corp.	Chairman	Sonia Wang (Representative of Delta Electronics, Inc.)	211,400,909	99.97%
	Director	Sam Wu (Representative of Delta Electronics, Inc.)		
	Director	Joseph Chang (Representative of Delta Electronics, Inc.)		
	Supervisor	Shalin Chen	0	0.00%
Delta Green (Tianjin) Industries Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Director	Herbert Ho	NA	NA
	Supervisor	Judy Wang	NA	NA
Ace Pillar Holding Co., Ltd.	Director	Ping Cheng	0	0.00%
	Director	Judy Wang	0	0.00%

Company	Title	Name	Shareholding	
			Shares	%
Drake Investment (HK) Limited	Director	Judy Wang	0	0.00%
	Director	Teresa Chen	0	0.00%
	Director	Jess Lo	0	0.00%
Delta Greentech (China) Co., Ltd.	Chairman	Ping Cheng	0	0.00%
	Vice Chairman	Yongping Wei	0	0.00%
	Vice Chairman	Simon Chang	0	0.00%
	Director/General Manager	Donald Yu	0	0.00%
	Director	Mark Ko	0	0.00%
	Supervisor	Judy Wang	0	0.00%
	Supervisor	Benjamin Lin	0	0.00%
Delta Energy Technology (Shanghai) Co., Ltd.	Chairman	Ping Cheng	NA	NA
	Director/General Manager	Donald Yu	NA	NA
	Director	Jimmy Yiin	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Energy Technology (Dongguan) Co., Ltd.	Chairman	Ping Cheng	NA	NA
	Director/General Manager	Rock Huang	NA	NA
	Director	Simon Chang	NA	NA
	Supervisor	Jiashien Chen	NA	NA
Vivitek Corporation	Director/General Manager	JJ Chang	0	0.00%
	Director	Jeff Fu	0	0.00%
DelBio (Wujiang) Co., Ltd.	Chairman	Herbert Ho	NA	NA
	Director/General Manager	Ronald Chung	NA	NA
	Director	JJ Chang	NA	NA
	Supervisor	Jiashien Chen	NA	NA
Delta Greentech SGP Pte. Ltd.	Director	Patrick Chang	0	0.00%
	Director	Kong Meng Ng	0	0.00%
Delta Electronics Europe Ltd.	Director	Sean Tan	0	0.00%
	Director	Tim Lee	0	0.00%
Boom Treasure Limited	Director	Judy Wang	0	0.00%
	Director	Teresa Chen	0	0.00%
Delta Electronics (Pingtan) Co., Ltd.	Chairman	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Director	Jimmy Yiin	NA	NA
	Director/General Manager	Donald Yu	NA	NA
	Supervisor	Allen Wang	NA	NA
Eltek AS	Director	Kelvin Huang	0	0.00%
	Director	Victor Cheng	0	0.00%
	Director	Tim Lee	0	0.00%
	Director	Solfrid Harbu	0	0.00%
	Director	Willy Høydal	0	0.00%
ELTEK PAKISTAN (PRIVATE) LIMITED	Director	Naveed Ahmed Farooqi	0	0.00%
	Director	Miloud Abdelilah	0	0.00%
Eltek Egypt for Power Supply S.A.E.	Director	Mahmoud Morsy	0	0.00%
	Director	Marwa Farid	0	0.00%
	Director	Miloud Abdelilah	1,386	5.00%

Company	Title	Name	Shareholding	
			Shares	%
Eltek SGS Pvt Ltd.	Director	Kelvin Huang	0	0.00%
	Director	Victor Cheng	0	0.00%
	Director	Akshay Sahebrao Barbuddhe	0	0.00%
Eltek SGS Mechanics Pvt Ltd.	Director	Bengt Johannes Lundberg	0	0.00%
	Director	Ranjit Singh Lonial	5,000	0.03%
	Director	Jasbir Singh Gujral	5,000	0.03%
Eltek MEA DMCC	Director	Miloud Abdelilah	0	0.00%
ELTEK KENYA LIMITED	Director	Melody Punzal	0	0.00%
	Director	Miloud Abdelilah	0	0.00%
ELTEK WEST AFRICA LIMITED	Director	Melody Punzal	0	0.00%
	Director	Miloud Abdelilah	0	0.00%
Eltek Polska Sp. z o.o.	Director	Volker Rossmann	0	0.00%
	Director	Zbigniew Wawrzyniak	235	48.96%
	Director	Mark Baker	0	0.00%
Eltek Italia S.r.l.	Director	Alessandro Cassici	0	0.00%
ELTEK POWER FRANCE SAS	General Manager	Kelvin Huang	0	0.00%
Eltek Power (UK) Ltd.	Director	Mark Baker	0	0.00%
	Director	Jason Butcher	0	0.00%
	Director	Vel Verl	0	0.00%
Eltek Power Sweden AB	Director	Kelvin Huang	0	0.00%
	Director	Allan Christiansen	0	0.00%
	Director	Therese Gibbs Lofgren	0	0.00%
	Director	Lars Dousa	0	0.00%
Eltek Power Oy	Director	Colin Howe	0	0.00%
	Director	Allan Christiansen	0	0.00%
	Director	Mark Baker	0	0.00%
OOO Eltek	Legal Representative	Allan Christiansen	0	0.00%
ELTEK ENERJI SISTEMLERI LIMITED SIRKETI	Legal Representative	Allan Christiansen	0	0.00%
Eltek Deutschland GmbH	Legal Representative	Volker Rossmann	0	0.00%
Eltek Montage GmbH	Legal Representative	Volker Rossmann	0	0.00%
E.V.I Electronics Sp. z o.o.	Legal Representative	Andrzej Słomczyński	0	0.00%
ELTEK LIMITED	Director	Kelvin Huang	0	0.00%
	Director	David Robert Leal	0	0.00%
	Director	Teresa Chen	0	0.00%
ELTEK CVI LIMITED	Director	Kelvin Huang	0	0.00%
	Director	Albert Cheung	0	0.00%
	Director	David Robert Leal	0	0.00%
ELTEK AUSTRALIA PTY LIMITED	Director	Kelvin Huang	0	0.00%
	Director	David Robert Leal	0	0.00%
ELTEK POWER PTE. LTD.	Director	Kelvin Huang	0	0.00%
	Director	Patrick Chang	0	0.00%
	Director	David Robert Leal	0	0.00%
ELTEK POWER INCORPORATED	Director	Kelvin Huang	1	0.00%
	Director	Victor Cheng	1	0.00%
	Director	Thadeo A. Pulian	1	0.00%
	Director	Leo Homer Fandino	1	0.00%
	Director	Learn Mae Espiritu	1	0.00%

Company	Title	Name	Shareholding	
			Shares	%
ELTEK POWER CO., LTD.	Director	Kelvin Huang	0	0.00%
	Director	Isis Tseng	0	0.00%
	Director	Wiboon Rasmeepaisarn	22,000	55.00%
	Director	Samkun Choosri	0	0.00%
	Director	David Robert Leal	0	0.00%
ELTEK POWER (CAMBODIA) LTD.	Director	Kelvin Huang	0	0.00%
	Director	David Robert Leal	0	0.00%
	Director	Wong Chee Boon	0	0.00%
ELTEK POWER (MALAYSIA) SDN. BHD.	Director	Kelvin Huang	0	0.00%
	Director	Datuk Feroz Moidunny	0	0.00%
	Director	Ang Soon Lee	0	0.00%
DELTA ELECTRONICS HOLDING (USA) INC.	Director/General Manager	Kelvin Huang	0	0.00%
	Director	MS Huang	0	0.00%
	Director	Allen Pitts	0	0.00%
	Director	Charlie Wu	0	0.00%
DELTA ELECTRONICS (USA) INC.	Director/General Manager	Kelvin Huang	0	0.00%
	Director	MS Huang	0	0.00%
	Director	Allen Pitts	0	0.00%
	Director	Charlie Wu	0	0.00%
DELTA ELECTRONICS (ARGENTINA) S.R.L.	Director/Legal Representative	Kelvin Huang	0	0.00%
	Director/Legal Representative	Allen Pitts	0	0.00%
	Director/Legal Representative	Luis Garino (limited)	0	0.00%
Eltek Sistemas de Energia Industria e Comercio S.A.	Legal Representative	Alvaro Oliveira (limited)	1	0.00%
DELTA ELECTRONICS (PERU) INC. S.R.L.	Director/Legal Representative	Kelvin Huang	0	0.00%
	Director/Legal Representative	Allen Pitts	0	0.00%
	Director/Legal Representative	Gina Gonzales (limited)	0	0.00%
DELTA ELECTRONICS (COLOMBIA) S.A.S	Director/Legal Representative	Kelvin Huang	0	0.00%
	Director/Legal Representative	Allen Pitts	0	0.00%
	Director/Legal Representative	Fermin Luna (limited)	0	0.00%
Eltekenegy Services, S.A. de C.V.	Director/General Manager	Allen Pitts	0	0.00%
	Director	Steve Jolly	0	0.00%
	Director	Robert Nelson	0	0.00%
Eltekenegy International de Mexico, S. de R.L. de C.V.	Director/General Manager	Allen Pitts	0	0.00%
	Director	Steve Jolly	0	0.00%
	Director	Robert Nelson	0	0.00%
Eltek Energy Technology (Dongguan) Ltd.	Director	Kelvin Huang	NA	NA
	Director	David Robert Leal	NA	NA
	Director	Albert Cheung	NA	NA
2009 PPA LLC	Director	Mike Lin	0	0.00%
DSS-CI LLC	General Manager	Mike Lin	0	0.00%
DSS-USF LLC	General Manager	Mike Lin	0	0.00%

Company	Title	Name	Shareholding	
			Shares	%
Delta Solar Solutions LLC	General Manager	Rebert Luor	0	0.00%
Delta Electronics (Americas) Ltd.	Director	MS Huang	0	0.00%
	Director	James Tang	0	0.00%
	Director	Wilson Huang	0	0.00%
Delta America Ltd.	Director	MS Huang	0	0.00%
	Director	Ping Cheng	0	0.00%
	Director	Judy Wang	0	0.00%
Apex Investment (HK) Limited	Director	Teresa Chen	0	0.00%
	Director	Jess Lo	0	0.00%
Galaxy Star Investment (HK) Limited	Director	Teresa Chen	0	0.00%
	Director	Jess Lo	0	0.00%
Jade Investment (HK) Limited	Director	Teresa Chen	0	0.00%
	Director	Jess Lo	0	0.00%
Power Forest Technology Corporation	Chairman	Ted Shyy (Representative of Cytotec Co., Ltd.)	8,702,934	59.03%
	Director	Steven Liu (Representative of Cytotec Co., Ltd.)	8,702,934	59.03%
	Director/General Manager	Frank Shih	238,000	1.61%
	Director	JJ Chang (Representative of Cytotec Co., Ltd.)	8,702,934	59.03%
	Director	Judy Wang (Representative of Cytotec Co., Ltd.)	8,702,934	59.03%
	Director	Ken Chu (Representative of Cytotec Co., Ltd.)	8,702,934	59.03%
	Director	Ray Jiang (Representative of Cytotec Co., Ltd.)	8,702,934	59.03%
	Supervisor	Sabrina Lee	0	0.00%
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Executive Director	Ping Cheng	NA	NA
	General Manager	Donald Yu	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Controls Inc.	Director	Mark Ko	0	0.00%
	Director	MS Huang	0	0.00%
	Director	John Nicholls	0	0.00%
	Director	Bill Lo	0	0.00%
Loy Tec electronics GmbH	Managing Director	Dietmar Loy	1,295.70	3.70%
	Managing Director	Hans-Jörg Schweinzer	1,035.82	2.96%
	Managing Director	Bill Lo	0	0.00%
LOYTEC Americas, Inc.	General Manager	Hans-Jörg Schweinzer	0	0.00%
Castle Horizon Limited	Director	Ping Cheng	0	0.00%
	Director	Judy Wang	0	0.00%
Energy Dragon Global Limited	Director	Ping Cheng	0	0.00%
	Director	Judy Wang	0	0.00%
Delta Electronics (Xi'an) Co., Ltd.	Chairman	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Director/General Manager	Jimmy Yiin	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Electronics (Beijing) Co., Ltd.	Chairman	Ping Cheng	NA	NA
	Director	Jimmy Yiin	NA	NA
	Director/General Manager	Thomas Li	NA	NA
	Supervisor	Jiashien Chen	NA	NA

Company	Title	Name	Shareholding	
			Shares	%
Beijing Industrial Foresight Technology Co., Ltd.	Executive Director	Thomas Li	NA	NA
	Director	Ping Cheng	NA	NA
	Director	Jimmy Yiin	NA	NA
	Director	Wei Lu	NA	NA
	General Manager	Jun Liu	NA	NA
	Supervisor	Jiashien Chen	NA	NA
UNICOM SYSTEM ENG. CORP.	Chairman	Ping Cheng (Representative of Delta Electronics, Inc.)	570,000	100.00%
	Director	Chienta Lien (Representative of Delta Electronics, Inc.)	570,000	100.00%
	Director	Andy Liu (Representative of Delta Electronics, Inc.)	570,000	100.00%
	Supervisor	Jackie Huang (Representative of Delta Electronics, Inc.)	570,000	100.00%
Unicom (Nanjing) System Eng. Corp	Chairman	Ping Cheng	NA	NA
	Director	Jimmy Yiin	NA	NA
	Director	Andy Liu	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Electronics (Switzerland) AG	Chairman /General Manager	Kelvin Huang	0	0.00%
	Director	Tim Lee	0	0.00%
	Director	Peter Hofstetter	0	0.00%
Delta Electronics (Czech Republic), spol. s.r.o.	Legal Representative	Jiri Koutensky	0	0.00%
Delta Solutions (Finland) Oy	Chairman	Kelvin Huang	0	0.00%
	Director	Jackie Chang	0	0.00%
	Director	Jorme Autio	0	0.00%
Delta Electronics (France) SA	Chairman	Kelvin Huang	0	0.00%
	Director	Jackie Chang	0	0.00%
	Director	Andreas Hoischen	0	0.00%
Delta Electronics (Italy) S.r.l.	Chairman	Kelvin Huang	0	0.00%
	Director	Tim Lee	0	0.00%
Delta Electronics Solutions (Spain) S.L	Chairman	Kelvin Huang	0	0.00%
	Director	Jackie Chang	0	0.00%
	Director	Peter Bigler Ernst	0	0.00%
Delta Energy Systems (Sweden) ABx	Chairman	Kelvin Huang	0	0.00%
	Director	Jackie Chang	0	0.00%
	Director	Andreas Grewing	0	0.00%
Delta Electronics (Poland) Sp. z o.o.	Chairman	Kelvin Huang	0	0.00%
	Director	Jackie Chang	0	0.00%
DELTA ELECTRONICS BRASIL LTDA	Director	Kelvin Huang	0	0.00%
	Director	MS Huang	0	0.00%
	Director	Victor Cheng	0	0.00%
	Director	Andy Yu	0	0.00%
Delta Greentech Electronics Industry LLC	Director	Kelvin Huang	0	0.00%
	Director	Peter Biger Ernst	1	0.00%
Delta Electronics Brasil Ltda	Director	Kelvin Huang	0	0
	Director	MS Huang	0	0

Company	Title	Name	Shareholding	
			Shares	%
Vivotek Inc.	Chairman/General Manager	Owen Chen	1,195,071	1.41%
	Vice Chairman	Eddy Lan	720,255	0.85%
	Director	Simon Chang (Representative of Delta Electronics, Inc.)	42,345,423	50.13%
	Director	Bill Lo (Representative of Delta Electronics, Inc.)	42,345,423	50.13%
	Director	Alex Liao (Representative of Delta Electronics, Inc.)	42,345,423	50.13%
	Director	William Ku (Representative of Delta Electronics, Inc.)	42,345,423	50.13%
	Independent Director	Sin-Hui Yen	0	0.00%
	Independent Director	Chung-Yang Huang	0	0.00%
	Independent Director	Ji-Ren Lee	0	0.00%
Vatics Inc.	Chairman	Steve Ma (Representative of Vivotek Inc.)	20,243,849	50.53%
	Director	Owen Chen (Representative of Vivotek Inc.)	20,243,849	50.53%
	Director	Sor Shen	1,275,000	3.18%
	Director	NXP B.V.	5,530,000	13.80%
	Director	Vacancy	0	0.00%
	Supervisor	Golden Group Investment Co., Ltd.	3,183,004	7.94%
	Supervisor	Pony Che	65,044	0.16%
Vivotek Holding, Inc.	Director	Eddy Lan	0	0.00%
Vivotek USA, Inc.	Director	Owen Chen	0	0.00%
	Director	Eddy Lan	0	0.00%
Realwin Investment Inc.	Chairman	Owen Chen (Representative of Vivotek Inc.)	17,369,635	100%
	Director	Alex Liao (Representative of Vivotek Inc.)	17,369,635	100%
	Director	Vivian Tso (Representative of Vivotek Inc.)	17,369,635	100%
	Supervisor	William Ku (Representative of Vivotek Inc.)	17,369,635	100%
Wellstates Investment, LLC	Director	Owen Chen	0	0.00%
	Director	Eddy Lan	0	0.00%
Vivotek Netherlands B.V.	Director	Owen Chen	0	0.00%
	Director	Eddy Lan	0	0.00%
Otus Imaging, Inc.	Chairman	Owen Chen (Representative of Vivotek Inc.)	6,000,000	100%
	Director/General Manager	Alex Chiu (Representative of Vivotek Inc.)	6,000,000	100%
	Director	Alex Liao (Representative of Vivotek Inc.)	6,000,000	100%
	Supervisor	Steve Ma (Representative of Vivotek Inc.)	6,000,000	100%
Aetek Inc.	Chairman	Owen Chen (Representative of Realwin Investment Inc.)	3,372,500	56.21%
	Director/General Manager	Tim Su	222,500	3.71%
	Director	Brian Lee	250,000	4.17%
	Supervisor	Arway Hsu	95,000	1.58%
Vivotek Middle East FZCO	Director	Steve Ma	0	0.00%
	Director	William Ku	0	0.00%
Lidlight Inc.	Chairman /General Manager	Norman Shih	280,000	14.00%
	Director	Elvis Chang	150,000	7.50%
	Director	Andy Chen	150,000	7.50%
	Supervisor	Realwin Investment Inc.	1,020,000	51.00%
Vivotek (Japan) Inc.	Chairman	Alex Liao (Representative of Vivotek Inc.)	6,600	100%
	Director	William Ku (Representative of Vivotek Inc.)	6,600	100%

## 9.1.6 Operational Highlights of Affiliated Companies

As of December 31, 2018 Unit: NT\$ thousands (except for EPS=NT\$)

Entity	Capital (NT\$ thousands)	Total Assets (NT\$ thousands)	Total Liabilities (NT\$ thousands)	Net Worth (NT\$ thousands)	Sales (NT\$ thousands)	Operating Income (loss) (NT\$ thousands)	Net Income (loss) (NT\$ thousands) (after tax)	EPS (NT\$) (after tax)
Delta Electronics, Inc.	25,975,433	177,032,198	46,761,039	130,271,159	38,948,885	1,437,896	18,193,093	7.00
Delta Networks Holding Limited and its subsidiaries	55,288	18,990,402	10,518,490	8,471,911	26,146,970	611,752	482,646	268.13
Delta Networks, Inc. (Taiwan)	500,500	4,186,776	2,824,580	1,362,196	7,226,092	267,288	279,479	5.58
Delta International Holding Limited	2,211,480	72,252,655	228,014	72,024,641	-	(18,292)	10,480,366	145.56
DEI Logistics (USA) Corp.	15,358	7,929,581	7,773,895	155,685	21,464,091	18,117	(18,660)	(37.32)
Delta Greentech SGP Pte Ltd. ,etc.	1,655,737	4,960,580	231,221	4,729,358	10,306	(3,534)	641,986	-
Delta Electronics (Japan), Inc.	77,896	3,191,223	2,670,646	520,576	5,573,596	102,487	93,239	16,649.77
Addtron Technology (Japan), Inc.	10,015	30,992	5,609	25,382	61,145	972	316	439.41
Delta Electronics (Korea), Inc.	1,382	233,100	107,539	125,561	475,444	27,324	18,149	1,814.90
DAC Holding (Cayman) Limited	681,873	466,764	-	466,764	-	(162)	157,947	7.11
Delta Video Technology Limited	479,154	79,811	691	79,120	-	(16,349)	(16,349)	(2,096.02)
Delta Electronics Mexico S.A. DE C.V.	78	28,702	-	28,702	14,912	193	185,767	548.87
Vivitek Corporation	276,435	328,375	227,985	100,390	833,551	16,034	30,111	3.35
Delta Electronics Europe Ltd.	19,440	66,001	16,209	49,792	122,621	1,895	8,084	16.17
Delta Greentech (China) Co., Ltd. ,etc.	2,585,899	10,677,038	4,874,135	5,802,903	18,178,356	945,652	810,995	-
PreOptix (Hong Kong) Co., Ltd. ,etc.	813,948	700,841	3,185	697,657	319,242	(124,070)	(217,001)	-
Delta Electronics (H.K.) Ltd. ,etc.	12,577,836	37,549,655	489,782	37,059,873	73,330	(770)	4,621,926	-
Delta Electronics (Dongguan) Co., Ltd. ,etc.	3,138,427	7,112,745	3,069,319	4,043,426	10,996,038	143,463	123,860	-
Delta Electronics Power (Dongguan) Co., Ltd.	1,293,102	8,628,899	5,938,792	2,690,107	22,457,932	712,967	545,120	NA (Note 2)
Delta Electronics (Shanghai) Co., Ltd.	3,547,929	14,034,386	7,818,786	6,215,600	29,138,892	2,210,404	2,133,651	NA (Note 2)
Delta Electronics (Wuhu) Co., Ltd. ,etc.	4,247,766	6,791,709	2,086,975	4,704,733	10,037,936	279,360	256,409	-
Delta Electronics (Chenzhou) Co., Ltd. ,etc.	2,049,109	4,664,029	2,763,809	1,900,219	7,317,304	81,859	100,732	-
Delta Electronics (Jiangsu) Ltd.	1,228,600	14,044,593	11,496,800	2,547,794	42,554,378	666,027	372,376	NA (Note 2)
Delta Electronics Components (Wujiang) Ltd.	3,618,534	13,082,385	5,996,436	7,085,950	26,634,429	1,371,514	1,170,143	NA (Note 2)
Delta Video Display System (Wujiang) Ltd.	890,735	3,519,688	2,221,322	1,298,365	6,736,541	195,173	60,623	NA (Note 2)
Delta Electronics (Wujiang) Trading Co., Ltd.	61,430	104,123	-	104,123	-	-	-	NA (Note 2)
Delta Electronics International Mexico S.A. DE C.V.	78	294,532	148,336	146,196	252,735	(3,932)	(15,407)	(61.14)
Delta Electronics (Pingtan) Co., Ltd. ,etc.	1,328,639	2,059,162	617,061	1,442,102	1,952,847	(43,608)	(42,677)	-
Cyntec Co., Ltd. and it's subsidiaries	22,322,909	37,033,795	7,611,388	29,422,407	16,621,356	1,998,873	2,480,257	1.11
Allied Material Technology Corp.	2,114,580	1,831,608	16,054	1,815,554	56,714	(112,440)	(110,889)	(0.52)
DelBio Inc.	900,000	241,681	34,317	207,364	44,151	(20,328)	15,108	0.17
DelBio (Wujiang) Co., Ltd.	122,860	218,868	69,824	149,044	265,811	34,110	24,942	NA (Note 2)
Delta Electronics Capital Company	3,500,000	4,025,676	105,815	3,919,861	389,399	(121,630)	(90,948)	(0.27)
Delta Electronics Int'l (Singapore) Pte. Ltd.	6,744	66,963,986	50,408,010	16,555,976	229,904,059	7,229,981	7,725,114	25,750.38
Delta Eletronics (Netherlands) B.V. ,etc.	4,941,722	24,346,481	20,636,050	3,710,431	5,118,667	147,031	(12,620)	-
Delta Solar Solutions LLC ,etc.	139,292	124,531	96	124,435	4,086	(1,104)	(2,402)	-
Delta America Ltd.	629	3,511,141	1,258,611	2,252,530	-	(83,515)	155,634	7.60
Delta Electronics (Americas) Ltd. ,etc.	10,405	2,983,284	1,926,545	1,056,739	6,942,587	120,801	116,466	-
Eltek AS	164,075	5,655,910	4,248,603	1,407,307	7,604,767	207,551	(1,173,987)	(12.55)
ELTEK PAKISTAN (PRIVATE) LIMITED	59,080	28,364	11,092	17,272	-	(4,432)	(8,856)	(6.49)



Entity	Capital (NT\$ thousands)	Total Assets (NT\$ thousands)	Total Liabilities (NT\$ thousands)	Net Worth (NT\$ thousands)	Sales (NT\$ thousands)	Operating Income (loss) (NT\$ thousands)	Net Income (loss) (NT\$ thousands) (after tax)	EPS (NT\$) (after tax)
Eltek Egypt for Power Supply S.A.E.	47,481	213,060	158,680	54,379	234,131	36,780	27,004	975.24
Eltek SGS Pvt Ltd.	3,926	260,317	56,328	203,989	358,188	(5,999)	2,666	3.45
Eltek SGS Mechanics Pvt Ltd.	140,857	23,610	-	23,610	-	-	-	-
Eltek MEA DMCC	1,668	246,959	131,815	115,144	240,073	(13,291)	(13,367)	(66,836.47)
ELTEK KENYA LIMITED	3	5,577	242	5,335	-	157	157	1,567.72
ELTEK WEST AFRICA LIMITED	843	20,368	1,017	19,350	-	(27)	(27)	(0.00)
Eltek Polska Sp. z o.o.	1,960	261,315	148,754	112,561	354,416	29,591	24,557	51,160.88
Eltek Italia S.r.l.	4,048	128,686	123,388	5,299	110,386	8,333	3,092	NA (Note 2)
ELTEK POWER FRANCE SAS	17,924	531,738	339,044	192,694	1,204,421	57,049	47,961	8,615.30
Eltek Power (UK) Ltd.	20,304	423,849	271,381	152,468	748,539	24,946	24,899	47.28
Eltek Power Sweden AB	410	136,231	80,786	55,445	321,190	5,016	4,131	4,131.23
Eltek Power Oy	7,040	27,731	10,297	17,434	114,428	4,565	2,156	86.23
OOO Eltek	64	355,682	59,234	296,448	841,704	24,909	1,337	NA (Note 2)
ELTEK ENERJI SISTEMLERI LIMITED SIRKETI	32,091	41,007	18,832	22,175	113,478	2,004	5,779	26.27
Eltek Deutschland GmbH ,etc.	74,096	806,771	428,252	378,518	1,898,471	38,403	6,730	-
ELTEK LIMITED ,etc.	247,954	619,897	203,629	416,268	192,216	(2,332)	(7,624)	-
ELTEK AUSTRALIA PTY LIMITED	38,997	800,583	641,838	158,745	1,254,574	106,148	75,286	16,876.52
ELTEK POWER PTE. LTD. ,etc.	57,800	2,118,338	884,372	1,233,964	1,447,131	39,341	53,680	-
DELTA ELECTRONICS HOLDING (USA) INC.	326	2,068,948	-	2,068,948	-	-	-	-
DELTA ELECTRONICS (USA) INC. ,etc.	754,426	6,141,119	3,380,042	2,761,077	8,011,001	310,896	245,925	-
NeoEnergy Microelectronics, Inc.	145,804	46,855	45	46,810	-	(108)	18	0.00
Delta Controls Inc.	2,188,849	3,923,993	1,999,146	1,924,846	1,311,431	82,745	69,382	0.93
Loy Tec electronics GmbH	1,232	550,261	164,525	385,736	537,457	116,701	117,932	NA (Note 2)
LOYTEC Americas, Inc.	306	29,674	20,791	8,883	85,713	2,597	1,876	188.05
Delta Electronics (Switzerland) AG	311,850	1,749,892	1,163,270	586,621	2,517,833	79,059	63,397	3,213.90
Delta Greentech (Brasil) S.A.	303,744	622,743	528,427	94,316	916,911	(974)	(50,273)	(11.65)
Delta Greentech Electronics Industry LLC	137,217	317,167	151,317	165,850	459,309	25,477	8,337	9.23
DELTA ELECTRONICS BRASIL LTDA	293,385	322,295	56,480	265,815	72,162	(9,139)	(9,048)	(0.29)
Delta Electronics (Czech Republic), spol. s.r.o.	10,809	29,520	3,202	26,318	18,697	985	666	NA (Note 2)
Delta Solutions (Finland) Oy	4,736	128,147	47,221	80,926	208,460	7,136	10,382	1,297.79
Delta Electronics (France) SA	35,200	153,196	56,441	96,755	186,986	6,555	3,547	2.43
Delta Electronics (Italy) S.r.l.	3,520	271,467	167,655	103,812	505,010	11,411	9,725	97.25
Delta Electronics Solutions (Spain) S.L	7,040	268,113	180,240	87,872	449,929	5,149	(858)	(4.29)
Delta Energy Systems (Sweden) AB	6,874	99,002	46,888	52,114	169,739	2,854	2,139	106.44
Delta Electronics (Poland) Sp. z o.o.	20,414	48,593	8,450	40,143	71,858	4,449	2,885	57.70
UNICOM SYSTEM ENG. CORP.	5,700	267,592	255,865	11,727	315,449	42,505	54,417	95.47
Unicom (Nanjing) System Eng. Corp	11,014	242,167	180,118	62,049	144,623	29,112	27,311	NA (Note 2)
Vivotek Inc.	844,786	4,253,259	1,464,892	2,788,368	4,769,812	414,105	329,578	3.92
Vatics Inc.	400,645	294,104	148,223	145,881	163,352	(143,200)	(143,688)	(3.59)
Vivotek Holdings, Inc.	32,251	277,759	22	277,738	-	(6)	15,450	14,714.41
Vivotek USA, Inc.	30,715	452,216	175,523	276,693	898,802	20,406	15,456	1.55
Otus Imaging, Inc.	60,000	20,197	6,514	13,683	10,708	(22,065)	(21,975)	(3.66)
Realwin Investment Inc.	173,696	103,246	20,663	82,583	120	(13,073)	(13,073)	(0.75)
Aetek Inc.	60,000	81,387	26,495	54,891	160,333	5,235	5,880	0.98
Lidlight Inc.	20,000	9,819	4,669	5,150	7,904	(8,139)	(8,106)	(4.05)
Wellstates Investment, LLC	36,858	110,451	63,654	46,797	12,217	2,655	2,046	NA (Note 2)
Vivotek Middle East FZCO	12,286	10,836	33,772	(22,936)	32,250	(10,902)	(9,306)	(6,334.80)
Vivotek Netherlands B.V.	10,560	14,765	5,374	9,391	35,868	1,116	824	274.53
Vivotek (Japan) Inc.	18,361	18,361	350	18,011	-	(344)	(344)	(52.05)

Note 1: If an affiliate is a foreign company, related numbers shall be expressed in NTD with the exchange rate of the reporting date.

Note 2: Shares not applicable due to limited company type.

### 9.1.7 Declaration of consolidated financial statements of affiliated companies

DELTA ELECTRONICS, INC. and Subsidiaries  
REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of DELTA ELECTRONICS, INC. as of and for the year ended December 31, 2018, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, DELTA ELECTRONICS, INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

DELTA ELECTRONICS, INC.



Chairman: Yancey Hai



March 11, 2019

Affiliation Reports: None.

- ▶ **9.2 Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.**
  
- ▶ **9.3 Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.**

## ► 9.4 Other matters that require additional description

The certifications received by finance, accounting and auditing personnel in the Company and its subsidiaries:

### 9.4.1 Certifications received by financial and accounting personnel

1. Accountant of higher examination (Republic of China): 12 persons
2. Accounting and auditing-civil service 3rd-level senior examiner of Taiwan: 1 person
3. American Institute of Certified Accountants: 5 persons
4. Certified Public Accountants (People's Republic of China): 2 persons
5. Intermediate Accountants (People's Republic of China): 47 persons
6. Primary Accountants (People's Republic of China): 116 persons
7. Certified Public Accountants of the Institute of Chartered Accountants of Scotland: 1 person
8. Hong Kong Institute of Certified Public Accountants: 1 person
9. Certified Australian Accountant: 1 person
10. Chartered Financial Analyst: 1 person
11. Certified Internal Auditor: 2 persons
12. Senior sales representative of stocks: 8 persons
13. Sales representative of futures: 3 persons
14. Investment trust and consulting representative: 3 persons
15. Trust representative: 6 persons
16. Financial planner: 2 persons
17. Internal controller of the corporation: 1 person
18. Level B technician for accounting (Republic of China): 3 persons
19. Level C technician for accounting (Republic of China): 6 persons
20. Accountants of accounting practices (Japan): 1 person
21. Finance Manager (Korea): 1 person
22. Manager of IFRS (Korea): 1 person
23. Certified Management Accountants: 1 person

#### **9.4.2 Certifications received by auditing personnel**

1. Certified Accountant (Republic of China): 1 person
2. Certified Internal Auditor (Republic of China): 3 persons
3. Certified International Internal Auditor: 5 persons
4. 19<sup>th</sup> Excellent Auditors of The Institute of Internal Auditors (Republic of China): 1 person
5. Certificate of six sigma black belt issued by Kind Management Consulting Inc.: 1 person
6. Certificate of six sigma green belt issued by Kind Management Consulting Inc.: 1 person
7. Certification of 5s management mechanism issued by Kind Management Consulting Inc.: 1 person
8. Certification of internal quality audit issued by Kind Management Consulting Inc.: 1 person
9. Certification of gauge instrument calibration issued by Kind Management Consulting Inc.: 1 person
10. ISO auditor: 1 person
11. Certification in Risk Management Assurance: 1 person
12. Qualicert Service Quality Certification: 1 person
13. JCCP (Jacksoft Certified CAATs Practitioner) / Certificate of E-business application professional service from the Ministry of Economic Affairs (Republic of China): 2 persons
14. Certified Patent Attorney: 1 person
15. Sales representative of stocks: 1 person

► **9.5 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one:**

Corporate events with material impact on shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act during the most recent year and up to the annual report publication date

**9.5.1 The acquisition of other companies stipulated in Article 36, paragraph 3, Subparagraph 2 of the Securities and Exchange Act of the Company has taken place.**

- (1) The Company's subsidiary, Delta Electronics Int'l (Singapore) Pte. Ltd. acquired a 42.85% stake in the Group's associate company, Delta Electronics (Thailand) Public Co., Ltd., on April 2, 2019 for THB 37,948,030 thousands through the Conditional Voluntary Tender Offer. The Company and subsidiaries' current cumulative shareholding percentage in Delta Electronics (Thailand) Public Co., Ltd. increased to 63.78%, enabling Delta Group to gain control power.
- (2) The Board of Directors of the Company's subsidiary, Delta Electronics (Netherlands) B.V., resolved the acquisition of 100% interests in Amerlux, LLC from The Unicorn Group, Inc. in the amount of US\$90,000,000 on March 8, 2019. The agreement also includes an earn-out mechanism in which Delta Electronics (Netherlands) B.V.(DEN) will pay an additional pre-established amount for the transaction should Amerlux's 2019 revenue and EBITDA reaches a pre-determined target.
- (3) We believe that the above 1-2 acquisitions will facilitate the integration of resources to expand the scale of operation, reduce management costs thereby enhancing operational efficiency and overall competitive advantage. It is expected that the projected synergies in M&A can be fully utilized with both the net value per share and earnings per share of the company providing positive benefits.



DELTA ELECTRONICS, INC.



Chairman Yancey Hai



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